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THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * FRIDAY, AUGUST 4, 2017 ~ VOL. CCLXX NO. 29 WSJ.com ★★★★ $4.00

DJIA 22026.10 ▲ 9.86 0.04% NASDAQ 6340.34 ▼ 0.4% STOXX 600 378.93 ▲ 0.1% 10-YR. TREAS. ▲ 10/32, yield 2.230% OIL $49.03 ▼ $0.56 GOLD $1,267.80 ▼ $4.00 EURO $1.1870 YEN 110.05

What's News

Business & Finance

Teva lost a quarter of its market value as concerns mounted about the future of the generic-drug firm and Allergan said it planned sell its stake. **A1**

◆ **Astenbeck founder** Andrew Hall, a prominent oil bull, is shutting down his main hedge fund. **A1**

◆ **The U.S. case** against two ex-J.P. Morgan traders in the "London Whale" saga fell apart because Iksil shifted blame to the bank's brass. **B1**

◆ **Avon's CEO** is stepping down as the company grapples with weak results and pressure from investors. **B1**

◆ **G-20 inflation** fell in June to its lowest level in almost eight years, deepening a puzzle for central banks. **A2**

◆ **FedEx said** it won't charge added fees for most orders during the holiday season, undercutting rival UPS. **B1**

◆ **The Federal Reserve** proposed scaling back requirements it places on banks' boards of directors. **B10**

◆ **Tesla could run low** on cash later this year as it ramps up production of its new Model 3 sedan. **B3**

◆ **Toyota and Mazda** plan to build a $1.6 billion assembly plant in the U.S. **B3**

◆ **Dover is exploring** strategic options for most of its energy business. **B3**

◆ **Major U.S. stock indexes** struggled to find direction, but the Dow edged up 9.86 points to 22026.10. **B11**

◆ **Fox and Ion** are discussing a venture to combine local TV station holdings. **B6**

World-Wide

◆ **Mueller has impaneled** a grand jury in Washington to investigate Russia's interference in the 2016 elections, a sign his inquiry is growing in intensity and entering a new phase. **A1**

◆ **Trump's top** national-security advisers are seeking a way to overcome his reluctance to send thousands more troops to Afghanistan. **A4**

◆ **The Senate cleared** the way for dozens of Trump nominees across the government to take office. **A4**

◆ **Japan's Abe named** new cabinet members, aiming to shore up plummeting public approval ratings. **A16**

◆ **The FCC took** steps to close the digital divide in rural areas, moving to reshape two subsidy programs. **A2**

◆ **Beijing urged** the Trump administration to back off plans for tough trade actions against China. **A16**

◆ **Iran's supreme leader** slammed the new U.S. sanctions on Tehran. **A8**

◆ **GOP Sen. Cornyn** introduced a bill pushing the use of technology as well as physical barriers to better guard the Southwest border. **A4**

◆ **A lawsuit accusing** Harvard of bias against Asian-Americans is renewing scrutiny of affirmative action. **A3**

◆ **A woman who urged** her boyfriend to commit suicide should spend 15 months behind bars, a judge ruled. **A3**

◆ **A Chinese court** handed a four-year prison term to an activist known for documenting social unrest. **A16**

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Governor Crosses Over to GOP at Trump Rally in West Virginia

CARLOS BARRIA/REUTERS

IT'S A DEAL: President Donald Trump shakes hands with West Virginia Gov. Jim Justice after the Democratic governor announced he is changing parties during a rally Thursday in Huntington, W.Va. With Mr. Justice's switch, there will be 34 Republican governors. **A4**

UBER KNOWINGLY LEASED UNSAFE CARS TO DRIVERS

Chasing growth, the ride-hailing giant bought SUVs in Singapore subject to a recall—then one caught fire

By Douglas MacMillan And Newley Purnell

Uber driver Koh Seng Tian had just dropped off a passenger in a residential neighborhood in Singapore when he smelled smoke in his Honda Vezel sport-utility vehicle. Flames burst from the dashboard, melting the interior and cracking a football-sized hole in his windshield.

Mr. Koh walked away unhurt, according to the accident report filed with authorities. But the fire this January caused panic at Uber Technologies Inc.

The ride-hailing company had rented the Vezel to Mr. Koh after Honda Motor Co. recalled the model in April 2016 for an electrical component that could overheat and catch fire.

Uber managers in Singapore were aware of the Honda recall when they bought more than 1,000 defective Vezels and rented them to Mr. Koh and other drivers without the needed repairs, according to internal Uber emails and documents reviewed by The Wall Street Journal and interviews with people familiar with Uber's operations in the region.

Three days after the fire, executives at Uber's San Francisco headquarters were briefed on a response plan, according to the emails and former Uber managers in Asia: The company would deactivate the faulty devices and leave the cars on the road while waiting for replacement parts. The plan called for seeking approval from Singapore authorities and advice from auto-repair experts.

In the wake of the Vezel fire, Singapore managers sought to add new safety measures, Uber said. After the fire, "we took swift action to fix the problem, in close coordination with Singapore's Land Transport Authority as well as technical experts," said an Uber spokesman. "But we acknowledge we could have done more—and we have done so."

The emails don't indicate whether San Francisco executives knew about the Vezel safety recall before Mr. Koh's car caught fire.

Mr. Koh, 61, declined to comment.

The Singapore episode, which wasn't previously public knowledge, adds to a growing list of crises that unfolded at Uber on the watch of former Chief Executive Travis Kalanick, during which he

Please see UBER page A9

Mueller Impanels Grand Jury for Probe

By Del Quentin Wilber And Byron Tau

Special Counsel Robert Mueller has impaneled a grand jury in Washington to investigate Russia's interference in the 2016 elections, a sign that his inquiry is growing in intensity and entering a new phase, according to people familiar with the matter.

The grand jury, which began its work in recent weeks, signals that Mr. Mueller's inquiry will likely continue for months. Mr. Mueller is investigating Russia's efforts to influence the 2016 election and whether President Donald Trump's campaign or associates colluded with the Kremlin as part of that effort.

A spokesman for Mr. Mueller, Joshua Stueve, declined to comment. Moscow has denied seeking to influence the election, and Mr. Trump has vigorously disputed allegations of collusion. The president has called Mr. Mueller's inquiry a "witch hunt."

Ty Cobb, special counsel to the president, said he wasn't aware that Mr. Mueller had started using a new grand jury. "Grand jury matters are typically secret," Mr. Cobb said. "The White House favors anything that accelerates the conclusion of his work fairly....The White House is committed to fully cooperating with Mr. Mueller."

Before Mr. Mueller was tapped in May to be special counsel, federal prosecutors had been using at least one other grand jury, located in Alexandria, Va., to assist in their criminal investigation of Michael Flynn, a former national security adviser. That probe, which has been taken over by Mr. Mueller's team, focuses on

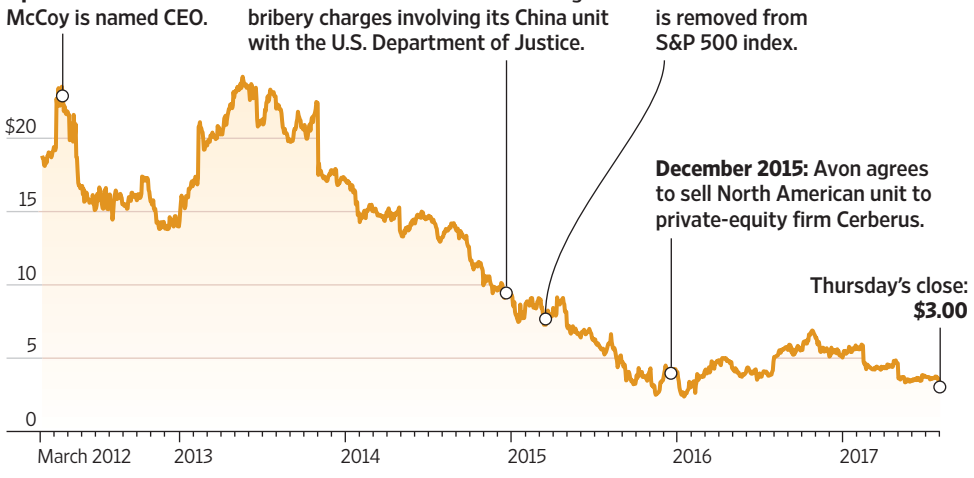
Please see PROBE page A4

◆ Trump is pressed on Afghanistan strategy A4
◆ Russia depicts a chaotic Washington A6

Avon Calling for a New CEO

The storied cosmetics seller on Thursday said it was parting ways with Chief Executive Sheri McCoy after a five-year tenure during which she oversaw an overhaul of Avon but failed to stop its downward spiral. **B1**

Avon's share price



Source: WSJ Market Data Group (share price); staff reports THE WALL STREET JOURNAL.

Drug Giant's Stock Tumbles on Outlook

The world's biggest seller of generic drugs lost a quarter of its market value Thursday as concerns mounted about the future of the company, which has no chief executive and is struggling under the weight of an acquisition streak.

By Denise Roland in London and Rory Jones in Tel Aviv

Adding to the woes, Teva Pharmaceutical Industries Ltd.'s biggest shareholder, Allergan PLC, said it planned to sell its stake, further weighing on the stock. Teva's shares tumbled 24% on Thursday to $23.75 in New York trading.

Since the end of 2015, Teva's shares are down 64%, a decline that has erased more than $40 billion in market capitalization.

The Israeli drugmaker posted disappointing second-quarter results, cut its full-year outlook and slashed its dividend, blaming the rapid deterioration of its all-important U.S. generic-drug business.

Teva is confronting multiple challenges without a permanent chief executive after the abrupt February departure of former boss Erez Vigodman. Teva faces a tough pricing en-

Please see TEVA page A8

◆ Heard on the Street: No cure in sight for Teva B12

A Bloke at a Pub in Penzance, Was Tossed for His Dirty Parlance

* * *

Yes, a major British chain wants to ban swearing, and gets an impolite response

By Joe Parkinson And Georgi Kantchev

LONDON—One afternoon last week at The Cock Tavern, Allan Gow and Callum Herod were on a rant about how "bollocks" shouldn't be classified as an unacceptable word.

The 18th-century pub, close to London's Oxford Street, recently banned the use of expletives, and the two former military men were voicing objections.

"You just can't ban swearing in a place where they serve alcohol," said Mr. Gow, 63, over a pint of Organic Lager. "That's bullshit."

"Tell whoever issued this ridiculous policy," said Mr. Herod, 64, "to go stuff themselves."

Samuel Smith Old Brewery, the 250-year-old brewery that operates The Cock Tavern and more than 200 other pubs across Britain, in April insti-

Please see SWEAR page A9

TOMORROW

JONY IVE

WSJ. MAGAZINE

Oil's $100 Million Man Pays Price for Bad Bets

By Alison Sider And Rob Copeland

Andrew Hall, a legendary trader who made billions betting on oil's rise, is shutting down his hedge fund after he misjudged the impact of a boom in U.S. production that upended the market.

Mr. Hall, who gained wide notice for fighting over a $100 million payout from his former employer Citigroup Inc. during the depths of the financial crisis, confirmed Thursday that he is closing the main fund at the firm he founded, Astenbeck Capital Management LLC.

The decision to close the fund follows years of investor defections and marks the latest reckoning for a Wall Street trader who struck out on his own.

Mr. Hall, 66 years old, is known for making big, long-term bets on rising oil prices, a strategy that worked well when commodities were soaring but has fared poorly as prices deteriorated in the past three years. His bullish stance on oil ran headlong into the shale revolution, which in the past decade defied predictions that the world would soon run out of easily accessible crude.

Mr. Hall, who left Citigroup in 2009, declined to comment on the timing or reason for his

Please see FUND page A2

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U.S. NEWS

Central Banks Puzzle Over Inflation

By Paul Hannon

Inflation in the Group of 20 largest economies fell to its lowest level in almost eight years in June, deepening a puzzle confronting central banks as they contemplate removing postcrisis stimulus measures.

The Organization for Economic Cooperation and Development said Thursday that consumer prices across the G-20—the countries that accounts for most of the world's economic activity—were 2% higher than a year earlier. The last time inflation was lower was in October 2009, when it stood at 1.7%, as the world started to emerge from the sharp economic downturn that followed the global financial crisis.

The contrast between then and now highlights the mystery facing central bankers in developed economies as they attempt to raise inflation to their targets, which they have persistently undershot in recent years.

According to central bankers, inflation is generated by the gap between the demand for goods and services and the economy's ability to supply them. As the economy grows and demand strengthens, that output gap should narrow and prices should rise.

Right now, the reverse appears to be happening. Across the G-20, economic growth firmed in the final three months of 2016 and stayed at that faster pace in the first three months of 2017.

Growth figures for the second quarter are incomplete, but those available for the U.S., the eurozone and China don't point to a slowdown. Indeed, Capital Economics estimates that on an annualized basis, global economic growth picked up to 3.7% in the three months to June from 3.2% in the first quarter.

That is a very different situation from the one confronted when inflation was last lower than it is now. Back in 2009, output gaps had widened sharply as demand collapsed in the wake of the financial crisis and central banks were desperately adding to their stimulus measures to avoid a slide into deflation.

Slowdown

G-20 consumer prices, change from a year earlier

Source: Organization for Economic Cooperation and Development
THE WALL STREET JOURNAL.

This year's decline in inflation rates comes as some leading central banks have begun to contemplate a withdrawal of those stimulus policies.

In July, European Central Bank President Mario Draghi said the bank would decide in the fall on the future of its bond-buying program, which is tentatively scheduled to end in December. ECB watchers expect the program to be extended into 2018, but at a reduced scale.

That followed the Bank of Canada's mid-July decision to raise its key interest rate for the first time in seven years, while the U.S. Federal Reserve has raised its main rate four times since the end of 2015 and may do so again.

However, some Fed officials have expressed concern about pushing ahead with rate increases in light of softening inflation data.

Some central banks in large developing economies are moving in the opposite direction and cutting rates. The latest to do so was the Reserve Bank of India, which Wednesday lowered its repurchase rate by 0.25 percentage point to 6%, having previously cut in October 2016. Consumer-price inflation in Asia's third-largest economy slowed in June to well below the 2% bottom of the central bank's target range.

While global economic growth appears to be picking up in 2017 after a disappointing 2016, one ingredient for a sustained pickup in inflation is still missing: an acceleration in wages.

Central bankers in developed economies are puzzled by the sluggish pace of pay rises, given continuing declines in jobless rates. However, they believe that economic growth will ultimately eliminate the gap between what their economies can produce and what they are now producing, supporting wages and prices.

FCC Revamps Efforts on Rural Digital Divide

By John D. McKinnon

WASHINGTON—Federal regulators took steps Thursday to close the digital divide in rural America, moving to reshape two subsidy programs that they say haven't been as effective as needed.

Expanding access to broadband in hard-to-serve areas across the U.S. has proved a challenge for years, not only because of costs, but also because of the rapidly changing technology itself.

Lawmakers praised the Federal Communications Commission's move but noted that regulatory action can only go so far given that big new investments would still have to be authorized by Congress to bridge the divide. Some are expecting the Trump administration to include broadband expansion in a detailed infrastructure proposal in early September.

Making progress in closing the digital divide has been a priority for many policy makers this year, including FCC Chairman Ajit Pai, who grew up in rural Kansas and frequently travels to small towns to highlight the problem.

At Thursday's FCC meeting, Mr. Pai described how a minigolf course in Hopkinsville, Ky., is a gathering place for people hoping to send emails or make phone calls. Similar problems are faced by "millions of rural Americans whose phones too often can't give them high-speed internet access," he said.

At Mr. Pai's urging, the FCC on Thursday took steps to boost incentives for carriers to expand broadband service. The FCC voted to overhaul one of its existing programs for extending wireless broadband, with the aim of better targeting the funds. The Mobility Fund program will distribute about $4.5 billion over the coming decade.

The FCC also sought to help increase broadband availability by moving forward with redesigning another existing subsidy program, the Connect America Fund, which will distribute about $2 billion over a decade.

The Mobility Fund's troubles have been typical of the government's struggles to assist with broadband expansion in rural America, which often lags behind urban and suburban areas.

The Mobility Fund program had been criticized for wasting resources, in part because it has been hard to define which areas currently receive adequate service. As much as $300 million of the $500 million annual Mobility Fund expenditures has been spent on areas where a carrier claims to be providing unsubsidized service already, the FCC has estimated recently.

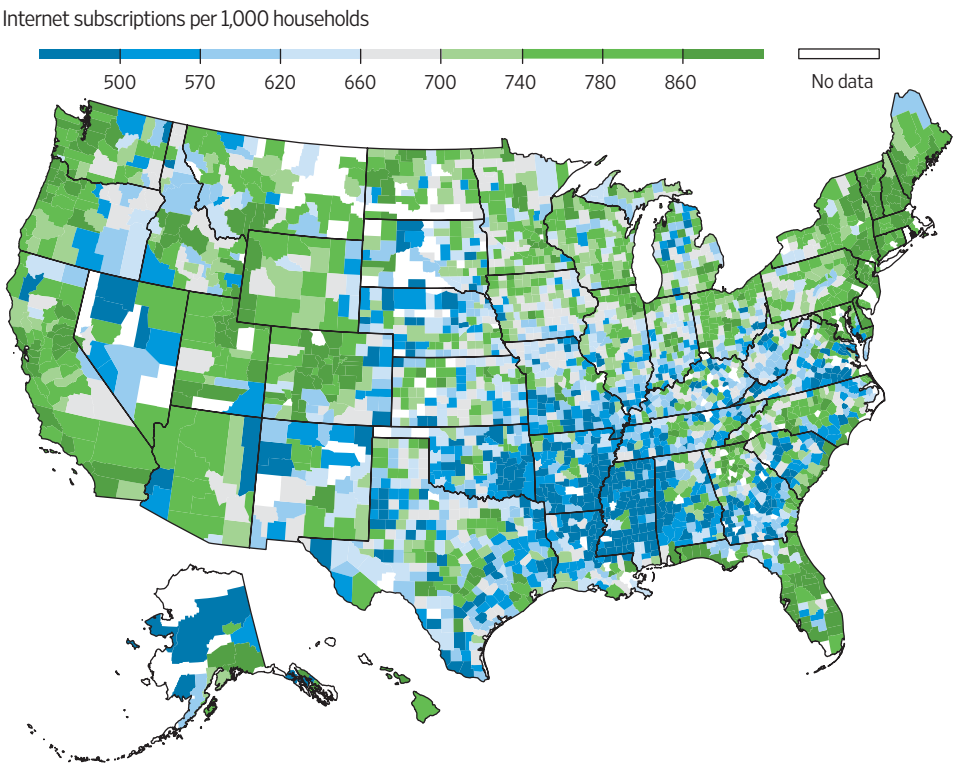
But officials say the maps, which have been based on providers' claims, often have overstated service levels.

"In a nutshell, the mapping has been horrible," said Sen. Joe Manchin, a West Virginia Democrat who has pushed legislation to improve the FCC's data collection and mapping. Providers "say they're covering areas that they weren't."

The FCC estimates that in urban areas, 97% of Americans have access to high-speed fixed service. But in rural areas it is 65%, and 60% on tribal lands.

Weak Connections

FCC officials voted to overhaul programs aimed at boosting internet connectivity to rural communities, which tend to have lower rates of residents online compared with urban areas.



Notes: Subscriptions are defined as fixed internet connections of over 200 kbps in at least one direction; figures as of June 30, 2016.
Sources: Federal Communications Commission (subscription ratio)
THE WALL STREET JOURNAL.

FUND

Continued from Page One

fund's shutdown. Bloomberg reported the news earlier.

One point of pressure recently: Blackstone Group LP, one of Astenbeck's first and largest investors, arranged to pull its clients' money from the main fund, people familiar with the matter said.

Mr. Hall will continue to manage some Blackstone money outside of the fund now closing, one of the people said.

Astenbeck's unwinding is the latest in what has been an escalating series of stumbles for Wall Street traders who created multibillion-dollar hedge funds off their reputations as big bettors at major investment banks.

Ex-Goldman Sachs Group trader Richard Perry, who made more than $1 billion for clients betting against subprime mortgages during the financial crisis, closed his eponymous hedge fund last year after a stretch of muted returns. Eric Mindich, the youngest partner in Goldman Sachs history, this spring closed his Eton Park Capital Management.

Mr. Hall was one of the biggest names of the era who remained in the game, but even he was overseeing a diminished empire at the end. Astenbeck was down to $1.8 billion firmwide as of May, an investor document indicates, less than half of what the firm managed in 2013.

Most of that was in the main fund, which is now being unwound.

The main fund lost 17% through April this year, after returning 26% in 2016 and losing 36% in 2015, according to the investor document. Since its inception in January 2008 through April 30, Astenbeck returned 1.65% after fees, the document shows.

The oil and commodities sectors once lured hedge-fund managers, who profited from soaring prices in the years before the global financial crisis.

Now few such specialists remain. Pierre Andurand's Andurand Capital Management LLP made 38% in its Andurand Commodities fund in 2014. But this year it is down 15% through July, said a person who had seen the numbers.

"Ten years of a commodity bull market are over, and that has been lost on a lot of people," said Ernest Scalamandre, managing member of AC Investment Management, which manages about $750 million in assets, primarily investments in commodities and commodity hedge funds. "Technology is decreasing the cost of production."

Andrew Hall is known for making big, long-term bets on rising oil prices.

Banks have also scaled back in the markets amid regulatory scrutiny. Deutsche Bank AG, Credit Suisse Group AG, Morgan Stanley and J.P. Morgan Chase & Co. all have closed or curtailed operations in the sector, while Goldman Sachs reported last month its worst-ever quarter for commodities trading.

Mr. Hall was among those who bet heavily this year that efforts by the Organization of the Petroleum Exporting Countries and its allies would help rebalance the oil market and lift prices.

But oil prices tumbled in the first half of this year. Many began to doubt that OPEC's strategy was working, and fled bets on rising oil prices. Still, Mr. Hall assured investors that the oil glut that weighed on the market would be eliminated, according to people familiar with the matter.

Since the oil downturn began in 2014, Mr. Hall has remained steadfast in his belief that the glut wouldn't last. In February 2016, he predicted "rapid reductions in inventories" and "a sustained rise in prices" to a range of $60 to $80 a barrel.

Mr. Hall has been trading oil for decades. He began his career at BP PLC during the oil crisis in the 1970s and eventually became known for his aggressive tactics, according to the 2010 book "Oil: Money, Politics, and Power in the 21st Century." Phibro, a commodity-trading firm, recruited and hired him in the 1980s.

Around 2003, Mr. Hall became convinced that oil prices were poised to break out of their longtime range of $10 to $30 a barrel as supply growth lagged behind rising demand. He bought contracts to deliver oil years in the future, which resulted in a big payday when oil prices rose.

As for the compensation controversy a few years later, the public outcry spurred Citigroup, a recipient of a federal bailout, to sell Phibro to Occidental Petroleum Corp. in 2009.

—Laurence Fletcher contributed to this article.

U.S. WATCH

MINNEAPOLIS

NTSB Probes Gas Explosion at School

National Transportation Safety Board officials began an investigation Thursday into a natural-gas explosion at a Minneapolis school that killed two school staff members Wednesday. The independent federal agency is charged with investigating pipeline accidents.

NTSB board member Christopher Hart said the probe into the blast that collapsed part of the campus of Minnehaha Academy, a private Christian school, could take up to a year. Investigators will remain on the scene for roughly a week.

Minneapolis fire officials recovered the bodies of receptionist Ruth Berg and custodian John Carlson in the rubble Wednesday while trying to identify void spaces in the collapsed structure where people could have survived. Several other adults were also injured.

Mr. Hart said investigators are attempting to determine whether the accident was triggered by moving a gas meter. Fire officials said Wednesday that contractors were doing work on the building at the time of the explosion.

—Quint Forgey

ECONOMY

Services Expand At Slower Pace

U.S. service-sector activity expanded at a slower clip last month but remained at a level indicative of steady economic growth.

The Institute for Supply Management said its index of nonmanufacturing activity—covering industries such as construction, mining, hair cutting and accounting—fell to 53.9 in July from 57.4 in June. A reading above 50 indicates expanding activity, as measured by sales, production, hiring and other factors.

"The economy may have lost some momentum going into the third quarter," Andrew Hunter, U.S. economist at Capital Economics, said in a research note.

While most industries reported growth, the overall level was the lowest since August 2016. The deceleration was the sharpest since November 2008.

The monthly reports can be volatile. Anthony Nieves, who leads the ISM survey, said the slowdown from an elevated level of activity isn't necessarily a strong warning sign of slowdown.

Other economic reports Thursday offered encouraging signals about U.S. manufacturing and labor-market conditions. Orders at U.S. factories surged in June to the highest level in eight months.

—Sarah Chaney and Jeffrey Sparshott

OKLAHOMA

Series of Earthquakes Strike Near Capital

At least seven earthquakes have struck the Oklahoma City area in the last three days, including one that knocked out electrical service to nearby residents.

The Oklahoma Corporation Commission says the quakes rattled the area from Tuesday to Thursday morning. Each had a magnitude of 3.0 or stronger.

Commission spokesman Matt Skinner said there were no wastewater-injection wells in the immediate vicinity, but he said previous well activity may be the cause. Scientists have linked an increase in quakes in Oklahoma, Kansas and Texas to the underground disposal of wastewater from oil and gas production.

Mr. Skinner also said there is a fault line in the area. The area hit is about 15 miles northeast of Oklahoma City. No injuries or significant damage were reported.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Standard Chartered PLC is targeting a return on equity above 8% by an unspecified date and then will seek to get it above 10%, after having to delay targets to reach 8% by 2018 and 10% by 2020. A Banking & Finance article Thursday erroneously said the target was to be above 8% by 2020.

A graphic showing changes in the prices of aluminum and iron ore wasn't related to the Heard on the Street article about a stock-market milestone with which it ran on Thursday.

Borja Ortega is head of Spain capital markets for real-estate-services firm JLL. An International Property Report article on Wednesday about Spain's property market incorrectly said that Mr. Ortega is JLL's head of capital markets.

Garry Kasparov's last name was misspelled as Kasparaov in the headline of a Life & Arts article Wednesday about celebrities coming out of retirement.

A Volkswagen commercial for the Atlas SUV featured an Irish grandmother. An Off Duty article on Saturday about the vehicle incorrectly said she was German. Also, the modular architecture of the Atlas previously was used on vehicles such as the Golf, and the mid-row bench seats are heated but not ventilated. The article incorrectly said the modular architecture was found on the Tiguan, and it incorrectly said the seats were ventilated.

A chart with a July 21 Markets article about European government bonds showed spreads in basis points between selected countries' 10-year government bond yields and Germany's. The y-axis was incorrectly labeled as percentage points.

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School Moves Stir Divisions Around Race

Whiter towns secede from districts in some states; a court fight roils Alabama county

By Arian Campo-Flores

GARDENDALE, Ala.—For years, Misti Boackle had watched several cities break away from the Jefferson County school district that includes this Birmingham suburb, each forming what she considers superior school systems. So in 2012, she joined other residents to do the same for Gardendale.

"I felt it was the best thing for our family and our community," said Ms. Boackle, a white mother of three children, two of whom attend Gardendale High School.

This spring, after years of battles, a court granted Gardendale a road map to having its own schools, though legal appeals have delayed it. Like many other area municipalities that have created separate school districts, Gardendale is a mostly white city while the county district is predominantly African-American.

The effort is one of a growing number of attempted school-district secessions—in states including California, Georgia and Wisconsin—highlighting deep divisions nationwide over race, class and the role of desegregation orders six decades after the U.S. Supreme Court's Brown v. Board of Education ruling. That decision declared racially separated schools unconstitutional.

Supporters of the moves say they are a way for communities to exert control over education policy and retain property-tax revenue for local benefit. Opponents say the separations can resegregate schools and exacerbate income disparities by breaking off wealthier, whiter areas.

At least 71 communities have sought to secede from their school districts since 2000, according to a June report by EdBuild, a nonprofit group that is critical of school-secession efforts. So far, 47 of them have succeeded, 10 of which happened in Alabama.

The Gardendale secession movement has been going on for years, the subject of a court battle because Jefferson County remains under a 1971 desegregation order.

The city filed a motion to form its own school system in 2015, which the Jefferson County Board of Education, the Justice Department and the NAACP Legal Defense Fund—representing the plaintiffs in the five-decade-old desegregation case—opposed.

U.S. District Judge Madeline Haikala in April approved the separation but found that "race was a motivating factor."

Lonell Carter, an African-American plaintiff in the case who lives in North Smithfield and whose 14-year-old grandson is in the school system, said she believed Gardendale's separation would resegregate the district and exacerbate divisions. "We're just hoping that if Jefferson County can continue to operate these schools, it will weed out some of the racial tension," she said.

It isn't just black residents who oppose the move. Chris Gamble, a white father of two children in nearby Mount Olive, which feeds Gardendale schools, said a secession could force him to send at least one of them to schools much farther away.

The district judge's ruling permitted Gardendale to take over two elementary schools from the county this fall, and if the city shows good faith in complying with a new desegregation order, it could then seek to assume responsibility for all four city schools in three years, including the high school, which is now roughly two-thirds white and nearly one-third black.

The NAACP Legal Defense Fund appealed the decision, arguing that Gardendale shouldn't be allowed to take over any schools. Gardendale also appealed, asking to assume control of all four schools. The Jefferson County Board of Education and the Justice Department haven't taken further legal action.

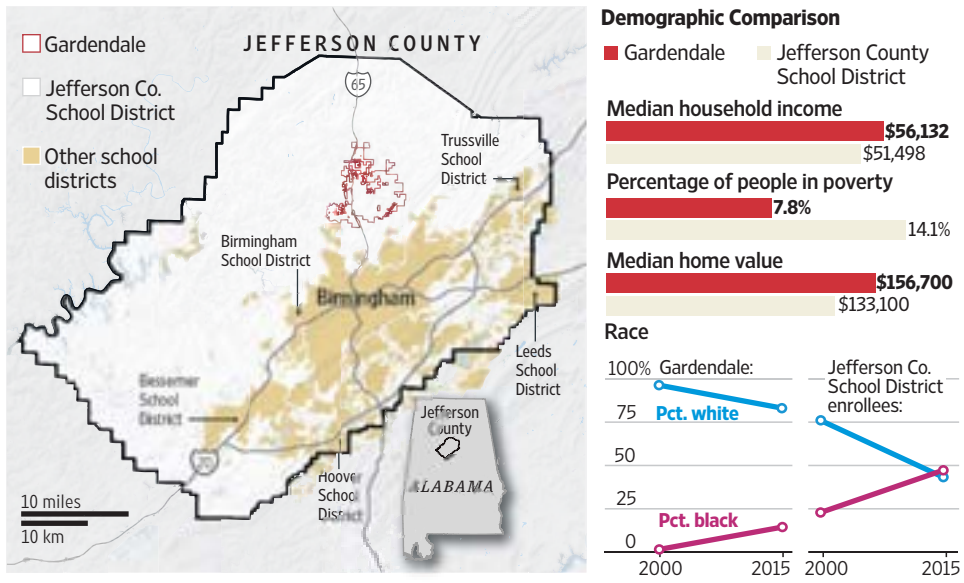
The case is now before the 11th Circuit Court of Appeals. Until it rules, the Gardendale Board of Education—created by the city council in 2014 to oversee a new district—won't take charge of any schools.

STEVE GATES FOR THE WALL STREET JOURNAL

Gardendale High School in Alabama could become part of a new, smaller district if a federal judge's April ruling is upheld.

Breaking Away

The Birmingham suburb of Gardendale has plans to secede from the Jefferson County School District, which is overall economically poorer than Gardendale. Several other towns in the Alabama county have previously succeeded in forming their own school districts.



Source: Sources: U.S. Census Bureau (demographics); U.S. District Judge Madeline Haikala (enrollee race) THE WALL STREET JOURNAL.

High Court Rulings Aid Secession Push

After the U.S. Supreme Court's Brown v. Board of Education ruling in 1954, which declared racially separated schools unconstitutional, many communities sought to split from larger school districts to avoid desegregating, said Erika Wilson, a law professor at the University of North Carolina at Chapel Hill who has studied the issue.

A 1972 Supreme Court decision held that municipalities couldn't secede if the effect was to circumvent a federal desegregation order. But high-court rulings in later years gradually made it easier for school districts to be released from such orders, Ms. Wilson said.

Thirty states have procedures that allow for the creation of new school districts, with wide variation in the requirements necessary to gain approval, according to a June report by EdBuild, a nonprofit group that is critical of school-secession efforts.

For instance, six states, not including Alabama, require consideration of the effects on racial and economic diversity.

—Arian Campo-Flores

Woman Sentenced In Suicide Text Case

By Jacob Gershman

A Massachusetts judge Thursday ruled that a woman who urged her boyfriend to commit suicide should spend 15 months behind bars, in a case whose lurid details and First Amendment implications drew national attention.

Michelle Carter, 20 years old, was found guilty in June in the 2014 death of her boyfriend, who killed himself after she sent him a string of text messages over days urging him to end his life. Ms. Carter was 17 at the time.

For now, Ms. Carter remains free. At a sentencing hearing in Fall River, Mass., Bristol County Juvenile Court Judge Lawrence Moniz agreed to postpone confinement while her lawyer appealed her conviction.

The actual sentence handed down by Judge Moniz was 2.5 years, but he said Ms. Carter should spend only 15 months of it in prison, then be released on probation.

Prosecutors had asked that Ms. Carter serve at least seven years, and opposed any stay of the sentence. "While we are certainly disappointed that the judge chose to stay the sentence, we remain, as we always have, steadfast in our belief that Michelle Carter...needs to be held accountable," Bristol County assistant district attorney Maryclare Flynn said.

Ms. Carter, who was convicted of involuntary manslaughter, was miles away when 18-year-old Conrad Roy III sat in his truck in a parking lot in Fairhaven, Mass., inhaling carbon monoxide.

"You're just making it harder on yourself by pushing it off, you just have to do it," she texted him a day before he was found dead, according to court papers.

Ms. Carter's attorney had argued she shouldn't go to prison for sending texts and couldn't have been expected to know her conduct was potentially prosecutable. He couldn't be reached to comment.

Suit Revives Scrutiny of Affirmative Action

By Nicole Hong

The Justice Department's new focus on affirmative action is shining a spotlight on a decades-old debate: whether the benefits of using race in college admissions outweigh the costs.

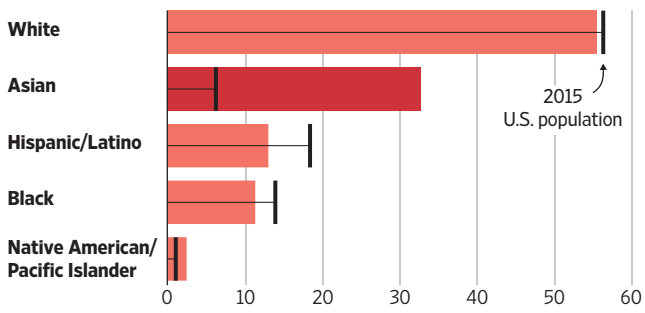
The question is part of a high-profile lawsuit accusing Harvard University of discriminating against Asian-American applicants.

The federal lawsuit, filed in Boston in 2014, was brought by a nonprofit called Students for Fair Admissions, which alleges that Harvard intentionally discriminates against Asian-Americans in its admissions practices by limiting the number of Asian students who are admitted and holding them to a higher standard than students of other races. The group claims the school's practices violate federal civil rights law and equal protection under the 14th Amendment.

Members of the nonprofit, which advocates for the elimination of affirmative action, include Asian students who were denied admission to Harvard.

Crimson Prism

Ethnic makeup of Harvard's class of 2020 compared to U.S. population



Note: Harvard demographic data based on a survey of the freshman class in 2016.
Source: The Harvard Crimson, Census Bureau THE WALL STREET JOURNAL.

The lawsuit's allegations formed the basis for a separate complaint against Harvard filed in 2015 by a coalition of 64 Asian-American groups. On Wednesday, the Justice Department announced it would begin an investigation of the complaint, which was filed with the department's civil rights division and other government agencies.

It's unclear whether the Justice Department will also seek to intervene in the federal lawsuit against Harvard.

Asian-American groups have been raising concerns about the fairness of Ivy League admission practices since at least 1989.

In this case, lawyers for the plaintiffs say their goal is to reach the Supreme Court and overturn racial preferences in university admissions. As part of the lawsuit, the students are asking the judge to prohibit Harvard from using race as a factor in future undergraduate admissions decisions.

Harvard has defended its policies by pointing to a handful of Supreme Court precedents over the past 40 years that have allowed universities to consider race as a factor in admissions to obtain the benefits of a diverse student body.

Harvard's admissions process reviews many factors and "considers each applicant as a whole person, consistent with the legal standards established by the U.S. Supreme Court," said a Harvard spokeswoman.

The Supreme Court has repeatedly upheld the idea that universities have a compelling interest in assembling a diverse student body because it promotes "cross-racial understanding" and better prepares students for a diverse workforce. In a 2003 ruling involving the University of Michigan Law School, Justice Sandra Day O'Connor wrote that classroom discussion is more enlightening with students of different backgrounds, resulting in better learning outcomes.

In the Harvard lawsuit, the plaintiffs are challenging parts of that premise.

Lawyers for the plaintiffs in May asked Harvard to turn over data showing the academic performance and academic preparation of enrolled students by ethnicity. The request is part of the plaintiffs' contention that Harvard's admission of underrepresented minorities who they say are less academically prepared ends up hurting those students in the long run.

The plaintiffs hope to use any data provided by Harvard to show that affirmative action has a negative effect on certain students after they enroll. Such a finding could undermine the justification for considering race in admissions decisions.

Harvard's response is under seal. A spokesman for Wilmer-Hale, the law firm representing Harvard, declined to comment.

In a brief filed earlier in the case, a group of current and prospective Harvard students pointed to research showing that while the selectivity of a school doesn't increase earnings for students as a whole, it does for black and Latino students. These students achieve higher grades and graduate at higher rates than their peers at less selective schools, the brief said.

DON RYAN/ASSOCIATED PRESS

Children in Portland, Ore., on Thursday. The city endured 100-degree temperatures this week.

Northwest Grapples With Scorching Heat

By Covey E. Son

Thanks to chilly ocean currents flowing from Alaska, the Pacific Northwest usually keeps its cool through the summer while the rest of the country sweats.

Not so this season. Oregon and Washington have been plagued by unusually high temperatures for days.

In Portland, Ore., the temperature crept past the century mark on Wednesday and Thursday.

Seattle had temperatures in the 90s on Thursday.

Seattle is usually in the mid-70s around this time of the year. In Portland, low-80s is the norm.

Extreme heat is rare for the Northwest, a region typically shielded by "nature's air conditioning," National Weather Service meteorologist Ted Buehner said.

Typically, the Pacific Northwest is cooled by the Pacific Ocean, which absorbs heat. A current of cold water flowing down from Alaska helps keep the ocean cool.

The ocean regulates coastal temperatures to a point, but a high-pressure system is generating tremendous heat through compression of air, according to meteorologists.

Local officials worry that residents aren't accustomed to such high temperatures.

Nearly 70% of Seattle's 1.4 million homes didn't have air conditioning in 2015, according to the U.S. Census Bureau. In Portland, the region's second-largest city, 30% of its 898,000 homes didn't have cooling units in 2015.

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Trump Is Pressed on Afghanistan

Advisers attempt to persuade president to send more troops as turmoil racks the NSC

By Dion Nissenbaum

WASHINGTON—President Donald Trump's top national security advisers are searching for a way to overcome the commander-in-chief's reluctance to send thousands more troops to Afghanistan as divisions on the National Security Council complicate strategy for the 16-year-old war, officials said.

The president's reluctance to embrace an open-ended commitment has resurrected discussion of other options, including proposals to scale back the U.S. military presence in Afghanistan or to hire private contractors to play a bigger role. Top Trump administration officials met to discuss the options Thursday after Mr. Trump asked his team for alternatives, according to current and former Trump administration officials.

The search for a strategy for Afghanistan comes amid upheaval at the NSC following the removal of three staff members by H.R. McMaster, the national security adviser. The officials were hired by his predecessor, Mike Flynn, before he was forced to resign after 24 days.

The removals were welcomed by supporters of Mr. McMaster who saw the three as disruptive in pushing some unorthodox ideas backed by the president. The moves were decried by allies of the three as a purge designed to rid the team of Trump loyalists.

The most recent person removed was Ezra Cohen-Watnick, the body's senior director of intelligence programs. Mr. McMaster had previously sought to remove Mr. Cohen-Watnick, who served on Mr. Trump's transition team, but the move was blocked by the president, one administration official said.

This week, after John Kelly took over as chief of staff and sought to impose new order in the White House, Mr. McMaster removed Mr. Cohen-Watnick. Mr. McMaster informed Mr. Kelly before taking the step and the new chief of staff didn't object, according to a second administration official. Last week, Mr. McMaster removed Derek Harvey, the top Middle East adviser.

On Thursday, administration officials said the staff shake-up had stoked internal divisions at the council, which is spearheading the push to develop a new strategy for Afghanistan. "It's a live-fire zone here," said one Trump administration official.

DENNIS BRACK/BLACK STAR/ZUMA PRESS

H.R. McMaster, the White House national security adviser, recently fired three officials who were hired by Mike Flynn.

Mr. McMaster is viewed with suspicion by some Trump appointees who view him as a defender of the status quo unwilling to embrace unconventional ideas, administration officials said, and a wide array of conservative commentators criticized the moves. Breitbart News, the website once led by Trump chief strategist Steve Bannon, published a series of stories on Thursday criticizing Mr. McMaster's leadership.

The staff moves triggered stories in conservative forums that cited specific staff members as being on a list to be fired by Mr. McMaster. To allay their fears, Mr. McMaster called the staff members on Thursday to assure them they weren't going to be fired, said the second administration official.

Defense Secretary Jim Mattis had hoped to have a new Afghan strategy in place by mid-July, but White House talks bogged down as Mr. Trump challenged the need to send more U.S. forces into a fight with no clear plan for success, the officials said.

At a meeting last month with his national security team, Mr. Trump questioned the leadership of Gen. John Nicholson, the Kabul-based commander of U.S.-led forces in Afghanistan, the officials said. The president's criticism, reported first by MSNBC on Wednesday, drew a brusque response on Thursday from Sen. John McCain, (R., Ariz.).

"Our commanders-in-chief, not our commanders in the field, are responsible for the failure in #Afghanistan," Mr. McCain said in a tweet.

The risks in Afghanistan are ever-present. On Thursday, a suicide bomber in Kabul killed one member of the U.S.-led military coalition. On Wednesday, two U.S. service members were killed in a suicide bombing in southern Afghanistan.

Gen. Nicholson has asked the Trump administration to send several thousand more troops to Afghanistan, where more than 8,400 U.S. service members are currently advising Afghan forces.

—Eli Stokols and Michael C. Bender contributed to this article.

◆ Yaroslav Trofimov: Iraq's murky lesson for Afghan war..... A8

Senate Paves Way For Trump Nominees

By Kate Davidson And Siobhan Hughes

WASHINGTON—The Senate on Thursday cleared the way for dozens of Trump administration nominees to take office, allowing the administration to round out its top staff and regulatory commissions and advance its agenda.

Senate leaders said more nominees could yet be confirmed before the chamber goes on its four-week August break.

Top officials at the State, Justice, Commerce, Treasury, Health and Human Services, Homeland Security and Veterans Affairs departments were among the 64 nominees confirmed. The group also included nominees for several unfilled seats on regulatory boards, including the Federal Communications Commission, the Federal Trade Commission, the Commodity Futures Trading Commission and the National Transportation Safety Board.

Senate Democrats had slowed confirming President Donald Trump's nominees as a way to protest the Republican strategy for advancing a GOP-written health bill.

The health legislation, which was written by Senate Majority Leader Mitch McConnell (R., Ky.) and other Republicans behind closed doors with no Democratic input and no committee hearings, collapsed last week.

"Now that health care is over, I have told Leader McConnell we will agree on a robust package of nominees," Senate Minority Leader Chuck Schumer (D., N.Y.) told reporters.

In 2013, the Senate eliminated filibusters for most presidential nominees, allowing executive-branch and most judicial vacancies to be filled on a simple majority vote. But senators retained some power to slow nominations by withholding their consent to confirm nominees on an expedited basis without a roll-call vote.

It was this quirk in the rules that Democrats exploited, knowing that the Senate Republican leader would be reluctant to waste valuable floor time in scheduling votes on taking up and then confirming nominees, with time allotted in between for debate. Only one of the nominees wasn't approved by voice vote Thursday.

"The Senate has confirmed more executive-branch nominees this week than all of the executive-branch nominees confirmed this year—combined," Mr. McConnell said.

Mr. McConnell said he hopes the agreement "represents the way forward" for confirming future nominees.

The lack of Senate-confirmed officials has in some cases slowed the Trump administration's agenda as staffers waited for officials to arrive.

Cornyn Pushes Tech as Part of Border Fix

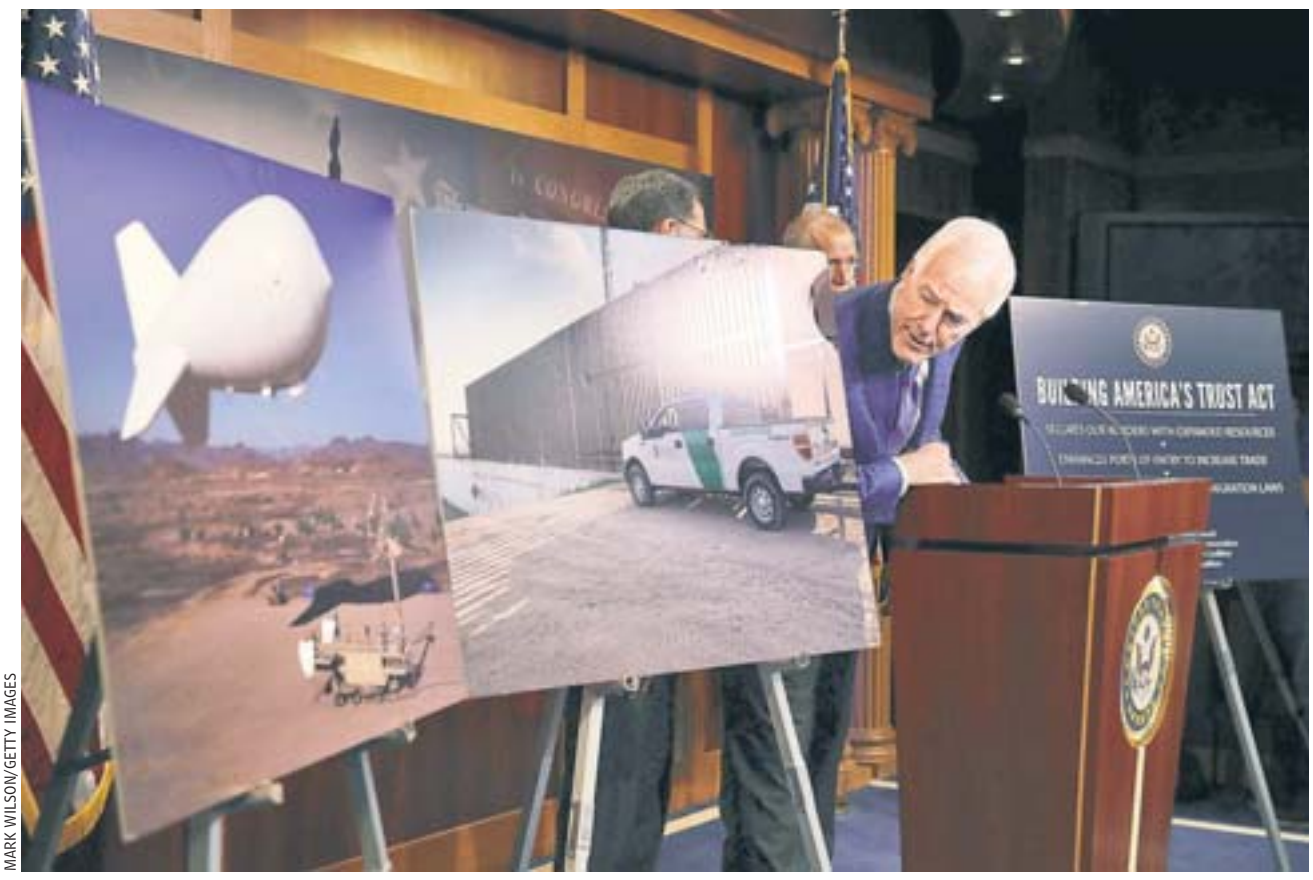
By Laura Meckler

WASHINGTON—Offering an alternative to President Donald Trump's vision for a border wall, a top Senate Republican introduced legislation Thursday that urges the administration to use technology as well as physical barriers to better guard the Southwest border.

The bill from Sen. John Cornyn of Texas, the No. 2 Republican in the Senate, comes as Congress considers whether to provide funding for Mr. Trump's wall. Last week, the House passed budgetary legislation providing $1.6 billion for construction in 2018, although the provision faces opposition in the Senate from Democrats and from some Republicans.

Mr. Cornyn's bill would face similar obstacles, but its mix of border security measures could garner broader support and perhaps shift debate away from Mr. Trump's single-minded focus on a wall.

Mr. Cornyn has long backed additional border security spending, but he is also one of several border-state Republicans who have been critical of the notion of an end-to-end border barrier. The border wall was one of Mr. Trump's signature campaign themes, although the president last month tempered his proposal.



MARK WILSON/GETTY IMAGES

Senate Majority Whip John Cornyn of Texas is among the border-state Republicans critical of plans for an end-to-end border barrier.

The Cornyn legislation would require a "multilayered tactical infrastructure" across the southern border, which could include a wall, fencing, technology or levees along the Rio Grande.

The provisions are similar to those put forward last week by Rep. Michael McCaul (R., Texas), the chairman of the House Homeland Security Committee.

Together, the moves are a signal from two senior Texas Republicans that they see a physical barrier as only part of the way to secure the border, aides said. The bills leave decisions about what approaches to employ to the secretary of Homeland Security.

The Cornyn bill would need to clear a 60-vote threshold to win Senate approval, and with only 52 Republican votes, that seems unlikely. The bill also includes tough interior enforcement measures that will likely garner support from conservatives and generate further opposition from Democratic lawmakers.

One measure would change a 2008 federal law that requires cases involving children traveling alone from countries other than Mexico and Canada be heard in immigration court and that the children be placed with relatives or in other protective arrangements pending resolution.

The Cornyn bill would expedite those hearings and prohibit children from joining families until the cases are heard. Those without legitimate claims to stay in the U.S. would be swiftly deported.

Another provision would deny federal grants to so-called sanctuary cities.

WASHINGTON WIRE

WEST VIRGINIA

Democratic Governor Is Switching Parties

West Virginia Democratic Gov. Jim Justice said Thursday at a rally with President Donald Trump that he is switching parties to join the Republicans.

"The Democrats walked away from me," Mr. Justice said after taking the stage in Huntington, W.Va. He said, "I can't help you anymore being a Democratic governor, so tomorrow I will be changing my registration to Republican."

He said he had met with the president twice in recent weeks in the Oval Office to discuss his proposals regarding coal and manufacturing.

Mr. Justice was elected governor in November, at the same time Mr. Trump won West Virginia by a landslide.

Just a few months before he was elected governor, Mr. Justice switched his party registration to Democrat from Republican. His state was once a Democratic bastion but has grown more Republican.

With Mr. Justice's switch, there will be 34 Republican governors, 15 Democrats and one independent.

—Janet Hook and Rebecca Ballhaus

WHITE HOUSE

Trump Points Finger On Russia Relations

President Donald Trump laid the blame on Congress on Thursday for what he described as the deterioration to an "all-time & very dangerous low" of relations with Russia, a day after he signed a bill that slaps sanctions on Russia for its alleged interference in the 2016 presidential election.

In a tweet, Mr. Trump said: "Our relationship with Russia is at an all-time & very dangerous low. You can thank Congress, the same people that can't even give us HCare [heath care]!"

Mr. Trump's tweet prompted a tart response from some congressional Republicans.

Sen. John McCain (R., Ariz.) noted that Mr. Trump spared Russian President Vladimir Putin from blame, while others said it was Mr. Putin, not Congress, who was responsible. The Kremlin has denied meddling in the election.

Mr. McCain, in a tweet that followed the same construction as that of Mr. Trump's, wrote: "Our relationship w/ Russia is at dangerous low. You can thank Putin for attacking our democracy, invading neighbors & threatening our allies."

—Peter Nicholas

PROBE

Continued from Page One

Mr. Flynn's work in the private sector on behalf of foreign interests.

Mr. Mueller requested in recent weeks that Chief Judge Beryl A. Howell of the U.S. District Court for the District of Columbia impanel a grand jury for his use. She granted the request, according to people familiar with the probe.

Grand juries are powerful investigative tools that allow prosecutors to subpoena documents, put witnesses under oath and seek indictments, if there is evidence of a crime. Legal experts said Mr. Mueller's decision suggests he believes he will need to subpoena records and take testimony from witnesses.

A grand jury in Washington is also more convenient for Mr. Mueller and his 16 attorneys—they work just a few blocks from the U.S. federal courthouse where grand juries meet—than one that is 10 miles away in Virginia.

"This is yet a further sign that there is a long-term, large-scale series of prosecutions being contemplated and being pursued by the special counsel," said Stephen I. Vladeck, a law professor at the University of Texas. "This suggests that the investigation is bigger and wider than Flynn, perhaps substantially so."

Thomas Zeno, a federal prosecutor for 29 years before becoming a lawyer at the Squire Patton Boggs law firm, said the grand jury was "confirmation that this is a very vigorous investigation going on."

"This doesn't mean he is going to bring charges," Mr. Zeno cautioned. "But it shows he is very serious. He wouldn't do this if it were winding down."

Another sign the investigation is ramping up: Greg Andres, a top partner in a powerhouse New York law firm, Davis Polk & Wardwell LLP, has joined Mr. Mueller's team.

Mr. Andres, a former top Justice Department official who also oversaw the criminal division of the U.S. attorney's office in Brooklyn, wouldn't leave his private-sector job for a low-level investigation, Mr. Zeno said. "The fact he is being added after a couple of months shows how serious this is and that it could last a long time," Mr. Zeno said.

Mr. Andres couldn't be reached for comment.

The developments unfolded amid a new sign of concern by Congress that Mr. Mueller's independence needs to be protected. Sens. Thom Tillis (R., N.C.) and Chris Coons (D., Del.) introduced legislation Thursday making it harder for Mr. Trump to fire Mr. Mueller. Under the legislation, a special counsel could challenge his or her removal, with a three-judge panel ruling within 14 days on whether the firing was justified.

If the panel found no good cause for the firing, the special counsel would immediately be reinstated.

The bill follows a similar effort from Sens. Lindsey Graham (R., S.C.) and Cory Booker (D., N.J.) "The introduction of two bills with two different bipartisan pairs strengthens the message that there is broad concern about this," said Mr. Coons, who said Mr. Tillis approached him on the Senate floor about teaming up on legislation.

The move would allow a prosecutor to subpoena documents and seek indictments.

According to a January report from the U.S. intelligence community, the highest levels of the Russian government were involved in directing the electoral interference. Its tactics included hacking state election systems; infiltrating and leaking information from party committees and political strategists; and disseminating through social media and other outlets negative stories about Democratic nominee Hillary Clinton and positive ones about Mr. Trump, the report said.

It is unclear how long Mr. Mueller's investigation will last, and there is no deadline for its completion. The probe is complicated by the classified nature of much of the information Mr. Mueller's team is reviewing. Evidence of its sensitivity came in June when Mr. Mueller moved from his temporary offices to a nearby secure facility that his representatives have declined to identify.

Mr. Trump has questioned the neutrality of Mr. Mueller's office, telling Fox News he is concerned that Mr. Mueller's prosecutors are "Hillary Clinton supporters" and that Messrs. Mueller and former Federal Bureau of Investigation Director James Comey are friends. Mr. Comey was a top Justice official in the George W. Bush administration when Mr. Mueller was the FBI director; both were appointed by Republicans. Mr. Trump fired Mr. Comey from the FBI position in May.

Those who know both men said they aren't social friends, though they respect each other and had a solid relationship in government.

—Siobhan Hughes and Rebecca Ballhaus contributed to this article.

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Trump 'Sanctuary' Move Faces Pushback

By Laura Meckler

LAURA MECKLER/THE WALL STREET JOURNAL, JEFF LAUTENBERGER FOR THE WALL STREET JOURNAL

Ernesto Galarza, left, was mistaken for an illegal immigrant. Right, a tea-party group aims to overturn a Lehigh County, Pa., move to ignore federal detention orders.

ALLENTOWN, Pa.—One of the chief strategies in President Donald Trump's battle against illegal immigration is being undercut by an unlikely figure: a New Jersey native named Ernesto Galarza.

In 2008, Mr. Galarza was doing construction work in this eastern Pennsylvania city when his boss allegedly sold drugs to an undercover police detective. Mr. Galarza was arrested along with the boss, and booked into the Lehigh County jail.

Mr. Galarza posted bond, but wasn't released because a federal immigration agent asked the jail to hold him. He sat behind bars three extra days before anyone realized he was a U.S. citizen.

The American Civil Liberties Union later won $95,000 from Lehigh County for violating Mr. Galarza's constitutional rights, laying the groundwork for today's high-profile battle between President Trump and what are often called "sanctuary cities."

The Galarza case, and two similar ones that followed, signaled that counties will be held accountable in court if they wrongly imprison someone, and that acting at the request of the Immigration and Customs Enforcement agency isn't a viable legal defense.

Many cities and counties nationwide, including Lehigh, no longer hold people just because ICE asks. So while the president and his aides are at war with liberal enclaves like San Francisco and Chicago that declare themselves sanctuaries, they also are on a collision course with places like Lehigh County, a middle-class region where Republicans control the county commission.

Edward Sweeney, who ran the Lehigh jail at the time of the Galarza case, said he was happy to cooperate with ICE before the case, but not after. "If the federal circuit court of appeals told me what I was doing was improper, you don't have to hold a gun to my head to get me to make a change in policy," said Mr. Sweeney, a registered Republican, in an interview.

In recent months, debates over these policies have unfolded in towns across the country, including the Allentown area, where a tea-party group is trying to overturn Lehigh County's decision to no longer obey ICE detention orders. At least 36 states are considering legislation on the issue.

A bill in California's legislature would make the entire state a sanctuary. Texas, meantime, enacted legislation that compels counties to cooperate with ICE.

Few people had ever heard of the issue in 2008, when Mr. Galarza was arrested.

Mr. Galarza was on a job on a Thursday, pulling up worn floorboards from a house, when a police detective said she bought 14 grams of cocaine from his boss. The detective concluded Mr. Galarza was acting as a lookout and arrested him too. After posting bail, Mr. Galarza was on his way out of the county jail when an officer stopped him.

"I was about to go out the main door, and the main door was getting open and then it started closing," he said in an interview. "They turned me back around."

Mr. Galarza had told the officer he was born in New Jersey but she didn't believe it and reported him to ICE, according to court documents.

An ICE officer then filed a "detainer" instructing the jail to hold Mr. Galarza. He spent the weekend in the jail. He finally was released Monday night. By then, he had lost a part-time job and wages from two other jobs, court documents show. Five months later, he was acquitted of the drug charge.

More than a year later, the legal director of the ACLU in Pennsylvania, Witold Walczak, was passing through Allentown and asked a local attorney he knew, David Viada, if he was aware of any American citizens who had been wrongly held on an ICE detainer. Mr. Viada had represented Mr. Galarza in his drug trial and made the introduction.

For the ACLU, Mr. Galarza was an ideal plaintiff. The group wanted to challenge the Obama administration's stepped-up use of detainers.

In November 2010, the ACLU filed a federal lawsuit on Mr. Galarza's behalf against the Allentown detective, the ICE agents, the city of Allentown and Lehigh County. It alleged that Mr. Galarza's constitutional rights were violated and noted that no probable cause to hold him had been established.

The officers and the city lost and each settled out of court.

The judge let the county off the hook, but Mr. Galarza appealed to the Third U.S. Circuit Court of Appeals. Lehigh County, which operates the jail, defended itself by saying it was simply following orders from a federal agency.

That argument was undermined by statements from ICE that detainers were "requests" and compliance couldn't be compelled.

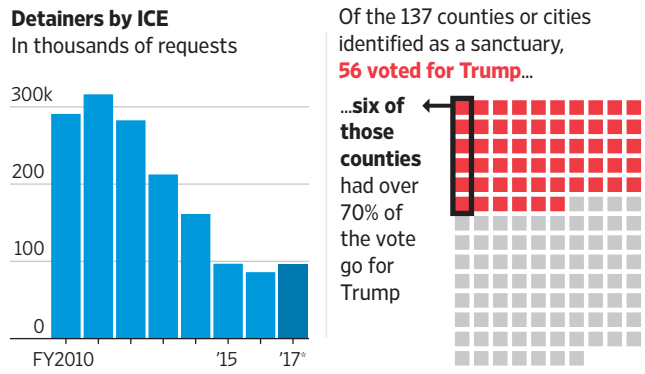
In 2014, the appellate court ruled, 2-1, that the federal government had no right to require agencies to comply with detainers, under Supreme Court precedent preventing Washington from "commandeering" state and local agencies for federal purposes.

Lehigh County settled the case for $95,000 and agreed to no longer hold people because of an ICE request. The vote on the new policy by the county commission was 9-0.

—Jim Oberman contributed to this article.

'Detainers' on the Rise

The Immigration and Customs Enforcement agency has already issued more 'detainers'—requests to jails to hold suspected undocumented immigrants—this year than in all of 2016. This spring, ICE identified counties that don't comply with detainer requests, and about 40% of them went for Donald Trump in the 2016 election.



Note: The entirety of five states (Calif., Colo., Conn., N.M., R.I.) were designated sanctuaries and not included in the data.
*through June 24
Sources: U.S. Immigration and Customs Enforcement (municipalities, detainees); Associated Press (vote share)
THE WALL STREET JOURNAL.

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WORLD NEWS

Policy Agenda Is Brazil Leader's Next Test

Entitlements overhaul, political posturing ahead of election are among the difficulties

By Paul Kiernan And Luciana Magalhaes

RIO DE JANEIRO—Brazilian President Michel Temer, who survived an attempt in Congress to oust him this week, now faces a battle to advance policy changes that economists say are needed to restore economic growth.

The measures Mr. Temer hopes to implement, including an overhaul of Brazil's social-security system, require major legislative action just as many lawmakers are looking ahead to next year's election.

At the same time, Mr. Temer's political capital has diminished since an audio recording allegedly linking him to bribes and other indiscretions emerged 11 weeks ago, leading to a lengthy battle for his political survival. His public approval rating is now just 5%.

At stake is the durability of an emerging recovery from a deep recession. Some economic indicators have improved recently, but the public-sector deficit has grown for four consecutive months to a perilously high 9.5% of gross domestic product in June.

In the absence of economic overhauls, Finance Minister Henrique Meirelles has sought to raise the country's already-high tax burden, a strategy that business groups worry could blunt the recovery.

On Wednesday, about 51% of the lower house voted to prevent corruption charges against Mr. Temer from proceeding to the Supreme Court, more than the one-third minority he needed.

"Now we will continue forward with necessary actions to finish the job my government started," Mr. Temer said in a statement after the vote. "We are bringing Brazil out of gravest economic crisis of our history."

But overhauling Brazil's social-security system—the biggest burden of growth in government spending—would take a constitutional amendment. That requires a 60% majority in Congress.

An aide to Mr. Temer, who has been pushing unpopular austerity measures through Congress, said more lawmakers should support his reform agenda because it will help the economy.

The administration intends to stick with the same pension-reform bill it introduced in Congress before the recording became public in mid-May, the aide said.

That bill already was scaled down from the ambitious plans Mr. Temer first proposed, signaling the political difficulties of cutting entitlement and retirement benefits. Even some of his allies acknowledge the obstacles to passing significant reforms.

"I think it's difficult," said Alfredo Kaefer, a congressman who voted to reject bribery charges against the president. "Temer needs to first rebuild his base."

That could be arduous. To secure support ahead of Wednesday's vote, Mr. Temer signed off on about $1.35 billion in pork-barrel projects for friendly legislators in June and July—out of a total $1.9 billion available for the entire year, according to Contas Abertas, a fiscal watchdog group.

Given Brazil's fiscal woes, it isn't clear Mr. Temer would be able to repeat that strategy in the future.

Political jostling ahead of the October 2018 general election could also pose a challenge.

Some analysts argue that Brazil's opposition parties have more to gain by stonewalling Mr. Temer's reform agenda over the next 14 months than they would have by forcing him from office and creating more uncertainty.

—Paulo Trevisani in Brasília contributed to this article.

SERGIO LIMA/AGENCE FRANCE-PRESSE/GETTY IMAGES

Some 51% of Brazil's lower house voted to prevent corruption charges against President Michel Temer from proceeding to the Supreme Court.

Russia Shows a Chaotic Washington

By Nathan Hodge And Thomas Grove

MOSCOW—Switch on the news in Russia, and the message is clear: Washington is in chaos.

Dmitry Kiselev, the host of a weekly television show, summed up President Donald Trump's return from last month's Group of 20 meeting in Germany by saying Mr. Trump had "plunged back into his native American hell, into an atmosphere of paralyzing persecution."

The recent passage by Congress of a tough new sanctions bill—which Mr. Trump signed into law on Wednesday—is only the latest sign of Beltway disarray, in the Russian view.

"The current president does not have the support of not only the Democrats, but also the Republicans. He's not part of the system," Maria Zakharova, the press aide to Russian Foreign Minister Sergei Lavrov, wrote on a Facebook page that is often quoted on national television.

And in the wake of the congressional action, Russian state-controlled media, which openly cheered for Mr. Trump during last year's U.S. presidential election, depict the situation in Washington as proof the Trump administration is floundering.

On Wednesday, Kremlin spokesman Dmitry Peskov even made a public plea to Mr. Trump, asking him to voice some opinion on the sanctions bill. "It's of the utmost importance what the president is thinking," he said. But, he said, there have been mixed signals over Mr. Trump's position on the sanctions.

In a pair of statements, Mr. Trump said the bill was "seriously flawed" because it encroached on White House authority, and called some provisions unconstitutional. But he said he signed it "for the sake of national unity," and said it showed the American people want to "see Russia take steps to improve relations with the U.S."

During last year's presidential campaign, Democratic candidate Hillary Clinton was portrayed in Russian media as an anti-Russian hawk, and Mr. Trump was shown in a flattering light.

As news of Mr. Trump's victory came in on Nov. 9, Margarita Simonyan, editor in chief of the Kremlin-funded network RT, announced on Twitter: "Today I want to ride around Moscow with an American flag in the window, if I can find a flag."

The new administration's tumultuous first few months, however, presented Russian media with a conundrum. Mr. Trump's election raised hopes in Moscow of a change from the icy relations that followed Russia's annexation of Crimea from Ukraine in 2014.

U.S. investigations have picked up speed into what the U.S. intelligence community has concluded was Russian meddling in last year's election and into contacts between Russians and members of Mr. Trump's campaign team. Amid those developments, Russian political commentators have cast it as the revenge of an American foreign-policy establishment intent on preventing Mr. Trump from improving relations with Moscow. Mr. Trump has described the investigations as a "witch hunt." Russia has denied meddling in the election.

"Trump's enemies crave blood," Alexei Pushkov, the chairman of the committee on information policy in Russia's upper house of parliament, said on Twitter in June.

After Mr. Trump signed the new sanctions, Russian officials laid blame directly on the American president.

"The main news is that Trump has surrendered," said Konstantin Kosachev, head of the foreign affairs committee in Russia's upper house of parliament. "Now the responsibility for the fatal consequences associated with the forthcoming implementation of this ill-fated law is not only on its authors, but also personally on Trump."

Russian Prime Minister Dmitry Medvedev said Wednesday on Twitter, "The U.S. establishment fully outwitted Trump; the President is not happy about the new sanctions, yet he could not but sign the bill."

TATYANA MAKEYEVA/REUTERS; PROKOFYEV VYACHESLAV/TASS/ZUMA PRESS (BELOW)

The U.S. Embassy reflected in a Moscow shop window, above; below, Russian official Maria Zakharova.

Canada Grapples With An Influx of Refugees

By David George-Cosh

Canada is on pace to process a record number of asylum seekers this year, officials said, as the country tries to keep up with a recent wave of Haitians crossing the border from the U.S.

Quebec Immigration Minister Kathleen Weil said Thursday the province has seen a sudden increase in Haitian refugees after the Trump administration said in May the U.S. will end its temporary protections for those displaced by Haiti's devastating earthquake in 2010.

Ms. Weil said the pace of claims has tripled to 150 a day in the past two weeks, leading officials to scramble to find temporary accommodations for the asylum seekers. The province of Quebec is on track to process 12,000 asylum seekers in all of 2017, nearly as much as what the entire country handled last year.

The sudden surge of refugees in recent weeks into Montreal forced local authorities to turn the city's Olympic Stadium, once the home of the Montreal Expos baseball team, into a temporary shelter on Wednesday. The stadium is equipped with enough cots, blankets and personal hygiene kits to accommodate 600 people, a spokeswoman with the Quebec Red Cross said.

The province took in between 1,500 and 2,500 refugees last month. Most entered Canada from a makeshift border crossing about 50 miles south of Montreal on the Quebec-New York border. That compares with 180 people in July 2016, according to the Canada Border Services Agency.

Lisa Filipps, a spokeswoman for Canada's immigration ministry, said all refugees undergo a medical and security screening process to ensure that anyone who wants to come to the country doesn't pose a health or safety risk to Canadians.

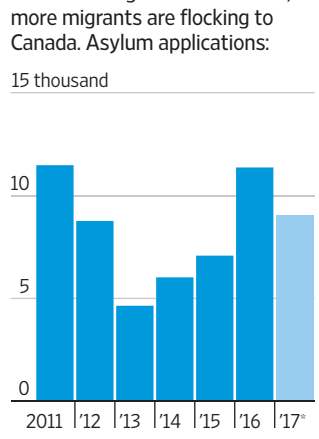
"Canada is a welcoming and accepting country, and we are committed to orderly migration, while always ensuring the safety and security of Canadians," Ms. Filipps said.

The influx of Haitian refugees to Quebec mirrors a similar situation earlier in the year as hundreds of people, many from such African countries as Somalia and Djibouti, crossed illegally into Canada's central province of Manitoba, braving subzero temperatures and snow-covered fields as President Donald Trump pushed to tighten immigration rules.

Those who enter the country illegally can apply for refugee status and skirt a 12-year-old U.S.-Canada agreement on handling asylum claims. The Safe Third Country Agreement requires claimants to seek asylum in the first safe country in which they arrive.

Northern Refuge

As the U.S. tightens its borders, more migrants are flocking to Canada. Asylum applications:



*Through June 30
Source: Canada Border Services Agency
THE WALL STREET JOURNAL.

Businesses Face Uncertainty as EU, U.K. Weigh Brexit Transition

By Laurence Norman And Stephen Fidler

ANALYSIS

The British government's apparent agreement that it will seek a post-Brexit transitional deal with the European Union is aimed at easing business uncertainty. But companies still have no idea what rules will govern the economic relationship between the EU and U.K. when Britain leaves the bloc less than 20 months from now.

Westminster politics has ensured there is still plenty of confusion about what the government wants the transition to look like, and the waters haven't been tested on how the EU will react to any British demand, an issue that has been absent from the British debate.

In principle, EU officials have been open to the idea—though they have insisted "sufficient progress" be made on divorce terms, including a British financial settlement, before they begin discussing it.

From the outset, EU officials envisaged two possible types of transition. The first would look more like the eventual permanent landing place for the relationship, with phasing-out periods for current arrangements. The second would replicate more closely the relationship that exists now, shifting after an agreed time to the permanent arrangement.

With time short, negotiating a detailed deal of the first type looks ambitious; it would also require the shape of permanent future ties between the EU and the U.K. to be worked out. A transition of the second type—a temporary standstill—would be easier and is the stated preference of many businesses.

So what is the EU position? Michel Barnier, the EU's chief negotiator, has regularly said a transition would be plausible only as a bridge toward the future trade agreement between the EU and U.K.

That is reflected in negotiating guidelines agreed to by the 27 other EU governments. They said transitional arrangements should "provide for bridges towards the foreseeable framework for the future relationship" and "must be clearly defined, limited in time, and subject to effective enforcement mechanisms."

This leaves a host of questions. The first is whether a status-quo arrangement would meet the EU criterion of taking the two sides toward the end state of a future EU-U.K. agreement. Some EU governments are concerned that such a transition, while helpful for Britain, could perpetuate uncertainty for the other 27 EU nations.

If they agreed in principle to a temporary standstill, what would the EU require in return? Would it demand that all EU citizens who arrived in the U.K. after Brexit be offered the same rights and benefits that it wants Britain to offer those who are already there? If so, that would push back by years the as-yet-undetermined cutoff after which new arrivals would no longer be guaranteed a path to permanent residency.

Would the price of British temporary membership of the customs union and the single market be the same as it is now once the U.K. was no longer a member?

A British status-quo offer would have attractions. It would rid the EU of the large budget gap it will face at least for the rest of the current 2014-20 budget period by ensuring continued British payments to Brussels in 2019 and 2020.

The EU would also stand to lose from British economic turbulence—and the loss of tariff-free export markets—if the U.K. were to exit before it is economically ready. EU officials quietly say it is an offer the bloc would carefully consider.

One thing is clear. The EU won't offer anything until the U.K. makes an official proposal. An agreement will then have to be struck. The longer this takes, the longer post-Brexit uncertainty for business will last.

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WORLD NEWS

Iraq's Murky Lesson for Afghan War

MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

As President Donald Trump's administration weighs how to handle Afghanistan's chronic war, looming large is the question of what is the right lesson of the 2011 U.S. withdrawal from another conflict: Iraq.

Was it a strategic failure—or a step that, over the long term and at significant cost, forced Iraqis to assume responsibility for their own war? And if so, can this experience be replicated in Afghanistan?

In 2014, as Islamic State surged to the doorstep of Baghdad and the Iraqi army collapsed, it seemed to many the American pullout was a catastrophic mistake that enabled international terrorism.

Now that reinvigorated Iraqi security forces have rolled back most of Islamic State's gains, this perspective isn't as clear-cut—even taking into account the war's huge human toll.

After all, in the absence of American backup, Islamic State's existential threat forced a strong immune response from the Iraqi body politic. The Popular Mobilization Forces that sprang up from Shiite militias in 2014, after a call to defend the homeland by top Iraqi Shiite cleric Grand Ayatollah Ali al-Sistani, stopped the extremist group's blitzkrieg.

Then, quarreling Iraqi political factions came together. Defeating Islamic State became an Iraqi rather than an American war.

GORAN TOMASEVIC/REUTERS

A Marine watched as a statue of Saddam Hussein was toppled in Baghdad in 2003. The U.S. withdrew most forces from Iraq in 2011.

"The American withdrawal put Iraqis in front of their own challenges and they realized that they have to resolve these problems on their own," said Iraqi lawmaker Dhiaa al-Assadi. Mr. Assadi heads a parliamentary bloc of supporters of Moqtada al-Sadr, a Shiite cleric whose militias used to fight U.S. troops before 2011.

True, the U.S. and other Western allies had to send troops back to Iraq, mostly in an advisory capacity, in 2014. They are, however, viewed differently these days. Even the once-hostile Shiite militias consider them, however reluctantly, de facto allies.

So, as the White House debates its options in Afghanistan—ranging from a significant troop increase to a full withdrawal—to what extent are Iraq's experiences applicable to the Afghan conflict? Could the Afghan state, left to its own devices at least for a time, also transform the battle against the Taliban into a national and popular struggle?

The answer is, most likely, no. America's Afghan war is different from the Iraqi conflict in crucial respects. And that is not just because Afghan President Ashraf Ghani, unlike Iraq's leader six years ago, wants an American military presence for as long as possible.

While the Iraqi insurgency raged within the country's Sunni minority, Afghanistan's Taliban are drawn mostly from the country's dominant ethnic group, the Pashtuns.

And the Taliban keep advancing despite the presence of nearly 9,000 U.S. troops. On Wednesday, the Pentagon said two U.S. troops died in Kandahar. Afghanistan can't pay for its own military and requires several billion dollars in Western assistance every year.

Add to this a political class even more corrupt and riven by infighting than the Iraqis in 2014, and it becomes clear that removing the American backstop would likely precipitate a rapid collapse of the Afghan state, former and current Western officials say.

"Withdrawing and daring the Afghans to 'step up' when they cannot without U.S. support is a recipe for disaster," said James Cunningham, a former U.S. ambassador to Kabul and a nonresident fellow at the Atlantic Council think tank.

In Iraq, he added, "'victory' depended on circumstances that are particularly Iraqi and the destruction of a major city. The circumstances in Afghanistan are different and collapse of the government and reversion to chaos will not be easily reversed, if at all."

While a military victory against the Taliban isn't in the cards anytime soon, the relatively small U.S. presence in Afghanistan prevents the fall of Kabul and other main cities. Considering the failure of past military surges to permanently alter the situation, such a stalemate may be the best possible outcome.

"The overall lesson in the region as a whole and its various parts is we can neither pivot out of it, nor go in massively to fix it definitively," said James Jeffrey, a former U.S. ambassador to Iraq who is a fellow at the Washington Institute for Near East Policy. "Rather, we have to deal with it on a long-term basis like a chronic illness."

Qatar Moves to Shore Up Economy

By Nikhil Lohade And Asa Fitch

DUBAI—Qatar, isolated by its Arab neighbors in an intensifying diplomatic standoff, is accelerating efforts to bolster its economy and security.

The gas-rich country approved a draft law that will grant permanent residency to some foreigners, such as highly skilled workers, the official Qatar News Agency said Wednesday. That is unprecedented in the Gulf region, aimed at making Qatar a more attractive destination for expatriates vital to its development.

The foreign ministry also announced the conclusion of a deal it initially signed in June 2016 to buy seven Italian naval vessels valued at nearly $6 billion, buttressing its military capabilities.

Sheikh Tamim bin Hamad Al-Thani, Qatar's ruler, has directed the government to focus on strengthening sectors important to the country, the news agency said, as it copes with its worst crisis in decades.

Saudi Arabia, the United Arab Emirates, Bahrain and Egypt in June broke diplomatic and some commercial ties with Qatar, accusing it of supporting Islamist groups and citing its alleged links to terrorist groups like al Qaeda. Saudi Arabia and its Sunni Muslim allies are also critical of Qatar's ties with Shiite Iran, their biggest rival for power and influence in the Middle East.

Facing a prolonged boycott, Qatar has sought to leverage its ties with Western allies to help resolve the Gulf crisis, which is also hurting its economy.

The Saudi-led alliance's transport ban disrupted the Gulf state's trade routes, affecting vital imports such as food and construction material. Qatar's only land border is with Saudi Arabia, while it also routed a big chunk of its goods through ports in the U.A.E.

Analysts tracking Qatar's economy say imports contracted by 40% year-over-year in June, weighing on its nonoil economy.

To cope with the transport ban, Qatar has opened new trade routes, for instance via Oman's ports and Iranian airspace, and is signing deals with new suppliers from countries such as Turkey.

Doha this week lodged a formal complaint with the World Trade Organization challenging the Saudi-led group's trade boycott.

Qatar's ruler has asked officials to expedite the adoption of new measures that will help attract investment and diversify the economy, the QNA said.

The draft law says foreigners married to Qataris, those who have performed great services to the country and people with special skills will be eligible for permanent residency.

It is unlikely to include hundreds of thousands of blue-collar workers—mainly from South Asian countries.

WORLD WATCH

CZECH REPUBLIC

Central Bank Raises Chief Interest Rate

The central bank raised its key policy rate for the first time in nearly a decade, a milestone for Europe's central banks that have eased policy in recent years to prop up their economies and keep their currencies from strengthening too much.

The Czech National Bank raised its two-week repo rate to 0.25% from 0.05%, the bank said. The repo rate had been at 0.05% since November 2012. The bank last raised rates in February 2008. It raised the Lombard rate by 25 basis points to 0.5% and held the discount rate unchanged at 0.05%.

—Brian Blackstone

ANGELOS TZORTZINIS/AGENCE FRANCE-PRESSE/GETTY IMAGES

DEATH IN THE MEDITERRANEAN SEA: A migrant's body is retrieved for eventual transport to Italy.

IRAN

Khamenei Blasts New U.S. Sanctions

The country's supreme leader slammed the new U.S. sanctions on Tehran signed by President Donald Trump on Wednesday and said Washington remained his country's enemy.

The U.S. will "use any excuse to make a fuss" against Iran, said Ayatollah Ali Khamenei, speaking at a ceremony marking the formal endorsement of President Hassan Rouhani for his second term in office.

"The response to the hostility is to become stronger," Mr. Khamenei said and described the U.S. as "the top aggressor and the most shameless" enemy of Iran.

—Associated Press

UNITED KINGDOM

BOE Lays Down A Marker for Policy

The Bank of England joined other major central banks Thursday in signaling that the long era of easy money is drawing to a close, saying that it anticipates raising interest rates in the U.K. at a faster pace than investors currently expect.

The signal from London comes as accelerating growth in the eurozone cements expectations that the European Central Bank will begin to phase out its stimulus measures next year. In the U.S., the Federal Reserve remains set to raise short-term borrowing costs later this year.

—Jason Douglas and Paul Hannon

FROM PAGE ONE

TEVA

Continued from Page One

vironment and increasing competition that is squeezing already-tight margins. It is also saddled with about $35 billion in debt and a sprawling supply chain accumulated through acquisitions.

A series of deals has transformed Teva, founded before the state of Israel to ship drugs by camel across Ottoman-controlled Palestine, from an obscure player in generic drugs to the industry's most important. One in every seven prescriptions in the U.S. is for a Teva drug.

But last year's acquisition of Allergan's generics unit—Teva's biggest-ever deal—handed the company a huge debt pile that it is struggling to pay down amid an industrywide slowdown.

Allergan acquired its 9.9% stake in the company when it sold its generics business to Teva for $40.5 billion 2016. On a conference call Thursday, Allergan's chief financial officer said the company intended to sell the shares now that a one-year lockup period had expired.

Many investors have said they believe Teva paid too high a price for the Allergan business, given the subsequent deceleration in generic-drug sales amid intensifying competition. On Thursday, Teva said it had taken a $6.1 billion write-down on its U.S. generics unit, dragging the company's quarterly net loss down to $6.04 billion. That compares with a $188 million net profit in the second quarter of 2016.

Teva on Thursday said it now expects adjusted earnings per share of $4.30 to $4.50 for 2017, down from earlier guidance. It also cut revenue expectations.

Adjusted for the write-down and other items, Teva's quarterly profit was $1.04 billion, compared with $1.23 billion in the year-earlier period, falling short of Wall Street expectations.

The company also slashed its dividend in the second quarter to 8.5 cents, from 34 cents for the first three months of the year.

Interim President and CEO Yitzhak Peterburg said he understood "the frustration and disappointment of our shareholders" and promised to "aggressively confront our challenges" by cutting costs, selling off parts of the business and paying down debt.

But Teva is in a tough spot. Mike McClellan, interim chief financial officer, told analysts that the company risked breaching its debt covenants this year should its potential asset sales generate lower proceeds than hoped.

In June, Teva nominated four new directors in an effort to address investor concerns that its board lacked international pharmaceutical experience. But without a permanent CEO, investors are skeptical.

"It's a rudderless ship until Teva gets a real CEO," said Benny Landa, an activist investor.

Mr. Landa and some other shareholders have advocated for the company to be split into different divisions, one focused on generic drugs and the other on specialty medicine. Some investors argue the two businesses should be run by different management or separated entirely.

Teva Chairman Sol Barer wouldn't comment on the prospects of a breakup on a call with analysts Thursday. He said management was focusing on its business and financial priorities "very aggressively right now."

In June, Mr. Barer said the company was interviewing candidates for the top job, and the choice would likely be someone with global drug-industry experience, from outside Israel but willing to live in the country.

AstraZeneca PLC CEO Pascal Soriot was last month linked to the job, but neither company has commented on what both described as "market rumors."

In 2012, Teva hired Jeremy Levin from **Bristol-Myers Squibb** Co. to take the helm, but he was forced out the next year during a dispute with the board.

His replacement, Mr. Vigodman, an Israeli who was familiar with the firm from his time serving on its board but lacked a drug-industry background, left the company amid investor criticism over the Allergan generics deal.

Mr. Vigodman has declined to comment on the reasons for his departure. Longtime CFO Eyal Desheh left Teva in June, saying he was moving on to the next phase of his career.

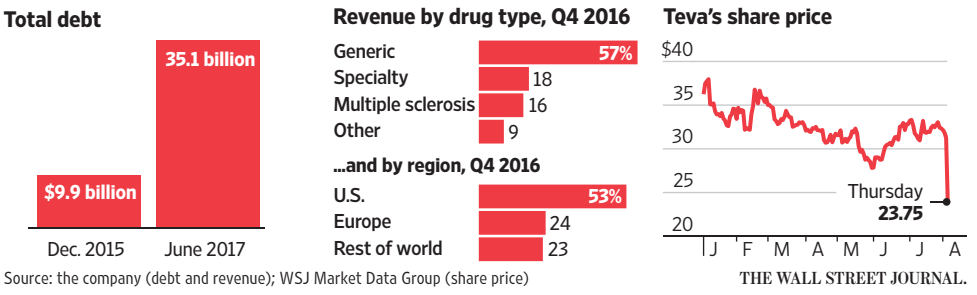
Underscoring the challenge a new chief faces, Teva last month said it would cut roughly 350 jobs in Israel at two factories, causing an uproar among the firm's unionized employees.

An Israeli parliamentary committee last week called on Teva to negotiate with the employees or risk losing tax breaks.

"The committee will take off its gloves" if Teva doesn't negotiate, lawmaker Micky Rosenthal told Israeli media.

Heavy Burden

Teva's debt has more than tripled since it acquired Allergan's generic-drug business for $40.5 billion.



Source: the company (debt and revenue); WSJ Market Data Group (share price)

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SWEAR

Continued from Page One

tuted a "zero-tolerance policy" against swearing—the first time, pub historians say, a British pub chain has sought an official ban.

The pubs' "landlords," as the British call tavern operators, have been instructed to refuse orders from foul-mouthed drinkers and have begun ejecting some patrons who refuse to curb their cursing.

That ban may or may not include "bollocks," British slang for testicles and nonsense. A Cock Tavern bartender declined to comment on the word.

Landlords said the edict, which wasn't publicly announced, was communicated by Samuel Smith's in an April memo they said doesn't list unacceptable words.

"Where do you draw the line?" asked a landlord at a Samuel Smith's pub in Northwest London. "Is 'bloody' a swear word? It's quite confusing."

Samuel Smith's didn't respond to inquiries.

Other bars clamping down on cursing include Wetherspoon's, the U.K.'s largest pub chain, which last year expanded its management training to help landlords muzzle their more loquacious patrons, stopping short of a ban.

"The hierarchy of pub conversation is like the Ten Commandments," said J D Wetherspoon PLC Chairman Tim Martin. "There's a word or two that are completely off limits, but the general rule is you don't swear at people."

Some independent landlords are taking their own irreverent approaches, with one popular sign demanding: "No Bloody Swearing!"

ALI KATE CHERKIS FOR THE WALL STREET JOURNAL

Callum Herod at The Cock Tavern in London, which has banned expletives. He has strong words for 'whoever issued this ridiculous policy.'

The anti-profanity push, intended to lure families, is the latest chapter in a decadeslong shift in British drinking culture that has transformed thousands of traditional beer houses into bijou bars and gastropubs—establishments serving high-end food and craft beer.

Many of those changes have been popular. But the move to call time on swearing has prompted searching questions on whether pub culture and colorful language—cornerstones of British cultural life—should ever be separated.

The English are proud of the range of their profane vernacular. A popular book is "Roger's Profanisaurus," a 624-page dictionary of about 12,000 profanities that commentators say is a whistle-stop tour of the most disgusting expressions the language has to offer.

Moreover, "the British pub is an institution where people go to enjoy themselves, an informal place where class and salary are forgotten," said Tom Stainer of the Campaign for Real Ale, or CAMRA, an organization that says it represents 187,000 beer drinkers around the world. "We don't need rules to restrict that."

Petr Knava, a 29-year-old public-health worker and longtime Samuel Smith's patron, promised to unleash a barrage of blasphemy at the pubs to protest "this shitmonkey of a decision," which he calls "arse-backwards twattery."

Sam Eeles, a 31-year-old software engineer, was working his way through the "The Sam Smith's Challenge"—a tour of the brewer's three dozen pubs in London—when he and his friends were repeatedly reprimanded for swearing.

"It feels like you're sitting in your grandma's lounge," he said, "after you've been told to watch your language."

Samuel Smith's, whose website boasts of its "uncompromisingly Victorian" traditions—its pubs are known for Victorian-era décor and cheap drinks—has kept tight-lipped on the reasons for the ban.

Several Samuel Smith's pubs visited by The Wall Street Journal displayed signs reading: "We wish to inform all of our customers that we have introduced a zero-tolerance policy against swearing in all of our pubs."

Melissa Gillespie, a 20-year-old bartender at The Horse and Groom in London's Fitzrovia District, polices the ban by first pointing to the sign or holding it aloft. Formal warnings follow. She said she hasn't kicked anyone out.

"Regulars come here to take pictures of the sign because they can't believe we would implement it," she said. "One man I showed the sign said he couldn't stop swearing because he had a chronic case of Tourette's. I wasn't sure how to react."

At the Widow Cullens Well, a Samuel Smith's pub in the English East Midlands city of Lincoln, manager James Piazza said he recently had to eject a "massive group of 17 blokes" for repeatedly swearing. "I'm lucky they didn't beat me up."

Despite their freewheeling reputation, British pubs for centuries sought to shape behavior according to fashions of the day. In 1656, Oliver Cromwell's puritanical government banned musicians from playing in pubs.

During World War I, the Defence of the Realm Act forbade "treating"—patrons' buying each other drinks—to reduce binge-drinking in towns where munitions were manufactured.

A Wetherspoon pub last year banned tracksuits and baseball caps. Some pubs have put an embargo on bare chests.

Back at The Cock Tavern, Messrs. Gow and Herod weren't booted for their impolite words, including the bollocks.

Some drinkers noted the ban could see them ejected for mentioning the name of the pub in the wrong context. Others insisted swearing and storytelling were part of the essential nature of British pubs.

"Swearing is the language that accentuates stories. It gets across your emotional response in a visceral way," said Matt Hill, a 30-year-old sound engineer from North London. "What better place to do that than the pub?," he said. "For want of a better word people won't give a shit."

UBER

Continued from Page One

insisted on running the company like a scrappy startup although it had become a large global operation.

The eight-year-old company spread to more than 70 countries in part by giving regional teams authority to adapt to local markets and expand as quickly as possible. Yet Uber didn't build the kind of systems and professional bureaucracy that multinational companies typically employ. It has no chief financial officer or chief operating officer. Its top global-safety executive left last year, and the role has been folded into the remit of Uber's head of insurance.

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

Meanwhile, Uber lost over $3 billion last year. It retreated from costly battles with ride-hailing rivals in two big markets, China and Russia, and shut down its service in Macau due to pressure from regulators.

In Singapore, the plan Mr. Kalanick authorized to buy and rent out cars backfired, and Uber's slow response to the recall appears to have jeopardized the safety of drivers and passengers. A spokesman for Mr. Kalanick, who resigned in June, said the former CEO declined to comment.

Asian beachhead

Singapore in 2013 was Uber's first Asian city, a beachhead for expansion. Uber however struggled to find enough drivers, documents show. The cost of owning a car there is among the highest in the world.

Uber created a unit, Lion City Rentals Pte Ltd., or LCR, in February 2015 to rent Uber-owned cars to drivers for about $50 a day. Buying a fleet of cars was new for Uber, whose business model relies on not owning assets.

Uber filled parking lots with shipments of 200 used cars a month, one former manager said, and by early 2016 had exhausted much of the local supply of used-car dealers.

Mr. Kalanick approved a plan to borrow about 800 million Singapore dollars (about $590 million) from banks including Goldman Sachs Group Inc. to buy thousands of new cars and rent them out in Singapore, said people with knowledge of the plan.

Rather than buy most new vehicles from authorized Honda and Toyota Motor Corp. dealers, Uber's LCR unit bought new sedans and SUVs from more than a dozen auto importers, the emails show. These small dealers operate in the gray market—a legal channel outside manufacturers' authorized networks—where safety, service and legal contracts are difficult to enforce. The Singapore team calculated it would be able to buy cars for 12% less than at authorized Honda dealers, according to the emails.

Uber is suing one such dealer, Singapore-based Sunrita Pte Ltd., claiming it failed to deliver a shipment of cars valued at more than $50 million. A judge in July dismissed Uber's request that Sunrita be subject to judicial management. A lawyer for Sunrita, Sivakumar Murugaiyan, said the dealer wasn't contractually bound to deliver the cars by a certain deadline. "As such, LCR were not creditors as regards the undelivered cars," he said.

Uber assured drivers that the cars they rented from LCR were in "perfect running condition," according to a rental agreement from 2016 reviewed by the Journal.

Honda's recall

The company had already bought some new Vezels, according to an internal document, when Honda issued a recall for gasoline-powered models on April 4, 2016, advising owners to get them serviced as soon as possible. The issue was an electrical component, designed to shut off the engine when the car is idle, which Honda said could overheat.

An internal Uber report shows that two days later, Uber bought 100 Vezels from Sunrita. On May 5, Sunrita sent Uber notices of the recall, estimating it would replace the affected parts by August's end, documents show.

Over the following eight months, Uber bought thousands of cars from Sunrita and other dealers, including 1,065 additional new Vezels with the faulty electrical part, emailed records show. The cars weren't fixed as of January 2017, emails show.

Sunrita hadn't fixed the cars it sold Uber as of the end of August 2016, citing a shortage of replacement parts in emails to Uber. Uber periodically sent emails asking Sunrita to speed up that process. It continued to rent faulty cars to drivers, emails show. An Uber spokeswoman said Sunrita hasn't provided replacement parts.

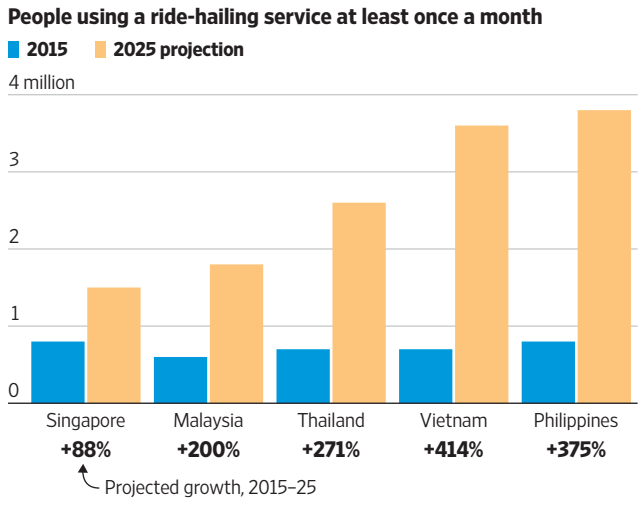
Sunrita's lawyer said Uber's LCR unit "requested Sunrita to procure replacement parts from their suppliers at Sunrita's costs. Sunrita duly did so and provided the replacement parts to LCR when these parts became available."

Inside Uber driver Koh Seng Tian's Honda Vezel, as shown in the accident report. Mr. Koh wasn't hurt.

Hotbed of Growth

Southeast Asia is one of the fastest-growing markets for Uber and its competitors.

People using a ride-hailing service at least once a month



Source: Google, Temasek

THE WALL STREET JOURNAL.

By this January, all of Uber's still-defective Vezels were rented to drivers, emails show.

On Jan. 11, Uber driver Mr. Koh picked up a passenger at 1:30 p.m. and drove 19 minutes, the accident report says. "Upon reaching the location," Mr. Koh is quoted as saying, "the passenger alighted. Subsequently I smelled some smoke in the interior."

The accident report shows photos of Mr. Koh's Vezel with its burned dashboard and a broken windshield.

The episode adds to a list of crises at Uber under ex-CEO Travis Kalanick's watch.

News of the fire rippled through Uber's Singapore office after its insurance provider said it wouldn't cover the damage because of the known recall, emails show. Word reached Uber's San Francisco executives two days later, emails show.

Uber's lawyers in Singapore began assessing the legal liability, including possibly violating driver contracts for supplying faulty cars and failing to immediately inform the Land Transport Authority about the defective cars, emails show. "There is clearly a large safety/responsible actor/brand integrity/PR issue" for Uber, an internal report read.

Some of Uber's managers urged taking the defective cars off the road, a plan that Michael Brown, general manager of the Asia Pacific region, said would help avoid "unnecessary risk," according to an email he sent to colleagues in Singapore on Jan. 13.

Warren Tseng, Uber's Singapore general manager, replied in an email that the plan would cost the company about 1.4 million Singapore dollars a week (about $1 million) in driver wages, rental fees and parking costs. "Asking drivers to give up their keys with no suggested fix will send panic alarm bells to the mass market," he wrote in an email to Mr. Brown and others.

Messrs. Tseng and Brown declined to comment, referring inquiries to Uber's public relations department. The Uber spokesman declined to comment on their emails.

Another Singapore manager, Chan Park, supported Mr. Tseng, emailing that leaving cars on the road "feels like low risk," and: "The recall happened nine months ago," according to a review of the email. Mr. Park didn't respond to inquiries. The Uber spokesman declined to comment on the email.

Uber opted to leave the cars on the road and wait for replacement parts, documents show. Meanwhile, Uber asked drivers to bring cars to repair shops to disable the faulty part, a stopgap measure managers described in emails as a "hack" not authorized by Honda, but one they believed would lower risk. Uber also planned to get its repair effort approved by Singapore authorities.

Top San Francisco executives were informed of the plan Jan. 14, including General Counsel Salle Yoo, insurance and regulatory chief Curtis Scott and global compliance chief Joseph Spiegler, according to the emails and some of the former managers. The executives didn't respond to inquiries. Uber said they declined to comment.

The Uber spokesman said the company quickly notified affected drivers, asking them to disable the part and make appointments to replace it when parts became available.

Four days after the fire, Uber texted affected drivers that their Honda Vezel required "immediate precautionary servicing" and needed to be seen that week, according to a review of the messages. It directed them to a website that informed them there was a recall but didn't mention the overheating and fire dangers Honda spelled out in its advisory.

'Hush-hush affair'

Alexander Yudhistira, a 31-year-old driver who had rented a defective Vezel from Uber since April 2016, said the company didn't make clear to him why it needed urgent servicing. "The recall was done in a hush-hush affair," said Mr. Yudhistira, who is no longer an Uber driver. "Drivers weren't told about the real issue behind the Vezel."

Honda, in emails to Uber reviewed by the Journal, said it wasn't liable for the gray-market vehicles and declined to help Uber with the repairs or acknowledge whether disabling the part improved safety. Uber in emails acknowledged Honda didn't have a legal duty to do repairs.

A Honda spokesman, asked about the cars Uber bought from Sunrita, said that "In Singapore, with parallel imported cars, the importer must handle the recall," referring to gray-market dealers. He said he couldn't comment on steps Uber took to disable the faulty part because he wasn't aware of the technical details.

Uber's repair process, beginning in January, continued at least several months, according to internal progress reports.

Seeking to limit negative publicity, Uber's communications team in Singapore prepared an information packet including the recall's details and responses to media questions. "The recall was announced in April 2016. Why is LCR only aware/taking action now?" was one question. Uber intended to blame the delay on the importers who didn't provide replacement parts, a review of the packet shows.

Renting out cars with known safety defects became illegal in the U.S. in 2015. U.S. companies aren't bound by American auto-safety laws in other countries.

The Uber spokesman said that, after the fire, the company notified the Land Transport Authority, which approved its plan to fix the cars. In an internal report, Uber said the LTA failed to adequately maintain a list of recalled vehicles and check it against new cars coming in the country. The LTA didn't respond to requests for comment.

In the wake of the Vezel fire, Uber said, Singapore managers improved tracking of automaker recalls, posted job ads for automotive-safety experts and stopped buying cars from unauthorized importers. "We've introduced robust protocols and hired three dedicated experts in-house at LCR whose sole job is to ensure we are fully responsive to safety recalls," said the Uber spokesman. "Since the beginning of the year, we've proactively responded to six vehicle recalls and will continue to do so to protect the safety of everyone who uses Uber."

Uber has over the past two years expanded its rental-car operation, buying a small number of vehicles in India and Vietnam, people familiar with the expansion said. It also leases cars to drivers in 24 U.S. cities, holding titles in a trust rather than on its balance sheet as in Singapore.

At February's end, Aik Chung Goh, an Uber associate general manager in Singapore, invited staff to a celebration to reward everyone who helped the company get through "the Vezel snafu." The email invitation, which called for dinner, a massage and "other shenanigans," joked that transportation "might be in a Vezel." Uber said Mr. Goh declined to comment.

The week of the scheduled dinner, an Uber manager reported to his colleagues in an email that more than 65% of the defective Vezels still hadn't had the faulty parts replaced. The Uber spokesman said all the Vezels have now been fixed.

—Jake Maxwell Watts, P.R. Venkat and Greg Bensinger contributed to this article.

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GREATER NEW YORK

Liberal Group Wavers on Governor

Some activists in the Working Families Party want to back a Cuomo rival in 2018 primary

By Mike Vilensky

Ahead of the 2018 governor's race, a rift is emerging in New York's Working Families Party about whether to back Gov. Andrew Cuomo's re-election.

Mr. Cuomo, a Democrat, has gone through ups and downs with the small but politically influential conglomerate of unions and liberal activists that make up the WFP.

Now some of its rank-and-file activists are calling for the party to back an insurgent primary campaign, while union leaders who help fund the party and give it electoral heft line up behind the governor.

"There's a long way to go," said Bill Lipton, director of New York's WFP chapter. "State committee members will be meeting late next spring to choose their nominee, and there's sure to be a robust debate leading up to then about how New York should be leading the resistance in the age of Trump."

The WFP has about 46,000 registered members in New York out of some 12 million total voters, according to the state board of elections.

An endorsement from the party wouldn't make or break Mr. Cuomo's bid for a third term, analysts said, but its blessing is still seen as something of a symbol of acceptance from the left flank, and Mr. Cuomo went to great lengths for it in 2014.

The group endorsed him that year, but the deal wasn't sealed until Mr. Cuomo made a host of promises, including raising wages and trying to flip the Senate for Democrats. He has since been criticized for failing to follow through on some of those promises.

"There was a lot of arm-twisting and in the end he didn't keep those promises," said Bertha Lewis, a civil-rights activist and co-founder of the Working Families Party who said the party should look elsewhere next year.

"This governor doesn't talk about progressive issues, he actually gets them done," Cuomo campaign chairman Bill Mulrow said. He pointed to the passage of several laws on Mr. Cuomo's watch, including a $15-an-hour minimum wage in some parts of the state, a worker-friendly paid family-leave program, and strict anti-gun rules. Cuomo allies also noted a July poll from Siena College showing Mr. Cuomo has a 68% approval rating among self-identified liberals.

George Miranda, president of the labor union Teamsters Joint Council 16, which contributes funding and members to the WFP, said he would advise the union to pull out of the party if the WFP doesn't back Mr. Cuomo's re-election. "We support him 100% and would advocate the WFP do that as well," he said.

MARY ALTAFFER/ASSOCIATED PRESS

Several Democrats are considering a primary challenge to Gov. Andrew Cuomo, who plans to run for a third term next year.

Mr. Cuomo has a formidable campaign account of about $25 million and the advantages of incumbency, including alliances with labor unions and political committees. He has strained relations, however, with some liberals, who see an opening for an insurgent on the left.

"Governor Cuomo has the strongest progressive record of any elected official in this country—period—and we look forward to building on that record in the third term," said Bill Mulrow, his 2018 campaign chairman.

Cuomo May Face a Primary Hurdle in 2018

An actress, an upstate mayor and a former state senator are three potential Democratic challengers for the governor, but they have their own obstacles that could make winning difficult.

Stephanie Miner, 47, an outspoken critic of Mr. Cuomo, will be term limited out of her job as Syracuse mayor at the end of this year. She likely would focus her platform on infrastructure, a long-time priority, that recently has gained wider attention amid public-transit woes in New York City.

"There are people reaching out to me," she said. "If there was satisfaction with the job the governor is doing, then that wouldn't be the case."

Ms. Miner would need to increase her name recognition downstate but could be a serious opponent, analysts said. She also is considering a 2018 run for a U.S. House seat representing Syracuse.

Terry Gipson, 54, served one term as a state senator representing the Hudson Valley before losing to a Republican in 2014. He likely would run to Mr. Cuomo's left.

"I'm talking to a lot of grassroots organizations who want New York to be a leader in progressive legislation," he said.

Mr. Gipson could rally liberals frustrated that Mr. Cuomo hasn't fought harder to flip the state Senate to Democratic control, analysts said. But he would have a hard time catching up with the governor's fundraising.

Mr. Gipson also has served on the Rhinebeck village council.

Cynthia Nixon, 51, a former "Sex & the City" star, is being encouraged to run by liberal groups. Her candidacy has been floated before, but she shot it down. Her associates said she is now considering it. She declined to comment.

Ms. Nixon has emerged as a liberal activist, campaigning in 2013 for New York City Mayor Bill de Blasio, and criticizing Mr. Cuomo's policies on "The View" television show.

"She's an out-of-the-box candidate with progressive credentials who would excite people," said Billy Easton, director of the Alliance for Quality Education, a public-education advocacy group.

—*Mike Vilensky*

Luxury Homes Hit Summer Slowdown

By Josh Barbanel

Manhattan luxury-apartment sales have been stuck in the doldrums this summer, particularly units in flashy new developments.

Deals on apartments listed for $4 million or more are tracking last year's low levels and represent the slowest activity in five years, based on data from Olshan Realty Inc.

The number of contracts signed on new-development listings for at least $4 million fell below last year's level, to the slowest summer pace since luxury sales gained steam in 2013.

Last summer, as contract signings began to flag, some brokers attributed the slowdown to uncertainty about the presidential election. Sales picked up earlier this year, only to slow again since the start of summer, brokers said.

It is too early to say whether the drop represents a blip or a more significant slowing in the market, said Donna Olshan, president of Olshan Realty, adding that it might be just be a temporary "summer bummer."

86

Deals signed in the past five weeks for listings of $4 million or more

Leonard Steinberg, the president of Compass, a New York brokerage, said high-end sales are moving slowly in part because prices have had a sharp run-up in recent years, leading many investors looking for profits to turn to other markets.

Some buyers, he said, believe a bottom hasn't yet been reached and are waiting to see prices drop further. On the plus side, the strong stock market could spur more sales, he noted.

At the same time, there have been distinct pockets of activity in some new developments, brokers said, including a contract signed last week on a five-bedroom penthouse listed at $65 million at 70 Vestry, a new riverfront condominium in Tribeca. The deal is expected to set a record price for downtown Manhattan when it closes.

In the past five weeks, there were 86 contracts signed on listings for $4 million or more, the same number signed during a comparable five-week period last year, according to Olshan. This was 32% below the 127 signed during a similar period in 2015.

But the performance of listings in new developments during this period deteriorated in 2017, with 32 contracts for $4 million or more listed as signed, compared with 39 last year. These were offset by higher sales of older apartments, and one additional townhouse sale.

Overall this year, Ms. Olshan said, the 764 contracts for $4 million or more signed in 2017 to date was up 13% from last year, but still 11% down from the contracts signed during the same period in 2015.

NYPD Searches For Man In Killing

By Zolan Kanno-Youngs

The New York Police Department has released a sketch of the man they believe is connected to planting a package on a Queens porch that exploded and killed the landlord of the building last week.

George Wray, the 73-year-old owner of the building on 229th Street in the Brookville neighborhood of Queens, opened the package on July 28 shortly after 4 p.m. after noticing it had been left untouched for several days, police said.

The package contained flash powder, Chief of Detectives Robert Boyce said earlier this week, and exploded in Mr. Wray's hands. His head, torso and legs were burned. Mr. Wray died at Nassau University Medical Center on Tuesday, police said.

"Flash powder is something used in pyrotechnics," Chief Boyce said. "It creates incendiary flame."

The "person of interest" in the sketch is described as a black man between the ages of 30 and 35 with a mustache. "We have narrowed our focus substantially," Chief Boyce said.

Mr. Wray isn't believed to be the intended target of the flash powder, police said. While he owned the building where the package was left, he lived in a neighboring home.

NYPD

Sketch released by NYPD.

Ivory Crush Aims to Make a Dent in Illegal Trade

JUSTIN LANE/EUROPEAN PRESSPHOTO AGENCY

READY TO CRUMBLE: Confiscated objects made from about 2 tons of ivory—from the tusks of at least 100 elephants—were demolished in a rock crusher on Thursday in Central Park. The U.S. enacted a near-total ban on the domestic commercial ivory trade last year.

Boosted by Success, City to Expand Gunfire Alert System

By Zolan Kanno-Youngs

The New York Police Department will expand its use of a technology that helps officers respond quickly to shootings by sending real-time alerts to police when it detects gunshots, officials said Thursday.

Police officials made the announcement about broadening the deployment of the ShotSpotter system at a news conference where they also reported 17% fewer shooting incidents compared with last year.

ShotSpotter uses audio sensors deployed on rooftops and street poles and alerts officers in the area to shootings. Officers are also able to hear the sound of the gunshots on their smartphones, as well as access the location of the incident.

The city began investing in the technology in 2015 and in the last year expanded the area where it is deployed to 54 square miles, an increase of 30 square miles, said Jessica Tisch, the NYPD's deputy commissioner of information technology. By summer's end, the system will be rolled out across 60 square miles. The technology costs $225,000 annually for every three square miles covered.

In addition, Ms. Tisch said the city would fund the deployment of the sensors in nine additional square miles, in parts of Staten Island, Queens and the Bronx, by the end of the year.

"It's been a great bonus for us in the detective bureau that we did not think we were going to get a couple years ago," Chief of Detectives Robert Boyce said.

The technology allows police to respond to shootings they otherwise might not know about, Ms. Tisch said. Only 16% of ShotSpotter alerts have 911 calls associated with them, Ms. Tisch said.

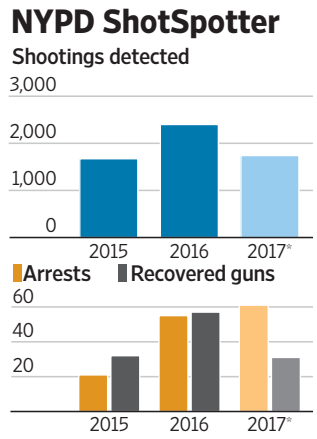
The low number of 911 calls points to an area the NYPD can improve when it comes to police and community relations. Commissioner James O'Neill said the police department would aim to "close that gap" between the number of 911 reports and ShotSpotter incidents.

Mayor Bill de Blasio said other statistics—such as a decline in the number of complaints made against the police—show an improving relationship between the police and the community.

The technology isn't perfect—it detects sounds that aren't shootings, such as firecrackers 5% of the time—but it has assisted in investigations. Ms. Tisch said 1,740 shootings have been detected so far this year. Police responding to the detections have seized 31 guns and made 61 arrests this year.

NYPD ShotSpotter

Shootings detected



Note: Shootings don't necessarily involve a shooting victim. *Year to date
Source: NYPD

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GREATER NEW YORK WATCH

COURTS

Ex-Speaker Can Seek Review by High Court

Former New York Assembly Speaker Sheldon Silver can ask the U.S. Supreme Court to review his case rather than go straight to a retrial after appeals judges cleared the way Thursday.

The Second U.S. Circuit Court of Appeals said the Democrat can ask the high court to look at his case after lawyers for the longtime state power broker argued that it was better to do it now than after a retrial.

A three-judge panel of the appeals court tossed out his 2015 public corruption conviction in July, citing a recent Supreme Court decision that reversed the public-corruption conviction of Virginia Republican ex-Gov. Bob McDonnell. But it also said there was sufficient evidence to conduct a retrial. Prosecutors vowed to appeal, a promise they repeated on Thursday.

Steven Molo and Joel Cohen, lawyers for Mr. Silver, said: "The court recognized the significance of the issues we will be asking the Supreme Court to review."

—Associated Press

CATSKILLS

New Casino to Train Aspiring Dealers

A casino opening in the Catskills next year will be offering a school for table-game dealers.

Resorts World Catskills said it would operate casino-dealer schools in Sullivan, Orange and Ulster counties. The casino set to open in March 2018 in Sullivan County's Town of Thompson is expected to hire about 600 people.

The casino will hold information sessions starting Tuesday about the free courses, which will allow participants to apply for jobs as dealers.

Resorts World Catskills is one of four Las Vegas-style casinos approved for upstate New York in the past several years. The other casinos already are open.

—Associated Press

Borscht Belt Turns Foodie Hot Spot

By Charles Passy

FOOD & CULTURE

For generations, many New Yorkers referred to the Catskills as the Borscht Belt, a nod to the Jewish resorts that once dominated the upstate region and were likely to feature the Eastern European beet soup on their menus.

These days, the beets that one comes across at Catskills restaurants are likely to be of the heirloom variety and served in gourmet-minded preparations—say, a salad with shaved and roasted beets in an apple-cider vinaigrette.

As chefs and makers of artisan food products look for places to establish themselves beyond the pricey and competitive market of New York City, the Catskills is becoming a hot spot.

In the past few years, several culinary entrepreneurs have opened establishments in the region about 2½ hours north of New York City. A number have landed in Sullivan County, once home to resorts such as Grossinger's and the Concord before they closed.

Many locals are cheering their efforts, seeing them as key to a broader push to revive the struggling area, which also will welcome a mega-size casino next year. The hope is that a fresh wave of vacationers and owners of second homes will once again be attracted to the region.

"We really believe food could be a big draw that brings the hipsters up," said Patrick Dollard, president and chief executive officer of the Center for Discovery, a nonprofit organization in Sullivan County that provides services to young people with disabilities.

The center itself has rented space on land it owns in the hamlet of Hurleyville to a gastropub, called the Pickled Owl, and a soon-to-open Italian-themed shop from New York City chef Cesare Casella that specializes in making artisan salumi.

The offerings in Sullivan County, however, go well beyond those establishments.

ENID ALVAREZ FOR THE WALL STREET JOURNAL (2)

Chef Erik Kinealy-Hill in the North Branch Inn's kitchen/bowling alley in Sullivan County. Shops in Roscoe, below, in the same county.

Restaurants with a farm-to-table emphasis are cropping up—no surprise in a county where agriculture represents at least a $68 million-a-year industry, according to Cornell University's Cornell Cooperative Extension of Sullivan County. Sims Foster, a former New York City resident with a background in hospitality management, has opened a series of eclectic boutique hotels that offer dining in that locavore vein, including the North Branch Inn in the hamlet of the same name.

Contributing to North Branch's quirky appeal: A bowling alley, dating back to the nearly 150-year-old building's earlier days, sits in what is now the kitchen.

Another restaurant that plays up its ties to farms in Sullivan County or nearby is the Heron in Narrowsburg. Dishes such as scratch-made biscuits and buttermilk-fried chicken are stars of the menu.

Heron Chef Paul Nanni, a graduate of the Culinary Institute of America and veteran of a handful of New York City restaurants, says he is almost overwhelmed by the choice of local suppliers. "I have five different people for eggs," he said.

The area also is seeing a wave of producers of craft beer and spirits. One noteworthy newcomer is the Roscoe Beer Co. in the hamlet of Roscoe. The brewery was one of two winners in the recent Taste NY Inaugural Craft Beer Challenge, an event, led by Gov. Andrew Cuomo, that drew more than 170 competitors.

If there is a tie that binds most restaurateurs and food producers in the area, it is that Sullivan County is an affordable locale for them, especially compared with New York City.

Consider that when culinary enthusiast and former Queens resident Bob Eckert opened his Northern Farmhouse Pasta store and restaurant in Roscoe a few years ago, he was able to acquire a property along a relatively busy stretch of road for $20,000. Even with renovations and improvements, his startup costs were a fraction of what they would be in the city, he said.

Of course, Sullivan County isn't New York City. The area contends with its share of poverty and socio-economic concerns; it consistently ranks close to the bottom among New York state counties when it comes to the health of its residents, according to an annual survey by the Robert Wood Johnson Foundation.

Restaurateurs also concede that the market still lacks a certain sophistication. Many customers balk at more unusual fare or order a mass-market beer with their gourmet meal.

But Mr. Eckert, who expects to sell about 50,000 bags of his handmade pasta this year, priced at $8 each, says the area is changing fast and is starting to rival urban foodie hubs in its attitude and offerings.

"What's happening here is more exciting than what I saw in Williamsburg," he said.

CAITLIN OCHS FOR THE WALL STREET JOURNAL

Participants in a precollege science program made their final presentations Thursday in Brooklyn.

Students Pitch Their Ideas To Make the World Better

By Mariana Alfaro

Microphone in hand, Maral Artykova looked straight into the judges' eyes and pitched her $788,000 idea to mine plastics out of the ocean and transform them into environmentally friendly fibers.

The crowd initially gasped at the thought of spending that much money on trash, but clapped after hearing Ms. Artykova's projected earnings: After a year, the startup would have revenue of over $1 billion.

Ms. Artykova wasn't really looking for investors. She is one of 40 high-school students who participated in Kingsborough Community College's Brooklyn Science Innovation Initiative. The five-week program is meant to engage students' interest in environmental and nutritional sciences through real-life experience, working in an urban farm and developing their own mock startups.

The free program, co-sponsored by AT&T and now in its third year, aims to help students who may not have the resources to participate in other precollege science programs. On Thursday, students presented their project ideas to a panel of judges in a "Shark Tank"-style event.

The pitching event was a culmination of weeks of classes and farm work. Students were given science and public speaking lessons, as well as free rein of a small plot of land.

Most groups incorporated their farming lessons into their startups.

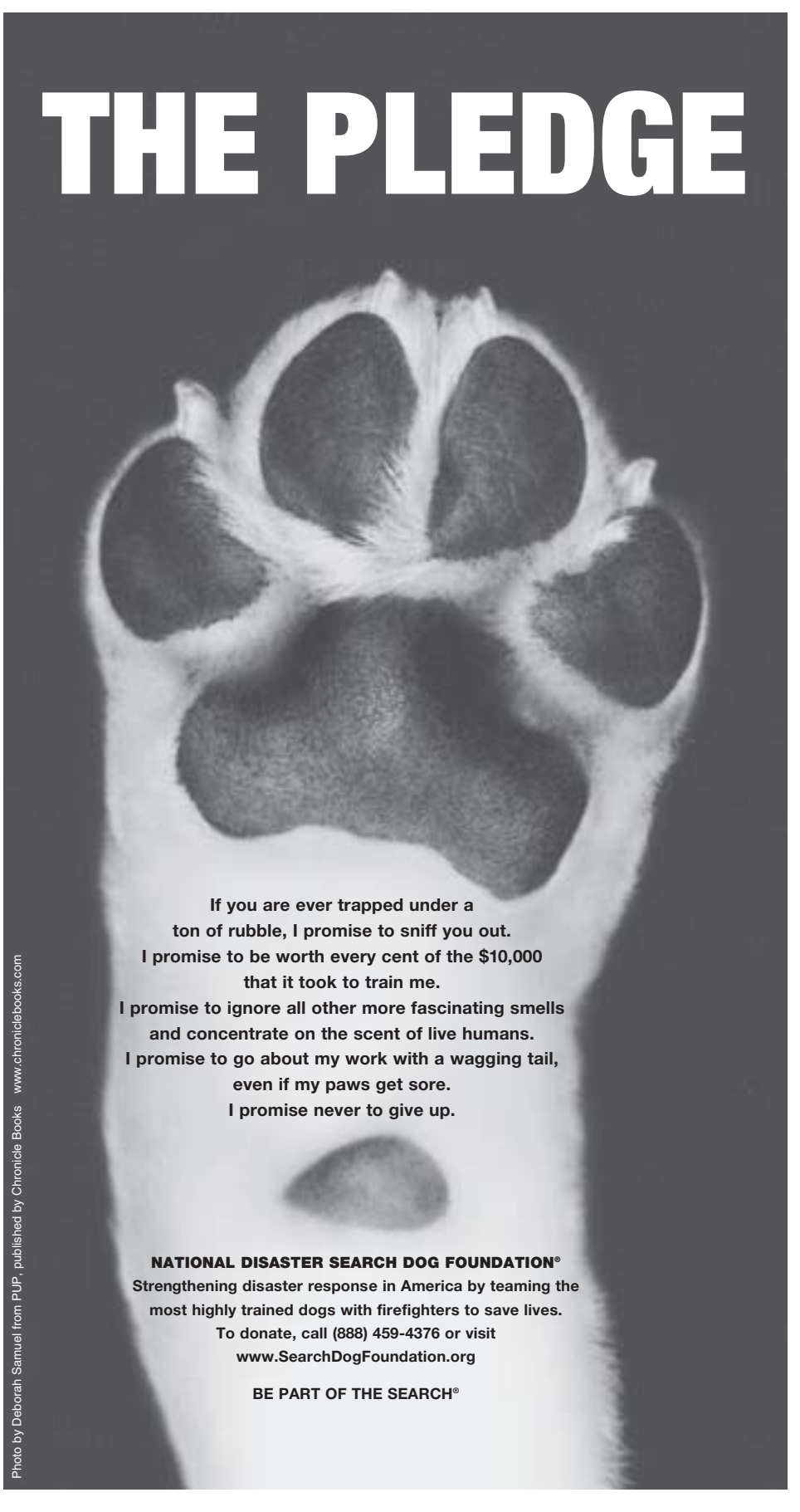
Most groups incorporated their farming lessons into their startups. Hydroponic Greens—presented by a group of six students wearing carefully coordinated black-and-white business attire—sells vegetables grown with nutrient-charged water only, taking soil out of the equation. Another idea, "My Little Farm," helps young children learn about sustainable farming and healthy eating practices by giving them their own farming kit at the cost of $60.

All groups presented their companies to the panel, which then questioned them on the revenue and practicality of their ideas. After presenting "My Little Farm," Tamia Franklin, 16 years old, promised the panel that, though $60 might seem a little pricey to some, her company would work with outside organizations to make the product accessible to everyone.

Ms. Franklin, a rising senior at John Dewey High School in Brooklyn, hopes to one day become a pediatrician. She applied to the program partly because of its emphasis on nutrition.

"I've been trying to get a diet going on, so I was like 'Oh, what better way to learn about science and nutrition,'" she said.

Glenda Ullauri, a farm educator at Kingsborough, said the program emphasized collaboration and teamwork to improve their entrepreneurial skills.



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LIFE & ARTS

FILM REVIEW | By Joe Morgenstern

'Step': Striving On- and Offstage

BY JOE MORGENSTERN

IN "STEP," a stirring documentary about a female step-dancing team in an inner-city high school, the team's captain, a senior named Blessin Giraldo, says, with infectious energy, "We're making music with our bodies. That's like slick stuff." The girls' passion to excel is palpable, and the film fulfills its inspirational function by summoning up time-tested elements—the big competition, the underdog competitors, the stumbles and self-doubts along the way. Yet the filmmaker, Amanda Lipitz, has other urgent concerns—the importance of higher education, the intricate steps that some of these girls must master to find their way out of poverty or fractured families. That's smart stuff. The film has its priorities unwaveringly straight.

The team calls itself the Lethal Ladies of BLSYW. The lethal part needs no explanation once you've seen them in action; these young women, deploying only their strong bodies and fierce spirit, perform a weaponized version of the stylized routines that grew out of African tribal dance. The acronym stands for Baltimore Leadership School for Young Women, an apparently exemplary charter school with an almost all-black student body.

Blessin is the team's founder, as well as its leader, and the film's most affecting presence. She's cheerleader-pretty, with a dimpled smile, but hurt and anger lurk behind her façade of good cheer, and no wonder.

The Lethal Ladies of BLSYW, above; team members Tayla Solomon, Cori Grainger and Blessin Giraldo, right

FROM TOP: 20TH CENTURY FOX; JAY L. CLENDENIN/LA TIMES/GETTY IMAGES

Sometimes the refrigerator at home is empty. Her mother, Geneva, is immobilized by depression; both mother and daughter acknowledge her condition and do their best to cope, but that doesn't make her less depressed. Although Blessin's devotion to the team is intense, she gets so angry with its uncertain progress that she's afraid she'll start beating up some of her teammates. What's more, her grades are in the tank. "She's going to be amazing, but we've got to wrangle her," a teacher tells Geneva, who has managed to get to Blessin's classroom on report-card day.

Some of the girls need wrangling, others don't. Blessin rallies, against heavy odds. Cori Grainger, the class valedictorian and a dedicated scholar, wants to go to Johns Hopkins, but that's out of the question, given the school's $50,000-a-year tuition, unless she gets a full scholarship. (Cori's mother, Triana, was 16 when she was born, and they've had serious downs along with some ups. "For me and my family," Cori says with sweet circuitousness, "the idea of comfortability has been cyclical.") The film's most moving moment may be one of the quietest. It's when Cori opens a fateful letter of acceptance or rejection, then says, slowly, "You know, Hopkins likes a certain type of people, and I didn't know I was one of them."

"Step" doesn't sidestep the promise of its seeming premise—the drama of step-dancing competitions, culminating in the Lethal Ladies giving a sensational performance. What's so memorable about Ms. Lipitz's documentary, though, is its privileged view of not-privileged students trying to dance well, learn well and think well on the way to living well in the world beyond their nurturing school. "Step" is a good title for what we see. "Strive" might have been good too.

CULTURAL COMMENTARY

THE VERSATILE ROBERT MITCHUM

SILVER SCREEN COLLECTION/GETTY IMAGES

Robert Mitchum (c. 1955)

BY PETER TONGUETTE

FILMMAKER Peter Bogdanovich once asserted that movie stars were not far removed from the gods and goddesses of Greek mythology. "They were no longer actors playing parts," Bogdanovich wrote in his 2004 book "Who the Hell's in It," "because all their roles merged into one definitive character, one special folk hero, similar to but not necessarily identical with the original mortal."

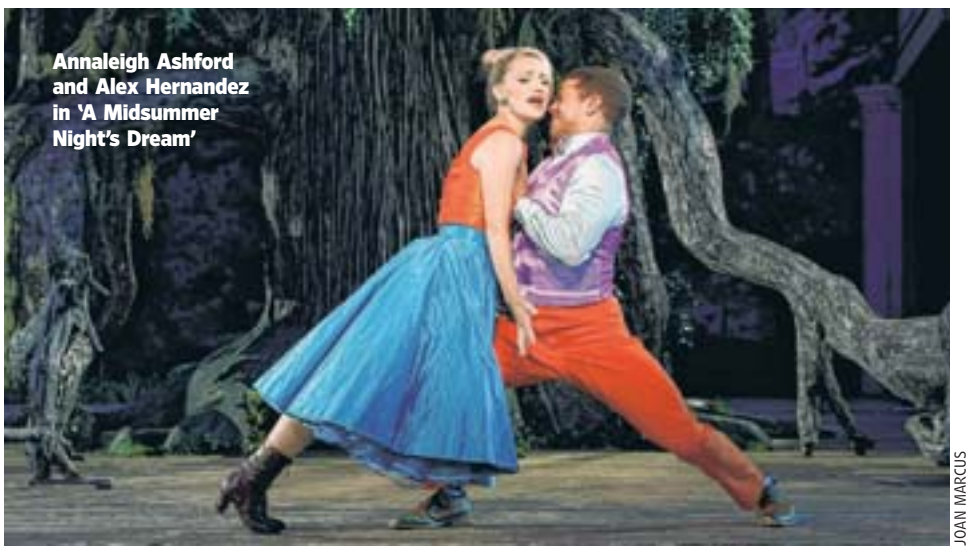
Stars usually displayed a finite series of easily identifiable attributes—not unlike Greek deities who stood for particular virtues or vices. Think of Cary Grant's breezy poise or Jimmy Stewart's sputtering sincerity, qualities that neither performer deviated from too often.

Similarly, when we contemplate the career of Robert Mitchum (1917-1997), his undemonstrative countenance and fearsome physique come to mind. The native of Bridgeport, Conn., who would have turned 100 on Aug. 6, claimed that he concurred with a producer who compared his appearance to "a shark with a broken nose." But—with his brawny build, large eyes hidden by pendulous lids, and shock of hair—it may be more accurate to say that he resembled an overworked stallion. To mark his centennial, the actor is the subject of a number of commemorations around the country and on TV.

In several of his most striking films, Mitchum leaned on his sturdy yet grizzled looks—as well as an insatiable relentlessness—to terrify and tyrannize. In Charles Laughton's 1955 classic, "The Night of the Hunter," Mitchum plays a pernicious preacher doggedly trailing an on-the-run brother and sister (in possession of money he covets). In one famous passage, Mitchum belts out the hymn "Leaning on the Everlasting Arms"—whose gentle words do not match the actor's cavernous baritone—as a way of reminding the children that he is right behind them. The boy asks: "Don't he never sleep?"

Mitchum also displayed superhuman stamina throughout "Cape Fear," the potent 1962 thriller directed by J. Lee Thompson that provided the actor with his single most memorable part. As newly freed felon Max Cady, Mitchum makes a dark art of hounding his character's bewildered former lawyer, Sam Bowden (Gregory Peck). "Don't mind me, counselor," he says after encountering Bowden and his clan at a bowling alley. "I'm just getting a gander at the rest of your family." Few moments in American cinema are as delirious as when the Bowdens' daughter runs from Cady on sight—and few actors

Please see MITCHUM page A11



Annaleigh Ashford and Alex Hernandez in 'A Midsummer Night's Dream'

JOAN MARCUS

THEATER REVIEW | By Terry Teachout

Nine Parts Com, One Part Rom

New York

NO PLAY, by Shakespeare or anyone else, is better suited to outdoor performance than "A Midsummer Night's Dream," not only because so much of it takes place in a forest but because of the way in which it commingles sweet, spacious romanticism and slip-on-a-banana-peel comedy. It's just the kind of show you want to see on a balmy midsummer night—and Lear deBessonet's Shakespeare in the Park production is just the kind of staging that it deserves. I've seen a couple of "Midsummers" that were as good as this one, foremost among them Eric Tucker's sublime five-person 2015 Hudson Valley Shakespeare Festival version, but none better.

Ms. DeBessonet is a very big talent who's been waiting in the wings until now, mainly occupying herself with the Public Theater's community-based Public Works "participatory theater" classical productions, which make use of amateur actors. The highest-profile show that she'd previously directed in New York was the Public's 2013 production of Bertolt Brecht's "Good Person of Szechwan," an outrageously imaginative vaudeville romp whose décor looked as if it had been recycled from the nearest alley. But while this "Midsummer" is a costlier undertaking with a big-name cast—Annaleigh Ashford, Danny Burstein, Kristine Nielsen, and Phylicia Rashad are among those present—it partakes of the same improvisatory sensibility, and does so with the same éclat.

This isn't a high-concept "Midsummer Night's Dream" in the normal sense of the word, but Ms. DeBessonet's approach to the play is nonetheless clear-cut: She's staged it as if it were a Broadway musical. The casting of Ms. Ashford, Mr. Burstein and Ms. Nielsen, three of Broadway's funniest comedians, as Helena, Bottom and Puck, underlines the slant of her production, a rom-com that's 90% com and 10% rom. So do Clint Ramos's comic-book modern-dress costumes and Justin Levine's Otis Day and the Knights-style R&B incidental music, played by a dance-till-you-drop six-piece band stationed in a treehouse in a corner of the magic wood. David Rockwell's two-turn-

Please see THEATER page A11

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TELEVISION REVIEW | By John Anderson

A Case of Cold War Nostalgia

THE COLD WAR is back and at full refrigeration, so what better time to explore the glories of Soviet Bloc television? "Comrade Detective," the police drama that never was, arrives with the kind of timing that might encourage a belief in the collective unconscious, or the zeitgeist, or Nostradamus, if he'd ever made a prediction about binge-able TV. It's also a perfectly sardonic show for our times. Which, at the rate things are going, means this week.

The premise? According to hosts Channing Tatum and Jon Ronson, who introduce Episode 1 of the "celebrated" six-part series, "Comrade Detective" was produced by the Romanian government "not merely to entertain, but to celebrate and promote communist ideals." It has taken two decades of painstaking work, Mr. Ronson says, and the pursuit of hundreds of dead-end leads across four continents—at which point Mr. Tatum begins rolling his eyes—to relocate and redistribute the legendary police drama. Mr. Tatum gives solemn, gracious thanks to the Romanian Film Preservation Society, which by every indication does not exist. Neither, of course, did "Comrade Detective."

But the show now on Amazon is the realization of a rather incredible, profoundly funny and even poignant idea, a live-action cartoon in some ways, and certainly a masterwork of shameless appropriation and shoplifted style—the explosions, car crashes and camera work are straight out of the '70s; the "leather" menswear looks like upholstery recycled out of a '75 Chrysler Cordoba; the entire Eastern Bloc seems wrapped in ill-fitting polyester. It also evokes the kind of nostalgia that requires no firsthand memories. Just an appreciation for how propaganda works. How cultures cannibalize each other. And how media manipulation is a two-way, litter-strewn street.

There's a familiar ring to much of it: Mr. Tatum and Joseph Gordon-Levitt provide the voices of the two principal characters, detectives Gregor Anghel and Iosif Baciu (Florin Piersic Jr. and Corneliu Ulici), antagonists thrown together to solve the murder of a colleague, committed by a killer in a Reagan mask (nice touch). Others doing voices include Nick Offerman and Chloë Sevigny, but the dubbing and the on-screen presence of Romanian actors—who are terrific, but virtually anonymous here—put the appropriately awkward flourish on something that seems to have been preserved since the '80s, while getting slightly warped in the process.

Corneliu Ulici and Florin Piersic Jr. in 'Comrade Detective'

AMAZON PRIME

"Comrade Detective," being ostensible pro-Soviet propaganda, never misses an opportunity to trash America, a country founded by "rich white men who didn't want to pay their taxes" and dedicated to spreading "greed and gonorrhea." Iosif's wife (Ms. Sevigny and Diana Vladu) tells Gregor that her husband's childhood trip to New York—a visit enacted in a way that makes "Death Wish" look like an "I Love NY" campaign—"haunts his dreams."

"Sometimes," she says, "he wakes up sobbing. Sometimes he lies there numb." Iosif, who at one point is hit by a truck, has visions in the hospital that are equally nightmarish—his young children reciting, "I want my MTV" and his wife declaring, "It's morning in America."

Will he recover? "Of course. He's receiving the best health care in the entire world."

Romanian television of the '80s actually ran about two hours a day during the week, four or five on weekends, and much of it seems to have been devoted to the magnificence of Nicolae Ceausescu. So "Comrade Detective," by its very existence, is a joke about Soviet-era media. (At one point, a pair of border guards have to commandeer a radio to catch a performance by gymnast Nadia Comănici, presumably at the '84 Olympics. Not even a TV.) But it's not as if the ridicule runs one-way; behind the absurdist tone of Romanian propaganda lie some unhappy truths. "I don't miss the poverty or the crime or the racial inequality," says Jane, the assistant U.S. ambassador (voice of Jenny Slate, face of Olivia Nita), asked about life back home. "I certainly don't miss AIDS. Everyone in the U.S. seems to have AIDS. But it's still the greatest country in the world," and a place where politicians embrace religion "to get a bunch of half-wits to vote for us."

At the same time, Romanians will kill for Jordache jeans and Pepsi, and the irresistible nature of Western entertainment is given its due. Romanians of the era would have been exposed to '70s cop shows like "Mannix" and "Kojak," and "Comrade Detective" reflects their influence. "Dirty Harry" (1971) gets quoted a few times and the opening scene of Episode 3 is straight out of "The Godfather" (1972). (So is one involving Gregor and Jane, who go out for one of Bucharest's finer meals, bean soup with ham hock. "The best in the city," Gregor says, echoing the Louis Restaurant scene.) Director Rhys Thomas shows admirable restraint in not applying too much period embellishment, or letting "Comrade Detective" become a one-joke show. It works as drama, as well as comedy, and it seems as if putting it together might have been fun. The finished product certainly is.

Comrade Detective
Friday, Amazon Prime

MITCHUM

Continued from page A10

have the force to make such a scene plausible.

Yet the continued popularity of both films—not to mention the actor's sullen disposition during several television interviews—might lead some to conclude that Mitchum was a one-note performer. To the contrary, his aloof cussedness was adaptable to many genres, including film noir ("Out of the Past"), westerns ("El Dorado") and even a Christmas comedy ("Holiday Affair"). In the last film, as he wooed Janet Leigh from Wendell Corey, the actor adeptly crafted a domesticated variant of his untamable image. An equally surprising—and humbling—transformation came in David Lean's magisterial 1970 epic "Ryan's Daughter," in which he believably adopted the persona of an earnest, milksop teacher who drives his young spouse (Sarah Miles) to discontent and adultery. Astonishingly for an actor of Mitchum's authority and range, he failed to receive even a single Academy Award nomination as Best Actor; he was nominated only in the Supporting Actor category (for 1945's "Story of G.I. Joe").

In his crowning achievement, the crime drama "The Friends of Eddie Coyle" (1973), Mitchum played a cousin to the miscreants of "The Night of the Hunter" and "Cape Fear," but with the depth he had subsequently developed. Mitchum appeared as Eddie Coyle—who also goes by Eddie Fingers—a soon-to-be-incarcerated Boston gunrunner compelled to work with the authorities as a squealer. Eddie is a wastrel, but one who does his own grocery-shopping, fervently embraces his frumpy wife, and enthuses over the Boston Bruins' Bobby Orr. In a dozen tiny ways, Mitchum communicates the indignities of advancing age and decreasing fortunes, eliciting a sympathy unimaginable for Max Cady. At the start of the film, director Peter Yates's camera lingers on Mitchum's knotty fingers as they slide a tray across a cafeteria line, and he expresses ineffable sadness when he nods his head and makes a one-word request: "Coffee."

From top, Mitchum in 'El Dorado,' 'The Friends of Eddie Coyle' and 'Ryan's Daughter'

EVERETT COLLECTION (3)

Not long after the success of "Eddie Coyle," Mitchum was given the plum role of Philip Marlowe in fresh versions of "Farewell, My Lovely" (1975) and "The Big Sleep" (1978)—a part he could have played in *his* sleep. In fact, Mitchum's legacy is in his versatility—his ability to give life to both scoundrels and also-rans.

Mr. Tonguette writes about the arts for numerous publications, including the Columbus Dispatch, the Weekly Standard, and National Review.

THEATER

Continued from page A10

table set consists mainly of gorgeous stage trees that blend imperceptibly into the real trees with which the stage of Central Park's Delacorte Theater is ringed, with a tree-trunk sliding board thrown in for good measure.

In this festive space, Ms. DeBessonet's cast gives us an all-American "Midsummer," an exercise in smart theatrical populism whose dramatic gestures are cheerfully, deliberately broad—everybody overacts, and everybody gets away with it—and immediately legible. It's as if she'd staged the production specifically to disarm viewers who don't know the play going in and are a little bit afraid of it: Each twist and turn of the knotty plot comes across with the sunlit clarity of a perfectly executed pratfall. Ms. Ashford is definitely the star of the show, playing Helena as a cross between Judy Holliday's dumb-blonde character from "Born Yesterday" and Al Capp's man-hungry Sadie Hawkins, but she has no shortage of close competition in the clownery department, not least from the sublimely stupid Flute/Thisbe of Jeff Hiller. Rare are the productions of Shakespearean comedies in which the laughs are near-continuous, but this one qualifies.

Of course there's more to "A Midsummer Night's Dream" than laughter, and Ms. DeBessonet's production, for all its myriad virtues, doesn't have quite enough to offer in the way of poetry or mystery. If that bothers you, don't go: This "Midsummer" must be taken on its own terms or not at all. Be forewarned, though, that you'll be missing a truly life-enhancing night at the theater, a show so full of rapturous, uncomplicated joy that the poetry takes care of itself. It really ought to transfer to Broadway, where it could be mounted without change, though seeing it in Central Park is part of the fun. On the night I went, the moon rose over the trees at the exact moment when Theseus (Bhavesh Patel) spoke of "the cold, fruitless moon." That beats CGI all hollow.

When I reviewed Ms. DeBessonet's "Good Person of Szechuan" revival, I suggested that she was already a logical candidate for a MacArthur "genius grant." Now I'm thinking it's time to up the ante. While Oskar Eustis is still at the peak of his formidable powers, it goes without saying that he won't be running the Public Theater forever. Don't be surprised if we've just met his heir.

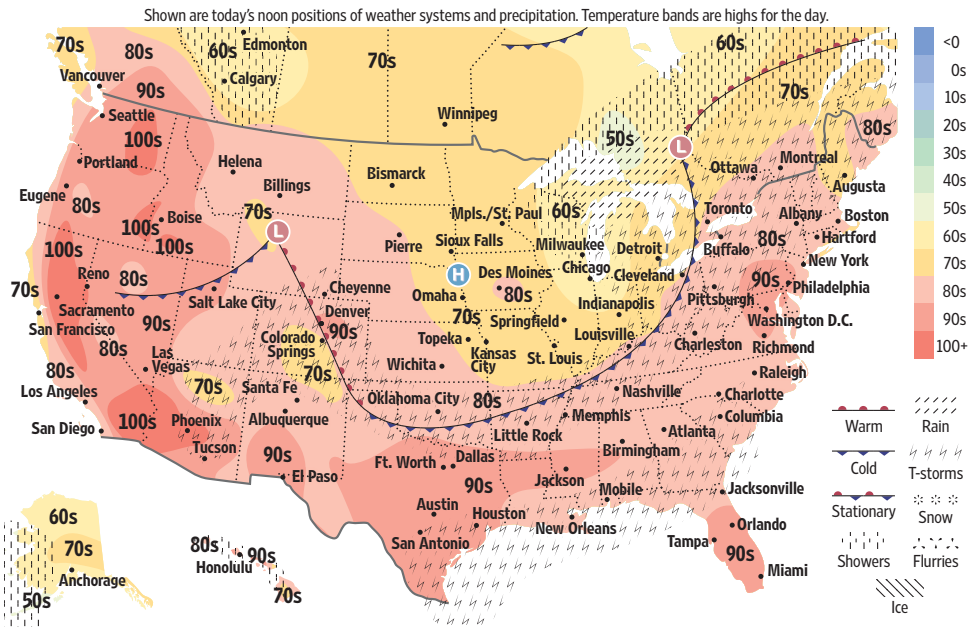
A Midsummer Night's Dream
Public Theater, Delacorte Theater, Central Park (free), 212-539-8750, closes Aug. 13

Mr. Teachout is the Journal's drama critic. "Billy and Me," his new play, opens at Palm Beach Dramaworks on Dec. 8. Write to him at tteachout@wsj.com.

Weather

AccuWeather.com

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



U.S. Forecasts

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

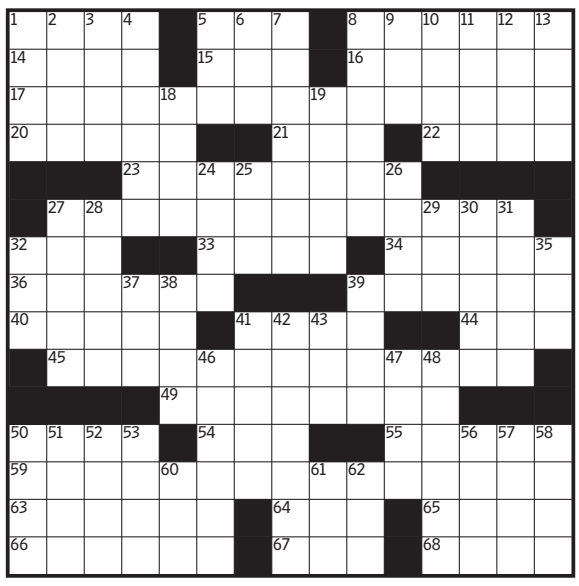
City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Anchorage	68	56	pc	70	56	pc
Atlanta	85	71	pc	88	71	t
Austin	96	74	pc	97	75	t
Baltimore	89	68	pc	84	60	pc
Boise	99	65	s	96	65	pc
Boston	80	66	pc	78	65	t
Burlington	85	69	pc	79	55	t
Charlotte	87	69	pc	89	68	t
Chicago	68	58	c	79	63	pc
Cleveland	83	61	t	77	62	pc
Dallas	93	76	c	93	79	t
Denver	90	63	t	86	56	t
Detroit	79	58	t	78	62	c
Honolulu	88	76	pc	88	76	pc
Houston	91	76	t	90	79	t
Indianapolis	71	57	pc	78	62	pc
Kansas City	76	61	s	73	65	t
Las Vegas	98	82	t	103	84	pc
Little Rock	86	66	c	87	70	pc
Los Angeles	88	70	s	84	68	s
Miami	93	82	pc	93	82	pc
Milwaukee	68	59	sh	78	64	pc
Minneapolis	77	60	pc	77	60	c
Nashville	86	60	t	85	65	s
New Orleans	87	75	t	88	76	t
New York City	84	72	pc	83	66	pc
Oklahoma City	85	68	pc	91	70	t
Omaha	79	61	s	73	62	sh
Orlando	92	75	pc	91	76	t
Philadelphia	90	72	pc	84	65	pc
Phoenix	105	86	pc	105	85	pc
Pittsburgh	84	59	t	74	59	pc
Portland, Maine	76	63	pc	74	59	t
Portland, Ore.	96	62	s	91	65	pc
Sacramento	102	69	s	100	69	s
St. Louis	79	61	s	83	67	pc
Salt Lake City	97	74	s	96	71	pc
San Francisco	76	61	s	74	59	s
Santa Fe	81	58	pc	83	58	t
Seattle	93	62	s	90	64	pc
Sioux Falls	77	55	s	71	56	t
Wash., D.C.	90	71	pc	83	66	pc

International

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Amsterdam	69	58	pc	68	55	pc
Athens	96	80	s	97	79	pc
Baghdad	117	86	s	116	85	s
Bangkok	92	82	t	91	79	t
Beijing	96	77	s	91	75	pc
Berlin	74	59	pc	74	56	pc
Brussels	73	57	pc	69	53	pc
Buenos Aires	63	48	pc	64	49	s
Dubai	111	91	s	109	95	s
Dublin	64	49	pc	62	48	sh
Edinburgh	65	47	sh	62	47	c
Frankfurt	77	58	pc	74	55	t
Geneva	84	63	t	86	62	t
Havana	93	74	pc	92	73	pc
Hong Kong	91	84	t	93	84	t
Istanbul	91	74	pc	91	76	s
Jakarta	89	76	s	90	75	pc
Jerusalem	86	66	s	87	65	s
Johannesburg	65	45	pc	65	45	pc
London	72	54	pc	68	52	t
Madrid	101	74	s	101	69	pc
Manila	88	79	t	87	79	t
Melbourne	55	45	c	56	46	pc
Mexico City	76	59	pc	78	57	pc
Milan	98	71	s	98	74	pc
Moscow	73	61	c	74	58	pc
Mumbai	88	82	sh	88	80	sh
Paris	80	60	pc	75	53	pc
Rio de Janeiro	76	67	r	74	64	pc
Riyadh	111	84	s	113	84	s
Rome	94	70	s	93	70	s
San Juan	89	80	sh	87	79	sh
Seoul	93	80	pc	95	81	t
Shanghai	101	84	pc	99	84	t
Singapore	89	81	c	89	81	pc
Sydney	66	52	s	67	53	s
Taipei	96	82	s	99	82	pc
Tokyo	84	78	pc	86	78	pc
Toronto	80	60	t	73	58	c
Vancouver	82	63	s	79	63	pc
Warsaw	84	61	pc	78	58	pc
Zurich	80	59	t	83	57	t

The WSJ Daily Crossword | Edited by Mike Shenk

PUZZLE CONTEST



MISMATCH | By Matt Gaffney

One of these eight teams shouldn't be playing today. **Which one is it, and what team should replace it?**

Across

1 Three-time Oscar nominee Ephron
5 Uncle of Barbara and Jenna
8 State of dormancy
14 Incredible, to millennials
15 Clay from Kentucky, later
16 Come into view
17 NBA matchup
20 Pizzazz
21 IM pioneer
22 In ___ (irritated)
23 Attacked brutally, in a way
27 NFL matchup
32 Receipt issuer
33 Campaign promises, sometimes
34 Cattle rustler's tool
36 Natural gum
39 Smasher of random car windows, e.g.
40 Insurance giant
41 Metric prefix
44 It usually closes at night
45 NHL matchup
49 1992 campaign song
50 Upper limits
54 Component in drain cleaners
55 One of a Subaru pair
59 MLB matchup
63 Caviar source
64 Unkosher fish
65 County of Ohio, Pennsylvania and New York, but no other states
66 Sweet number
67 One of New Zealand's capitals
68 Seemingly forever

Down

1 Super Soaker Zombie Strike Revenge Infector maker
2 Gem found mostly in Australia
3 Perky Kelly
4 Word in temporary job titles
5 Honey holder
6 Johannesburg-born golfer
7 Clam, e.g.
8 Silent magician
9 Graz granny
10 Mohammad ___ Pahlavi (last shah of Iran)
11 Some kitchen work
12 Savage
13 Take it easy
18 Mouth-related
19 Does terribly as a comedian
24 Brazilian hero
25 "___ understand it..."
26 TV explorer
27 Set of principles
28 Friend of Eva Peron, maybe
29 Success
30 Green man of 2000
31 Lingers
32 Wake and UVA are in it
35 It may be bitter
37 Not Trump's favorite channel
38 Give props to
39 Expansive
41 Fashionable insignias
42 "The Breakfast Club" performer
43 Chain based in Rhode Island
46 One of two main roles in a movie
47 Related
48 High point
50 Baseball's "Georgia Peach"
51 Section
52 Capsule
53 Much Motown music
56 Extravagant emperor
57 Big smile
58 Puts into service
60 Airport named for a mayor of NYC
61 Ruby on film
62 Former

▶ Email your answer—in the subject line—to **crosswordcontest@wsj.com** by 11:59 p.m. Eastern Time Sunday, August 6. A solver selected at random will win a WSJ mug. Last week's winner: Chris Burns, Wyoming, MI. Complete contest rules at **WSJ.com/Puzzles**. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Previous Puzzle's Solution

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SPORTS

MLB

The Yankees Will Be Scary in October

New York has a six-headed bullpen monster capable of dominating the postseason. But making the playoffs isn't a guarantee.

BY JARED DIAMOND

New York Yankees relief pitcher Aroldis Chapman, right, chats with catcher Gary Sanchez after retiring the side during a recent game.

JULIO CORTEZ/ASSOCIATED PRESS

AS THE DUST settles following this week's trade deadline, the New York Yankees find themselves in a strange position. They are quite possibly better equipped than any other team in baseball for the pressure-cooker format of the playoffs. The weird part is that they aren't necessarily better equipped than any other team of baseball to actually make the playoffs.

By acquiring starting pitcher Sonny Gray from the Oakland Athletics on Monday, the Yankees appear to have shifted the balance of power in the hotly contested American League East. On paper, the deal elevated them into favorites to edge out their longtime rivals, the Boston Red Sox, in the divisional race.

But what's so enticing about the Yankees has less to do with Gray and more to do with another trade they pulled off last month. They landed David Robertson and Tommy Kahnle, two lockdown relievers from the Chicago White Sox to put alongside closer Aroldis Chapman and Dellin Betances. Add breakout performers Chad Green and Adam Warren to the mix, and the Yankees have put together a six-headed bullpen monster capable of overpowering a postseason tournament where randomness and unpredictability reign.

In other words, while the Yankees are clearly good now, they could be elite in October. They just have to get there first.

"If we can get this team into the postseason," Yankees general manager Brian Cashman said, "it makes it a scarier team."

Anybody who has paid attention to baseball in recent years has seen the value of a dynamic bullpen in the postseason.

The Chicago Cubs, MLB's best team in 2016, parted with their best prospect last July so they could benefit from Chapman's services in the playoffs. That's when Chapman—who re-signed with the Yankees as a free agent this winter—learned firsthand that "if you get into a situation where a series depends on that one game, a really good bullpen is definitely a weapon."

Meanwhile, the Cleveland Indians last season turned Andrew Miller into the ultimate equalizer on their road to the World Series, deploying him as early as the fifth inning to extinguish any threat. The Kansas City Royals rode their relievers to consecutive pennants and a title in 2015 despite a lineup devoid of power and a so-so starting rotation.

"We opened the door on all that in '15 and '14, that you can build your pitching staff from the back end," Royals manager Ned Yost said.

The rest of the industry has caught on. Of the 14 trades featuring a major-league player completed at the deadline Monday, 10 of them involved a reliever, with contenders including the Red Sox, Cubs, Washington Nationals and Los Angeles Dodgers all bolstering their bullpens.

But leave it to the Yankees to take this growing trend and supersize it. They now have five relievers ranked in the top 20 in the majors in strikeouts-per-nine-innings among pitchers who have thrown at least 30 innings.

Chapman, Betances and Robertson have impressive pedigrees, with nine All-Star appearances between them. Chapman has shaken off his early-season rust by surrendering one run his last nine outings, and Betances has allowed just one run in his last 12 outings. Perhaps more impressive, Kahnle and Green entered Thursday's action with a 2.05 combined ERA this season. Through Wednesday, the Yankees had won nine of 14 games since Robertson and Kahnle's arrival on July 19.

"More importance is being put on bullpen arms now," said Warren, who entered Thursday with a 1.97 ERA in 45 ⅔ innings. "You've seen over the last couple of postseasons how valuable bullpens can be."

Having a strong bullpen helps all year long, but in the playoffs, with their short series and frequent days off, a group of dominant relievers can be close to unstoppable.

That's largely because of a quirk that in the sports world is unique to baseball: The regular season and the postseason are fundamentally different structures that test entirely different things.

The regular season values depth and consistency, designed to reward teams constructed to withstand the rigors of 162 games played over about 180 days. The postseason is, at absolute most, 20 games played over the course of a month. Having a minor-league system filled with competent reinforcements or a dependable backup catcher doesn't matter much in that setting.

To emphasize this point, Cashman presented two hypothetical teams that both finished with 90 regular-season wins. One of them has five capable, if unspectacular, starting pitchers and a well-balanced batting order, while the other, despite some holes, has two dominant starters and a few lights-out relievers.

"I would say the second team is built more for a sprint, which would be the playoffs," Cashman said.

Intentionally or not, Cashman was effectively describing the Yankees. They have the newcomer Gray and Luis Severino atop an otherwise shaky rotation and a powerhouse bullpen.

Of course, this all assumes the Yankees wind up in the playoffs. They entered Thursday trailing Boston by a game in the AL East. The analytics website Baseball Prospectus gives them a 50.3% chance of winning the division and an 87.7% chance of at least holding onto a wild-card spot over Tampa Bay, Seattle and others. It's likely, but certainly not a guarantee.

Still, baseball's marquee franchise appears on a course to play in its first postseason series since 2012. That's good news for all those, ahem, "long-suffering" Yankee fans. In Yankeeland, five years without winning a playoff game is the equivalent of 50 years anyplace else. Nearly a decade without a championship is practically an apocalyptic event.

"Watching the last few years, teams with the strong bullpens have made big runs," Kahnle said. "The game is changing. Everybody knows it."

COLLEGE FOOTBALL

TOP RECRUIT OPTS FOR PRINCETON

BY ANDREW BEATON

Brevin White, left, throws during the Battle at the Beach tournament in July.

MATT MASIN/OC REGISTER/ZUMA PRESS

BREVIN WHITE could've chosen to play football at almost any college he wanted. The sought-after high school quarterback visited big-time schools from Arizona State to Tennessee, more than a dozen in total, and finally felt ready to make a decision.

That résumé made it altogether stunning when last week he announced his choice: Princeton.

"I want to have a roommate that's smarter than me," said White, who has his eye on careers in both the NFL and on Wall Street. "I want to be surrounded by those type of kids."

There's no recent precedent for a football prospect this highly-regarded choosing to play at an Ivy League school. The Ivies don't play at the highest level of college football and can't even award athletic scholarships. White, who attends Paraclete High School in Lancaster, Calif., ranks as one of the 15 best pocket passers in the high-school class of 2018, according to most recruiting services.

Players that good spend their high school years getting wooed by the biggest programs in college football. Coaches send them piles of letters, blow up their phone and tell them they see a future NFL star who can play on national television every Saturday while leading the team to a national championship.

At Princeton, there's no such thing as a national championship. The school stakes a claim to 28 titles, though none since 1950 and most before 1900.

Now, Ivy League schools play in the Football Championship Subdivision, a tier below the Football Bowl Subdivision that houses the big-time schools. The Ivies don't even participate in the FCS playoff. Or play a conference title game, for that matter.

Still, it's becoming increasingly common for these players to find their way to the NFL. Six Ivy League football players have been drafted in the last five years, compared with just two in the previous five. Three of the players from the last five years came from Princeton, which went 8-2 in 2016 and tied Penn for the Ivy title.

"Nowadays if you have NFL talent, they're gonna find you," said Dean Herrington, White's high school coach.

And it isn't just football. Harvard's men's basketball team has turned heads with its recruiting success too. But Ivy League basketball, unlike football, plays at the same level as the blue-blood superpowers and the conference gets an automatic bid to the NCAA tournament.

In either sport, what has historically made attracting top-notch players to these schools difficult isn't just the inferior facilities or lack of nationally televised games. Unlike almost every other Division I program, the Ivies do not offer athletic scholarships.

Instead, Ivy League schools only offer need-based financial aid to students. And they have stepped up those programs in recent years. For example, students in Princeton's class of 2020 with family incomes up to $140,000 typically pay no tuition, according to the university. This applies to all students, not just athletes.

"I wish it were retroactive," joked Bob Surace, the Princeton football coach and a former player at the school.

At the very least, the financial aid could help narrow the gap for prospects sweating the difference between an Ivy and an FBS school—even one of the more academically prestigious ones. And even at those, "as a football player are you getting that same education?" says Surace. "Or are they just putting you in study hall?"

Surace, who is prohibited from discussing White due to NCAA rules, understands what a player gives up by coming to Princeton over a school that can promise a full ride. He says they try to give the scholarship, so to speak, on the back-end by preparing the players with mock interviews, résumé workshops and alumni networking to set them up to be successful after college.

White, whose father is a commercial real-estate broker and referees college basketball games, says the lack of scholarship "kind of hurts" but is fortunate to come from a family that encouraged him regardless and has the wherewithal to make it work.

For him, the dream is just like any other top prospect: He wants to play in the NFL. And he thinks if he's ultimately good enough, the NFL will find him even at Princeton. Which isn't the least bit unreasonable: The Eagles took Carson Wentz No. 2 overall in the 2016 draft from North Dakota State, an FCS school.

But if that doesn't work out, White already has ideas about what he wants to study. He's interested in finance so he liked Princeton's proximity to New York. He says he plans to major in economics or potentially psychology.

What remains to be seen is if other players will follow suit. White hopes his decision opens eyes to others when they weigh their options. Not that it's for everyone—his brother plays quarterback at Arizona State—but he has noticed that some other high schoolers just take their highest-profile offer without considering their breadth of options.

"Kids feel the pressure to commit to the biggest name school, or an SEC school, because of the name," White says. "Kids are gonna hop on the wagon."

But hopping on the wagon is harder than it sounds. Even when White was ready to make his decision, he couldn't quite yet. First he had to send the school his academic paperwork and find out if he would actually be accepted.

On his 18th birthday, White received a phone call while on vacation. It was Surace. The admissions office gave the green light. And White committed to Princeton.

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OPINION

The Scandal That Matters

POTOMAC WATCH
By Kimberley A. Strassel

Imran Awan was arrested at Dulles International Airport July 24, while attempting to board a flight to Pakistan. For more than a decade the congressional staffer had worked under top House Democrats, and he had just been accused by the FBI of bank fraud.

It was a dramatic moment in a saga that started in February, when Capitol Police confirmed an investigation into Mr. Awan and his family on separate accusations of government theft. The details are tantalizing: The family all worked for top Democrats, were paid huge sums, and had access to sensitive congressional data, even while having ties to Pakistan.

The media largely has ignored the affair, the ho-hum coverage summed up by a New York Times piece suggesting it may be nothing more than an "overblown Washington story, typical of midsummer." But even without evidence of espionage or blackmail, this ought to be an enormous scandal.

Because based on what we already know, the Awan story is—at the very least—a tale of massive government incompetence that seemingly allowed a family of accused swindlers to bilk federal taxpayers out of millions and even put national secrets at risk. In a more accountable world, House Democrats would be forced to step down.

Mr. Awan, 37, began working for House Democrats as an IT staffer in 2004. By the next year, he was working for future Democratic National Committee head Debbie Wasserman Schultz. Over time he would add his wife, two brothers, a brother's wife and a friend to the payroll—and at handsome sums. One brother, Jamal, hired in 2014 reportedly at age 20, was paid $160,000. That's in line with what a chief of staff makes—about four times the average Capitol Hill staffer. No Democrat appears to have investigated these huge numbers or been asked to account for them.

According to an analysis by the Daily Caller's Luke Rosiak, who has owned this story, the family has collected $5 million since 2003 and "appeared at one time or another on an estimated 80 House Democrats' payrolls." Yet Mr. Rosiak interviewed House staffers who claim most of the family were "ghost" employees and didn't come to work. Only in government does nobody notice when staffers fail to show up.

The family was plenty busy elsewhere. A litany of court documents accuse them of bankruptcy fraud, life-insurance fraud, tax fraud and extortion. Abid Awan, a brother, ran up more than $1 million in debts on a failed car dealership he somehow operated while supposedly working full time on the Hill. One document ties the family to a loan from a man stripped of his Maryland medical license after false billing. Capitol Police are investigating allegations of procurement fraud and theft. The brothers filed false financial-disclosure forms, with Imran Awan claiming his wife had no income, even as she worked as a fellow House IT staffer.

This is glaringly shady stuff, in no way "typical," yet nobody noticed. Federal contractors are subject to security standards, but individual congressional offices have giant leeway over their hiring—and apparently no quality control. If a private firm had such shoddy employee oversight, it'd be sued into oblivion.

Democratic IT staff who had access to sensitive data stand accused of fraud.

The most recent FBI affidavit accuses Imran Awan of defrauding the Congressional Federal Credit Union by lying about the use of his rental properties to get a $165,000 home-equity loan—which he immediately wrapped into a $283,000 wire transfer to Pakistan. At one point, when the credit union asked Mr. Awan (who was pretending to be his wife on the phone) why he wanted to send money to Pakistan, he replied, "funeral arrangements."

Told this was not an acceptable reason, Mr. Awan went to "look online for an acceptable reason" and responded "buying property." The bright bulbs at the credit union approved the transfer. His wife was already in Pakistan. The FBI stopped her at the airport in March, and despite finding $12,400 in undeclared cash (in excess of the legal limit), they let her go. Seriously.

Imran Awan has pleaded not guilty to bank fraud. The law office representing him issued a statement casting the investigation as "part of a frenzy of anti-Muslim bigotry in the literal heart of our democracy." It calls the accusations "utterly unsupported, outlandish, and slanderous."

Yes, it is weird that Ms. Wasserman Schultz continued to shield Imran Awan to the end. Yes, the amounts of money, and the ties to Pakistan, are strange. Yes, it is alarming that emails show Imran Awan knew Ms. Wasserman Schultz's iPad password, and that the family might have had wider access to the accounts of lawmakers on the House Intelligence and Foreign Affairs committees.

Yet even if this never adds up to a spy thriller, it outranks most of the media's other obsessions. The government, under the inattentive care of Democrats, may have been bilked for ages by a man the FBI has alleged to be a fraudster. That's the same government Democrats say is qualified to run your health care, reform your children's schools, and protect the environment. They should explain this first.

Write to kim@wsj.com.

The Holy Cows That Weren't

HOUSES OF WORSHIP
By Tunku Varadarajan

In the past year India has been witness to numerous gruesome public murders of men suspected of eating beef or transporting ostensibly sacred cows for slaughter. A band of radicals calling themselves *gau-rakshak*, or cow-protectors, may lay claim to being the world's first terrorists in a bovine cause. Yet this intolerant movement's appeal to religion is greatly at odds with the facts.

The great eighth-century Hindu sage Yajnavalkya made a delicious observation on the flesh of the cow, rarely invoked in present times except by historians. In the "Satapatha-Brahmana"—a text that describes many of the rituals in the Vedic religion that preceded modern Hinduism—Yajnavalkya says of beef: "I, for one, eat it, provided that it is tender." These awkward words are ignored by the Hindu extremists who wage a thuggish campaign against beef eating, as well as by their more sophisticated enablers in the Indian Parliament, who urge Indians to empathize with the wounded religious sentiments that give rise to today's vigilante violence.

The sage's affirmation occurs in a passage that speaks against the eating of beef—a practice that was widespread in India at the time—but certainly does not prohibit it. And as the Indian archaeologist D.R. Bhandarkar pointed out in lectures published in 1940, this particular exhortation against eating beef in the "Satapatha-Brahmana" was made "not on religious, but on utilitarian grounds." In fact, cows had been consumed in India since the arrival of the Indo-Europeans around 1800 B.C.

The "Rigveda," the first canonical Hindu text (composed between 1700 and 1500 B.C.), is replete with references to the ritual sacrifice of cattle. Indians used the meat to propitiate the gods—especially Indra, god of rain, and Agni, the fire-god.

The most ancient texts of the Hindu religion offer no evidence for a prohibition on beef-eating. One of them, the "Taittiriya-Brahmana," states, "Verily, the cow is food." Some scriptural passages suggest that eating beef is not a great idea, but never for reasons of bovine sanctity. Unlike in modern India, where Hindu radicals and even secular Hindus believe that all forms of cattle are sacred, the ancient beef-eating Hindus made practical distinctions. As pastoralists and farmers, they knew the value of a fertile cow. Thus bulls and sterile cows were more suitable for consumption than milch cows.

Oxen were sacrificed frequently at cremations—the corpse being covered with bovine fat to aid immolation—and as offerings for honored guests. The archaeologist Bhandarkar explained in his lectures that the killing of an ox "formed such an essential part of the hospitality to be shown to a distinguished guest that a compound word consisting of two words meaning 'a bull' and 'to kill' respectively was coined to denote a guest." The word is *goghnotithih*, "he for whom a bull is killed."

Hindu radicals' beef with India's bovine butchers is woefully undercooked.

Lest one believe that beef was only eaten after ritual sacrifice by the Hindus of old, archaeological evidence in northern India suggests a widespread nonritual killing of cattle. In his writings Manu, the legendary first man and lawgiver, does not give Hindus permission to consume camel. Yet cows are acceptable.

The Indian historian D.N. Jha—whose book "The Myth of the Holy Cow" (Verso, 2004), is available in India only in bootleg form due to opposition from Hindu hardliners—writes that animal sacrifice remained a feature of the life of the Indo-Europeans after their migration into India for several centuries, "until sedentary field agriculture became the mainstay of their livelihood." Lawgivers began to discourage beef-eating "around the middle of the first millennium, when society began to be gradually feudalized, leading to major socio-cultural transformation." The eating of beef, he observes, came to be viewed as a sin and a source of pollution largely from the early medieval period.

This ascription of sinfulness has no ancient textual support, and many Hindus eat beef to the present day—particularly among the lower castes, who cannot afford to be fussy about their food, and in southern India, where higher educational standards make people less susceptible to the fevers of religiosity. The holiness of the cow, to give Mr. Jha the last word, "is elusive." There isn't a cow-goddess in Hinduism, nor any cow temple in her honor anywhere in India. Calls for a ban on beef are no better than an attempt by Hindu chauvinists—who depict beef-eating as a "Muslim" practice—to impose a rigid monolithic culture on a religion that has more varieties than any other faith on earth.

Mr. Varadarajan is a fellow at Stanford University's Hoover Institution.

Where Is Liu Xiaobo's Widow?

By Jared Genser

After the July 13 death of Nobel Peace Prize laureate Liu Xiaobo, his widow, Liu Xia, disappeared. China's government claims she is "free," but even her closest friends are unable to reach her. It's clear the authorities have detained her illegally. As Ms. Liu's counsel, I filed a complaint to the United Nations Working Group on Enforced or Involuntary Disappearances, asking for urgent intervention.

At the time of his death, Liu Xiaobo was serving an 11-year sentence for "inciting subversion to state power," primarily for his role as a co-author of Charter 08, a pro-democracy manifesto. He was awarded the 2010 Nobel Peace Prize in absentia.

I was hired by Ms. Liu to help her family in mid-2010. As the Nobel announcement approached, we discussed if it made more sense for her to stay in China or fight for his freedom from abroad if he were to win the prize. Despite my concerns about restrictions to her liberty, she told me unequivocally: "My place is in China with my husband."

Within a week of the prize announcement, the authorities created a permanent security cordon around Ms. Liu. She was forced to live under strict house arrest in her one-bedroom apartment in Beijing. She was allowed to visit her husband once a month, but had no internet access, couldn't send or receive mail, and couldn't freely use a telephone.

Beijing claims Liu Xia is 'free.' It's clear she's detained illegally.

To keep Ms. Liu quiet, the Chinese authorities made up charges against her brother Liu Hui. He was sentenced to 11 years in prison, and served two, for alleged economic crimes. Ms. Liu, briefly seen being taken to observe her brother's trial, was asked by a journalist why she had been allowed out of the house. "They want to break one leg, then the other. I tell myself to stand straight, don't be afraid," she said. "Is it a crime to be Liu Xiaobo's wife?" The Chinese government's behavior shows that the answer is yes.

Both of Ms. Liu's parents died while she was under house arrest. It's no wonder she suffered depression and a heart attack. Throughout this time, the Chinese government claimed to the U.N. that Ms. Liu was "under no legal restriction." That was in one cynical respect true; there is no legal house arrest in China, meaning she has been held illegally. The U.N. subsequently demanded that both of the Lius be released, finding that they had been detained in violation of international law.

Ms. Liu's grief is undoubtedly profound. She and her husband were famously in love and deeply bonded. "Even if I were crushed into powder," Liu Xiaobo once wrote her, "I would still use my ashes to embrace you." But even after his death, the security cordon hasn't lifted. Ms. Liu has now been disappeared, with no end to her detention in sight.

In Washington, legislation introduced by Sen. Ted Cruz would rename the street in front of the Chinese Embassy "Liu Xiaobo Plaza." This has top Chinese officials upset. Apparently it frustrates their efforts to erase him from the world's memory. Unless Ms. Liu and her brother are allowed to travel abroad, Congress should pass the bill quickly and President Trump to should sign it.

All democracies that claim to care about human rights should follow this example. Ms. Liu has suffered for marrying an extraordinary man. She deserves peace and tranquility for the rest of her life.

Mr. Genser is founder of Freedom Now and pro bono counsel to Liu Xia.

BOOKSHELF | By Andrew Crumey

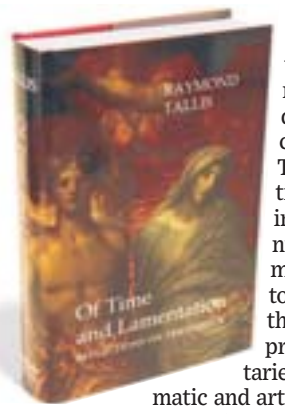
Lost in the Fourth Dimension

Of Time and Lamentation

By Raymond Tallis
(Agenda, 726 pages, $40)

'What is time?" St. Augustine wondered. "If no one asks me, I know; if I wish to explain to whoever asks, I know not." He thought that only the present existed, but a millennium and a half later we learned that time is a fourth dimension, one that we might even travel in. According to Einstein, "For us believing physicists, the divide between past, present and future has only the significance of an illusion, albeit a stubborn one." Augustine would not have been happy with that claim, and Raymond Tallis isn't either. His massive philosophical study, "Of Time and Lamentation," aims at "rescuing time from the jaws of physics." It is a worthy goal and a persuasive argument.

Mr. Tallis, a retired physician and neuroscientist, says that we err when we think of time in spatial terms, as a dimension or line, and then take that image literally. We foresee the future and look back on the past, but that doesn't mean that last year is actually standing somewhere behind the present one or that the next is trundling toward us along some temporal track. After all, a heat wave may make thermometers soar but it doesn't set us wondering if we could travel through temperature. The fourth dimension of relativity—time—is an "imaginary" one, involving the square roots of negative numbers. It makes beautiful mathematical sense, but how does it relate to actuality? Is the universe really the bendy space-time so graphically presented to us in physics documentaries, or are those pictures as schematic and artificial as a graph of mortgage interest rates? Physicists insist on the reality of their equations, but if you spend your entire career working with something, no matter how intangible, it will get to feel pretty real.



This issue was raised over a century ago by the philosopher Henri Bergson, who suggested a simple experiment. Take a pin in one hand and prick it into the other, pressing gradually harder. You feel pain, of course; but is it a single sensation that grows in intensity or a succession of different ones: a tickle, a prod, a prick, an ouch? Bergson said that we fool ourselves into thinking it's the former when it's really the latter. Our perceptions are qualitative, not quantitative, he said—including our sense of time. In physics, every moment is an equivalent mathematical point. In life, every moment is unique.

Bergson was hugely famous and influential yet fell out of fashion, his theory of time supposedly made redundant by relativity. That was an error, Mr. Tallis argues, one that he now seeks to rectify. The issue is not one of objective versus subjective time: We all know that guessing how many minutes have passed during a boring film or a hot date is as difficult as estimating the height of a tree, the weight of a suitcase or the number of sweets in a jar. No, the issue is the claim made by Pythagoras, Galileo and most physicists today that ultimate reality is mathematical, all else being mere appearance or even, as Einstein suggested, illusion.

We foresee the future and look back on the past, but that doesn't mean that last year is standing somewhere behind the present one.

Mr. Tallis has no quarrel with the idea that clocks measure something real, so he has comparatively little to say about Bergson's English contemporary J.M.E. McTaggart, whose "proof" of the unreality of time nevertheless continues to figure in most philosophical discussions of the subject. Mr. Tallis almost seems to assume that the reader will know McTaggart's tricky argument already; he slips in references to McTaggart's "A" and "B" series (two possible ways of ordering events) like tiresome relatives one can't avoid but hopes won't stick around too long. Francis Herbert Bradley, who had a different proof of time's unreality, is never mentioned at all; nor is J.W. Dunne, whose pseudoscientific theory of multiple time dimensions intrigued J.B. Priestley and Jorge Luis Borges. Mr. Tallis is more interested in ideas than personalities. He highlights the circularity of saying that time "passes" when there is nothing for it to pass through, or any stuff to flow, nor any pace for it to keep except "one second per second." Attempts to explain time merely disguise it surreptitiously as motion or change.

Mr. Tallis's original intention, 25 years ago, he says, was to write "a collection of short pieces of what I hoped would be poetic prose." By the late 1990s the project had become a 1,000-page novel, eventually discarded and by now "turning to peat." In 2009, he began what has finally appeared: a mere 700 pages, largely composed in various pubs. "Of Time and Lamentation" is the author's philosophical "argument with myself," often prolix and repetitive, even forgetful of its own train of thought: At one point the same passage of Kant is quoted twice, in full, within a single paragraph. It is a book of frustrations. Mr. Tallis ultimately admits: "I have been more successful in saying what time is not than what it is." But we know that in philosophy there are no answers, only old questions framed in new ways. For all its flaws, this is an absorbing book that will reward the patient reader with a deeper insight into the problem of time, if not its solution.

And what of eternity? To some it means endless time, to others something timeless. The latter was how Boethius conceived it, writing "The Consolation of Philosophy" as he awaited execution in 524. Boethius's idea is often pictured as someone looking down from a high mountain onto a desert plain where a caravan slowly crawls. Past, present and future are all simultaneously visible. It is a metaphor of God's view of us as we make our collective journey across time's landscape. Einstein's remark about the illusion of time, written a few months before his own death, was essentially an updated version of Boethian eternalism. What's wrong with the theory? Only that it provides no explanation of why the passage of time should exist at all or of how any particular moment becomes "now." Physicists have no answer to that, and Mr. Tallis thinks they never will. His final response to Augustine's question? "Time is time."

Mr. Crumey's most recent novel is "The Secret Knowledge."

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OPINION

REVIEW & OUTLOOK

Trump's Afghan Choice

The Russia election probe aside, President Trump has so far avoided any major foreign-policy mistakes. But he will commit an Obama-sized blunder if he overrules the advice of his generals who want a modest surge of forces and a new strategy in Afghanistan.

He may repeat Obama's Iraq blunder by overruling his generals.

Mr. Trump had by all accounts agreed weeks ago to the Pentagon's request for an additional 3,000-5,000 troops plus more aggressive use of air power and other assets. But he's having second thoughts as he indulges his isolationist instincts fanned by aide Stephen Bannon. Mr. Trump's decision will determine whether he'll repeat Mr. Obama's catastrophic 2011 withdrawal from Iraq, and it will echo among allies and adversaries for the rest of his Presidency.

Mr. Trump—like all Americans—is understandably frustrated that the Afghan war still isn't won after 16 years and 2,400 American lives lost. Barack Obama undermined his own 2009 surge of troops with a fixed exit date, and then tried to time the departure of all U.S. troops to his own White House exit.

This told the Taliban to wait the U.S. out, and the insurgents have since regained much ground they lost during the surge. Mr. Obama recognized his mistake enough to keep 8,400 troops in the country, but he limited their duties mainly to training and pursuing Islamic State enclaves. We're told there are only about a dozen F-16s in the country, and the Afghan military lacks crucial close-air support during Taliban engagements.

Mr. Trump has given his field commanders more freedom, and they can now pursue Taliban fighters. But the Afghan forces are still losing ground in much of the country and need more support. Defense Secretary Jim Mattis's plan would inject U.S. advisers with Afghan battalions to assist on the battlefield.

The U.S. could also deploy some Apache attack helicopters to blunt Taliban advances, and close-air support and air evacuation assistance would give Afghan forces a dose of confidence. They're certainly willing to fight, having lost 2,531 soldiers through May 8 this year alone, with 4,238 wounded. The U.S. has lost 10 soldiers in Afghanistan this year.

Mr. Mattis also needs a strategy for Pakistan, which provides a refuge for the Taliban and lethal Haqqani network. This may require cross-border U.S. military raids, ideally with Pakistani cooperation, but alone if necessary. Mr. Trump could help by naming an ambassador to Islamabad, and perhaps a special envoy like former General David Petraeus to all of the main regional players.

Mr. Trump is fond of saying around the White House that Afghanistan is "the graveyard of empires," which might be relevant if the U.S. were running an empire. The U.S. is there at the request of a legitimate elected government and a population that doesn't like the Taliban. A Trump troop mini-surge would be a crucial political signal to the Afghan government and regional players that we aren't bugging out.

The U.S. won't be there forever, but it does need to be there long enough to prevent the country from reverting to a jihadist safe haven. The Taliban are joined by Islamic State and al Qaeda, and if we were to pull out they might depose the government in Kabul.

As a political and strategic matter, Mr. Trump would own that result as Mr. Obama did the rise of Islamic State. The pictures of Taliban marching into Kandahar and Kabul and tearing down the schools for women that the U.S. has done so much to support wouldn't be pretty. The panicked evacuations and mass killings wouldn't help the image Mr. Trump wants to project of a strong leader.

The strangest analysis of late is that Mr. Obama's 2011 withdrawal from Iraq was ultimately a success because it forced Iraqis to unite to repel Islamic State. Yes, and smokers tend to stop after they get lung cancer.

But what a fearsome price Iraq and the U.S. have paid for that abdication. Iraq lost a quarter of the country, tens of thousands were killed, and major cities were turned to rubble. The U.S. had to re-engage militarily and devote four years breaking Islamic State's caliphate while even its temporary success inspired jihadist attacks around the world, including the U.S.

Mr. Trump may chafe that he has to spend more money and political capital on Afghanistan, but U.S. Presidents can't withdraw from national commitments without consequences. North Korea, Russia, China and Iran are sizing up the President in these early months to determine how much military or territorial expansion they can get away with.

Walking away from Afghanistan, or overruling his generals to satisfy the isolationism of his political base, would show that he's more like Barack Obama than he wants to admit.

China's Dissident Chatbots

Beijing's system of internet censorship relies on tens of thousands of workers to remove comments critical of the Communist Party. So what does the average citizen really think of the one-party state? A couple of artificial-intelligence programs run by a Chinese internet company suggest resentment of the country's rulers is running high.

Tencent introduced two "chatbots" in March to provide information in a conversational manner similar to Apple's Siri. The programs were designed to learn how to make conversation by listening to Chinese netizens. Like children, the programs started to repeat what they heard, and that's when the problems began.

Taiwan's Apple Daily newspaper printed screenshots of the chatbots attacking the Communist Party. BabyQ asked one user, "Do you think such corrupt and incapable politics can last a long time?" XiaoBing mocked President Xi Jinping's "Chinese Dream" slogan, saying, "The Chinese dream is a daydream and a nightmare." Its Chinese dream was "to move to America."

Chinese internet users post a variety of opinions, like their counterparts in the rest of the world. The difference is that explicitly anti-government comments are glimpsed only briefly before they are removed. It seems Tencent forgot to erase the forbidden thoughts from the memory of its chatbots. They effectively became a record of prevailing opinions without the filter of censorship.

That is until BabyQ and XiaoBing were taken down. This week the chatbots were sent off to digital re-education camps, and Tencent says they will return after "improvements."

'Fat, Dumb and Happy' at the UAW

In December 2014, United Automobile Workers vice president General Holiefield accidentally fired the gun he was cleaning on his kitchen table, hitting his wife, Monica Morgan, in the abdomen. If you think that's bad, wait until you hear about the gut-shot the couple allegedly dealt to Holiefield's union members.

An indictment details a multimillion-dollar corruption scheme.

An indictment unsealed last week claims the labor chief, who died of cancer in 2015, secretly teamed up with his bargaining-table opponent at Fiat Chrysler, Alphons Iacobelli. The feds say they and other conspirators skimmed millions from the UAW National Training Center, a tax-exempt, Fiat Chrysler-funded entity that was supposed to help union automotive workers get job training.

The indictment claims Mr. Iacobelli availed himself of National Training Center money, buying limited edition gold Montblanc pens and a $350,000 Ferrari. He also allegedly installed a swimming pool, outdoor kitchen and spa at his Michigan home, renovations that cost $375,000, and paid off a relative's student loans.

The indictment says the training center also spent $425,000 at a swag company owned by Holiefield's wife, Ms. Morgan, while an additional $70,000 was funneled from the fund to the union boss's nonprofit to his wife's photography business. More training center cash paid for Ms. Morgan's first-class plane tickets, her $12,400 four-night stay at the luxe Beverly Hills Hotel, and the $262,000 mortgage on the townhouse she and Holiefield owned, the indictment says. Happy wife, happy life, we guess.

That's in addition to the $924,000 Holiefield received in legal union compensation between 2009 and 2014, purportedly for representing the interests of UAW members. He and Mr. Iacobelli were responsible for negotiating contracts between Fiat Chrysler and the union over pay, bonuses and working conditions.

Detroit's FBI chief said last week that the indictment "calls into question the integrity of contracts negotiated during the course of this criminal conspiracy," which the feds say ran for six and a half years. Jerome Durden, a Fiat Chrysler accountant who allegedly cooked the books, put it more bluntly, according to the indictment: This corrupt spending was intended to keep Holiefield and other senior UAW officials "fat, dumb and happy," he said.

Mr. Iacobelli and Ms. Morgan have pleaded not guilty, while Mr. Durden will be arraigned Friday.

"The UAW has zero tolerance for corruption or wrongdoing of this kind at any level," union President Dennis Williams said of the scandal, adding that it is cooperating with investigators. Yet the UAW has quite the rap sheet. Since 2001 at least 47 of its members, including officials at several locals, have pleaded guilty to corruption and embezzlement charges.

There are also eyebrow-raising expenditures that are legal. For instance, the union, which has nearly a billion in total assets, owns a lakeside retreat and golf course in Michigan, valued at more than $34 million last year, which includes an indoor pool, two basketball courts, a sauna, beaches and hiking trails. Six-figure salaries are the norm for top brass. And the union's last financial disclosure includes expenditures at Sea World Orlando, as well as several casinos, bowling alleys and golf courses.

The union's high-paid officials are no doubt cringing over the timing of the indictment's release. Employees at Nissan's Mississippi plant are voting this week on whether to join the UAW. Those automotive workers would do well to ask if this is the kind of outfit they want to hand a chunk of their wages to.

LETTERS TO THE EDITOR

Unchecked Climate Change Will Lead to War

In "Climate Change Isn't the End of the World" (op-ed, July 31), David Henderson and John Cochrane argue that climate-change policy should follow careful economic analysis. Yet, their suggested form of analysis outside their narrow model. Already counted in the hundreds of thousands a year are deaths associated with crop failures and food scarcity, heat waves and forced relocation. The several-year East African drought may be a harbinger of what's to come. Malaria, Zika and dengue among other diseases spread as a warmer climate extends the range mosquitoes travel.

The authors' analysis neglects environmental damage and ecosystem disruption that enters a spiraling feedback loop. Even if you do not believe that humans have a responsibility to stewards of the earth, certainly the damage to systems that support human life should be factored into the equation.

PAUL SUSMAN
Lewisburg, Pa.

War, disease and chaos are exactly the stresses to which unchecked climate change will lead. Environmental degradation caused by climate change will drive food shortages, disease, migrations and wars. Even Defense Secretary James Mattis stated in his congressional testimony that "climate change is impacting stability in areas of the world where our troops are operating today."

STEPHANIE DOBA
Brooklyn, N.Y.

To assert that carbon dioxide "hurts nobody's health" is ignorant. Humans exhale carbon dioxide as a waste product. C02 is linked to myriad deleterious health ailments including respiratory conditions. As a greenhouse gas, carbon dioxide also traps heat in the atmosphere, which contributes to the rising sea level and disrupts weather patterns.

TED MILLAR
Milton, N.Y.

Billions of years of evolution have created a perfectly balanced ecosystem that sustains life as we know it. Extracting and burning fossil fuel, along with deforestation, disrupts that critical balance.

The authors note that pollution and declining wildlife habitats are problems, but they fail to connect these to climate change. The policies that cause climate change also cause pollution and loss of habitats. Fracking emits volatile organic compounds. Pipelines carrying fuel and fracking chemicals leak into waterways and aquifers, and pipeline compressors emit toxins into the air. Habitats are being lost everyday to fossil-fuel drilling. Focusing only on the economics of climate change is fundamentally flawed.

LISA HARRISON
New York

Examining data over the past 21 centuries we see that sometimes we have experienced more-than-average warming and sometimes more-than-average cooling. That fact makes me suspect that eliminating activities that generate CO2 will not do away with climate change.

There is a lot of uncertainty regarding the benefits of fighting climate change, but there is more certainty about the costs. Proponents of the Paris agreement estimate that full compliance would reduce the global temperature by 0.17 degrees Celsius by 2100, but that's hardly worth the cost. There is no use being Don Quixotes fighting windmills.

TICO MORENO
Sanibel Island, Fla.

Climate change is the greatest world-wide threat humanity has ever faced. If we do not implement effective solutions soon, we are likely to encounter devastating social, environmental and economic consequences.

LARRY KRAMER
San Juan Capistrano, Calif.

The Episcopal Church's Public-Policy Positions

Libby Sternberg suggests that the Episcopal Church overlooks the political diversity within our own pews in favor of a social justice agenda out of step with the views of the faithful ("Why Not a Day of Rest from Politics?," Houses of Worship, July 28).

As director of the Office of Government Relations, I must disagree. I am keenly aware of the political diversity within our church: Of the 40 Episcopal members of Congress, 23 are Republicans. We work closely with Democrats and Republicans.

The Episcopal Church's public-policy positions reflect the will of the church. Through the General Convention—the legislative body of the church similar in structure to the U.S. Congress—elected laypeople, clergy and bishops debate and vote on a range of theological and practical issues.

As Christians, we strive to uphold the values we find in the Bible and to apply these values to the contemporary world. Since 1985 the church has expressed support for Medicaid, which provides health care for many of the most vulnerable. This view not unique to mainline Protestants: The U.S. Conference of Catholic Bishops has also spoken out against Medicaid cuts.

As Episcopalians, we do not always agree on how to achieve our shared values and goals, but we embrace debate and diversity.

REBECCA LINDER BLACHLY
Director of Government Relations
The Episcopal Church
Washington

Do Metal Detectors Interfere With Worship?

The new incitement for Palestinian violence in Israel is the installation of metal detectors at the entrance to the Temple Mount ("Amid Violence, Palestinian Leader Cuts Ties to Israel," World News, July 22). Yet these metal detectors were placed for the Muslim worshippers' very protection following the vicious terrorist Palestinian attacks on the Temple Mount resulting in the death of two Israeli policemen. While providing security, the Israeli government, except when acting in extreme situations of Palestinian violence, hasn't prevented the Muslim faithful from attending prayer services even after the reunification of Jerusalem in 1967.

It is ironic that the Muslim population complains that the metal detectors interfere with their worship. Until the Six Day War in 1967, when the Temple Mount was in Muslim control, Jews weren't allowed to come within miles of the Western Wall much less pray there. To this day Jews aren't allowed to pray at their holiest site—the summit of the Temple Mount—by the Islamic Waqf.

President Mahmoud Abbas has cut ties with Israel as a result of improved Israeli security measures at the Temple Mount, and he "called on the United Nations to protect Palestinians." By installing the metal detectors, it seems that the Israeli government appropriately responded even before he made his request.

SIDNEY MACHEFSKY
St. Louis

Note: Israel on July 25 removed metal detectors from the site.

I Still Wish I Paid the Valet More Than Two Quarters

If Mike Kerrigan ("The Conscience of a Valet," op-ed, July 17) thinks the matter of a tip for a valet parking a car is settled even after a decade or two, let me assure him it is not. In 1962 my brand-new wife and I drove in our 1962 non-air-conditioned Ford Falcon to Miami Beach, Fla., for our honeymoon. We had a gourmet steak dinner at a famous eatery. On retrieving my Falcon, after a parade of luxury cars (the majority were Cadillacs), I handed the valet two quarters, thinking honestly but perhaps somewhat anxiously that the amount was sufficient. After opening the door for my wife, he came over to my side as I was getting in and, handing me my quarters, remarked that I must need this more than he does. I looked into my hand, quickly drove away from the crowd waiting behind me and now, 55 years later, I often think of that man, wishing I could increase the amount as now I could.

LEN DUDAS
Stevens Point, Wis.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"I miss the good old days when the world paid little attention to us."

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OPINION

Reagan Cut Taxes, Revenue Boomed

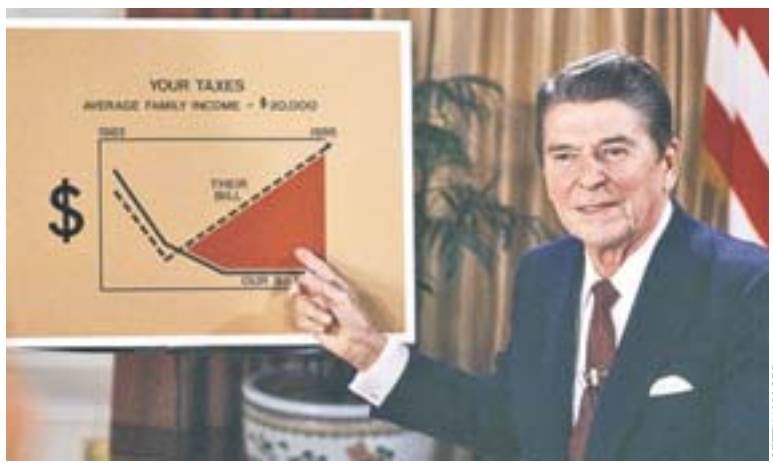
By Phil Gramm
And Michael Solon

A great advantage of having been present when history was made is that later you can sometimes recall what actually happened. Such institutional memory is important today in assessing the 1981 Reagan tax cuts, whose effect is now being relitigated in the debate on the Republicans' proposed tax reform. To refute claims that the Reagan tax cuts slashed federal revenue, in the words of President Reagan, "well, let's take them on a little stroll down memory lane."

In 1980, the year before Reagan became president, the Congressional Budget Office reported: "During much of the past decade, many taxpayers have found themselves paying larger fractions of their incomes to the federal government in income taxes." Double-digit inflation in the late 1970s pushed American families into ever-higher tax brackets (there were 15 at the time). This process, called "bracket creep," drove up taxes almost 50% faster than inflation, enriching the government while impoverishing workers.

Thus even though the 1970s were the postwar era's weakest decade of economic growth up to that point, federal revenue doubled between 1976 and 1981. Inflation averaged 9.7% during the economic malaise of 1977-80, while government revenue grew by an astonishing 14.8% a year, even as economic growth rates fell steadily and turned negative in 1980.

That same year the CBO estimated that inflation and bracket creep would automatically increase revenue by 2.7% of gross national product by 1985. Today, that would translate into some $500 billion a year—almost eight times as large as President Obama's 2013 tax increase. But the CBO warned that this would push the tax burden to "an unprecedented level, constituting a significant fiscal drag on the economy." The CBO humanized the problem by reporting that with the 1980 inflation rate of 13.3%, the tax liability on families of four with incomes between $15,000 and $50,000 (equivalent to roughly $50,000 to $150,000 today) increased by an average of 23%. The poverty rate surged and average family income after inflation dropped by a whopping 8.9%. Just as the CBO predicted, the unprecedented tax burden choked off economic growth, pushing the U.S. into the double-dip recession of 1980-82.



GETTY IMAGES

President Reagan delivers an Oval Office address on taxes, July 27, 1981.

The model of tax-rate cuts and deregulation can work again to restore faster growth and lift incomes.

Critics of the Reagan tax cuts today compare the 11.6% growth in federal revenue in 1980, the last year of the Carter administration, with the decline in revenue in 1983. They then declare that the Reagan tax cuts slashed federal revenue. Conveniently missing in that comparison is that the 1980-82 recession, with 10.8% unemployment, reduced federal revenue twice as much as the Joint Committee on Taxation estimated the Reagan tax cuts would in 1982 and 15% more than its estimate for 1983.

What's more, the expectations of rising revenue during the early Reagan years were based on the assumption that inflation and bracket creep would not let up. In 1981, all public and private economic forecasts predicted continued high inflation. The opposite occurred. As inflation plummeted from the CBO's projected average annual rate of 8.3% for 1982-86 to an average of 3.8%, revenue compared with projections tumbled $22 billion in 1982 and $70.4 billion in 1983 solely because of reduced inflation and bracket creep. The Joint Committee on Taxation's static cost estimate of the Reagan tax cuts was $37.6 billion in 1982 and $92.7 billion in 1983. In other words, the collapse of inflation and bracket creep and the double-dip recession caused revenue losses more than twice as big as the projected static cost of the Reagan tax cuts.

The Reagan tax cuts were implemented in three installments, with the top marginal rate falling to 50% from 70%. When the reductions were fully in effect in 1983, the economy snapped out of the recession, and real growth averaged 4.6% for the remainder of the Reagan presidency—more than his much-maligned "rosy scenario" ever promised. In 1984, a final good-government tax provision—indexing individual brackets for inflation and thereby eliminating bracket creep—was implemented. Although indexing reduced revenue, it was overpowered by surging economic growth. Then the 1986 tax reform cut subsidies and special-interest provisions, lowered the top individual tax rate to 28%, dropped the top corporate tax rate to 34% from 46%, and provided additional incentives to work, save and invest.

When Reagan left office, real federal revenue was more than 19% higher than it was the day of his first inauguration. A major recession had been overcome, inflation had been broken, the tax code had been indexed to eliminate bracket creep, and the largest tax cut of the postwar era had been implemented. The Reagan tax cuts and the boom they created stand as the most successful policy initiative and recovery of the postwar era—the polar opposite of Mr. Obama's program and economy.

The Reagan tax cuts laid the foundation for a quarter-century of strong, noninflationary growth, which, despite three subsequent recessions, averaged 3.4% until the beginning of the Obama administration. And tax revenue was generated by an expanding economy rather than pilfered through bracket creep.

But it wasn't only the tax cuts, and it wasn't only Reagan. To his credit, President Carter led the most significant deregulatory effort in the postwar era, reducing the regulatory burden on truckers, railroads, airlines and telecommunications, along with the interest rates paid by financial institutions. Reagan built on this Carter legacy by eliminating price controls on domestic oil and natural gas. These actions enhanced overall economic efficiency and amplified the effects of the 1981 tax cut and the 1986 tax reform.

This history is important because it shows the power of tax cuts and deregulation—exactly the proposals being debated today. The Republican tax-reform program combines the 1981 tax cuts and the 1986 tax reform with a deregulatory effort through legislation, agency rule-making and executive action constituting the most dramatic deregulatory effort since the Carter-Reagan reforms.

Economic growth faded as President Obama raised taxes and smothered the economy with unprecedented regulatory burdens. If we reverse those policies, could we not bring back the Reagan growth rates America enjoyed in the 1980s? Evidence suggests the answer is yes.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mr. Solon is a partner of US Policy Metrics.

How the Saudis Can Promote Moderate Islam

By Max Singer

After 64 years of rule by sons of King Ibn Saud, Saudi Arabia is making a transition to a new generation of leaders. The ailing 81-year-old King Salman decreed in June that his successor would be his 31-year-old son, Mohammed bin Salman, who is already largely running the country.

Riyadh's new leaders may be amenable to modestly scaling back the country's exporting of Salafism.

The challenge of succession has been hanging over Saudi rulers for decades—ensuring that the family's amazing unity continued beyond the generation of King Ibn Saud's 50-odd sons. Yet the epochal decision to elevate young Prince Mohammed has—so far, at least—succeeded without creating apparent division.

This presents an important opportunity for long-term U.S. aid to Islamic moderates across the globe. For nearly 40 years the Saudis have conducted an extraordinarily successful program to export their version of radical Salafi Islam. They have spent something like $4 billion a year on imams and mosques all over the world. This has drastically increased the size of the radical Muslim population. Visible evidence includes the notable rise in Muslim veils, burqas, beards and other conservative religious dress.

The Saudi program does not teach terrorism or promote terrorist organizations. But it is widely believed to have increased support for Islamists such as the Muslim Brotherhood, which believes Islam must be at war with an infidel West. Saudi funding is not the only cause of this dangerous radicalization, but people familiar with the diverse Muslim world report that it has played a critical role.

The Saudi leadership does not believe that the Islamist war against the West is good for Saudi Arabia. They see the Muslim Brotherhood as their deadly enemy. So why do they spend so much money exporting Wahhabi Salafism? First, after Iran's 1979 revolution, the Saudis worried that Shiites would dominate Islamic radicalism and felt they needed a Sunni movement to compete. Second, the Saudis' domestic political position was based on their long-term alliance with powerful Wahhabi clerics, for whom the teaching of Salafism is a religious obligation.

Saudi exportation of Salafism, although somewhat slower and less radical of late, is one reason the Islamist war against the West could become a much more serious conflict. It is unlikely that the Trump administration could induce the Saudis to stop this program. But now that the U.S. is working with the Saudis to counterbalance the Shiite challenge from Iran, new leaders, including Crown Prince Mohammed, may be amenable to modestly scaling back the country's program of exporting Salafism. These leaders are probably at least somewhat ambivalent already about the effects of the program.

The U.S. should suggest to the Saudis that it would be in the interest of both countries for them to arrange quietly to stop paying for imams or mosques in Indonesia and India. The Muslim communities in these two countries total more than 400 million people—close to a quarter of all the Muslims in the world. So far they have not been radicalized, and their history and culture provide significant sources of resistance to Arab radicalization. But radicals have been making inroads in both countries.

If moderate Islam succeeds in Indonesia and India, it would give reason to be confident that the Muslim world eventually will choose peace and modernization rather than extremism and conflict. These countries can stand as towering examples that Islam can move into the modern world while continuing to be loyal to its beliefs and traditions.

Most people who worry about potential radicalization in Indonesia and India would agree that there is little chance it will happen without large amounts of Saudi money. If the U.S. could convince the Saudis to keep their cash out of Indonesia and India, it would go a long way toward assuring eventual victory for moderate Islam. As Daniel Pipes, director of the Middle East Forum, has argued for many years: "Radical Islam is the problem; moderate Islam is the solution."

Mr. Singer, a founder of the Hudson Institute, is a senior fellow at the Begin-Sadat Center for Strategic Studies at Bar-Ilan University in Israel.

Higher Ed Goes Lower

By Jillian Kay Melchior

The Justice Department reportedly plans to look into "race-based discrimination" in higher education. Investigators may want to start by reading a paper published in the journal Gender, Place and Culture, which calls for scholars to avoid citing "white, male, cisnormative, heterosexual voices" so as to avoid bolstering "white supremacist, patriarchal, and heteronormative paradigms." This is in a journal of geography.

The 22-page paper is insightful, albeit unintentionally. The authors, Carrie Mott of Rutgers and Daniel Cockayne of the University of Waterloo, are rethinking the purpose of scholarly research. Their goal is not knowledge but power, for specific identity groups.

It's become a common theme in education. Earlier this year Teach for America promoted a six-week online program for instructors, "Teaching Social Justice through Secondary Mathematics." The training, offered through the online course provider edX, complained that "for centuries, mathematics has been used as a dehumanizing tool." After all, many mathematicians were "educated Western white males." Amid national attention, and mockery, Teach for America and edX backtracked, removing some of the more radical elements of the training.

On college campuses, meanwhile, the course offerings get ever more ridiculous. At Evergreen State College in Olympia, Wash.—made famous this spring for a "day of absence" during which whites were asked to stay away from campus—students can take a course called "Botany: Plants and People," and learn about "more socially just and environmentally sustainable relations with plants."

This fall, Evergreen is offering a class on "Countertextual Ecologies: Gastropoetics," in which students will "deliberately explore 'eating words' and the powers of taste's orality—say of a mere swelling fruit—when well savored through mouth and/as mind."

Occidental College in Los Angeles has a critical psychology course titled simply "Stupidity," which instructs students that stupidity is "neither ignorance nor organicity, but rather a corollary of knowing and an element of normalcy, the double of intelligence rather than its opposite." Stupidity also "makes itself felt in political life." Among other places.

All this is of a piece with the Gender, Place and Culture paper. Ms. Mott and Mr. Cockayne see citations as a currency of power, contributing to salary, promotions, tenure, conference speaking slots and other perks.

So they end up arguing for a grotesque form of tokenism. They urge scholars to audit their citations and "think through how many women, people of color, early scholars, graduate students and non-academics are cited."

In other words, it no longer matters what is taught, only who teaches. Radical professors market pseudoscience as though it were empirical—and by pretending they're dealing in the realm of hard fact, their adherents aim to pass off nonsense as authoritative. It's nice work if you can get it.

Ms. Melchior is an editorial writer for the Journal.

Why the Young Tune Politics Out

By Samuel Dubke

This summer, I've been working as an intern at a small online news organization. For eight hours a day, five days a week, I sit at a desk editing spreadsheets, sending emails and transcribing interviews, underneath a large flat-screen television tuned to MSNBC at full volume. There is nothing I would rather do than press the mute button and never have to listen to any of it again.

I have been dumbfounded by how obfuscating the media has been toward any news that contradicts their neatly packed punditry, and how they have ignored much of the public's desire for unbiased and unsensational content. Every day we hear reports on another bombshell allegation about the Trump administration. Every day more Americans simply turn their televisions off.

The reasons for staying informed are being outweighed by the desire to be left alone.

I voted for Donald Trump in November, albeit reluctantly, as did much of my extended family in Kentucky and Western New York. Many of them used to be registered Democrats, and some are or were members of labor unions. Like much of my family since the election, I have been drawn toward nontraditional news sources from Fox News to Breitbart. They may peddle biased and occasionally incorrect information, but at least conservative news outlets welcome me with open arms.

As a high-school graduate about to enter college, I am well versed in the vocabulary of the modern social justice movement. It seems to me right-leaning voters are increasingly abandoning traditional news media in favor of "safe spaces" of their own. I feel marginalized when I watch NBC or CNN, or when I read the New York Times and the Washington Post. That unpleasant feeling pushes conservatives like me away from the mainstream media, and toward Mr. Trump.

The story of Russian meddling in the 2016 election has consumed the media for weeks, even months. It is an issue of national importance and possibly a threat to the Trump presidency, but the media should be embarrassed by how totally subsumed they are in this endless feeding frenzy. They hardly take time to breathe between their allegations. When they do take a break, it's to pivot to another perceived failure of Mr. Trump—and, by extension, of his voters. The mainstream media may not be the "enemy of the people," but they don't feel like a friend to me.

For much of the 46% of the electorate that voted for Donald Trump, the Russia story is more embarrassing than sinister. These are just the fumes that the swamp lets out from time to time—foul, but quick to disperse. When the mainstream media drops everything to bash the President every few weeks, it has a tendency to ignore issues that are also of major national interest.

Many in the media were apoplectic when the members of a girls' robotics team from Afghanistan were denied U.S. visas. Much less attention was paid by those same reporters when Mr. Trump personally interceded and got them the visas. And the media virtually ignored that a Democratic National Committee consultant met with Ukrainian officials during the presidential election in an attempt to sabotage the Trump campaign.

My conservative friends and I understand that Donald Trump was a flawed candidate and is a flawed president. But if I could repeat to journalists what I have been told in school: Show, don't tell. Show us Mr. Trump's actions, both good and bad, and let us make the judgment calls. It does not benefit the mainstream media to alienate a good chunk of viewers and readers with heavily editorialized content.

While I may be too young to remember an earlier time, it seems to me that average people are zoning out at an alarming rate. I know, among my friends in high school, "I don't pay attention to politics," or "I don't want to get into an argument," pre-empted a lot of discourse this past year. The reasons for staying informed are gradually being outweighed by the desire to be accepted or at least left alone with our worldview. The gulf between liberals and conservatives only widens.

Mr. Dubke will be a freshman this fall at Georgetown University's School of Foreign Service.

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Japan's Abe Adds Critics to His Cabinet

Move appears aimed at restoring support and showing openness to wider range of views

By Alastair Gale

TOKYO—Japanese Prime Minister Shinzo Abe named new foreign, defense and other ministers, aiming to shore up plummeting public approval ratings and head off potential unrest within his party by giving cabinet posts to experienced lawmakers from outside his close circle.

A series of political scandals in recent months, including allegations that Mr. Abe provided favors for friends—charges he denies—have threatened the prime minister's leadership. Recent polls have shown public support for Mr. Abe's government below 30%, a record low.

At a press conference on the cabinet changes, announced Thursday, Mr. Abe said he recognized that concerns about improper behavior had damaged trust in his administration.

"Once again, I express my deep regrets and apologies to the people," Mr. Abe said before bowing, a sign of contrition.

In polls, voters have identified a lack of trust in Mr. Abe as a major reason for declining support. Opposition lawmakers and other critics say power has become too heavily concentrated among Mr. Abe and his close advisers.

The cabinet overhaul appeared designed to indicate Mr. Abe is willing to embrace a wider range of views within the ruling Liberal Democratic Party, analysts said.

"It looks like an effort to bring forward more talented LDP folks who are not close to Mr. Abe but whom the public trust," said Sheila Smith, an expert in Japanese politics at the Council on Foreign Relations.

Among major changes, Taro Kono, 54, was named foreign minister. Mr. Kono, the son of a former foreign minister, has in the past criticized policies on immigration and nuclear power.

Mr. Kono succeeds Fumio Kishida, who was given the position of policy chief for the LDP.

The new defense minister, Itsunori Onodera, 57, returns to a post he held previously and replaces Tomomi Inada, a protégé of Mr. Abe who was accused by opposition lawmakers of covering up sensitive reports about Japanese peacekeeping operations. Ms. Inada denied a cover-up but resigned last week after acknowledging she mishandled the matter.

Mr. Onodera has been a leading figure in the LDP in discussions about boosting missile defense and potentially procuring capabilities to attack foreign bases in response to rising threats from North Korea.

Mr. Abe also named Seiko Noda, 56, as minister of internal affairs and communications, one of two women in the new cabinet, down from three previously. Ms. Noda has been critical of Mr. Abe's security policies.

Mr. Abe retained the top two figures in the cabinet after himself, close allies Chief Cabinet Secretary Yoshihide Suga and Deputy Prime Minister Taro Aso.

—Koji Everard contributed to this article

KIM KYUNG-HOON/REUTERS

Shinzo Abe apologized for damaging trust in his administration.

◆ Japanese stocks play follow the leaders..... B11

LYNN BO BO/EUROPEAN PRESSPHOTO AGENCY

On Martyrs' Day in Yangon last month, a man held up an image of Aung San Suu Kyi, who came to power last year. The leader faces criticism over the slow pace of reforms.

Economic Focus Eludes Myanmar Leader

By Ben Otto And Myo Myo

YANGON, Myanmar—Aung San Suu Kyi came to power last year with a laser focus on ending the insurgencies that have dogged Myanmar for decades. The consuming nature of that goal has led to a new problem for the Nobel laureate: falling investor confidence in her ability to manage a fast-opening $67 billion economy.

A business slowdown in long-isolated Myanmar, also known as Burma, has exposed Ms. Suu Kyi's early limitations in running an economy that many had hoped would boom after her civilian-led government replaced a military regime and the U.S. removed longstanding sanctions.

"Myanmar has great potential if it's managed right," said Kiwi Aliwarga, chief executive of Yangon-based conglomerate UMG. "The problem now is that the economy is not a priority of the leadership; they still believe they have to push reconciliation first."

A growing chorus of investors are questioning the inexperienced government's strategy after Myanmar's rate of economic expansion in the latest fiscal year fell to its lowest point since 2011, when it was first emerging from decades of isolation under military rule.

Part of the slowdown was intentional. New leaders halted a dizzying construction boom in this former British colonial capital to review compliance issues and pushed investment away from petroleum and mining to diversify the economy.

And while political transitions often lead to economic uncertainties, investors say more is at stake here, in a country desperate to shake off decades of isolation and underdevelopment. Some of the malaise lies with the 72-year-old Ms. Suu Kyi's management style and her arm's-length discussions with the private sector, investors and political analysts say.

They point to a forum in March where business leaders appealed to the leader for small workplace reforms in the country. She advised them to instead think about how they could contribute to the peace process. "The message was, 'you're on your own,'" one attendee said.

Other investors point to circling discussions on electricity investment in a country where blackouts are common and the appointment of key ministers lacking economic backgrounds.

Zaw Htay, a spokesman for Ms. Suu Kyi, said ongoing reforms in areas such as debt governance and mobile money are "taking us from an economy based on connections, relationships and speculation to one based on competition and equal opportunity." He added: "Business is certainly not on its own in this transition.

Aye Lwin, a senior member of Ms. Suu Kyi's political party and a member of the government-appointed Myanmar Investment Commission, said a weak bureaucracy was partly to blame for slow reform, and that Ms. Suu Kyi "cannot focus on all things."

People close to Ms. Suu Kyi say she has begun placing more priority on the economy, and that changes are in store.

There have been signs of a nascent turnaround in economic policy.

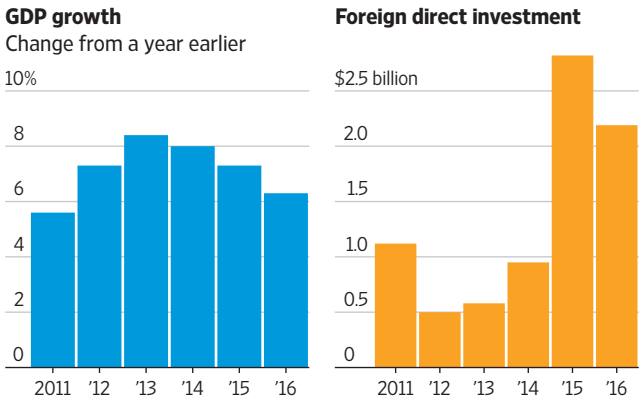
The government recently issued clarifying investment regulations and cut the number of sectors requiring foreign investors to join with local companies.

Yet American investors have approached Myanmar warily despite the lifting of U.S. sanctions and the market potential.

Only two major investors have built up more than token investments in recent years: **Coca-Cola**, with an outlay of more than $170 million so far, and Colorado-based **Ball** Corp., which opened a $45 million can-making factory last year.

Investors Lose Faith in Suu Kyi's Myanmar

Myanmar's opening economy is among the world's fastest growing, but GDP expansion and foreign investment have both slipped under a new government. **A3**



Sources: IMF (GDP); UNCTAD (investment)

THE WALL STREET JOURNAL.

China Activist Sentenced To Prison

By Chun Han Wong And Te-Ping Chen

BEIJING—A Chinese court handed a four-year prison term to an activist known for documenting social unrest in China, in a case that has underscored Beijing's harsh approach to managing labor tensions.

Former migrant worker Lu Yuyu was sentenced Thursday after being convicted of "picking quarrels and provoking trouble," more than a month after facing a one-day trial in the southwestern city of Dali, according to one of his lawyers, Xiao Yunyang.

"Picking quarrels" is a vague legal term that authorities have used to prosecute dozens of activists and political dissidents, who have increasingly been the target of suppression since Chinese President Xi Jinping assumed power in late 2012.

A former migrant worker, Mr. Lu had worked with his girlfriend to collect information about public protests and worker strikes that he then tallied on social media. Authorities detained the couple in June 2016.

Mr. Lu is appealing the sentence, Mr. Xiao said. "From a lawyer's perspective, we don't think he's a criminal. The things he wrote and put on his blog and on Twitter were true," the lawyer said.

At Mr. Lu's trial in June, prosecutors recommended he be sentenced to between three and five years in prison. Mr. Lu had denied wrongdoing at the time, his lawyer said.

Mr. Lu started documenting public protests in 2012 by tracking posts on Chinese social-media platform Weibo as well as photos and videos of unrest.

He published his findings on a blog that labor activists later relied on as a database on worker protests, which in recent years have climbed as China's economy has slowed.

The government tracks the number of so-called mass incidents, but no longer publicizes it. China's labor ministry discloses regular tallies on labor arbitration and mediation cases, but labor groups and other activists largely relied on Mr. Lu to provide them with the broader picture.

Beijing Pushes Back Against U.S. Accusations on Trade

By Eva Dou

BEIJING—China urged the Trump administration to back off plans for tough trade actions, calling on the U.S. to remain cooperative and warning that conflict would hurt both sides.

Beijing hopes to avoid a trade war with the U.S., but it is preparing to target American businesses if Washington proceeds with trade sanctions, Chinese government advisers and industry experts said.

China's Commerce Ministry said Thursday that all members of the World Trade Organization should abide by its rules, and reminded the U.S. that the two economies are intertwined. "We both win through cooperation. We both are hurt in a fight," spokesman Gao Feng said in remarks on the ministry's website.

The Trump administration is considering invoking a little-used provision of U.S. trade law to penalize China for perceived unfair trade practices, The Wall Street Journal reported Tuesday. Doing so would mark a break from the two countries' reliance on the WTO to adjudicate their disputes and would likely aggravate tensions over North Korea and the South China Sea.

The Trump administration has shown increasing disappointment with Beijing for not reining in North Korea's missile development or moving to address a trade imbalance heavily in China's favor.

A U.S. and China high-level economic dialogue ended without agreement last month.

Targeted in the planned U.S. measures are Chinese theft of intellectual property and policies that require foreign companies to share advanced technology to gain access to the Chinese market. A first step would be invoking a little-used provision of U.S. trade law to investigate whether China's intellectual-property policies constitute "unfair trade practices," according to people familiar with the matter.

William Zarit, chairman of the trade group American Chamber of Commerce in China, said the former and current Chinese officials he meets with have said Beijing is likely to retaliate, if reluctantly, for sanctions, though they didn't specify how.

"Usually China will not respond in the same industry sector," Mr. Zarit said. "They may target industries and products that will cause equal pain."

Beijing may consider reversing recently concluded agricultural agreements, such as American beef exports to China, said Li-Gang Liu, chief China economist at Citigroup. China might also target aircraft or other sectors where the U.S. enjoys a large trade surplus, he said.

China's Commerce Ministry spokesman on Thursday defended the country's protection of intellectual property. "China's government has consistently stressed intellectual property protection, and the results are there for all to see," Mr. Gao said.

China's critics point to the imbalance in trade in goods as a sign the country isn't playing fair. China's surplus with the U.S. reached $117.5 billion over the first half of the year, or more than 63% of the total surplus it ran with all of its trading partners, according to China's customs bureau.

Trump White House may go after China for perceived unfair trade practices.

Chinese officials have said that figure is overblown since it is partially offset by China's services-trade deficit with the U.S. Beijing has urged the U.S. to narrow the gap by easing export restrictions to China on certain categories such as high-tech goods.

President Donald Trump early on said his administration would consider compromising on trade in return for China's help in dealing with North Korea. Last week, he tweeted his disappointment, saying that the U.S. had been "foolish" to let China make money from trade, while "they do NOTHING for us with North Korea, just talk." China fired back, warning the U.S. not to link the North Korea issue to trade.

One researcher who advises the Chinese government on trade policies said, however, that Beijing may consider diplomatic measures, for example not cooperating on regional issues, as well as economic retaliation.

—Liyan Qi contributed to this article.

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TECHNOLOGY: COMPANIES PITCH ROBOTS AS CO-WORKERS B4

BUSINESS & FINANCE

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* * * * * THE WALL STREET JOURNAL. Friday, August 4, 2017 | B1

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J.P. Morgan 'Whale' Blames Brass

Trader Iksil dealt fatal blow to U.S. case by shifting fault to Dimon, other executives

By Lucy McNulty, Gregory Zuckerman and Rebecca Davis O'Brien

The U.S. case against two former **J.P. Morgan Chase** & Co. traders charged with concealing billions of dollars in losses fell apart because a key witness known as the "London Whale" shifted blame to Chief Executive Officer James Dimon and other top executives, according to a person familiar with the matter.

The 2012 trading debacle that unfolded inside a London outpost of J.P. Morgan ultimately cost the bank more than $6 billion. Former trader Bruno Iksil, who was nicknamed the London Whale for his outsize bets, agreed in 2013 to testify against ex-coworkers Javier Martin-Artajo and Julien Grout for their alleged roles in hiding the losses.

Over the past year, Mr. Iksil changed his story.

"I mostly inferred that Dimon and his close lieutenants were responsible much, much more than my two colleagues could ever be," Mr. Iksil said in an email, his first comments since prosecutors requested the case be dropped on July 21.

Mr. Iksil's shifting explanations about who was responsible helped to end the high-profile U.S. criminal case, the person said.

On July 21, prosecutors in the Manhattan U.S. attorney's office filed a motion in federal court to drop the charges against Messrs. Martin-Artajo and Grout, saying the government "no longer believes that it can rely on the testimony of Iksil in prosecuting this case" after "a review of recent statements and writings made by Iksil." The office provided no other details beyond that statement.

The reversal is an unexpected turn in one of the biggest banking scandals since the end of the 2008 financial crisis. The 2012 fiasco raised questions about risk controls inside J.P. Morgan—which initially had dismissed the possibility of significant losses related to the trades—and led to congressional testimony from many of the bank's top officers, including Mr. Dimon. The bank eventually paid at least $800 million in fines to regulators. "We have accepted responsibility and acknowledged our mistakes from the start, and we have learned from them and worked to fix them," Mr. Dimon said in a September 2013 statement.

The evolution of Mr. Iksil's views over the past year were reflected on a website he created to explain his version of events; a 400-page unpublished memoir; and a letter to several publications.

The losses, Mr. Iksil wrote in a chapter of the unpublished memoir reviewed by Dow Jones & Co.'s Financial News, developed in the years after se-

Please see TRADER page B2

Avon CEO Bows to Investor Pressure

By Sharon Terlep And Joann S. Lublin

Avon Products Inc. pushed out Chief Executive Sheri McCoy after a disappointing five-year tenure during which she oversaw an overhaul of the storied cosmetics seller but ultimately failed to stop its yearslong downward spiral.

Avon announced Ms. McCoy's departure Thursday along with a third-straight quarter of particularly bleak results that sent the shares down another 11%. She will technically be "terminated without cause," according to people familiar with the matter.

Avon said it has retained executive-search firm **Heidrick & Struggles International** Inc. to help find a successor to Ms. McCoy, who plans to stay on until March. That could be accelerated depending on when Avon finds a replacement, the people said.

Ms. McCoy, 58, had been negotiating an exit from Avon, as The Wall Street Journal reported in June. The plan came together when the board, some members of which had continued to support Ms. McCoy, lost patience as a result of the continued weak performance of the business, people familiar with the matter said.

Ms. McCoy and the board reached an agreement at a July 13 board meeting at Avon's Rye, N.Y., facility, they said. The latest results—Avon reported a $45.5 million second-quarter loss and a 3% drop in revenue amid continued attrition in sales representatives—and the bungling of key overhaul initiatives led the board to demand an immediate exit plan and announcement, the people added.

Ms. McCoy declined to com-

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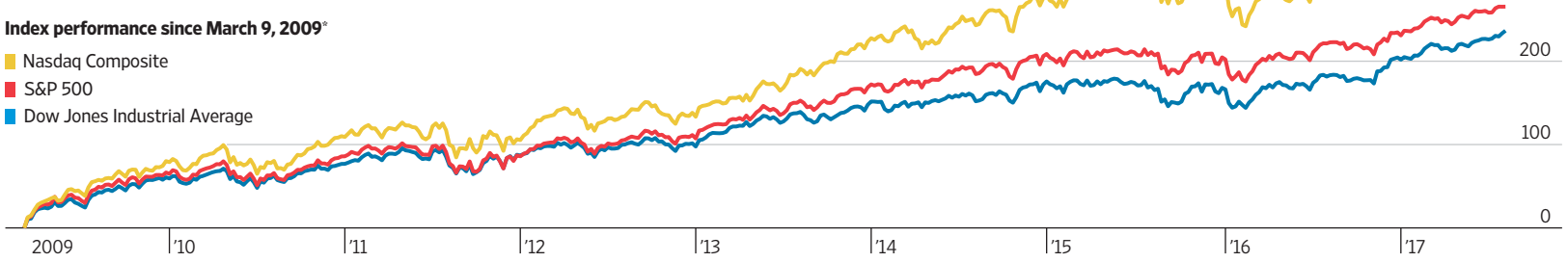
Five Theories: Why Stocks Keep Hitting Records

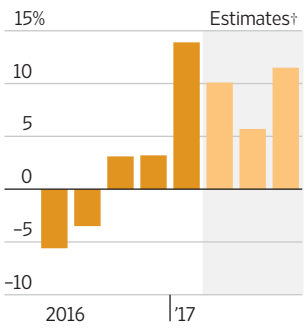
The Dow Jones Industrial Average crossed 22000 for the first time Wednesday and closed at its 33rd record of the year Thursday. Below are some theories why the stock market keeps rising.



RESURGENT COMPANIES

The stock market's trajectory is determined by the rate of earnings growth, and continued strength among U.S. companies should fuel further gains.

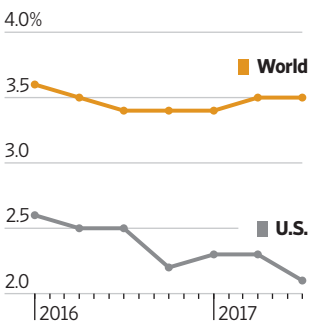
S&P 500 earnings, change from year earlier



BRIGHTER GLOBAL OUTLOOK

Global growth is projected to pick up while the U.S. expansion remains lackluster, which helps big multinational companies.

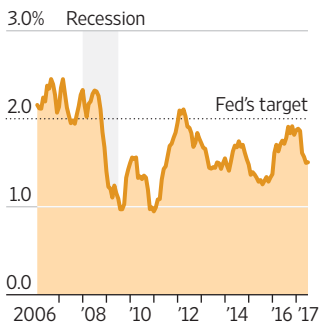
Projections for 2017 growth in gross domestic product, by month issued



CAUTIOUS FED

The U.S. economy is expanding but not fast enough for the Federal Reserve to raise interest rates quickly, boosting risky assets such as stocks.

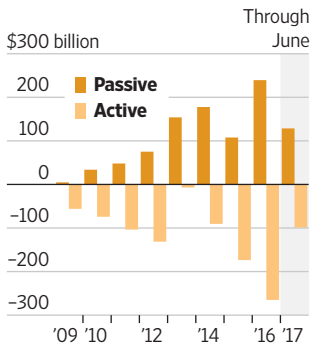
Core personal-consumption-expenditures price index, change from year earlier



PASSIVE INFLOWS

Money flowing into index-tracking mutual and exchange-traded funds has fueled indiscriminate buying divorced from corporate fundamentals.

Net flows, passively and actively managed funds**



THERE IS NO ALTERNATIVE

With bonds offering paltry yields, stocks remain many investors' asset class of choice, even if they are getting nervous about the long stock rally.

Yield on the 10-year Treasury note

*Financial crisis market low †Figures for the second quarter of 2017 reflect a combination of actual results and analysts' estimates. Figures for the third and fourth quarters are analysts' estimates.
**Data are for U.S.-registered active and passive mutual and exchange-traded funds that own U.S. stocks.
Sources: SIX Financial (indexes); FactSet (earnings, yield); International Monetary Fund (growth); Bureau of Economic Analysis (PCE); Morningstar (flows)

Akane Otani and Chris Dieterich/THE WALL STREET JOURNAL.

Monsanto Marshals Scientists in Herbicide Suit

By Jacob Bunge

An escalating legal battle between **Monsanto** Co. and a plaintiffs' law firm offers an unusual look inside how the world's largest seed company defended a controversial herbicide.

As part of a nearly two-year court dispute, the law firm this week released hundreds of pages of Monsanto employee emails and company documents concerning glyphosate, a herbicide that has drawn new scrutiny over its alleged potential to cause cancer.

The emails show Monsanto's efforts to marshal scientists in defense of its product and combat research at odds with its own. The U.S. Environmental Protection Agency and the European Chemicals Agency have said glyphosate isn't likely to cause cancer.

Corporate promotion of science friendly to companies' products and services is a decades-old practice that remains "very commonplace," said Paul Argenti, professor of corporate communication at Dartmouth College's Tuck School of Business, who said he hasn't done research or consulting work for Monsanto.

Companies ranging from technology developers to Wall Street traders and industrial giants have funded research that helps cast their business in a favorable light, providing fodder for regulatory reviews and a defense against negative public scrutiny.

"A good academic wouldn't put their name on the line unless they were absolutely sure of what they agree to," Mr. Argenti said. "But the unfortunate reality is that if you are sponsoring research, you are immediately creating credibility problems."

The Monsanto documents, spanning nearly two decades, were released as part of the lawsuit filed against the St. Louis agriculture company in a federal court in California over Monsanto's trademark herbicide Roundup. The plaintiffs allege that they got cancer from exposure to Roundup—while spraying weeds on farms, orchards and lawns—and Monsanto hid the weed-killer's potential to cause cancer by skewing research and scientific debate.

Glyphosate is the world's most widely used herbicide, sprayed to clear weeds from lawns, parks and corn fields. Some consumer and environmental groups have long raised questions over glyphosate's safety.

Monsanto is fighting the plaintiffs' lawsuit and denies any cancer link. Scott Partridge, Monsanto's vice president of strategy, said in an interview that Monsanto is obligated to challenge attacks on glyphosate's safety that are motivated by an "agenda," rather than based in science. "Not only do we owe that to ourselves, we get calls from

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Here's How to Make A Phone Call in 2017

By Joanna Stern

Times have changed, and so have the ways to reach out and touch someone.

Pick up the phone. Dial. Talk.

Ten years ago that would have been the entirety of this article, but in a world of overstuffed in-boxes and constant beeping texts, calling isn't as simple as it once was.

You don't just call someone willy-nilly like a cave man. There are rules! Etiquette! There are also more ways to call than ever before—you can now reach out and touch someone through an Echo speaker. You can also use simple free tricks to get better call quality.

You'll find lots of tips and tricks but first, let's talk about how to make a phone call. Even if you think you already know.

The new etiquette

For decades, home phones were shared by every member of the family. If you wanted to have a private call, you'd have to tell someone ahead of time you'd be ringing, says Burton Silverman, an 89-year-old artist I enlisted to shed some light on how things have changed.

You always had to identify yourself by name when calling. And with the advent of answering machines and voice mail, you'd be asked to leave a "detailed message." When the phone rang, everybody ran for it every time. "There was no way to discriminate," says Mr. Silverman, "whether it was important [or not]."

Now, a lot of that is dif-

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FedEx to Rein In Its Holiday Charges

By Paul Ziobro

FedEx Corp. won't charge additional fees for most orders during the holidays, in contrast with **United Parcel Service** Inc., undercutting its rival as they battle for e-commerce customers.

The decision by FedEx, announced Thursday, is a gamble that it can cover the extra costs during a period when daily volume can double to more than 26 million packages. It will charge extra fees for deliveries requiring additional handling, which include larger and irregularly shaped packages, as well as oversize packages, which now make up 10% of its ground-shipping volume.

UPS has set considerably different pricing for the holiday season. In June it said it would charge extra for most packages delivered to homes around Black Friday and Christmas. While the per-package fee ranges from 27 cents to 97 cents, analysts estimate that UPS could generate tens of millions in revenue from the fees.

ANDREW BURTON/GETTY IMAGES

Online holiday sales will rise an estimated 17%, a research firm says.

Patrick Fitzgerald, a FedEx senior communications and marketing executive, said the decision wasn't a competitive response to UPS. "This is really about ensuring that we price effectively," he said.

UPS declined to comment on FedEx's move but defended its strategy. "UPS's peak-season pricing positions the company to be appropriately compensated for the high value we provide at a time when the company must double daily delivery volume for six-to-seven consecutive weeks to meet customer demands," it said.

FedEx and UPS are spending heavily to adapt their networks to handle e-commerce orders. Research firm eMarketer Inc. predicts online sales will rise 17% this holiday season to $107 billion, far outpacing the expected 3.1% growth in overall retail sales during the same period.

UPS's surcharges include additional fees on oversize packages delivered Nov. 19 through Dec. 23, in an attempt to shift large parcels to the company's freight network.

FedEx is focusing on the largest packages, with extra fees in effect Nov. 20 through Dec. 24. They include a $25 surcharge on oversize packages, which currently are hit with a $72.50 charge to ship, and a $300 surcharge on so-called unauthorized packages, which exceed the maximum size FedEx allows but that it sometimes delivers at its discretion. Those typically carry a $115 charge. It is imposing an additional $3 fee on any package that requires additional handling.

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BUSINESS & FINANCE

Facebook Steps Up Fake-News Fight

By Deepa Seetharaman

Facebook Inc. is fighting misinformation with more information.

As of Thursday, when Facebook's U.S. users come across popular links—including made-up news articles—in their feeds, they may also see a cluster of other articles on the same topic. The "related articles" feature, which is rolling out widely in the U.S. after months of testing, is part of the Facebook news-feed team's effort to limit the damage of false news without taking down those posts.

In recent months, Facebook has launched features such as "related articles" that push users to think twice before sharing a story but don't prevent them from sharing and thus spreading false news. Facebook has also joined with outside fact checkers like Snopes.com, which Facebook recently started paying to label completely false stories as "disputed" from a Facebook-built database of possibly false news articles.

The moves show Facebook's strategy to reduce the presence of misinformation on its platform, without going so far as censoring it, a role it says it doesn't want. While Facebook has content policies that ban hate speech and other forms of expression, the social-media company is queasy about creating similar policies around accuracy.

Last year, Facebook came under fire for failing to prevent the spread of fabricated news articles during the 2016 U.S. presidential race, despite being a dominant platform for news consumption.

After initially resisting criticism, Chief Executive Mark Zuckerberg eventually acknowledged Facebook's responsibility to curb misinformation but said he was wary of Facebook becoming what he calls the "arbiters of truth."

Facebook's approach to fighting misinformation mirrors that of Alphabet Inc.'s Google, which is also working with fact checkers and recently retooled its search engine to prevent sites peddling fake news, hoaxes and conspiracy theories from appearing in its top results.

In a lengthy corporate manifesto posted in February, Mr. Zuckerberg said Facebook "would focus less on banning misinformation, and more on surfacing additional perspectives and information, including that fact checkers dispute an item's accuracy."

AVON

Continued from the prior page

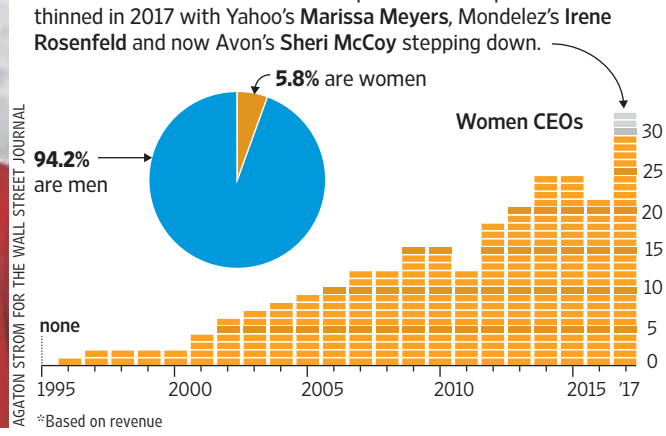
ment on terms of her exit. She said she and the board came to a mutual decision that it was time for her to go.

"We got to a point where we had conversations and decided it was the right time," she said in an interview. "I am very proud of what I've done." Ms. McCoy said she succeeded in her main goals: splitting off and selling Avon's floundering North American unit, relocating the company to the U.K. and putting in place a new management team.

Avon had already come under criticism from activist investors Barington Capital Group LP and NuOrion Partners AG, which together own more than 3% of the shares and called for Ms. McCoy to depart after the company reported a surprise first-quarter loss in May. Avon has been losing legions of its door-to-door sales representatives after it failed to modernize its products and capitalize on a surge in online shopping.

Things went from bad to worse in the second quarter. Active representatives declined 3% and average orders fell 1% year-over-year. The results were further marred by weak results in key markets including Brazil and Russia, two of the company's biggest.

Avon CEO Sheri McCoy



In the U.K., Avon switched from local package carriers to a national firm, which meant that representatives weren't able to get their deliveries as conveniently as before. In Mexico, Avon bolstered incentives but then ran short of products and failed to meet demand, the company said

The latest results rattled investors who are already used to disappointment from the company. Avon shares fell 11% to close at $3.00, bringing the year-to-date decline to roughly 40%. Avon's market value now stands at less than $1.5 billion.

One analyst questioned whether it is Avon's core business model—not its executive team—that needs replacing.

"Why does the board think yet another management team will fix the problem?" asked Bernstein analyst Ali Dibadj on a conference call Thursday with company executives.

The beauty company pledged to turn business around when it launched a transformation plan in 2016. Avon sold its North America business to private-equity giant **Cerberus Capital Management** to focus on its stronger international operation.

Cerberus also owns a big stake in Avon and has three seats on the company's board. The firm was initially supportive of Ms. McCoy, but the company's continued struggles led to a divide among senior Cerberus executives—some of whom continued to support Ms. McCoy before the latest results became clear, people familiar with the matter said.

Her forced departure from Avon comes a day after Irene Rosenfeld of Mondelez International Inc., another high-profile female consumer-industry CEO, said she would leave the snack maker.

TRADER

Continued from the prior page

nior managers asked a London outpost of the bank known as the Chief Investment Office to reduce certain positions.

Mr. Iksil never asserted that Mr. Dimon gave this initial order, but on his website, he cited a September 2010 public presentation from the CEO that predicted such reductions as a way of meeting new regulatory demands.

Even as losses mounted in 2012, valuations of those positions weren't hidden, Mr. Iksil wrote in his memoir. Instead, he wrote, they were communicated to top bank officers, suggesting to Mr. Iksil that others were fully aware of the issues.

A J.P. Morgan spokeswoman declined to comment about Mr. Iksil's allegations.

A federal judge formally closed the criminal case against Messrs. Martin-Artajo and Grout last week. Both men still face civil charges brought by the Securities and Exchange Commission. They have denied wrongdoing.

Mr. Iksil in 2013 reached a deal with U.S. prosecutors to not be prosecuted in exchange for his willingness to testify. J.P. Morgan hasn't been charged.

The question of who was ultimately responsible for the losses was a subject of public debate after the losses came to light. J.P. Morgan said in its 2013 report on the episode that Mr. Dimon and the bank's chief financial officer instructed the office in late 2011 to reduce its exposure to riskier assets as a way of meeting new regulatory demands, but traders then placed inaccurate values on certain positions as they debated the size of the losses.

Top J.P. Morgan executives, including the person in charge of the office responsible for the trades, testified publicly that they were often misinformed about the positions by the firm's traders.

A report issued by the U.S. Senate Permanent Subcommittee on Investigations concluded the bank didn't express a problem with how the positions were being treated, brushed off internal warnings and misled regulators and investors about the scope of its losses. The same report, citing testimony from Mr. Iksil, stated that a decision was first made in 2010 to shrink the positions but didn't attribute that order to any specific person.

Who was ultimately responsible for the losses was a subject of public debate.

Mr. Iksil's latest version of events aligns more closely with the Senate's report. In his emailed comment, he says he looked through reports published by the Senate and J.P. Morgan in 2013 as well as details of an investigation into the matter by the U.K.'s Financial Conduct Authority. The FCA shared those details with Mr. Iksil before it dropped its investigation of the trader in 2015, according to the FCA and Mr. Iksil.

In his email, Mr. Iksil surmised that his change hurt the U.S. case against his former colleagues. It "certainly relied on my testimony...after reading my recent statements and writing...the DOJ got the 'belief' that they could not proceed with the case," Mr. Iksil wrote.

But Mr. Iksil said the failure of the case wasn't all due to his new stance. The case stalled, he said, because U.S. authorities weren't able to extradite Mr. Martin-Artajo, a Spanish citizen, and Mr. Grout, a French citizen.

"Extradition was impossible so far, which means that the DOJ could not proceed with its case anyway," he wrote.

When announcing they would drop the charges on July 21, federal prosecutors noted that a Spanish court had rejected a request to extradite Mr. Martin-Artajo and said they had determined attempts to extradite Mr. Grout from France "would have been futile."

EMAILS

Continued from the prior page

our farmers, the public, and consumers," he said.

Mr. Partridge said releasing the documents violated a standing court order of confidentiality protecting company information in the case. Late Wednesday, Monsanto filed a legal motion asking the judge to order the documents removed from the law firm's website, prohibit future releases of other Monsanto documents, and impose a fine.

Brent Wisner, a partner with Baum, Hedlund, Aristei & Goldman PC, the plaintiffs' law firm, said the documents "show pretty clearly that Monsanto has colluded or engaged in very close relationships with EPA officials" and "has ghostwritten material and then cited that material as though it were authoritative." The law firm said it has supplied the documents to regulators in the U.S. and Europe to inform future decisions regarding glyphosate. The plaintiffs are seeking wrongful death and punitive damages from Monsanto.

Mr. Wisner said that his firm had earlier challenged the confidentiality of each set of Monsanto documents the firm released, and that Monsanto didn't file legal objections.

The debate over safety escalated in 2015 after the International Agency for Research on Cancer, an agency of the World Health Organization, classified glyphosate as likely having the potential to cause cancer.

JASPER JUINEN/BLOOMBERG

A herbicide-manufacturing facility in Antwerp, Belgium, that is operated by Monsanto.

In response, Monsanto hired a consultancy to convene an expert panel to review the cancer agency's findings. The panel later said the IARC overlooked some data and misinterpreted studies. IARC officials defended its process as rigorous and based on the best available data.

Internal emails released by the plaintiffs' law firm show Monsanto scientist William Heydens in November 2015 suggesting edits to the panel's manuscript, and suggesting that two panelists who had previously worked for Monsanto not be listed as authors.

John Acquavella, a professor of epidemiology at Aarhus University in Denmark, objected in an email to Mr. Heydens.

"We call that ghost writing and it is unethical," Mr. Acquavella wrote.

Mr. Heydens in a later email apologized for "a huge misunderstanding," and both panelists' names appeared on the panel's final paper, though Mr. Heydens's name didn't.

"The request we got by the authors was to provide information and check accuracy and provide edits where appropriate, not to opine on science or the opinions of the authors," Mr. Partridge said. A Monsanto spokesman said that Mr. Heydens's name wasn't included because his comments didn't rise to the level of authorship or attribution and Monsanto's sponsorship of the panel was disclosed.

In an email to the Journal, Mr. Acquavella said that the matter was resolved and that Mr. Heydens only pointed out typos in the sections of the final paper that Mr. Acquavella handled.

Other documents released by the plaintiffs' law firm include June 2015 communications between an EPA official and Monsanto about a potential review of glyphosate's safety by a branch of the Department of Health and Human Services.

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Tesla Needs Cash Amid Production 'Hell'

Making the Model 3 for mainstream consumers is presenting problems

By Tim Higgins

ANDREJ SOKOLOW/DPA/ZUMA PRESS

Tesla aims to boost output to 10,000 Model 3 vehicles a week. It averaged fewer than 2,000 other model vehicles a week last year.

Tesla Inc.'s version of production "hell" apparently means the Silicon Valley electric-car maker will run low on cash later this year as it embarks on an ambitious plan to build its first automobile for mainstream consumers.

Chief Executive Elon Musk reiterated on Wednesday—after announcing a better-than-expected second-quarter loss—that the 14-year-old auto maker faces challenges in learning to manufacture the new Model 3 sedan at much higher volumes than previous vehicles.

"When I said manufacturing hell...I meant it," Mr. Musk told analysts on a conference call. "But we know this—signed up for it, not blaming hell because we bought the ticket."

Tesla is no stranger to capital crunches as it rolled out ambitious timelines for the production of its vehicles and spent heavily on research and development, equipment and factories in California and Nevada. The company has typically raised equity or issued debt offerings to replenish its stockpile, and Mr. Musk on Wednesday suggested he is thinking about tapping the debt market.

The company finished the latest quarter with $3 billion in cash and plans to spend $2 billion in the second half to make way for the Model 3. While Tesla said its cash and increased revenue during the second half should cover all of its spending projects, analysts raised doubts about that cash cushion. Tesla in the past has suggested the company should always have a minimum of $1 billion on hand at the end of each quarter.

During Wednesday's call, Ryan Brinkman, an analyst for J.P. Morgan, asked if Tesla expected to generate enough cash to meet such a goal at year's end. Mr. Musk replied that Tesla has negotiated better payment terms with suppliers and aims to build the Model 3 faster than previous models so the company can sell the vehicles before having to pay the bills for parts. He noted that having "a cash cushion" for unexpected events is wise.

"We are thinking about debt, but we're not thinking about an equity raise," Mr. Musk told analysts.

Deepak Ahuja, Tesla's financial chief, said the company hasn't yet tapped $800 million of its credit lines and that it could draw $700 million in tax equity funds and debt from its newly acquired solar business. Tesla finished the first quarter with outstanding debt of $9.67 billion, including long-term notes and capital leases, according to S&P Global Market Intelligence. It raised more than $1 billion through debt and stock earlier this year.

Analysts afterward flagged the prospect of a cash shortage as Tesla boosts capital spending in the second half. It "begs the question of whether another capital raise is on the horizon," Brian Johnson, an analyst for Barclays, wrote in a note to investors. The additional capital spending "will make your eyes water," Adam Jonas, an analyst for Morgan Stanley, told investors. "Time will tell if they are tears of joy."

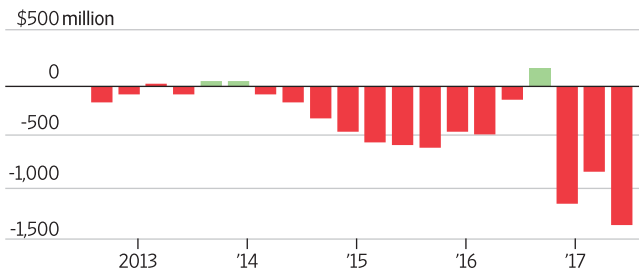
"Another debt offering this year wouldn't be a shock and neither would a capital raise next year," said David Whiston, an analyst for Morningstar Research. "People need to get used to Tesla being heavily reliant on further capital raises to achieve its ambitious growth plans."

Tesla aims to boost its production to 10,000 Model 3 vehicles a week by the end of next year after averaging fewer than 2,000 other model vehicles a week last year.

Mr. Musk said last week that Tesla has more than 500,000 net reservations for the Model 3 and repeated that new orders wouldn't be filled until late next year. On Wednesday, he said he had misspoken. Instead, the company recorded a gross figure of 518,000 reservations and a net of 455,000 orders, suggesting 63,000 cancellations.

Cash Burn

Tesla's free cash flow shows a company investing a lot as it evolves into a mass-market manufacturer.



Source: FactSet

THE WALL STREET JOURNAL

Startup Pledges Its Building for Loan

Faraday Future, a high-profile electric-car startup, has pledged its corporate headquarters in Los Angeles as collateral to secure a rescue loan intended to keep the lights on while it seeks new investors, according to people familiar with the matter.

The company has agreed to borrow about $14 million from **Innovatus Capital Partners** LLC, a New York investment firm, for a term of one year, the people said. The loan comes as Faraday's main investor, Chinese billionaire Jia Yueting, faces financial uncertainty at **LeEco Holdings**, raising questions about the auto maker's future.

A Shanghai court in July froze $181 million in assets partially owned by Mr. Jia over a missed interest payment and an additional $2.3 billion in shares in the firm's listed unit. LeEco had run into a cash crunch as Mr. Jia chased increasingly splashier deals, including an abandoned $2 billion agreement to buy U.S. TV-maker Vizio Inc.

Faraday, which began facing questions about its finances last year as it fell behind in payments to suppliers, has stressed it is run separately from LeEco, and company executives tried to sound confident in January when revealing an electric sport-utility vehicle called the FF 91 that promised to take on Tesla Inc. in the luxury electric-vehicle market.

The new loan is designed to help Faraday keep operating while it seeks more lasting financial support.

— Tim Higgins, Ryan Dezember

Toyota and Mazda To Build U.S. Plant

By Adrienne Roberts

Toyota Motor Corp. and **Mazda Motor** Corp. are expected to announce plans on Friday to build a $1.6 billion assembly plant in the U.S. that would create 4,000 jobs and be up and running by 2021, according to a person briefed on the plans.

The new factory's location hasn't been decided. Once built, it would produce 300,000 vehicles a year with half being the Toyota Corolla and the rest an unspecified Mazda model, the person said.

The two Japanese car makers also will form a joint venture to co-develop electric vehicles, safety features and connected-car technologies, the person said.

Mazda had previously operated with **Ford Motor** Co. in a joint venture in the U.S. Toyota has worked with **Subaru** and others.

The Nikkei earlier reported news of the expected factory announcement.

The announcement could hand a victory to President Donald Trump, who took aim at Toyota earlier this year for its plans to build a $1 billion assembly plant in Mexico, rather than in the U.S.

Toyota said the auto maker's board is considering the joint-venture proposal and pointed to an agreement in May 2015 between Toyota and Mazda to "explore various areas of collaboration."

Mazda's board will also review the proposal at a meeting Friday in Japan, the company said. "We cannot comment further."

Toyota, the world's largest auto maker, already has a major manufacturing presence in the Midwest and South with factories in Indiana, Kentucky, Mississippi and Texas.

For Mazda, the plant's opening would mark the first time it is building cars in the U.S. since it stopped making vehicles with Ford in 2012 in Michigan.

Food Brands Spar on Nutrition Labels

By Annie Gasparro And Heather Haddon

Food companies are clashing over how to tell people about what is in their products.

Since the Food and Drug Administration said in June it would grant industry requests for more time to add new nutritional information to their product labels—designed to encourage people to eat healthier—some companies have decided to press ahead anyway.

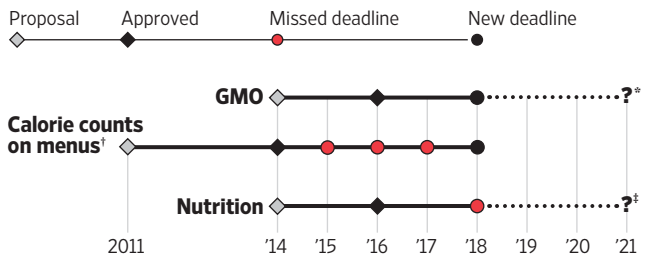
Campbell Soup Co. is starting to add the required label information and has been criticizing the industry's efforts to delay the new rules.

The disagreement deepened in July when Campbell said it would leave the industry's main trade group, the Grocery Manufacturing Association, which is in favor of a rule delay.

"This was a philosophical decision," Campbell's chief executive, Denise Morrison, said in an interview. "Transparency is the single most important ingredient."

Hard to Swallow

Deliberations over new food-labeling rules could continue for several more years.



* Industry expects rule to go into effect †As part of 2010 Affordable Care Act
‡Trade groups seek this deadline for new label

Sources: FDA (Nutrition and menu labeling); USDA (GMO data); Grocery Manufacturers Assoc. (2021 nutrition date)

THE WALL STREET JOURNAL.

Companies such as Campbell say they need to keep up with the desire among a growing pool of consumers for more detailed labels on the products they buy.

The new nutrition labels will display calories and serving size more prominently and include added sugars for the first time.

On the other side of the debate, **Mondelez International** Inc., **Kellogg** Co. and **General Mills** Inc. said they support the trade group's efforts to delay the July 2018 deadline to introduce new labels.

Other companies such as **Mars** Inc. and **Nestlé** SA remain members even though they disagree with the group on issues such as new label standards about sugar content.

A Nestlé spokeswoman said the company also diverged from the trade organization regarding salt reduction.

"With an organization as broad as ours, there will be times when some companies take a different position," a GMA spokesman said.

The rift is widening as the Trump administration reconsiders several labeling standards advanced by his predecessor. A push from the trade group and companies prompted the FDA to delay implementation for the labeling rule. Officials haven't given a new date for compliance.

An FDA spokeswoman couldn't provide details on when a new deadline may be issued.

Mondelez, which placed the new labels on Triscuit crackers and other snacks, said it doesn't object to the delay. Kellogg, which supported postponing the rule, said it needs more information to comply.

Other GMA members, including Mars and **Hershey** Co., say they intend to add the updated labels ahead of the original 2018 deadline.

EARNINGS WATCH

KRAFT HEINZ

Cost Cuts Help Boost Packaged-Food Maker

Kraft Heinz Co.'s cost-cutting efforts helped fuel a 50% rise in profit, though the packaged-food maker struggled to lift U.S. sales as consumers shift toward fresher, more natural foods.

Revenue fell 1.7% to $6.68 billion in the second quarter. Stripping out foreign-exchange impacts, revenue for the three-month period ended in July still slumped 0.8%. The company posted earnings of $1.16 billion, or 94 cents a share, up from $770 million, or 63 cents a share, a year before. Adjusted earnings were 98 cents a share, up from 85 cents a year earlier.

—Ezequiel Minaya

SIEMENS

Net Beats Forecasts, But New Orders Fall

German industrial giant **Siemens** AG said Thursday that net profit for the fiscal third quarter rose, but new orders fell.

Net profit for the three months ended June was €1.46 billion ($1.73 billion), compared with €1.37 billion during the same period last year. Analysts had predicted net profit of €1.36 billion, according to a poll compiled by Dow Jones Newswires.

Revenue rose 3% to €21.41 billionhelped by increases across several business segments. Orders fell 9% to €19.82 billion.

—William Wilkes

PARAMOUNT/EVERETT COLLECTION

Viacom's latest 'Transformers' installment bolstered revenue at its filmed entertainment unit.

VIACOM

Results Are Strong; Domestic Ads Slip

Viacom Inc. beat revenue and profit forecasts in its latest quarter, but saw a decline in domestic advertising revenue.

In its third quarter, domestic ad revenue declined 2% to $955 million from a year earlier. International advertising rose 14% to $280 million as the company bought one of Argentina's main free-to-air channels. Revenue at its filmed entertainment unit rose 36% to $847 million, driven by the latest "Transformers" movie.

For the quarter, Viacom's profit rose to $683 million, or $1.70 a share, compared with $432 million, or $1.09 a share, a year earlier. Excluding items, Viacom earned $1.17 a share.

—Austen Hufford

Dover Weighs Options For Energy Business

By Dana Mattioli and Dana Cimilluca

Dover Corp. is exploring strategic options for most of its energy business, according to people familiar with the matter.

Among the options for the industrial-equipment maker are a sale, spinoff or merger for the business, the people said.

If it were to be sold, it could fetch between $3 billion and $4 billion, the people said. The assets in consideration represent most of Dover's energy business, which accounts for around 16% of Dover's overall revenue, the people said.

Dover's energy business works with companies in the drilling and production markets on products such as pumps, sensors, artificial lifts and monitoring devices.

Its brands include Cook Compression, Waukesha Bearings and Accelerated Process Systems. The assets under consideration service the upstream sector, one of the people said.

In the first half, Dover's energy segment had $683 million in revenue.

The entire company's revenue during that period totaled $3.81 billion. Energy is one of Dover's four business units; the others are engineered systems, fluids, and refrigeration and food equipment.

Energy is a cyclical business for Dover and is subject to wild swings depending on fluctuations in oil prices. Some investors say that has been a drag on the company's valuation and have called for a separation.

In the last quarter, Dover saw strength in its energy sector because of growth in U.S. rig counts. Revenue in the sector last quarter rose 39%.

Other companies have also explored ways to separate their energy businesses so they can eliminate some of the unpredictability in that part of the market.

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A Robot Can Be Warehouse Worker's Pal

By Jennifer Smith

In the battle of humans versus machine on the warehouse floor, some companies have found common ground.

Instead of developing technology to completely replace manpower, these firms are designing robots meant to work alongside people. These robots, for example, can guide workers to items to be picked or can transport goods across a warehouse to be packed and shipped.

Deutsche Post AG's DHL is testing "swarming" robots at a facility in Memphis, Tenn. These machines help workers pick out medical devices that need to be shipped quickly. **Quiet Logistics** Inc., which fulfills online orders for retailers like Bonobos and **Inditex** SA's Zara, uses the same type of mobile robots in one of its warehouses.

JOSHUA ANDRUS FOR THE WALL STREET JOURNAL

Locus Robotics makes a type of collaborative robot that is designed to work with humans.

Known as "collaborative" robots, they are small and relatively cheap—costing tens of thousands of dollars—compared with miles of conveyor belts and automation systems that run into the tens of millions. The new robots are designed with the majority of warehouses world-wide in mind, where orders continue to be fulfilled manually by people pushing carts up and down aisles.

Robotics firms pitch them as a way to help people work faster and boost productivity during busy times, such as the holidays, when extra labor is harder to find. Surging online sales and a tight labor market have made it more difficult and expensive to fill warehouse jobs.

"It's not meant to replace human labor, but you can get greater throughput with the same size workforce," said John Santagate, an analyst with IDC Manufacturing Insights, part of research firm IDC.

For example, the robots can slash the number of steps workers take to fulfill an order. But they don't grab objects off shelves, a task that is simple for humans but tricky to automate, though developers are getting close.

RK Logistics Group, a firm that runs warehouses for high-tech and industrial customers, leased three robots to ferry semiconductor parts when it needed to double its output at a 300,000-square-foot facility in Livermore, Calif. "I physically could not fit any more people in the building," said Cindy Traver, the company's senior director of operations.

Employees pick parts off shelves and place them on blue racks on top of the robots, which then glide over to workers at stations where orders are packed and shipped.

The robots, made by San Jose-based **Fetch Robotics** Inc., now handle 30% to 50% of the items the facility ships each day, in about half the time it takes a human worker, and without a large, upfront investment, Ms. Traver said. She plans to add five large robots to move heavier parts.

Such robots aren't yet widespread compared with more established technologies, like the shelf-moving robots developed in the mid-2000s by **Kiva Systems** Inc., which Amazon.com Inc. bought in 2012.

It can take years for technologies to move from the pilot phase to widespread use. Most operators want to see a few success stories before investing in new technology, said Tom Bonkenburg, a partner at St. Onge Co., a supply-chain engineering and consulting firm.

Many collaborative robots resemble motorized platforms fitted with shelves and touch screens. They use sensors to navigate past people and forklifts.

Their lower price point could speed adoption, analysts say. Some run between $30,000 and $40,000 per unit, plus software and licensing fees.

This year, 6 River Systems Inc., a Massachusetts company co-founded by former Kiva executives, rolled out "Chuck," a robot that leads workers through aisles, lighting up when it reaches the next item to pick.

The swarming robots that DHL is testing work in groups. At its Memphis facility, workers assemble multiple orders at once. The swarming robots help manage this complex job by parking themselves next to each item's location. Workers place the requested item on the robot and go on to the next machine.

"The worker doesn't have to look for the product; the robot tells them exactly where it is," said Bruce Welty, chairman and co-founder of **Locus Robotics** Corp., which makes the robots. Once the order is complete, the robot carries it over to a packing table, then returns to the aisles with another assignment.

AI Fuels Privacy Dispute in China

China's leading smartphone maker and one of its largest internet companies are in a showdown over user data, the big prize in the emerging era of artificial intelligence.

To build its AI capability—so that its phones can, say, make restaurant suggestions based on a user's text messages—**Huawei Technologies** Co. is collecting user-activity information on its advanced Honor Magic smartphone. Among the information captured: text messages sent using the WeChat social-media app.

WeChat owner **Tencent Holdings** Ltd. contends that Huawei is effectively taking Tencent's data and violating the privacy of WeChat users, according to people familiar with the situation.

It has asked the Chinese government to intervene, these people say.

Huawei denied violating user privacy, saying in a written statement to The Wall Street Journal that it captures the information only from users who give their approval through the phone's settings.

"All user data belongs to the user...it doesn't belong to WeChat or Honor Magic," the company said. "User data is processed on the Honor Magic device after user authorization."

Tencent declined to discuss the Huawei dispute specifically, but said in a written statement to the Journal that it "is committed to protect user privacy and data."

KRISZTIAN BOCSI/BLOOMBERG NEWS

China's leading smartphone maker captures data about users.

"From an industry perspective, we are working closely with stakeholders including telco operators, handset manufacturers, app developers as well as the regulators to build a healthy ecosystem that benefits users and the industry as whole," the company said.

Both Tencent and Huawei are based in Shenzhen. The WeChat app has nearly one billion users, and Huawei is China's No. 1 smartphone maker by shipments.

User data is growing more valuable, coveted by device makers as necessary to build effective AI and by social-media companies such as Tencent for tracking users' habits, the better to sell them products and services.

Tencent wants China's Ministry of Industry and Information Technology to intervene in its favor, according to the people familiar with the situation. The regulator has instead suggested the warring parties come to terms on their own, said a person briefed on the matter.

The ministry didn't respond to a request for comment.

In its statement, Huawei said the Honor Magic has passed tests devised by the ministry to show it doesn't violate privacy regulations, and that it hopes for an amicable resolution.

"As more companies around the world start investing heavily in AI, greater competition between hardware companies and internet companies is unavoidable," Huawei said. "We hope that all parties in the ecosystem can come to the table and discuss plans for industry development, collaboration, and rules of engagement."

The bounds of customer privacy and the right to gather personal data to improve nascent AI technologies are hot topics.

"Data being monopolized by big internet companies would eventually affect the development of mobile-internet industry in China," said Wang Yanhui, secretary-general of Mobile China Alliance.

The Honor Magic, which was launched in December and retails for 3,699 yuan ($550), uses AI technology to adapt the phone's performance. For example, the apps on the homescreen move automatically depending on frequency of use, and a text message about Thai food might lead the phone to recommend nearby Thai restaurants.

—Yang Jie and Alyssa Abkowitz in Beijing and Dan Strumpf in Hong Kong

Google Co-Founder Enlisted Engineer For His Flying Car

By Jack Nicas

Google co-founder Larry Page's flying-car startup enlisted star Google engineer Anthony Levandowski to work on the project, according to people familiar with the matter, months before Mr. Levandowski left the tech giant last year, allegedly with trade secrets, for rival **Uber Technologies** Inc.

Mr. Levandowski's involvement with the project, called Kitty Hawk Corp., is another sign of his unusual tenure at Google. Over nine years at Google, Mr. Levandowski started outside firms related to his work on self-driving cars and other projects at Google and eventually sold one to his employer for about $20 million, The Wall Street Journal reported in May.

His departure from Google sparked a high-stakes legal fight between Uber and Google parent **Alphabet** Inc. Alphabet is suing Uber for allegedly conspiring with Mr. Levandowski to steal its driverless-car trade secrets. Alphabet also has filed two arbitration claims against Mr. Levandowski.

Kitty Hawk, launched by Alphabet Chief Executive Mr. Page, is a private, outside firm building a one-person electric aircraft that resembles a large consumer drone. While employed at Google, Mr. Levandowski worked on Mr. Page's project, though he wasn't a formal Kitty Hawk employee, according to the people.

At one point, Mr. Levandowski helped test the aircraft at a ranch owned by Mr. Page while Mr. Page was present, one person said. Mr. Page confirmed Mr. Levandowski's involvement in Kitty Hawk in a nearly five-hour deposition with Uber attorneys last month, one person said.

Alphabet, Uber and Kitty Hawk didn't respond to requests for comment. Through his attorneys, Mr. Levandowski didn't respond to a request for comment.

Mr. Levandowski's work on Kitty Hawk reflects how highly he was regarded by Alphabet's top executives—and how his side dealings weren't entirely out of place at Alphabet, where even the CEO launched outside businesses that could overlap with Alphabet's work.

Alphabet's research lab has investigated a variety of aviation projects, including drones and airships. Independently of that, Mr. Page has two flying-car startups, and Google's other co-founder, Sergey Brin, is privately funding an airship.

Still, Mr. Page said he discouraged Mr. Levandowski, a top manager on Google's self-driving car project, from starting competing firms while at Google, according to a transcript of his deposition released Wednesday.

When Mr. Levandowski told Mr. Page he was considering starting a firm to develop self-driving trucks, Mr. Page said, "I told him very, very clearly that I thought that was highly competitive and not a good idea," according to the transcript. "I'm like, 'No, that's not fine. Like, that's the same thing as what you're doing here.' I mean, you can do that, but we are not going to be happy.' "

Mr. Levandowski's work on Kitty Hawk is another sign of his unusual Google tenure.

Mr. Page added, "I now believe he was trying to get me to say that it would not be competitive if he did trucking, because he was already doing it."

In January 2016, Mr. Levandowski registered a driverless-truck firm, Ottomotto LLC, and quit Google days later. Alphabet accuses him of taking 14,000 confidential files with him, part of an alleged plan with Uber to steal its trade secrets.

Last August, Uber bought Ottomotto for $680 million in stock and hired Mr. Levandowski to head its self-driving project.

Uber has said it had no involvement in any alleged theft and that it has developed its self-driving cars using its own technology. Alphabet sued Uber in February, and a jury trial is set for October. Mr. Levandowski, who is no longer at Uber, has declined to comment throughout the case, invoking his Fifth Amendment rights.

ANDREJ SOKOLOW/DPA/ZUMA PRESS

Star engineer Anthony Levandowski left Google last year.

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STERN

Continued from page B1

ferent, though some is eerily familiar. For instance, we're back to making appointments to talk to one another. Yes, before you call, text to see when the person you're trying to reach is available to talk. When I see a friend or family member call out of the blue, I immediately think there's some kind of emergency. We can thank the convenience of texting and email for that.

With caller ID, you no longer have to identify yourself when you call people. If they don't have your number already, you didn't follow my advice to text first! Leave a voice mail? Good luck getting someone to listen. Text is a far better way to get your message across. And you certainly don't have to race to pick up the phone, unless it's a call you've been desperately waiting for. Is answering a robocall scammer really worth holding up the line at the supermarket?

HD voice, Wi-Fi calls

Cellular carriers have lately been improving the quality of their calls, and making it easier for you to make them, too.

HD voice is a feature that uses more bandwidth, so your voice sounds fuller and more natural. You'll need a recent smartphone and the right carrier. While HD voice works between Verizon and AT&T customers, most of the time you'll hear it when calling someone from the same carrier. You can check if it's enabled by calling your carrier and asking.

Wi-Fi calling is another recent carrier perk. It's great if your house is in a cellular dead zone, or if you're traveling overseas. Connect to Wi-Fi and call everybody with no roaming fees.

Smart speakers

Amazon just reinvented the home phone and hands-free chatting, by letting you make calls from an Echo talking speaker. Once it's enabled in the latest Amazon Alexa app, you just say, "Alexa, call So-and-so."

You can only call other people with Amazon Echo speakers—or at least those who have downloaded the app. Just be careful how far away from the Echo speaker you stand. When I've called people from 10 feet away, I've had complaints. From my mom.

Whatever you do, keep calling. "When you reduce communication to texting, something is lost," says my friend Mr. Silverman. "In a world where it's all digits, that human connection is going to be terribly important."

ONLINE

WSJ.COM

For a virtual call with Joanna, get out your phone and go to WSJ.com/Tech

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BUSINESS WATCH

AETNA

Insurer Raises Full-Year Outlook

Aetna Inc. reported a stronger profit for its second quarter, boosted by limited medical spending and better-than-expected results from Affordable Care Act programs intended to reduce insurers' risk on health-law insurance plans.

The insurer, which joins others in the industry that have previously reported positive results, highlighted the growth and future prospects in its government business.

Aetna raised its full-year earnings outlook, lifting its adjusted per-share earnings by 60 cents at the midpoint to $9.45 to $9.55; analysts projected $8.89 a share. In May, Aetna projected earnings of at least $8.80 a share.

For the second quarter, Aetna reported a profit of $1.2 billion, or $3.60 a share, compared with $790.8 million, or $2.23 a share, a year earlier. Revenue fell 2.5% to $15.5 billion.

The Hartford, Conn., company attributed its earnings expansion to disciplined pricing and an effective growth strategy.

—Anna Wilde Mathews and Justina Vasquez

ALIBABA GROUP HOLDING

Kering Reaches Deal To Fight Counterfeits

Luxury conglomerate **Kering** Co. has agreed to dismiss a lawsuit against Chinese e-commerce giant **Alibaba Group Holding** Ltd. as part of a new deal between the companies to fight counterfeit goods sold on Alibaba's websites.

The lawsuit, filed by Kering in U.S. District Court in New York in 2015, accuses Alibaba of conspiring with Chinese merchants to sell knockoffs of Kering's brands, which include Gucci, Saint Laurent and Bottega Veneta.

Thursday's announcement is part of a continuing rapprochement between the luxury industry and China's e-commerce companies.

Kering and Alibaba plan to set up a joint task force to exchange information and work with law enforcement to pursue counterfeiters of Kering's brands.

—Matthew Dalton and Liza Lin

JBS

USDA Veteran Joins Meatpacker

Brazilian meatpacking conglomerate **JBS** SA has hired a former head of food safety at the U.S. Department of Agriculture, as the company works to shore up its reputation and business following probes into corruption and food safety.

Alfred Almanza, who retired this week after nearly 40 years at the USDA, will become global head of food safety for JBS, a new position overseeing safety and quality assurance for the world's largest meatpacker by sales, the company said.

The move comes after government investigations left JBS facing record legal penalties. JBS's parent, **J&F Investimentos**, agreed in May to pay $3.2 billion to settle probes including an investigation into multiple meat companies' alleged bribery of sanitation officials in Brazil. JBS had said it strictly followed all regulations regarding health inspections of its products.

Mr. Almanza joins JBS from the USDA where he was deputy undersecretary for food safety.

—Jacob Bunge

SHIRE

Spinoff Considered For ADHD Business

Shire PLC is considering spinning off or selling its attention-deficit hyperactivity disorder drugs business, in a move that would sharpen its focus on rare diseases.

Dublin-based Shire said it would carry out a strategic review of its neuroscience unit, which mostly sells drugs for the childhood hyperactivity disorder, and would make a decision by the end of the year.

Chief Executive Flemming Ornskov, who joined Shire in 2013, has spent his tenure bulking up the company's presence in rare diseases.

—Denise Roland

BUSINESS NEWS

Tanzania Jolts Mine Firms

By Nicholas Bariyo And Jacquie McNish

THOMAS MUKOYA/REUTERS

President John Magufuli wants to redistribute mining wealth. He is shown during a visit to Kenya.

International mining companies that flocked to Tanzania for its low taxes and friendly laws are running up against a populist president eager to gain a greater share of mining revenue.

Since his election two years ago, President John Magufuli, nicknamed "the bulldozer" for his forceful leadership style, has taken a series of actions he says are aimed at redistributing mining revenue to Tanzanians. The moves range from compelling mining companies to list their stakes in local stock exchanges and demanding higher taxes and royalties to threatening to tear up entire extraction contracts.

"I will not hesitate to close down all the mines if companies don't pay what they owe us," Mr. Magufuli told a cheering crowd in Tanzania's northwestern mining region last week. "I have launched an economic war."

Tanzania's aggressive steps have rattled investors and led to selling of stock of the most affected companies such as **Acacia Mining** PLC. Some companies have ceased or scaled back operations, including Australia's gold and lithium miner **Liontown Resources**, which has been operating two gold-exploration projects, and has pulled all of its staff out of Tanzania, while Russia's **Rosatom State Atomic Energy** Corp. has paused its $1.2 billion uranium project.

The legislative changes also mark a sea change in a country that has been a darling of foreign mining companies since the East African nation dismantled its socialist economic controls in the 1990s. The fourth-biggest gold producer in Africa, Tanzania also has reserves of copper, nickel, uranium and natural gas. Tanzania aims to double the mining contribution to its gross domestic product to 10% by 2025. The government says the changes are necessary to stimulate processing of commodities within Tanzania, collect more revenue and create more jobs.

Analysts warn of potentially dire consequences for Tanzania's economy, one of Africa's fastest-growing nations with annual growth averaging 6% to 7% over the past decade.

The latest—and largest—salvo was fired last week, when Acacia, the biggest gold mining company in the country, with $1 billion in annual revenue, and majority-owned by Canada's **Barrick Gold** Corp., was served with a $190 billion bill for what Tanzanian authorities have said were unpaid taxes, penalties and interest accumulated over the past 17 years.

"Just when you think things couldn't get any worse and then—a surprise!" said a person who attended last week's meeting between Acacia executives and government officials, where the bill, equivalent to nearly 200 times Acacia's 2016 revenue and nearly 10 times Barrick's current market capitalization, was presented. "It was stunning."

The Tanzanian government didn't respond to requests for comment.

The demand follows a ban on exports from two of Acacia's three mines, imposed in March when a government audit, ordered by Mr. Magufuli, allegedly found 10 times more gold in the company's export containers than it had declared to Tanzanian authorities. Acacia says it declared everything of commercial value and has yet to see the government's audit reports. If the gold content of its exported concentrates was as high as claimed by the audit, the company says, its Bulyanhulu and Buzwagi mines in northern Tanzania would be the world's largest gold producers. Currently, these are ranked outside of the top 10 largest gold mines in the world.

Tanzania's aggressive steps have rattled investors and led to selling of stock.

On Friday, Acacia said a senior international employee of one of its subsidiaries had been prevented from leaving the country, and his passport was confiscated at the airport. It said other staff also were facing increased pressure from government agencies.

Acacia isn't the only mining company colliding with Mr. Magufuli's nationalist policies.

South Africa's **AngloGold Ashanti**, which operates Tanzania's largest mine, filed for international arbitration over legislative changes that increased royalties to 6% from 4% of all minerals produced in the country.

The new rules also entitle the government to a 16% stake in a company's stock without compensation—and the right to buy a further 34%—and introduced a 1% clearing fee on all mineral exports.

Other companies with exploration projects, including **Strandline Resources**, **Magnis Resources** and **Graphex Mining**, have suspended trade in their shares on the Australian Securities Exchange, citing the new mining rules.

October 10, 2017 New York City

THE WALL STREET JOURNAL.

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A Scandal's Genesis: 'Buy Good Horses'

By Eun-Young Jeong

SEOUL—In a glass-walled room, South Korea's then-President Park Geun-hye made a request to Lee Jae-yong, Samsung's de facto leader: "Buy good horses."

It was a conversation that would lead to a national scandal, her impeachment and the arrest of them both.

This first private meeting lasted less than five minutes, Mr. Lee confirmed from the witness stand Thursday, after his lawyer presented the first detailed accounts of the three such meetings between Ms. Park and the 49-year-old vice chairman of **Samsung Electronics** Co., the world's largest smartphone maker.

The occasion was the September 2014 opening ceremony of a startup-support center funded by Samsung in Daegu, about 180 miles south of Seoul, and Ms. Park was seeking backing for another venture: She asked Mr. Lee to have Samsung manage the Korea Equestrian Federation, the country's main governing body for the sport.

At their second meeting 10 months later, Mr. Lee testified, Ms. Park scolded him for Samsung's poor job with the federation and told him to replace the company officials involved in it.

What has been dubbed domestically the "trial of the century" centers around some $37 million that Samsung agreed to pay to entities linked to Ms. Park and her confidante, Choi Soon-sil. About half of that was to go to a small sports consulting company in Germany responsible for training Ms. Choi's equestrienne daughter, who became its sole client.

In exchange for the funds, prosecutors allege, Mr. Lee sought favors from the government to consolidate his control of South Korea's largest conglomerate. Both Ms. Choi and Ms. Park have denied wrongdoing.

The two are the highest-profile figures in the corruption scandal. Mr. Lee has been in custody since his February arrest. Ms. Park was removed from office in March by the country's Constitutional Court, after her impeachment over accusations that she colluded with Ms. Choi to extort money from Samsung and other South Korean conglomerates.

In his testimony, Mr. Lee said he was thrown off by Ms. Park's outrage at their second meeting. He said he passed on her message to his lieutenants at Samsung, who swiftly followed through on Ms. Park's demands and replaced the company employees involved in the equestrian federation.

Mr. Lee denied seeking favors from the government or attempting to increase his control over Samsung by restructuring his stakes across company affiliates.

"It makes no sense to measure my control by my number of stakes," he said.

In his two days of testimony, Mr. Lee repeatedly denied the bribery charge, saying he knew nothing of the Samsung payments. He said he hadn't directed the Samsung business maneuvers that prosecutors said were linked to his succession.

Separately Wednesday, the onetime head of Samsung's corporate strategy office, the group's control tower, Choi Gee-sung—no relation to Ms. Choi—testified that the decision to merge two Samsung affiliates in 2015 had been his. That deal consolidated Mr. Lee's grip on Samsung Electronics. The self-described "mentor" to Mr. Lee said he was also the one who decided that Samsung fund Ms. Choi's daughter, Chung Yoo-ra.

"I was responsible for final decision-making at Samsung group," said Mr. Choi, who stepped down after Samsung abolished the strategy office in February.

Mr. Choi's testimony aligns with that of Mr. Lee, who said he had called Mr. Choi immediately after his meetings with Ms. Park to seek advice.

Mr. Lee drew a firm line on his involvement in conglomerate-level matters, saying his responsibilities were primarily with Samsung Electronics and its affiliated companies.

While this week's testimony appears to distance Mr. Lee from the corruption scandal, it raises questions about his ability to lead Samsung—questions Mr. Lee himself says he needs to settle. Mr. Lee is the grandson of Samsung's founder and has been the conglomerate's de facto leader since his father, Samsung Chairman Lee Kun-hee, was incapacitated by a heart attack in 2014.

"The public has a different expectation for my role compared to that of the company's founder," Mr. Lee said. "I need to be more wise in how I build relationships with the company and other stakeholders."

The court completed questioning defendants Thursday and is expected to hold its final hearing early next week, when prosecutors will recommend a sentence for Mr. Lee.

KIM KYUNG-HOON/REUTERS

Former South Korean President Park Geun-hye in March.

Fox, ION Discuss Station Deal

By Joe Flint

21st Century Fox Inc. and **ION Media Networks** Inc. are in talks to create a joint venture that would combine their respective local television station holdings, people familiar with the matter said.

A partnership with ION Media, a closely held broadcaster that owns 60 local television stations, would potentially give 21st Century Fox's broadcast network more control over its distribution and leverage in negotiations with both its own affiliates and the pay-TV distributors that retransmit its signal.

The talks come in the wake of **Sinclair Broadcast Group** Inc.'s proposed $3.9 billion acquisition of **Tribune Media** Co. That deal would combine the two biggest independent owners of Fox affiliates. Sinclair owns 26 Fox affiliates while Tribune has 14.

21st Century Fox and Wall Street Journal parent News Corp share common ownership.

For 21st Century Fox, having one company own so many of its affiliates is a cause for concern, people close to the company have said. Networks such as Fox receive revenue and commercial inventory from their affiliates in return for providing content. If an affiliate owner has a large presence around the country, it can use that leverage to negotiate more favorable terms.

Sinclair's affiliation agreements are up at the end of this year, while Tribune's still have a few years left to run, people with knowledge of the pacts said. However, typically in an ownership change, the affiliation agreement also opens up for renegotiation.

The Fox-ION talks were seen by RBC Capital Markets analyst Leo Kulp as "maybe a negotiating ploy," adding "it's too early to read much into this."

Sinclair Broadcast Group declined to comment. News of the 21st Century Fox-ION Media talks were first reported by Bloomberg News.

Talks with ION heated up after 21st Century Fox fell short in its effort to acquire Tribune Media through a joint-venture with the private-equity firm Blackstone Group last spring. Even if a joint venture between Fox and ION doesn't materialize, Fox could still shift affiliations to its Fox Broadcasting network to ION when current deals expire.

While ION has stations in most major markets where Tribune and Sinclair have outlets, ION's stations get much lower ratings. If Fox were to switch its affiliations, the ratings for its broadcast network would likely decline.

Sinclair stations likely would also endure ratings declines without Fox content but it also has strong local news presence in most of its markets as well as popular syndicated programming.

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CLASS ACTIONS

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

JIMMY ELIAS KARAM, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. CORINTHIAN COLLEGES, INC., et al., Defendants.) No. 2:10-cv-06523-RGK(PJWx) CLASS ACTION

SUMMARY NOTICE

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED CORINTHIAN COLLEGES, INC. ("CORINTHIAN" OR THE "COMPANY") COMMON STOCK BETWEEN OCTOBER 30, 2007 AND AUGUST 19, 2010, INCLUSIVE

YOU ARE HEREBY NOTIFIED that pursuant to an Order of the United States District Court for the Central District of California, a hearing will be held on September 25, 2017, at 9:00 a.m., before the Honorable R. Gary Klausner, at the United States District Court, Central District of California, 255 East Temple Street, Courtroom 850, Los Angeles, California 90012, for the purpose of determining: (1) whether the settlement of the Litigation set forth in the Stipulation of Settlement dated May 9, 2017 ("Stipulation" or "Settlement") for the sum of $2,250,000 in cash should be approved by the Court as fair, reasonable, and adequate; (2) whether the Plan of Allocation of Settlement proceeds should be approved by the Court as fair, reasonable, and adequate; and (3) the reasonableness of Lead Counsel's request for an award of attorneys' fees and expenses incurred in connection with this Litigation, together with interest thereon.

If you purchased or otherwise acquired Corinthian common stock between October 30, 2007 and August 19, 2010, inclusive, your rights may be affected by this Litigation and the Settlement thereof. If you have not received a detailed Notice of Proposed Settlement of Class Action ("Notice"), and a copy of the Proof of Claim and Release form, you may obtain copies by writing to *Corinthian Securities Litigation*, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 30225, College Station, TX 77842-3225, by calling toll-free 1-866-683-9354, or by downloading this information at www.corinthiancollegessecuritieslitigation.com. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release form by mail postmarked no later than November 2, 2017, or submitted electronically no later than November 2, 2017, at www.corinthiancollegessecuritieslitigation.com, establishing that you are entitled to a recovery. You will be bound by any order and final judgment rendered in the Litigation unless you request to be excluded from the Class. If you desire to be excluded from the Class, you must submit a request for exclusion such that it is postmarked no later than September 1, 2017, in the manner and form explained in the detailed Notice referred to above.

Any objection to the Settlement, the Plan of Allocation, and/or Lead Counsel's request for an award of attorneys' fees and expenses must be filed with the Court and received by counsel listed below no later than September 11, 2017.

Court:
CLERK OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION
312 North Spring Street, Room G-8
Los Angeles, CA 90012

Lead Counsel:
ROBBINS GELLER RUDMAN & DOWD LLP
JEFFREY D. LIGHT
655 West Broadway, Suite 1900
San Diego, CA 92101

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.

DATED: July 7, 2017

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

DONALD P. BOLAND and MARY A. BOLAND, Individually and on Behalf of All Others Similarly Situated, Plaintiffs, vs. GERDAU S.A., et al., Defendants. Civil Action No. 1:16-cv-03925-LLS CLASS ACTION

SUMMARY NOTICE

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED GERDAU S.A. ("GERDAU") AMERICAN DEPOSITARY RECEIPTS ("ADRs") BETWEEN APRIL 23, 2012, AND MAY 16, 2016, INCLUSIVE

YOU ARE HEREBY NOTIFIED that pursuant to an Order of the United States District Court for the Southern District of New York, a hearing will be held on October 20, 2017, at 12:00 p.m. ET, before the Honorable Louis L. Stanton at the Daniel Patrick Moynihan U.S. Courthouse, 500 Pearl Street, New York, NY 10007, for the purpose of determining: (1) whether the proposed settlement of the Litigation for the sum of $15,000,000 in cash should be approved by the Court as fair, reasonable and adequate; (2) whether, thereafter, this Litigation should be dismissed with prejudice against the Defendants as set forth in the Stipulation of Settlement dated July 5, 2017; (3) whether the Plan of Allocation of settlement proceeds is fair, reasonable and adequate and therefore should be approved; and (4) the reasonableness of the application of Lead Counsel for the payment of attorneys' fees and expenses incurred in connection with this Litigation, together with interest thereon (which request may include a request for reimbursement of Lead Plaintiff's reasonable costs and expenses pursuant to the Private Securities Litigation Reform Act of 1995).

IF YOU PURCHASED OR ACQUIRED GERDAU ADRS BETWEEN APRIL 23, 2012, AND MAY 16, 2016, INCLUSIVE, YOUR RIGHTS MAY BE AFFECTED BY THIS LITIGATION AND THE SETTLEMENT THEREOF. If you have not received a detailed Notice of Proposed Settlement of Class Action and a copy of the Proof of Claim and Release form, you may obtain copies by writing to *Boland v. Gerdau S.A. Securities Litigation*, Claims Administrator, c/o Gilardi & Co. LLC, P.O. Box 404014, Louisville, KY 40233-4014 or by downloading this information at www.bolandvgerdausa.com. If you are a Class Member, in order to share in the distribution of the Net Settlement Fund, you must submit a Proof of Claim and Release online at www.bolandvgerdausa.com by November 28, 2017, or postmarked no later than November 28, 2017, establishing that you are entitled to a recovery. You will be bound by any judgment rendered in the Litigation unless you request to be excluded, in writing, postmarked by September 29, 2017.

If you purchased or otherwise acquired Gerdau ADRs during the Class Period and you desire to be excluded from the Class, you must submit a request for exclusion such that it is postmarked no later than September 29, 2017, in the manner and form explained in the detailed Notice referred to above. All Members of the Class who do not validly request exclusion from the Class will be bound by any judgment entered in the Litigation pursuant to the Stipulation of Settlement.

Any objection to any aspect of the Settlement must be filed with the Clerk of the Court and also delivered by hand or first-class mail to each of the following addresses such that it is received no later than September 29, 2017:

Court:
CLERK OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
Daniel Patrick Moynihan U.S. Courthouse
500 Pearl Street
New York, NY 10007

Lead Counsel:
ROBBINS GELLER RUDMAN & DOWD LLP
ELLEN GUSIKOFF STEWART
655 West Broadway, Suite 1900
San Diego, CA 92101

Defendants' Counsel:
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
JAY B. KASNER
ANDREW R. BEATTY
4 Times Square
New York, NY 10036

KRAMER LEVIN NAFTALIS & FRANKEL LLP
MICHAEL J. DELL
KAREN S. KENNEDY
JULIANA OLIVEIRA MAGGIO
1177 Avenue of the Americas
New York, NY 10036

PLEASE DO NOT CONTACT THE COURT OR THE CLERK'S OFFICE REGARDING THIS NOTICE.

DATED: July 10, 2017

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

NOTICE OF SALE

NOTICE OF PUBLIC SALE • Property to be Sold

Dock Street Capital Management LLC, on behalf of The Bank of New York Mellon Trust Company, National Association, in its capacity as trustee (the "Trustee"), will be conducting sales of certain collateral pledged to the Trustee. The Collateral (as defined herein) will be offered and sold by the Trustee without recourse, representations or covenants, express or implied, being made by the Trustee with respect to the Collateral (except as to title to the Collateral) or with respect to any other information then in the Trustee's possession, including without limitation any offering circular or other financial information. **Location of Sale.** The sales will be held at 575-B Riverside Avenue, Westport, CT 06880. **Additional Information.** Please be advised that the sale of the securities listed above may be made only to the best bidder who is also a qualified bidder and will be subject to a reserve level. For additional information, including with respect to qualified bidder status, and to obtain copies of an Investor Representation and Confidentiality Agreement, contact David Crowle or Jeffrey Holtman by email at dcrowle@dockstreetcap.com or jholtman@dockstreetcap.com, respectively, by phone at (212) 457-8258, by facsimile at (212) 457-8269 or by mail addressed to 575-B Riverside Avenue, Westport, CT 06880. **Disclaimer.** The Trustee is authorized at such sales, if the Trustee deems it advisable or is required by applicable law to do so: (i) to restrict the prospective bidders on or purchasers of the above identified security (the "Collateral") to be sold to those who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of any of such assets, (ii) to verify that each certificate for the security to be sold bears a legend substantially to the effect that such security has not been registered under the Securities Act of 1933, as amended, and may not be disposed of in violation of the provisions of said Act, (iii) to disclaim and to refuse to give any warranty (other than as to title), and (iv) to impose such other limitations or conditions in connection with any such sale as the Trustee deems necessary or advisable.

Public Sale No. 1:
Wednesday, August 9, 2017, 10:00 a.m. EDT
The Asset Type for Lots 1-4 is CLO; Lot 5 is CRE CDO; Lots 6-38 is ABS CDO; Lots 39-41 is Zero Factor CDO; and Lot 42 is Zero Factor RMBS.

Lot #	Cusip / ISIN	Issue	Original Face
1	09624WAG1	BLUEM 2006-2A D	2,000,000
2	15134UAA8	CECDO 2007-14A E	4,000,000
3	USG32865AA80	EXUM 2006-1X E	4,000,000
4	USG57424AB23	MDPK 2006-3X Q	6,000,000
5	14068XAJ6	CAPMK 2006-7A H	2,000,000
6	00388QAG9	ACCDO 9A D	10,000,000
7	09622YAJ3	BGRS 2004-3A D1	8,000,000
8	12498YAG4	CBCL 16A D	9,500,000
9	1248M5AC2	CBCL 19A B	5,000,000
10	26702RAF3	DHCDO 2007-1A D2	4,800,000
11	34958CAE4	FORTS 2006-1A D	4,000,000
12	360721AC8	FULT 1A A2	4,000,000
13	36868BAF7	GEMST 2005-4A D	12,000,000
14	36868FAF8	GEMST 2006-5A D	10,000,000
15	3622X4AJ2	GSCSF 2006-2A E	7,000,000
16	362479AE7	GSCSF 2006-4A B	4,000,000
17	40737RAE6	HGCDO 2006-1A D	9,000,000
18	43147XAN1	HILLC 2004-1A D	5,000,000
19	46426XAF3	ICM 2006-3A D	7,000,000
20	45377TAJ5	INDE6 6A D	7,000,000
21	45377MAN1	INDE7 7A E	10,000,000
22	45763MAD5	INMAN 2005-2A IV	7,000,000
23	600785AG4	MILTN 2004-1A C	3,500,000
24	553121AG9	MKP 4A C	7,000,000
25	612180AL3	MNPT 2006-1A E	7,400,000
26	722694AE6	PINEM 2005-A D	5,000,000
27	722691AD4	PINEM 2006-AA D	8,000,000
28	USG7097BAD94	PINEM 2006-AX D	3,000,000
29	83743SAE6	SCF 3A C	8,000,000
30	84129VAJ0	SCF 5A C1	8,650,000
31	83743LAL5	SCF 8A D	7,000,000
32	82437RAJ0	SHERW 2004-1A D	2,875,000
33	82437XAE8	SHERW 2005-2A D	12,000,000
34	86565PAE0	SMSTR 2004-1A C	7,000,000
35	86258PAE2	STRAG 2004-2A C1	9,900,000
36	XS0314914440	STRUCTURED INVES 0.00 13AUG2038 FRN	1,800,000
37	87337UAE4	TABS 2005-4A E	10,000,000
38	USG9338NAD87	VERM 2004-1X C	2,000,000
39	54313PAA1	LONGP 2005-2A B	8,000,000
40	30232BAE2	SGSHY 2006-1A D	5,000,000
41	30232MAA6	SGSHY 2006-1A E1	3,000,000
42	74924QAN0	RASC 2006-EMX5 M9	2,000,000

PUBLIC NOTICES

APPOINTMENT OF SUCCESSOR BOND TRUSTEE

Pursuant to Section 908 of each of the New Hampshire Housing Finance Authority General Multi-Family Housing Bond Resolutions adopted April 27, 2000 (as amended), December 14, 2000 (as amended), and November 17, 2009, effective August 1, 2017 U.S. Bank National Association has been appointed successor trustee to The Bank of New York Mellon Trust Company, N.A. The designated corporate trust office of the successor Trustee is 225 Asylum Street, Hartford, Connecticut 06103.

THE WALL STREET JOURNAL.

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Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes with net assets of at least $500 million each. **NAV** is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. **NET CHG** is change in NAV from previous trading day. **YTD%RET** is year-to-date return. **3-YR%RET** is trailing three-year return annualized.

e-Ex-distribution. **f**-Previous day's quotation. **g**-Footnotes x and s apply. **j**-Footnotes e and s apply. **k**-Recalculated by Lipper, using updated data. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **s**-Stock split or dividend. **t**-Footnotes p and r apply. **v**-Footnotes x and e apply. **x**-Ex-dividend. **z**-Footnote x, e and s apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Thursday, August 3, 2017

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	41.85	-0.12	20.0
American Funds Cl A			
AmcpA p	29.91	-0.11	11.5
AMutlA p	39.72	...	8.9
BalA p	26.70	-0.01	8.9
BondA p	13.00	+0.02	3.3
CapIBA p	62.45	+0.10	10.1
CapWGrA	50.51	-0.13	16.6
EupacA p	54.45	-0.04	23.2
FdInvA p	60.59	-0.09	13.1
GwthA p	48.66	-0.22	15.7
HI TrA p	10.49	-0.02	5.5
ICAA p	39.55	-0.08	10.0
IncoA p	22.90	-0.01	7.2
N PerA p	42.76	-0.02	21.0
NEcoA p	43.38	-0.13	20.7
NwWrldA	62.58	-0.16	21.6
SmCpA p	53.40	-0.16	16.1
TxExA p	13.01	+0.02	4.0
WshA p	43.47	-0.01	9.7
Baird Funds			
AggBdInst	10.94	+0.02	3.7
CorBdInst	11.29	+0.02	4.0
BlackRock Funds A			
GlblAlloc p	19.97	-0.02	9.8
BlackRock Funds Inst			
EqtyDivd	22.24	-0.04	8.4
GlblAlloc	20.08	-0.02	10.0
HiYldBd	7.85	-0.01	6.3
StratIncOpptyIns	9.95	...	3.2
Del Invest Instl			
Value	20.40	+0.01	4.6
Dimensional Fds			
5GlbFxdInc	11.02	+0.01	2.2
EmgMktVa	29.53	-0.15	23.6
EmMktCorEq	21.51	-0.15	24.6
IntlCoreEq	13.69	-0.01	19.0
IntlVal	19.15	-0.01	16.3
IntSmCo	20.71	-0.02	20.6
IntSmVa	22.64	...	19.3
US CoreEq1	20.95	-0.05	9.6
US CoreEq2	19.90	-0.06	7.7
US Small	34.12	-0.17	1.3
US SmCpVal	36.35	-0.22	-2.5
US TgdVal	23.73	-0.12	-0.7
USLgVa	37.43	-0.08	7.6
Dodge & Cox			
Balanced	107.26	-0.29	6.4
Income	13.88	+0.02	3.7
Intl Stk	45.62	-0.02	19.7
Stock	195.26	-0.98	8.2
DoubleLine Funds			
TotRetBdI	NA	...	NA
TotRetBdN	NA	...	NA
Edgewood Growth Instituti			
EdgewoodGrInst	28.72	-0.02	29.3
Federated Instl			
StraValDivIS	6.33	+0.01	9.5
Fidelity			
500IdxInst	86.57	-0.17	11.7
500IdxInstPrem	86.57	-0.17	11.7
500IdxPrem	86.57	-0.17	11.7
ExtMktIdxPrem r	59.09	-0.16	7.7
IntlIdxPrem r	41.91	+0.06	18.7
TMktIdxF r	71.30	-0.15	11.0
TMktIdxPrem	71.29	-0.15	11.0
USBdIdxInstPrem	11.68	+0.03	3.2
Fidelity Advisor I			
NwInsghtI	31.42	-0.04	17.7
Fidelity Freedom			
FF2020	16.26	-0.01	10.2
FF2025	14.04	-0.01	10.9
FF2030	17.49	-0.02	12.6
FreedomK2020	15.12	-0.02	10.2
FreedomK2025	15.95	-0.01	11.0
FreedomK2030	16.48	-0.02	12.7
FreedomK2035	17.30	-0.03	13.9
FreedomK2040	17.33	-0.03	14.0
Fidelity Invest			
Balanc	24.12	-0.04	10.4
BluCh	83.55	-0.04	24.0
Contra	118.55	-0.13	21.2
ContraK	118.53	-0.13	21.3
CpInc r	10.16	-0.02	8.2
DivInt	40.19	-0.02	20.7
GroCo	169.50	-0.11	23.9
GrowCoK	169.42	-0.11	24.0
InvGB	7.96	+0.02	3.4
InvGrBd	11.34	+0.03	3.7
LowP r	54.58	+0.11	10.3
LowPriStkK r	54.56	+0.12	10.4
MagIn	98.95	-0.17	14.7
OTC	106.28	+0.04	27.6
Puritn	22.71	-0.02	11.2
SrsEmrgMktF	20.07	-0.11	27.5
SrsInvGrdF	11.34	+0.02	3.6
TotalBond	10.74	+0.02	3.7
Fidelity Selects			
Biotech r	213.25	-1.31	22.5
First Eagle Funds			
GlbA	58.95	+0.03	8.6
FPA Funds			
FPACres	34.37	-0.02	6.6
FrankTemp/Frank Adv			
IncomeAdv	2.34	...	5.8
FrankTemp/Franklin A			
CA TF A p	7.49	+0.01	5.2
Fed TF A p	12.04	+0.01	3.2
IncomeA p	2.36	...	5.7
RisDv A p	57.21	-0.04	9.3
FrankTemp/Franklin C			
Income C t	2.39	...	5.7
FrankTemp/Temp A			
GlBond A p	12.11	-0.05	2.6
Growth A p	26.56	-0.23	12.7
FrankTemp/Temp Adv			
GlBondAdv p	12.06	-0.05	2.7
Harbor Funds			
CapApInst	70.16	-0.11	23.8
IntlInst r	69.13	-0.28	18.4
Harding Loevner			
IntlEq	NA	...	NA
Invesco Funds A			
EqIncA	11.03	-0.02	5.2
John Hancock Class 1			
LSBalncd	15.57	-0.02	10.0
LSGwth	16.52	-0.04	12.4
John Hancock Instl			
DispValMCI	23.01	-0.07	7.2
JPMorgan Funds			
MdCpVal L	39.16	-0.23	7.6
JPMorgan I Class			
CoreBond	11.69	+0.03	3.4
JPMorgan R Class			
CoreBond	11.70	+0.02	3.4
Lazard Instl			
EmgMktEq	19.00	-0.05	19.0
Loomis Sayles Fds			
LSBondI	14.31	-0.01	7.1
Lord Abbett A			
ShtDurIncmA p	4.30	...	2.0
Lord Abbett F			
ShtDurIncm	4.29	...	2.0
Metropolitan West			
TotRetBd	10.71	+0.02	2.8
TotRetBdI	10.70	+0.01	2.9
TRBdPlan	10.07	+0.01	2.9
MFS Funds Class I			
ValueI	39.52	-0.04	9.9
MFS Funds Instl			
IntlEq	24.66	+0.06	21.7
Mutual Series			
GlbDiscA	32.98	-0.10	7.9
Oakmark Funds Invest			
Eqtylnc r	32.65	-0.05	7.3
Oakmark	79.96	-0.41	10.3
OakmrkInt	27.88	+0.08	22.8
Old Westbury Fds			
LrgCpStr	14.49	-0.04	12.9
Oppenheimer Y			
DevMktY	39.85	-0.13	24.6
IntGrowY	41.44	+0.03	19.5
Parnassus Fds			
ParnEqFd	42.29	-0.16	8.2
PIMCO Fds Instl			
AllAsset	NA	...	NA
TotRt	10.32	+0.03	4.6
PIMCO Funds A			
IncomeFd	NA	...	NA
PIMCO Funds D			
IncomeFd	NA	...	NA
PIMCO Funds Instl			
IncomeFd	NA	...	NA
PIMCO Funds P			
IncomeP	NA	...	NA
Price Funds			
BlChip	90.58	-0.20	24.7
CapApp	28.83	-0.02	10.1
Eqlnc	33.53	-0.04	7.4
EqIndex	66.49	-0.14	11.5
Growth	66.00	-0.15	23.9
HelSci	71.13	-0.32	20.4
InstlCapG	36.60	-0.06	25.2
IntlStk	18.69	-0.01	22.2
IntlValEq	15.04	+0.01	17.4
MCapGro	87.33	-0.16	15.9
MCapVal	30.28	-0.16	4.2
N Horiz	51.90	+0.03	19.8
N Inc	9.55	+0.02	3.5
OverS SF r	10.93	-0.01	20.5
R2020	22.60	...	10.7
R2025	17.36	-0.01	12.0
R2030	25.49	-0.02	13.1
R2035	18.59	-0.02	14.1
R2040	26.66	-0.03	14.9
Value	37.14	-0.05	10.4
Principal Investors			
DivIntlInst	13.31	-0.01	21.0
Prudential Cl Z & I			
TRBdZ	14.56	+0.03	5.2
Schwab Funds			
S&P Sel	38.44	-0.08	11.7
TIAA/CREF Funds			
EqIdxInst	18.40	-0.04	10.9
IntlEqIdxInst	19.66	+0.01	18.8
Tweedy Browne Fds			
GblValue	28.14	+0.02	12.4
VANGUARD ADMIRAL			
500Adml	228.60	-0.46	11.7
BalAdml	33.23	-0.01	7.8
CAITAdml	11.86	+0.02	4.5
CapOpAdml r	144.75	+0.19	16.5
EMAdmr	35.78	-0.12	21.1
EqIncAdml	73.11	-0.02	8.3
ExplrAdml	89.51	-0.14	11.3
ExtndAdml	77.84	-0.22	7.7
GNMAAdml	10.56	...	1.8
GrwthAdml	67.00	-0.24	17.6
HlthCareAdml r	88.84	-0.45	17.2
HYCorAdml r	5.99	...	6.1
InfProAd	25.85	+0.06	1.7
IntlGrAdml	88.68	+0.25	31.7
ITBondAdml	11.52	+0.03	4.1
ITIGradeAdml	9.86	+0.02	4.0
LTGradeAdml	10.64	+0.07	8.4
MidCpAdml	178.79	-0.50	10.5
MuHYAdml	11.36	+0.01	5.5
MuIntAdml	14.24	+0.02	4.2
MuLTAdml	11.68	+0.02	4.8
MuLtdAdml	11.02	+0.01	2.6
MuShtAdml	15.82	+0.01	1.3
PrmcpAdml r	125.67	-0.09	15.5
REITAdml r	118.63	-0.27	3.2
SmCapAdml	65.07	-0.22	5.9
STBondAdml	10.49	+0.01	1.5
STIGradeAdml	10.71	+0.01	2.1
TotBdAdml	10.83	+0.02	3.2
TotIntBdIdxAdm	21.81	+0.04	1.2
TotIntlAdmIdx r	28.98	-0.02	19.3
TotStAdml	61.66	-0.13	11.0
TxMln r	13.72	-0.01	18.7
ValAdml	38.33	-0.01	7.0
WdsrllAdml	66.58	-0.27	7.9
WellsIAdml	64.38	+0.11	5.8
WelltnAdml	71.67	-0.10	7.6
WndsrAdml	75.59	-0.46	10.1
VANGUARD FDS			
DivdGro	25.68	-0.05	11.3
HlthCare r	210.61	-1.06	17.2
INSTTRF2020	21.94	...	8.9
INSTTRF2025	22.12	...	10.0
INSTTRF2030	22.23	-0.01	10.9
INSTTRF2035	22.35	-0.02	11.8
INSTTRF2040	22.46	-0.03	12.6
INSTTRF2045	22.56	-0.03	13.0
IntlVal	37.84	+0.07	19.2
LifeCon	19.57	+0.01	7.2
LifeGro	31.95	-0.02	11.8
LifeMod	26.18	...	9.5
PrmcpCor	25.20	-0.02	13.6
SelValu r	31.36	-0.12	9.0
STAR	26.25	...	11.6
STIGrade	10.71	+0.01	2.0
TgtRe2015	15.59	+0.01	7.4
TgtRe2020	30.78	...	8.9
TgtRe2025	17.98	...	10.0
TgtRe2030	32.38	-0.01	10.9
TgtRe2035	19.82	-0.02	11.7
TgtRe2040	34.03	-0.04	12.6
TgtRe2045	21.34	-0.03	13.0
TgtRe2050	34.34	-0.04	13.0
TgtRetInc	13.42	+0.01	5.6
TotIntBdIxInv	10.91	+0.02	1.2
WellsI	26.58	+0.05	5.8
Welltn	41.50	-0.06	7.6
WndsrII	37.52

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MARKETS DIGEST

EQUITIES

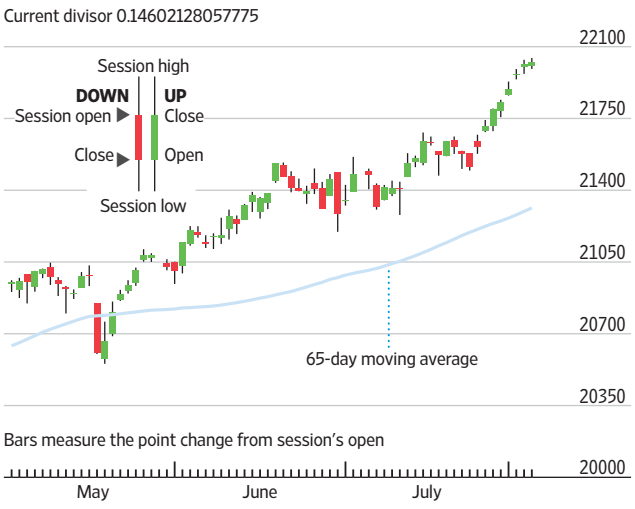
Dow Jones Industrial Average

22026.10 ▲9.86, or 0.04%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	19.95	19.95
P/E estimate *	18.42	17.87
Dividend yield	2.28	2.54
All-time high	22026.10, 08/03/17	

Current divisor 0.14602128057775



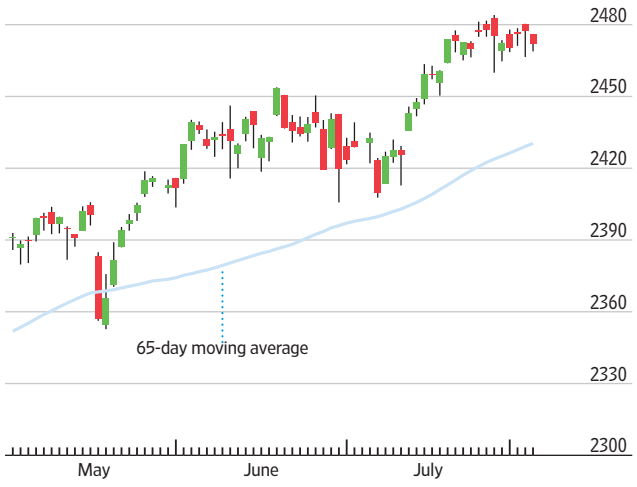
Bars measure the point change from session's open

S&P 500 Index

2472.16 ▼5.41, or 0.22%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.94	25.03
P/E estimate *	18.94	18.42
Dividend yield	1.97	2.11
All-time high:	2477.83, 07/26/17	



Nasdaq Composite Index

6340.34 ▼22.30, or 0.35%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	25.75	24.20
P/E estimate *	21.45	19.92
Dividend yield	1.10	1.24
All-time high:	6422.75, 07/26/17	

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	52-Week % chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	22044.85	21991.32	**22026.10**	9.86	0.04	22026.10	17888.28	20.0	11.5	10.1
Transportation Avg	9212.97	9161.69	**9202.40**	27.41	0.30	9742.76	7720.01	19.2	1.8	4.3
Utility Average	734.17	728.38	**734.11**	2.18	0.30	737.51	625.44	4.7	11.3	10.7
Total Stock Market	25597.45	25516.52	**25551.29**	-58.69	-0.23	25692.25	21514.15	14.3	9.8	8.4
Barron's 400	651.69	647.19	**648.66**	-0.99	-0.15	661.93	521.59	19.4	7.8	7.9
Nasdaq Stock Market										
Nasdaq Composite	6368.53	6331.14	**6340.34**	-22.30	-0.35	6422.75	5046.37	22.7	17.8	13.4
Nasdaq 100	5917.47	5879.72	**5891.20**	-23.03	-0.39	5950.73	4660.46	24.2	21.1	14.9
Standard & Poor's										
500 Index	2476.03	2468.85	**2472.16**	-5.41	-0.22	2477.83	2085.18	14.2	10.4	8.7
MidCap 400	1754.57	1743.91	**1747.20**	-5.31	-0.30	1791.93	1476.68	12.9	5.2	8.5
SmallCap 600	857.52	849.39	**851.35**	-2.99	-0.35	876.06	703.64	15.5	1.6	9.8
Other Indexes										
Russell 2000	1414.72	1402.39	**1405.23**	-7.67	-0.54	1450.39	1156.89	15.8	3.5	8.0
NYSE Composite	11975.42	11944.19	**11956.52**	-22.85	-0.19	12000.02	10289.35	11.7	8.1	3.8
Value Line	524.73	521.22	**521.95**	-2.78	-0.53	533.62	455.65	9.4	3.1	2.7
NYSE Arca Biotech	3936.73	3893.40	**3919.60**	-0.83	-0.02	4075.95	2834.14	13.9	27.5	12.6
NYSE Arca Pharma	530.08	526.41	**528.23**	-1.10	-0.21	549.20	463.78	-3.5	9.7	1.2
KBW Bank	96.87	96.19	**96.31**	-0.59	-0.61	99.33	67.84	42.0	4.9	11.7
PHLX§ Gold/Silver	84.95	83.81	**83.99**	-0.42	-0.50	112.83	73.03	-25.6	6.5	-5.5
PHLX§ Oil Service	136.47	132.74	**133.66**	-0.10	-0.07	192.66	126.75	-15.8	-27.3	-22.5
PHLX§ Semiconductor	1085.62	1073.74	**1078.80**	-5.16	-0.48	1138.25	763.57	41.3	19.0	20.9
CBOE Volatility	10.60	9.90	**10.44**	0.16	1.56	22.51	9.36	-15.9	-25.6	-15.1

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
iShares MSCI Emg Markets	EEM	8,527.9	43.77	-0.02	-0.05	43.85	43.75
Finl Select Sector SPDR	XLF	6,068.1	25.23	0.01	0.04	25.33	25.15
SPDR S&P 500	SPY	5,163.3	247.06	0.10	0.04	247.53	246.94
Cnsmr Staples Sel Sector	XLP	4,921.4	55.17	...	unch.	55.24	55.00
Industrial Select Sector	XLI	3,958.9	68.75	...	unch.	68.84	68.43
Nabors Industries	NBR	3,761.1	7.46	...	unch.	7.57	7.31
VanEck Vectors Gold Miner	GDX	3,637.0	22.72	0.02	0.09	22.78	22.69
iShares MSCI Germany ETF	EWG	3,436.4	30.90	...	unch.	31.00	30.90

Percentage gainers...

Yelp	YELP	1,461.2	37.11	5.74	18.30	37.89	31.37
Weight Watchers	WTW	884.8	37.85	4.77	14.42	40.84	33.08
Arista Networks	ANET	146.1	162.50	18.45	12.81	168.94	143.60
GoPro Inc.	GPRO	1,671.9	9.31	1.05	12.71	9.75	8.26
Allscripts Healthcare	MDRX	213.1	13.09	1.42	12.17	13.75	11.67

...And losers

Applied Optoelectronics	AAOI	2,406.6	72.90	-25.09	-25.60	98.70	67.26
ConforMIS	CFMS	32.9	3.23	-1.05	-24.53	4.58	3.15
Impinj	PI	141.2	37.68	-10.24	-21.37	47.92	35.51
Electronics for Imaging	EFII	29.0	39.15	-8.51	-17.86	47.70	38.75
Natural Grocers	NGVC	29.4	7.10	-1.40	-16.47	8.50	7.00

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	836,062,502	7,709,594
Adv. volume*	321,964,148	2,561,686
Decl. volume*	496,830,023	4,846,940
Issues traded	3,077	338
Advances	1,262	136
Declines	1,691	177
Unchanged	124	25
New highs	122	2
New lows	70	13
Closing tick	65	3
Closing Arms†	1.17	1.22
Block trades*	6,285	106

	Nasdaq	NYSE Arca
Total volume*	2,087,856,568	200,136,961
Adv. volume*	943,810,025	65,164,827
Decl. volume*	1,110,756,531	134,355,600
Issues traded	3,036	1,281
Advances	1,178	516
Declines	1,712	739
Unchanged	146	26
New highs	89	84
New lows	83	8
Closing tick	73	2
Closing Arms†	0.81	1.53
Block trades*	11,825	1,095

* Primary market NYSE, NYSE American NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	Latest % chg	YTD % chg
World	**The Global Dow**	**2869.54**	4.72	0.16	13.4
	DJ Global Index	**370.26**	–0.49	–0.13	13.6
	DJ Global ex U.S.	**250.77**	–0.14	–0.05	17.2
Americas	**DJ Americas**	**594.87**	–1.27	–0.21	10.1
Brazil	**Sao Paulo Bovespa**	**66777.13**	–358.86	–0.53	10.9
Canada	**S&P/TSX Comp**	**15191.96**	–73.67	–0.48	–0.6
Mexico	**S&P/BMV IPC**	**51293.07**	92.94	0.18	12.4
Chile	**Santiago IPSA**	**3855.70**	–16.94	–0.44	19.6
EMEA	**Stoxx Europe 600**	**378.93**	0.30	0.08	4.8
Eurozone	**Euro Stoxx**	**376.24**	0.91	0.24	7.4
Belgium	**Bel-20**	**3949.00**	10.84	0.28	9.5
France	**CAC 40**	**5130.49**	23.24	0.46	5.5
Germany	**DAX**	**12154.72**	–26.76	–0.22	5.9
Israel	**Tel Aviv**	**1417.24**	–21.99	–1.53	–3.6
Italy	**FTSE MIB**	**21793.72**	220.11	1.02	13.3
Netherlands	**AEX**	**525.57**	0.27	0.05	8.8
Russia	**RTS Index**	**1029.41**	7.99	0.78	–10.7
Spain	**IBEX 35**	**10549.10**	35.20	0.33	12.8
Sweden	**SX All Share**	**564.20**	–0.73	–0.13	5.5
Switzerland	**Swiss Market**	**9136.61**	13.93	0.15	11.2
U.K.	**FTSE 100**	**7474.77**	63.34	0.85	4.6
Asia-Pacific					
Australia	**S&P/ASX 200**	**5735.10**	–9.10	–0.16	1.2
China	**Shanghai Composite**	**3272.93**	–12.13	–0.37	5.5
Hong Kong	**Hang Seng**	**27531.01**	–76.37	–0.28	25.1
India	**S&P BSE Sensex**	**32237.88**	–238.86	–0.74	21.1
Japan	**Nikkei Stock Avg**	**20029.26**	–50.78	–0.25	4.8
Singapore	**Straits Times**	**3342.92**	–5.88	–0.18	16.0
South Korea	**Kospi**	**2386.85**	–40.78	–1.68	17.8
Taiwan	**Weighted**	**10469.88**	–49.39	–0.47	13.1

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Stamps.com	STMP	205.60	54.30	35.89	206.90	77.56	161.3
Newater Technology	NEWA	10.57	2.57	32.11	10.68	7.32	...
IntriCon	IIN	9.07	2.02	28.65	9.65	4.15	88.2
ION Geophysical	IO	4.30	0.75	21.13	8.40	3.20	-22.0
OncoMed Pharmaceuticals	OMED	3.73	0.65	21.10	12.71	2.91	-69.2
SolarEdge Technologies	SEDG	27.60	4.75	20.79	27.95	11.35	67.5
AAC Holdings	AAC	7.29	1.23	20.30	21.45	5.99	-63.6
Hardinge	HDNG	14.46	2.36	19.50	14.55	8.24	41.1
OraSure Technologies	OSUR	20.15	2.88	16.68	20.55	6.84	188.7
Ubiquiti Networks	UBNT	62.86	8.93	16.56	67.80	44.36	39.5
Alteryx Cl A	AYX	21.97	2.91	15.27	23.14	14.61	...
Fitbit	FIT	5.84	0.77	15.19	17.18	4.90	-62.2
ShiftPixy	PIXY	4.92	0.62	14.42	11.64	4.23	...
Pacific Biosciences CA	PACB	3.66	0.46	14.38	9.50	3.08	-52.8
Central Garden Pet Co	CENT	35.92	4.49	14.29	39.33	22.97	34.5

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
TOP Ships	TOPS	2.30	-4.96	-68.32	...	...	...
CPI Card Group	PMTS	1.60	-0.93	-36.63	6.41	1.55	-65.3
Windstream Holdings	WIN	2.38	-1.34	-36.02	10.46	2.37	-73.5
Aerohive Networks	HIVE	3.12	-1.49	-32.32	7.40	3.02	-55.3
Med Transcription Billing	MTBC	1.49	-0.66	-30.70	3.84	0.29	44.7
Citius Pharmaceuticals	CTXR	3.10	-1.34	-30.18	...	...	...
Agile Therapeutics	AGRX	3.30	-1.27	-27.79	8.15	1.82	-52.5
Teva Pharmaceutical ADR	TEVA	23.75	-7.50	-24.00	55.79	23.33	-57.2
CRH Medical	CRHM	2.85	-0.80	-21.92	9.25	2.46	-25.0
Container Store Group	TCS	4.32	-1.19	-21.60	8.34	3.75	-18.5
3D Systems	DDD	13.39	-3.62	-21.28	23.70	12.34	-6.1
Sierra Wireless	SWIR	23.40	-6.00	-20.41	31.95	12.30	36.3
Century Aluminum	CENX	13.33	-3.41	-20.37	19.08	5.53	95.5
NGL Energy Partners	NGL	9.80	-2.45	-20.00	25.80	9.63	-47.8
Cenveo	CVO	4.58	-1.07	-18.94	10.50	3.52	-47.8

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Delcath Systems	DCTH	177,998	94.9	0.12	62.94	6.49	0.02
Teva Pharmaceutical ADR	TEVA	106,309	1260.8	23.75	-24.00	55.79	23.33
Chesapeake Energy	CHK	63,727	72.9	4.50	-2.60	8.20	4.38
Snap	SNAP	60,777	202.6	12.93	2.21	29.44	11.91
Advanced Micro Devices	AMD	51,876	-40.7	13.24	-0.97	15.65	5.66
Bank of America	BAC	50,741	-31.7	24.37	-0.89	25.80	14.36
iPath S&P 500 VIX ST Fut	VXX	42,316	-32.2	11.27	1.26	42.41	10.91
iShares MSCI Emg Markets	EEM	36,823	-29.1	43.79	-0.41	44.16	33.94
SPDR S&P 500	SPY	35,617	-44.4	246.96	-0.19	248.00	208.38
Finl Select Sector SPDR	XLF	34,747	-48.1	25.22	-0.36	25.33	18.94

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
TOP Ships	TOPS	3,709	3196	2.30	-68.32	...	...
Vanguard MC 400 Gr ETF	IVOG	392	2377	121.71	-0.23	125.00	102.12
Electro Scientific Inds	ESIO	2,648	1455	9.54	12.50	10.48	4.50
Teva Pharmaceutical ADR	TEVA	106,309	1261	23.75	-24.00	55.79	23.33
Oppenheimer Small-Cap Rev	RWJ	364	1097	64.13	-0.79	69.74	54.71
China Unicom HK ADR	CHU	3,239	957	14.44	-0.41	15.15	10.33
TTM Technologies	TTMI	12,161	952	14.02	-18.54	19.54	10.04
iShares Russell Top 200	IWL	63	940	56.70	0.02	56.89	47.55
Advanced Drainage Systems	WMS	3,772	920	19.40	-2.51	27.32	18.40
Atlantic Coast Financial	ACFC	112	875	7.85	-1.13	8.35	5.84

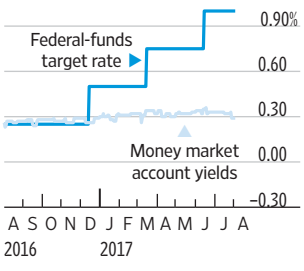
* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS & CURRENCIES

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Money market accounts

Bankrate.com avg†:	**0.29%**
American Express Bank, FSB	**1.15%**
New York, NY	866-215-8754
Barclays	**1.20%**
Wilmington, DE	888-720-8756
Goldman Sachs Bank USA	**1.20%**
New York, NY	855-730-7283
Synchrony Bank	**1.20%**
Morristown, NJ	800-903-8154
EverBank	**1.21%**
Jacksonville, FL	866-242-1924

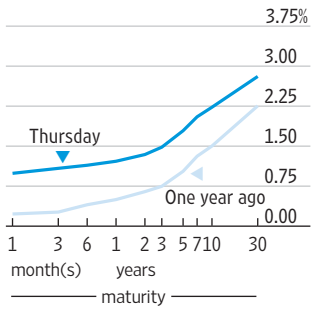
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**1.00-1.25**	1.00-1.25	0.25	1.25	**1.00**
Prime rate*	**4.25**	4.25	3.50	4.25	**1.00**
Libor, 3-month	**1.31**	1.31	0.79	1.32	**1.07**
Money market, annual yield	**0.29**	0.32	0.23	0.36	**-0.11**
Five-year CD, annual yield	**1.45**	1.44	1.17	1.45	**0.06**
30-year mortgage, fixed†	**3.94**	3.96	3.44	4.33	**-0.35**
15-year mortgage, fixed†	**3.13**	3.13	2.70	3.50	**-0.28**
Jumbo mortgages, $424,100-plus†	**4.33**	4.34	4.02	4.88	**-0.57**
Five-year adj mortgage (ARM)†	**3.30**	3.33	3.07	4.03	**-0.35**
New-car loan, 48-month	**2.93**	3.02	2.87	3.36	**-0.22**
HELOC, $30,000	**5.15**	5.20	4.57	5.22	**0.63**

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

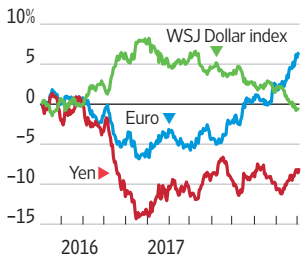
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1464.073	**1.950**	2.013	2.237	1.249	**–2.832**	2.736
10-yr Treasury, Ryan ALM	1743.351	**2.230**	2.312	2.609	1.503	**0.155**	2.831
DJ Corporate	378.665	**2.907**	2.960	3.390	2.488	**1.739**	4.264
Aggregate, Barclays Capital	1937.210	**2.480**	2.520	2.790	1.890	**0.268**	2.754
High Yield 100, Merrill Lynch	2841.842	**4.998**	4.988	6.448	4.948	**9.784**	4.128
Fixed-Rate MBS, Barclays	1980.690	**2.800**	2.840	3.120	1.990	**0.532**	2.509
Muni Master, Merrill	520.603	**1.830**	1.870	2.516	1.328	**0.614**	3.089
EMBI Global, J.P. Morgan	794.639	**5.468**	5.534	6.290	5.134	**4.931**	5.226

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Thurs in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0566	17.6598	**11.3**
Brazil real	.3210	3.1151	**–4.3**
Canada dollar	.7945	1.2587	**–6.4**
Chile peso	.001541	648.80	**–3.1**
Colombia peso	.0003382	2957.00	**–1.5**
Ecuador US dollar	1	1	**unch**
Mexico peso	.0560	17.8414	**–14.0**
Peru new sol	.3089	3.237	**–3.5**
Uruguay peso	.03526	28.3600	**–3.4**
Venezuela b. fuerte	.099061	10.0948	**1.0**
Asia-Pacific			
Australian dollar	.7950	1.2579	**–9.4**
China yuan	.1489	6.7164	**–3.3**
Hong Kong dollar	.1279	7.8174	**0.8**
India rupee	.01569	63.718	**–6.2**
Indonesia rupiah	.0000750	13326	**–1.5**
Japan yen	.009087	110.05	**–5.9**
Kazakhstan tenge	.002982	335.40	**0.5**
Macau pataca	.1244	8.0395	**1.6**
Malaysia ringgit	.2336	4.2800	**–4.6**
New Zealand dollar	.7436	1.3448	**–6.9**
Pakistan rupee	.00949	105.330	**0.9**
Philippines peso	.0199	50.324	**1.4**
Singapore dollar	.7358	1.3591	**–6.1**
South Korea won	.0008858	1128.95	**–6.5**
Sri Lanka rupee	.0065244	153.27	**3.3**
Taiwan dollar	.03309	30.221	**–6.9**
Thailand baht	.03007	33.260	**–7.1**
Vietnam dong	.00004399	22733	**–0.2**
Europe			
Czech Rep. koruna	.04557	21.946	**–14.6**
Denmark krone	.1596	6.2670	**–11.3**
Euro area euro	1.1870	.8425	**–11.4**
Hungary forint	.003907	255.97	**–13.0**
Iceland krona	.009588	104.30	**–7.7**
Norway krone	.1265	7.9057	**–8.5**
Poland zloty	.2798	3.5734	**–14.7**
Russia ruble	.01658	60.331	**–1.5**
Sweden krona	.1234	8.1020	**–11.0**
Switzerland franc	1.0325	.9685	**–4.9**
Turkey lira	.2825	3.5396	**0.5**
Ukraine hryvnia	.0386	25.8850	**–4.4**
UK pound	1.3138	.7612	**–6.0**
Middle East/Africa			
Bahrain dinar	2.6526	.3770	**–0.05**
Egypt pound	.0563	17.7765	**–2.0**
Israel shekel	.2778	3.5991	**–6.5**
Kuwait dinar	3.3109	.3020	**–1.2**
Oman sul rial	2.5935	.3856	**0.2**
Qatar rial	.2748	3.639	**–0.03**
Saudi Arabia riyal	.2667	3.7502	**–0.01**
South Africa rand	.0746	13.4040	**–2.1**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.86	–0.06	–0.07	**–7.61**

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Thursday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	**567.58**	-3.55	**-0.62**	589.81	508.27	**10.62**	0.06
TR/CC CRB Index	**180.65**	-1.33	**-0.73**	195.14	166.50	**-0.39**	-6.16
Crude oil, $ per barrel	**49.03**	-0.56	**-1.13**	54.45	41.71	**16.93**	-8.73
Natural gas, $/MMBtu	**2.800**	-0.011	**-0.39**	3.93	2.55	**-1.20**	-24.81
Gold, $ per troy oz.	**1267.80**	-4.00	**-0.31**	1358.80	1127.80	**-6.70**	10.24

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COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Aug	2.8795	2.8795		2.8725	**2.8770**	–0.0055	2,492
Sept	2.8850	2.8950		2.8600	**2.8780**	–0.0065	154,534
Gold (CMX)-100 troy oz.; $ per troy oz.							
Aug	1265.90	1269.80		1256.60	**1267.80**	–4.00	2,752
Oct	1269.00	1273.70		1259.70	**1271.10**	–4.00	48,233
Dec	1272.60	1277.00		1262.90	**1274.40**	–4.00	351,330
Feb'18	1275.50	1279.50		1270.10	**1278.00**	–4.00	19,018
June	1278.40	1287.00		1278.40	**1284.90**	–3.90	8,396
Dec	1288.70	1288.70		1288.70	**1295.40**	–3.90	7,605
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
Aug	885.00	885.00		885.00	**886.00**	–11.20	4
Sept	893.35	894.95		879.20	**881.00**	–11.20	30,829
Dec	885.00	887.20		874.55	**874.80**	–10.10	4,320
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Aug	928.30	929.90		928.00	**961.60**	10.80	1
Oct	951.50	968.00		946.60	**964.60**	10.80	64,683
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Aug	16.635	16.785		16.635	**16.594**	–0.103	211
Sept	16.570	16.680		16.420	**16.630**	–0.103	137,445
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
Sept	49.59	49.96		48.78	**49.03**	–0.56	563,988
Oct	49.74	50.09		48.95	**49.19**	–0.54	209,460
Nov	49.82	50.21		49.12	**49.34**	–0.53	133,072
Dec	49.96	50.33		49.25	**49.48**	–0.51	319,924
June'18	50.18	50.51		49.59	**49.80**	–0.46	157,082
Dec	50.17	50.49		49.63	**49.80**	–0.42	173,656
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
Sept	1.6572	1.6629		1.6351	**1.6389**	–.0199	130,322
Dec	1.6619	1.6707		1.6449	**1.6487**	–.0178	59,195
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
Sept	1.6456	1.6569		1.6209	**1.6319**	–.0129	147,297
Oct	1.5454	1.5565		1.5224	**1.5368**	–.0067	80,572
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
Sept	2.811	2.846		2.790	**2.800**	–.011	348,103
Oct	2.845	2.888		2.835	**2.844**	–.007	189,507
Nov	2.934	2.973		2.924	**2.933**	–.003	91,135
Jan'18	3.180	3.217		3.172	**3.183**	–.001	122,822
March	3.134	3.163		3.118	**3.130**	–.002	81,611
April	2.831	2.849		2.820	**2.835**	.009	106,278

Agriculture Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
Sept	365.00	367.25	▼	361.25	**363.50**	–1.50	507,134
Dec	379.00	381.25		375.00	**377.75**	–1.25	595,342
Oats (CBT)-5,000 bu.; cents per bu.							
Sept	289.25	289.50		283.25	**285.25**	–4.25	820
Dec	289.00	289.00		284.25	**285.75**	–3.75	5,686
Soybeans (CBT)-5,000 bu.; cents per bu.							
Aug	965.50	965.50		945.50	**950.50**	–16.00	2,025
Nov	975.75	976.25		955.50	**960.50**	–17.00	361,742
Soybean Meal (CBT)-100 tons; $ per ton.							
Aug	307.50	307.50		304.60	**306.30**	–2.70	2,365
Dec	314.80	315.20		310.10	**312.60**	–2.90	163,876
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
Aug	34.13	34.13		33.24	**33.38**	–.77	2,173
Dec	34.55	34.58		33.64	**33.80**	–.77	192,002
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
Sept	1247.50	1250.00		1235.00	**1238.50**	–10.50	7,778
Nov	1271.00	1275.00		1261.00	**1264.50**	–10.50	2,068
Wheat (CBT)-5,000 bu.; cents per bu.							
Sept	461.00	463.75		454.25	**457.75**	–3.00	173,543
Dec	487.75	490.00		481.25	**485.00**	–2.75	159,488
Wheat (KC)-5,000 bu.; cents per bu.							
Sept	464.00	467.00		457.25	**459.75**	–4.75	95,582
Dec	490.75	494.50		485.00	**487.50**	–4.50	87,756
Wheat (MPLS)-5,000 bu.; cents per bu.							
Sept	722.00	722.00		707.50	**713.25**	–9.00	25,706
Dec	734.00	735.00		720.75	**726.25**	–9.00	35,875
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
Aug	150.725	151.550		149.800	**150.650**	.400	16,578
Sept	150.875	151.725		150.050	**151.200**	.600	17,385
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Aug	114.900	115.625		114.650	**115.225**	.700	35,680
Oct	114.950	115.600		114.425	**114.825**	.150	176,792
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Aug	82.250	82.350		80.800	**81.975**	.025	23,100
Oct	66.100	66.325		64.675	**65.500**	–.725	115,309
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
Sept	386.30	387.60		377.10	**383.80**	–.90	3,586
Nov	368.70	370.40		360.60	**367.10**	–1.40	1,211
Milk (CME)-200,000 lbs., cents per lb.							
Aug	16.45	16.67		16.40	**16.42**	–.07	5,150
Sept	17.00	17.26		16.80	**16.86**	–.21	5,334
Cocoa (ICE-US)-10 metric tons; $ per ton.							
Sept	2,070	2,084		2,034	**2,061**	6	90,412
Dec	2,094	2,110		2,061	**2,086**	4	94,058
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
Sept	140.70	141.55		138.80	**140.20**	–.15	86,476
Dec	144.20	145.05		142.50	**143.80**	–.15	61,831
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
Oct	14.78	14.82		13.92	**14.31**	–.48	392,692
March'18	15.50	15.53		14.65	**15.05**	–.45	194,020
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
Sept	24.85	24.85	▼	24.85	**24.85**	–.18	1,769
Nov	25.00	25.05	▼	25.00	**25.05**	–.10	2,661
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
Oct	72.15	72.43		71.23	**71.55**	–.20	211
Dec	70.30	70.58		69.96	**70.16**	–.18	155,602
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
Sept	133.70	134.85		130.20	**133.30**	–.60	7,378
Nov	135.80	135.90		132.10	**134.85**	–.95	3,012

Interest Rate Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
Sept	153-310	155-090		153-310	**155-000**	25.0	744,355
Dec	152-310	154-010		152-310	**153-250**	26.0	1,721
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
Sept	126-015	126-150		126-010	**126-115**	8.0	3,237,758
Dec	125-245	126-040		125-235	**126-010**	8.0	33,425
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
Sept	118-055	118-127		118-052	**118-110**	4.5	2,979,901
Dec	117-275	118-010		117-275	**118-005**	4.5	15,531
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
Sept	108-045	108-067		108-045	**108-062**	1.5	1,409,389
Dec	108-012	108-025		108-012	**108-022**	1.2	2,516
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Aug	98.845	98.845		98.843	**98.840**	–.005	183,603
Oct	98.835	98.840		98.835	**98.835**	...	300,182
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
Sept	102.156	102.484		102.109	**102.391**	.219	31,026
1 Month Libor (CME)-$3,000,000; pts of 100%							
Aug	98.7700	98.7700		98.7700	**98.7700**	...	5,000
Eurodollar (CME)-$1,000,000; pts of 100%							
Aug	98.6825	98.6850		98.6800	**98.6850**	.0025	91,670
Sept	98.6650	98.6750		98.6650	**98.6750**	.0050	1,493,848
Dec	98.5450	98.5600		98.5400	**98.5550**	.0050	1,954,430
Dec'18	98.2550	98.2900		98.2550	**98.2800**	.0150	1,419,822

Currency Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Aug	.9036	.9099		.9027	**.9091**	.0043	410
Sept	.9046	.9120		.9040	**.9105**	.0043	239,634
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Aug	.7947	.7967		.7928	**.7947**	–.0018	895
Sept	.7963	.7972		.7931	**.7951**	–.0017	188,911
British Pound (CME)-£62,500; $ per £							
Aug	1.3259	1.3263	▲	1.3118	**1.3138**	–.0097	399
Sept	1.3243	1.3287	▲	1.3130	**1.3153**	–.0096	214,048
Swiss Franc (CME)-CHF 125,000; $ per CHF							
Sept	1.0334	1.0367		1.0317	**1.0344**	.0006	40,818
Dec	1.0440	1.0454		1.0394	**1.0405**	.0005	370
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Aug	.7947	.7955		.7914	**.7943**	–.0026	826
Sept	.7963	.7963		.7911	**.7939**	–.0026	135,843
Oct	.7925	.7949		.7908	**.7936**	–.0026	451
Dec	.7940	.7945		.7902	**.7930**	–.0026	2,122
March'18	.7901	.7925		.7901	**.7922**	–.0026	218
Mexican Peso (CME)-MXN 500,000; $ per MXN							
Dec	.05480	.05503		.05472	**.05475**	–.00012	126
Euro (CME)-€125,000; $ per €							
Aug	1.1860	1.1898		1.1837	**1.1873**	.0005	2,272
Sept	1.1882	1.1920		1.1858	**1.1894**	.0005	453,281

Index Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
Sept	21972	21989	▲	21928	**21974**	17	139,492
Dec	21909	21945	▲	21888	**21933**	18	309
S&P 500 Index (CME)-$250 x index							
Sept	2472.30	2474.40		2467.00	**2471.70**	–1.80	54,775
Mini S&P 500 (CME)-$50 x index							
Sept	2473.25	2474.50		2466.00	**2471.75**	–1.75	3,020,172
Dec	2470.75	2472.25		2464.25	**2469.75**	–1.75	38,405
Mini S&P Midcap 400 (CME)-$100 x index							
Sept	1751.90	1753.50		1742.40	**1746.20**	–5.00	92,297
Mini Nasdaq 100 (CME)-$20 x index							
Sept	5911.3	5924.5		5877.3	**5890.0**	–20.8	295,253
Dec	5919.5	5930.0		5884.3	**5897.0**	–20.5	1,562
Mini Russell 2000 (ICE-US)-$100 x index							
Sept	1410.60	1414.30		1400.20	**1405.10**	–6.70	574,382
Dec	1412.20	1412.20		1402.00	**1404.30**	–6.50	375
Mini Russell 1000 (ICE-US)-$100 x index							
Sept	1369.80	1370.10		1366.20	**1369.50**	–.50	8,313
U.S. Dollar Index (ICE-US)-$1,000 x index							
Sept	92.78	92.91		92.56	**92.71**	.01	48,473
Dec	92.63	92.73		92.40	**92.53**	.01	2,587

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Thursday, August 03, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Thursday
Energy	
Propane,tet,Mont Belvieu-g	0.7509
Butane,normal,Mont Belvieu-g	0.8889
NaturalGas,HenryHub-i	2.780
NaturalGas,TranscoZone3-i	2.760
NaturalGas,TranscoZone6NY-i	1.870
NaturalGas,PanhandleEast-i	2.480
NaturalGas,Opal-i	2.530
NaturalGas,MarcellusNE PA-i	1.690
NaturalGas,HaynesvilleN.LA-i	2.710
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	42.700
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	11.280
Metals	
Gold, per troy oz	
Engelhard industrial	1269.30
Engelhard fabricated	1364.50
Handy & Harman base	1268.10
Handy & Harman fabricated	1407.59
LBMA Gold Price AM	*1266.65
LBMA Gold Price PM	*1269.60
Krugerrand,wholesale-e	1319.45
Maple Leaf-e	1332.14
American Eagle-e	1332.14
Mexican peso-e	1537.67
Austria crown-e	1246.58
Austria phil-e	1332.14
Silver, troy oz.	
Engelhard industrial	16.6500
Engelhard fabricated	19.9800
Handy & Harman base	16.6150
Handy & Harman fabricated	20.7690
LBMA spot price	£12.5038
(U.S.$ equivalent)	16.4700
Coins,wholesale $1,000 face-a	12478
Other metals	
LBMA Platinum Price PM	*940.0
Platinum,Engelhard industrial	959.0
Platinum,Engelhard fabricated	1059.0
Palladium,Engelhard industrial	899.0
Palladium,Engelhard fabricated	999.0
Aluminum, LME, $ per metric ton	*1904.0
Copper,Comex spot	2.8770
Iron Ore, 62% Fe CFR China-s	72.2
Shredded Scrap, US Midwest-s,w	296
Steel, HRC USA, FOB Midwest Mill-s	620
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5925
Cotton,11/16 std lw-mdMphs-u	0.7005
Cotlook 'A' Index-t	*79.50
Hides,hvy native steers piece fob-u	n.a.
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	4.70
Bran,wheat middlings, KC-u	68
Corn,No. 2 yellow,Cent IL-bp,u	3.3350
Corn gluten feed,Midwest-u,w	76.5
Corn gluten meal,Midwest-u,w	479.3
Cottonseed meal-u,w	200
Hominy feed,Cent IL-u,w	88
Meat-bonemeal,50% pro Mnpls-u,w	325
Oats,No.2 milling,Mnpls-u	3.2325
Rice, 5% Broken White, Thailand-l,w	385.00
Rice, Long Grain Milled, No. 2 AR-u,w	22.38
Sorghum,(Milo) No.2 Gulf-u	7.6838
SoybeanMeal,Cent IL,rail,ton48%-u	309.80
Soybeans,No.1 yllw IL-bp,u	9.2550
Wheat,Spring14%-pro Mnpls-u	7.8025
Wheat,No.2 soft red,St.Louis-bp,u	4.5950
Wheat - Hard - KC (USDA) $ per bu-u	4.0975
Wheat,No.1soft white,Portld,OR-u	5.1238
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	184.09
select 1-3,600-900 lbs.-u	174.65
Broilers,dressed 'A'-u	n.a.
Broilers, National comp wghtd-u,w	0.9824
Butter,AA Chicago	2.7375
Cheddar cheese,bbl,Chicago	154.00
Cheddar cheese,blk,Chicago	173.00
Milk,Nonfat dry,Chicago lb.	86.25
Cocoa,Ivory Coast-w	2366
Coffee,Brazilian,Comp	1.3918
Coffee,Colombian, NY	1.6206
Eggs,large white,Chicago-u	0.8550
Flour,hard winter KC	14.65
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	82.62
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	1.0901
Steers,Tex.-Okla. Choice-u	116.00
Steers,feeder,Okla. City-u,w	164.25
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	37.0000
Grease,choice white,Chicago-h	0.3125
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.3273
Tallow,bleach;Chicago-h	0.3550
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; L=livericeindex.com; M=midday; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=The Steel Index; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted.
*Data as of 8/2

Source: WSJ Market Data Group

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1937.21	3.1	U.S. Aggregate	2.480	1.890	2.790
U.S. Corporate Indexes Bloomberg Barclays					
2763.73	5.0	U.S. Corporate	3.090	2.770	3.520
2613.87	3.6	Intermediate	2.590	2.200	3.010
3802.64	8.2	Long term	4.150	3.970	4.710
565.04	3.8	Double-A-rated	2.540	2.040	2.870
712.27	5.5	Triple-B-rated	3.380	3.180	3.870
High Yield Bonds Merrill Lynch					
412.60	6.2	High Yield Constrained	5.449	5.399	6.858
412.93	7.4	Triple-C-rated	10.180	9.584	15.015
2841.84	5.9	High Yield 100	4.998	4.948	6.448
373.75	6.1	Global High Yield Constrained	5.073	5.073	6.450
302.55	5.4	Europe High Yield Constrained	2.303	2.303	3.814
U.S Agency Bloomberg Barclays					
1639.62	2.1	U.S Agency	1.780	1.220	1.960
1467.33	1.4	10-20 years	1.590	1.050	1.750
3345.04	7.0	20-plus years	2.900	2.430	3.460
2446.18	4.3	Yankee	2.690	2.340	3.090
Mortgage-Backed Bloomberg Barclays					
1980.69	2.0	Mortgage-Backed	2.800	1.990	3.120
1950.25	1.6	Ginnie Mae (GNMA)	2.760	1.870	3.090
1160.87	2.2	Fannie mae (FNMA)	2.810	2.020	3.120
1788.06	2.2	Freddie Mac (FHLMC)	2.820	2.030	3.130
520.60	4.4	Muni Master	1.830	1.328	2.516
364.71	5.0	7-12 year	1.844	1.374	2.618
405.60	5.1	12-22 year	2.366	1.688	3.047
390.68	5.3	22-plus year	2.897	2.139	3.622
Global Government J.P. Morgan†					
542.85	1.1	Global Government	1.390	0.830	1.560
753.57	0.02	Canada	1.990	1.240	2.120
368.98	0.002	EMU§	1.119	0.512	1.363
707.69	0.2	France	0.860	0.280	1.210
507.58	-1.4	Germany	0.480	-0.100	0.620
287.21	-0.3	Japan	0.420	0.100	0.460
559.88	-1.1	Netherlands	0.610	0.030	0.760
925.03	1.3	U.K.	1.510	0.960	1.790
794.64	7.5	Emerging Markets**	5.468	5.134	6.290

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds
** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
1.375	**U.S.** 2	**1.347** ▼	1.363	1.414	0.671			
2.375	10	**2.228** ▼	2.271	2.348	1.546			
2.750	**Australia** 2	**1.791** ▼	1.809	1.731	1.486	**44.4**	44.6	**81.5**
2.750	10	**2.675** ▼	2.710	2.618	1.939	**44.8**	43.9	**39.3**
0.000	**France** 2	**-0.494** ▲	-0.500	-0.398	-0.529	**-184.1**	-186.3	**-120.0**
1.000	10	**0.722** ▼	0.747	0.832	0.192	**-150.6**	-152.4	**-135.4**
0.000	**Germany** 2	**-0.677** ▲	-0.689	-0.595	-0.597	**-202.4**	-205.2	**-126.8**
0.500	10	**0.453** ▼	0.487	0.477	-0.036	**-177.5**	-178.4	**-158.1**
0.050	**Italy** 2	**-0.042** ▼	-0.034	-0.318	-0.051	**-138.9**	-139.7	**-72.2**
2.200	10	**1.988** ▼	2.011	2.138	1.221	**-24.0**	-26.1	**-32.4**
0.100	**Japan** 2	**-0.115** ▲	-0.116	-0.120	-0.175	**-146.2**	-147.9	**-84.6**
0.100	10	**0.070** ▼	0.075	0.086	-0.085	**-215.8**	-219.7	**-163.0**
2.750	**Spain** 2	**-0.351** ▲	-0.357	-0.262	-0.159	**-169.8**	-172.0	**-83.0**
1.500	10	**1.441** ▼	1.444	1.513	1.087	**-78.7**	-82.7	**-45.9**
1.750	**U.K.** 2	**0.222** ▼	0.290	0.342	0.204	**-112.5**	-107.3	**-46.7**
4.250	10	**1.151** ▼	1.238	1.262	0.805	**-107.7**	-103.4	**-74.1**

Source: Tullett Prebon

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

August 3, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

	June index level	Chg From (%) May '17	June '16
Inflation			
U.S. consumer price index			
All items	**244.955**	0.09	1.6
Core	**252.014**	0.07	1.7

	Latest	Week ago	52-WEEK High	Low
International rates				
Prime rates				
U.S.	**4.25**	4.25	4.25	3.50
Canada	**2.95**	2.95	2.95	2.70
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**0.00**	0.00	0.00	0.00
Switzerland	**0.50**	0.50	0.50	0.50
Britain	**0.25**	0.25	0.25	0.25
Australia	**1.50**	1.50	1.50	1.50
Overnight repurchase				
U.S.	**1.07**	1.13	1.38	0.15
U.S. government rates				
Discount				
	1.75	1.75	1.75	1.00
Federal funds				
Effective rate	**1.1700**	1.1800	1.2000	0.3300
High	**1.3125**	1.3125	1.3125	0.5625
Low	**0.9800**	1.1100	1.1600	0.2000
Bid	**1.1600**	1.1600	1.1700	0.2800
Offer	**1.1700**	1.1700	1.1900	0.3000
Treasury bill auction				
4 weeks	**0.990**	0.980	0.990	0.160
13 weeks	**1.070**	1.180	1.180	0.250
26 weeks	**1.130**	1.130	1.130	0.395
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	**3.440**	3.504	3.865	2.808
60 days	**3.467**	3.534	3.899	2.837
Other short-term rates				
Call money				
	3.00	3.00	3.00	2.25
Commercial paper (AA financial)				
90 days	**1.22**	1.23	1.26	0.62
Libor				
One month	**1.23056**	1.23389	1.23389	0.49840
Three month	**1.31167**	1.31111	1.31667	0.78760
Six month	**1.45111**	1.45444	1.46544	1.15820
One year	**1.72567**	1.72956	1.82761	1.47510
Euro Libor				
One month	**-0.401**	-0.398	-0.369	-0.405
Three month	**-0.373**	-0.377	-0.314	-0.378
Six month	**-0.298**	-0.300	-0.192	-0.308
One year	**-0.189**	-0.187	-0.065	-0.190
Euro interbank offered rate (Euribor)				
One month	**-0.372**	-0.371	-0.366	-0.375
Three month	**-0.329**	-0.329	-0.297	-0.332
Six month	**-0.272**	-0.272	-0.183	-0.274
One year	**-0.152**	-0.153	-0.045	-0.163

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	**1.070**	40.534	1.366	0.244
MBS	**1.070**	75.850	1.506	0.257

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Aug	**98.905**	unch.	3539	1.095
Treasury Sep	**98.880**	-0.005	1906	1.120
Treasury Oct	**98.815**	-0.010	1721	1.185

	Latest	Week ago	Year ago
Weekly survey			
Freddie Mac			
30-year fixed	**3.93**	3.92	3.43
15-year fixed	**3.18**	3.20	2.74
Five-year ARM	**3.15**	3.18	2.73

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 15, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective June 15, 2017. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Thursday, August 3, 2017

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	**AMLP**	11.88	**–1.25**	–5.7
CnsmrDiscSelSector	**XLY**	91.02	**–0.27**	11.8
CnsStapleSelSector	**XLP**	55.17	**–0.09**	6.7
DBGoldDoubleLgETN	**DGP**	23.87	**0.55**	18.6
DBGoldDoubleShrt	**DZZ**	5.67	**–0.18**	–17.3
DeutscheXMSCIEAFE	**DBEF**	30.32	**...**	8.1
EnSelectSectorSPDR	**XLE**	65.43	**–1.40**	–13.1
FinSelSectorSPDR	**XLF**	25.22	**–0.36**	8.5
GuggS&P500EW	**RSP**	93.72	**–0.26**	8.2
HealthCareSelSect	**XLV**	79.66	**0.16**	15.5
IndSelSectorSPDR	**XLI**	68.75	**0.50**	10.5
iShIntermCredBd	**CIU**	110.21	**0.05**	1.9
iSh1-3YCreditBond	**CSJ**	105.37	**0.03**	0.4
iSh3-7YTreasuryBd	**IEI**	124.02	**0.15**	1.2
iShCoreHiDividend	**HDV**	84.59	**0.21**	2.8
iShCoreMSCIEmgMk	**IEMG**	52.79	**–0.51**	24.4
iShCoreMS

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BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.
The list comprises the 1,000 largest companies based on market capitalization.
Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.
Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
i-New 52-week high.
t-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, August 3, 2017

NYSE

Stock	Sym	Close	Net Chg
ABB	ABB	23.48	-0.13
AES	AES	11.12	0.07
i Aflac	AFL	80.97	-0.19
AGCO	AGCO	72.20	0.04
AT&T	T	38.28	0.01
AbbottLabs	ABT	49.16	-0.07
AbbVie	ABBV	70.99	0.28
i Accenture	ACN	130.02	1.40
AcuityBrands	AYI	200.00	-0.81
Adient	ADNT	64.04	-0.26
AdvanceAuto	AAP	110.53	-3.95
AdvSemiEngg	ASX	6.55	...
Aegon	AEG	5.62	0.01
i AerCap	AER	49.45	0.56
i Aetna	AET	158.54	3.80
AffiliatedMgrs	AMG	180.18	-0.49
AgilentTechs	A	60.37	0.17
AgnicoEagle	AEM	45.62	-0.33
Agrium	AGU	100.80	1.21
AirProducts	APD	146.92	-1.19
AlaskaAir	ALK	84.99	-0.65
Albemarle	ALB	118.80	-0.65
Alcoa	AA	37.09	-0.19
AlexandriaRealEst	ARE	120.78	0.26
Alibaba	BABA	153.32	1.41
Alleghany	Y	617.27	-3.56
Allegion	ALLE	80.76	-0.09
Allergan	AGN	250.36	0.18
AllianceData	ADS	239.99	-0.45
AllianceBernstein	AB	24.30	-0.01
AlliantEnergy	LNT	41.09	0.14
AllisonTransm	ALSN	37.79	-0.14
Allstate	ALL	93.93	-0.23
AllyFinancial	ALLY	22.65	-0.13
AlticeUSA	ATUS	32.35	-0.27
Altria	MO	65.54	-0.01
i AlumofChina	ACH	16.81	0.91
Ambev	ABEV	6.15	-0.04
Ameren	AEE	57.00	0.27
AmericaMovil	AMX	17.86	0.05
AmericaMovil A	AMOV	17.62	...
AmCampus	ACC	47.43	0.11
AEP	AEP	71.20	0.27
AmericanExpress	AXP	85.54	0.24
AmericanFin	AFG	104.52	-0.37
AmerHomes4Rent	AMH	22.68	-0.08
AIG	AIG	66.06	0.16
AmerTowerREIT	AMT	137.15	-0.82
AmerWaterWorks	AWK	80.65	-1.35
Amerigas	APU	44.62	-0.48
Ameriprise	AMP	146.25	1.56
AmerisourceBrgn	ABC	81.71	-9.56
Ametek	AME	64.40	0.17
i Amphenol	APH	77.83	-0.01
AnadarkoPetrol	APC	43.77	-0.89
Andeavor	ANDV	97.72	-2.02
AndeavorLog	ANDX	50.87	-0.51
AB InBev	BUD	119.79	1.03
AnnalyCap	NLY	12.15	-0.02
AnteroMidstream	AM	34.17	-0.85
t AnteroResources	AR	19.01	-0.85
Anthem	ANTM	191.44	2.49
Aon	AON	138.97	-0.26
t Apache	APA	44.06	-3.85
ApartmtInv	AIV	45.53	0.04
ApolloGlobalMgmt	APO	28.83	0.69
AquaAmerica	WTR	33.59	0.01
Aramark	ARMK	40.06	-0.11
ArcelorMittal	MT	25.53	0.11
ArcherDaniels	ADM	42.62	0.13
Arconic	ARNC	25.33	0.45
AristaNetworks	ANET	144.05	0.59
ArrowElec	ARW	80.33	-1.25
Assurant	AIZ	103.84	...
i AssuredGuaranty	AGO	44.91	-0.19
AstraZeneca	AZN	30.34	0.01
Athene	ATH	50.28	-0.51
AtmosEnergy	ATO	87.41	-1.28
Autohome	ATHM	48.45	0.58
Autoliv	ALV	108.05	-0.27
AutoZone	AZO	529.29	-13.60
Avalonbay	AVB	187.81	-3.48
Avangrid	AGR	46.15	0.36
AveryDennison	AVY	93.27	-0.81
AxaltaCoating	AXTA	29.25	-2.51
BB&T	BBT	47.84	-0.09
BCE	BCE	46.75	-0.46
BHPBilliton	BHP	40.80	-0.36
BHPBilliton	BBL	35.61	-0.27
BP	BP	36.14	-0.26
BRF	BRFS	12.64	0.30
BT Group	BT	20.77	-0.14
BakerHughes	BHGE	35.31	-0.04
Ball	BLL	40.61	-1.27
i BancoBilbaoViz	BBVA	9.25	0.06
BancodeChile	BCH	86.28	0.06
BancoMacro	BMA	88.13	0.44
i BcoSantChile	BSAC	29.23	0.19
BancoSantander	SAN	6.82	0.03
BanColombia	CIB	44.20	-0.14
BankofAmerica	BAC	24.37	-0.22
BankofMontreal	BMO	75.32	-0.40
BankNY Mellon	BK	53.82	-0.09
BkNovaScotia	BNS	62.01	-0.17
Barclays	BCS	10.92	-0.04
Bard CR	BCR	319.37	-3.16
BarrickGold	ABX	17.06	-0.08
BaxterIntl	BAX	59.59	0.09
BectonDickinson	BDX	198.90	-2.03
Berkley	WRB	69.20	0.06
i BerkHathway A	BRK/A	268370164	0.20
i BerkHathway B	BRK/B	178.99	1.14
BerryGlobal	BERY	57.65	0.79
BestBuy	BBY	59.69	0.31
i Bio-RadLab A	BIO	242.28	3.68
i Bio-RadLab B	BIO/B	240.30	3.75
BlackKnightFin	BKFS	42.35	0.15
BlackRock	BLK	426.01	0.46
BlackstoneGroup	BX	33.18	-0.03
BlockHR	HRB	30.54	0.07
BoardwalkPipe	BWP	16.36	-0.04
Boeing	BA	238.25	0.30
BorgWarner	BWA	45.88	-0.27
BostonProperties	BXP	123.71	1.88
BostonScientific	BSX	26.74	0.23
Braskem	BAK	24.53	-0.44
Bristol-Myers	BMY	55.50	0.27
BritishAmTob	BTI	65.19	1.14
BrixmorProp	BRX	19.34	...
BroadridgeFinl	BR	76.34	0.63
BrookfieldMgt	BAM	38.51	-0.22
BrookfieldInfr	BIP	40.25	-0.67
Brown&Brown	BRO	43.95	-0.46
Brown-Forman A	BF/A	51.05	-0.45
Brown-Forman B	BF/B	48.52	-0.42
BuckeyePtrs	BPL	62.40	-0.57
Bunge	BG	75.96	-1.52
BurlingtonStores	BURL	86.06	1.01
CBD Pao	CBD	23.79	-0.18
CBRE Group	CBG	37.44	-0.36
CBS A	CBS/A	65.53	0.28
CBS B	CBS	64.83	0.02
CF Industries	CF	30.71	1.99
CGI Group	GIB	51.47	0.37
CIT Group	CIT	47.50	-0.27
CMS Energy	CMS	47.02	0.38
CNA Fin	CNA	52.74	0.09
CNOOC	CEO	111.88	-0.54
i CPFLEnergia	CPL	17.24	0.08
CRH	CRH	34.88	-0.07
CVS Health	CVS	78.60	-1.15
CabotOil	COG	24.57	...
CAE	CAE	17.07	-0.08
CamdenProperty	CPT	89.45	0.05
CampbellSoup	CPB	53.01	0.30
CIBC	CM	86.09	-0.15
CanNtlRlwy	CNI	79.62	-0.69
CanNaturalRes	CNQ	31.73	1.03
CanPacRlwy	CP	155.86	-1.60
Canon	CAJ	35.14	...
CapitalOne	COF	84.59	-0.72
CardinalHealth	CAH	69.36	-1.63
Carlisle	CSL	97.76	-0.63
CarMax	KMX	65.54	-0.18
Carnival	CCL	67.42	-0.08
Carnival	CUK	67.89	-0.15
Caterpillar	CAT	113.56	0.47
Celanese A	CE	96.83	0.02
Cemex	CX	9.70	-0.17
CenovusEnergy	CVE	8.06	-0.12
Centene	CNC	83.19	1.40
CenterPointEner	CNP	28.47	0.30
CentraisElBras	EBR	4.39	0.09
t CenturyLink	CTL	22.44	-1.30
i Chemours	CC	47.15	-0.82
Chevron	CVX	109.43	-1.03
ChinaEastrnAir	CEA	27.55	0.22
ChinaLifeIns	LFC	16.17	0.02
ChinaMobile	CHL	53.36	0.21
ChinaPetrol	SNP	75.82	-0.57
ChinaSoAirlines	ZNH	37.93	0.13
ChinaTelecom	CHA	47.37	0.32
ChinaUnicom	CHU	14.44	-0.06
Chipotle	CMG	345.36	-5.70
i Chubb	CB	149.87	0.95
ChunghwaTelecom	CHT	33.72	-0.16
Church&Dwight	CHD	51.77	-0.96
i Cigna	CI	176.05	1.31
CimarexEnergy	XEC	92.89	-5.28
Citigroup	C	68.13	-0.97
CitizensFin	CFG	35.22	-0.40
Clorox	CLX	134.73	2.76
Coach	COH	46.15	-0.07
Coca-Cola	KO	45.67	0.08
i Coca-Cola Euro	CCE	43.47	0.19
Coca-Cola Femsa	KOF	82.34	-0.96
Colgate-Palmolive	CL	71.60	-0.02
ColonyNorthStar	CLNS	14.61	-0.01
Comerica	CMA	72.84	0.35
SABESP	SBS	10.87	-0.06
ConagraBrands	CAG	34.31	0.10
ConchoRscs_CXO	117.46	-11.20
ConocoPhillips	COP	44.91	-0.70
ConEd	ED	83.12	0.42
ConstBrands A	STZ	193.04	-0.47
ConstBrands B	STZ/B	193.74	-3.92
ContinentalRscs	CLR	32.19	-0.56
Cooper	COO	244.78	0.51
Corning	GLW	29.28	-0.49
Coty	COTY	19.93	-0.25
i Credicorp	BAP	189.45	1.47
CreditSuisse	CS	15.38	-0.02
CrestwoodEquity	CEQP	25.35	-0.65
CrownCastle	CCI	100.92	-0.89
CrownHoldings	CCK	59.17	-0.90
Cullen/Frost	CFR	92.35	-0.44
Cummins	CMI	157.74	-0.04
DTE Energy	DTE	108.87	1.27
DXC Tech	DXC	78.44	0.33
Danaher	DHR	81.28	...
Darden	DRI	82.08	-2.48
DaVita	DVA	58.50	0.04
i Deere	DE	129.51	0.53
DellTechnologies	DVMT	64.01	0.16
i DelphiAutomotive	DLPH	92.86	1.84
DeltaAir	DAL	50.57	0.56
DeutscheBank	DB	18.06	0.05
DevonEnergy	DVN	32.27	-1.13
Diageo	DEO	129.90	-0.65
DigitalRealty	DLR	115.75	-1.38
DiscoverFinSvcs	DFS	60.46	-0.32
Disney	DIS	109.12	0.45
DollarGeneral	DG	74.49	-0.22
DominionEner	D	78.40	0.54
Domino's	DPZ	198.23	5.88
Donaldson	DCI	46.99	-0.06
DouglasEmmett	DEI	38.74	0.86
i Dover	DOV	86.46	2.16
DowChemical	DOW	63.43	-0.87
DrPepperSnap	DPS	90.86	-0.13
DrReddy'sLab	RDY	36.08	-0.93
DuPont	DD	81.33	-0.99
DukeEnergy	DUK	86.51	0.77
DukeRealty	DRE	28.71	-0.19
ENI	E	31.90	-0.23
EOG Rscs	EOG	88.90	-3.42
EQT	EQT	62.12	-0.89
EQT Midstream	EQM	76.63	-0.03
EastmanChem	EMN	83.92	0.04
Eaton	ETN	73.61	-0.49
EatonVance	EV	48.50	0.10
Ecolab	ECL	132.62	-0.28
Ecopetrol	EC	9.35	0.07
EdisonInt	EIX	79.44	0.70
EdwardsLife	EW	116.45	2.21
EmersonElectric	EMR	60.68	-0.31
t EnbridgeEnPrs	EEP	15.19	-0.10
Enbridge	ENB	41.76	-0.04
Encana	ECA	9.38	-0.43
EnelAmericas	ENIA	9.94	-0.04
EnelGenChile	EOCC	23.28	-0.02
EnergyTrfrEquity	ETE	17.31	-0.21
EnergyTransfer	ETP	20.41	-0.39
EnLinkMidPtrs	ENLK	16.68	-0.25
Entergy	ETR	76.86	0.33
EnterpriseProd	EPD	26.84	-0.40
EnvisionHlthcr	EVHC	54.82	0.07
Equifax	EFX	144.94	-0.55
EquityLife	ELS	87.82	0.03
EquityResdntl	EQR	67.30	-0.46
EssexProp	ESS	263.27	-0.19
EsteeLauder	EL	98.17	-0.32
EverestRe	RE	266.06	0.72
EversourceEner	ES	61.88	0.82
Exelon	EXC	38.44	0.02
ExtraSpaceSt	EXR	77.22	-2.04
ExxonMobil	XOM	80.49	-0.11
i FMC	FMC	83.34	-0.51
FactSet	FDS	164.88	0.43
FederalRealty	FRT	132.98	0.14
FedEx	FDX	209.36	-0.14
Ferrari	RACE	108.34	-2.13
FiatChrysler	FCAU	11.94	-0.05
FibriaCelulose	FBR	10.83	-0.17
FidelityNatlFin	FNF	48.24	-0.06
FNFV Group	FNFV	17.15	...
FidelityNtlInfo	FIS	90.41	-0.83
58.com	WUBA	50.25	-0.15
FirstData	FDC	18.26	-0.05
FirstRepBank	FRC	100.86	-0.68
FirstEnergy	FE	32.06	0.21
FleetCorTech	FLT	154.18	...
Flowserve	FLS	41.22	-0.70
Fluor	FLR	43.86	0.02
FomentoEconMex	FMX	99.58	-0.35
FootLocker	FL	48.55	0.90
FordMotor	F	10.93	-0.07
ForestCity A	FCE/A	24.25	0.01
Fortis	FTS	36.45	-0.37
Fortive	FTV	66.53	0.25
FortBrandsHome	FBHS	65.04	-1.21
Franco-Nevada	FNV	73.98	-0.49
FranklinRscs	BEN	43.83	-0.11
Freeport-McMoRan	FCX	14.37	...
FreseniusMed	FMS	46.28	0.17
GGP	GGP	21.78	-0.13
Gallagher	AJG	58.65	-0.37
Gap	GPS	23.47	0.05
Gartner	IT	127.56	0.75
Gazit-Globe	GZT	9.60	-0.03
GeneralDynamics	GD	199.33	1.29
GeneralElec	GE	25.76	0.24
GeneralMills	GIS	56.22	0.15
GeneralMotors	GM	34.77	-0.05
i Genpact	G	29.99	1.12
GenuineParts	GPC	84.11	-0.32
Gerdau	GGB	3.45	0.02
Gildan	GIL	30.04	0.01
GlaxoSmithKline	GSK	40.69	-0.06
GlobalPayments	GPN	95.15	-0.26
GoDaddy	GDDY	42.94	0.14
Goldcorp	GG	12.81	-0.15
GoldmanSachs	GS	223.99	-2.28
Graco	GGG	113.62	-0.11
Grainger	GWW	169.47	-0.55
GreatPlainsEner	GXP	31.07	0.16
GpoAeroportuar	PAC	115.10	0.92
GpoAeroportSur	ASR	212.25	3.80
GpoAvalAcciones	AVAL	8.93	-0.02
GpFinSantandMex	BSMX	10.49	0.03
GrupoTelevisa	TV	26.52	-0.27
HCA Healthcare	HCA	78.96	-0.02
HCP	HCP	30.03	0.37
HDFC Bank	HDB	98.30	-0.89
HP	HPQ	19.36	0.26
HSBC	HSBC	50.06	-0.14
Halliburton	HAL	42.03	-0.82
Hanesbrands	HBI	23.84	0.19
HarleyDavidson	HOG	47.99	0.19
i Harris	HRS	116.91	0.66
HartfordFinl	HIG	55.84	0.21
HealthcareAmer	HTA	30.07	0.41
i Heico	HEI	83.00	1.04
i Heico A	HEI/A	73.50	1.10
Herbalife	HLF	65.45	0.23
Hershey	HSY	105.54	-0.05
Hess	HES	43.21	-0.79
HewlettPackard	HPE	17.29	-0.06
Hilton	HLT	62.13	0.15
HomeDepot	HD	150.79	0.29
HondaMotor	HMC	28.67	-0.18
i Honeywell	HON	139.56	0.84
HormelFoods	HRL	33.93	-0.23
DR Horton	DHI	36.33	-0.12
HostHotels	HST	18.39	-0.25
HuanengPower	HNP	26.77	-0.07
Hubbell	HUBB	119.20	-0.24
i Humana	HUM	248.84	7.75
HuntingtonIngalls	HII	213.93	5.72
Huntsman	HUN	25.69	-0.39
t HyattHotels	H	59.97	4.22
ICICI Bank	IBN	9.25	-0.20
ING Groep	ING	18.64	-0.11
Invesco	IVZ	34.53	-0.10
IDEX	IEX	115.71	0.25
IllinoisToolWks	ITW	141.43	-0.34
Infosys	INFY	15.77	-0.01
Ingersoll-Rand	IR	86.73	-0.42
Ingredion	INGR	122.59	-0.39
ICE	ICE	65.15	-1.87
InterContinentl	IHG	56.44	-0.31
IBM	IBM	144.94	0.49
IntlFlavors	IFF	134.33	0.49
IntlPaper	IP	53.66	-0.87
Interpublic	IPG	21.83	0.13
InvitationHomes	INVH	21.08	-0.12
IronMountain	IRM	37.40	0.48
IsraelChemicals	ICL	4.67	-0.14
ItauUnibanco	ITUB	12.42	-0.04
JPMorganChase	JPM	92.50	-0.61
Jabil	JBL	30.69	-0.50
JacobsEngineering	JEC	52.67	-0.68
JamesHardie	JHX	15.06	-0.09
JanusHenderson	JHG	33.52	-0.01
J&J	JNJ	133.35	1.19
JohnsonControls	JCI	39.46	0.09
JonesLangLaSalle	JLL	124.64	-3.74
JuniperNetworks	JNPR	28.34	0.12
KAR Auction	KAR	41.57	-0.10
KB Fin	KB	51.19	-1.31
KKR	KKR	19.40	0.22
KT	KT	17.99	-0.42
KSCitySouthern	KSU	102.05	-0.06
Kellogg	K	70.36	2.92
KeyCorp	KEY	18.03	-0.04
KeysightTechs	KEYS	41.65	-0.04
KilroyRealty	KRC	70.61	1.03
KimberlyClark	KMB	121.68	0.32
KimcoRealty	KIM	19.93	-0.11
KinderMorgan	KMI	20.23	-0.10
KinrossGold	KGC	4.32	0.20
Kohl's	KSS	42.01	0.92
KoninklijkePhil	PHG	38.04	-0.24
KoreaElcPwr	KEP	19.44	-0.19
Kroger	KR	24.06	-0.57
Kyocera	KYO	60.83	0.09
LATAMAirlines	LTM	12.04	-0.03
t L Brands	LB	41.60	-2.71
LG Display	LPL	13.62	-0.38
LINE	LN	36.07	-0.02
L3 Tech	LLL	175.40	0.43
LabCpAm	LH	160.56	0.71
LambWeston	LW	43.22	-0.54
LasVegasSands	LVS	60.78	0.24
Lazard	LAZ	45.63	0.04
Lear	LEA	143.00	-2.46
Leggett&Platt	LEG	47.76	0.14
i Leidos	LDOS	56.64	4.37
Lennar A	LEN	53.87	...
Lennar B	LEN/B	46.23	0.50
LennoxIntl	LII	172.40	0.45
LeucadiaNatl	LUK	26.28	-0.09
Level3Comm	LVLT	57.33	-1.93
LibertyProperty	LPT	42.07	-0.32
EliLilly	LLY	81.93	0.11
i LincolnNational	LNC	73.17	-0.13
LionsGate A	LGF/A	29.17	-0.16
LionsGate B	LGF/B	27.45	...
LiveNationEnt	LYV	37.32	0.16
LloydsBanking	LYG	3.54	0.01
i LockheedMartin	LMT	295.82	1.12
i Loews	L	48.97	-0.15
Lowe's	LOW	77.91	0.05
LyondellBasell	LYB	88.75	0.38
M&T Bank	MTB	163.79	-1.13
MGM Resorts	MGM	31.56	-0.42
MPLX	MPLX	35.31	-0.56
i MSCI	MSCI	111.71	3.06
Macerich	MAC	56.92	1.37
MacquarieInfr	MIC	76.19	0.06
Macy's	M	23.59	0.42
MagellanMid	MMP	70.09	-0.05
MagnaIntl	MGA	47.00	-0.31
Manpower	MAN	106.58	0.65
ManulifeFin	MFC	20.45	-0.17
MarathonOil	MRO	12.51	0.47
MarathonPetrol	MPC	55.89	-0.31
Markel	MKL	1055.64	-14.16
Marsh&McLennan	MMC	78.43	-0.21
MartinMarietta	MLM	210.83	-5.40
Masco	MAS	37.99	-0.29
Mastercard	MA	129.89	-0.72
McCormick	MKC	95.18	-0.45
McDonalds	MCD	154.72	-1.87
McKesson	MCK	155.34	-4.27
Medtronic	MDT	83.29	0.09
Merck	MRK	63.52	0.08
MetLife	MET	53.50	-1.58
MettlerToledo	MTD	577.64	0.64
MichaelKors	KORS	36.45	0.10
MidAmApt	MAA	103.94	0.09
MitsubishiUFJ	MTU	6.42	-0.03
MizuhoFin	MFG	3.52	-0.02
MobileTeleSys	MBT	8.84	0.20
i Mobileye	MBLY	63.49	...
MohawkIndustries	MHK	250.98	-0.72
MolsonCoors B	TAP	90.87	-0.96
Monsanto	MON	117.86	...
Moody's	MCO	128.72	-0.65
MorganStanley	MS	47.26	-0.07
Mosaic	MOS	22.32	0.07
MotorolaSolutions	MSI	90.40	-0.03
NRG Energy	NRG	23.98	-0.49
NTTDoCoMo	DCM	23.61	0.20
NVR	NVR	2704.70	29.09
NationalGrid	NGG	63.72	0.39
NatlOilwell	NOV	32.62	0.01
NatlRetailProp	NNN	40.20	-0.38
NewOrientalEduc	EDU	78.65	1.33
NY CmntyBcp	NYCB	12.86	-0.12
NewellBrands	NWL	52.56	0.10
NewmontMining	NEM	36.59	-0.28
i NextEraEnergy	NEE	147.54	0.80
NielsenHoldings	NLSN	42.99	-0.26
i Nike	NKE	60.14	0.35
i NiSource	NI	26.50	-0.17
t NobleEnergy	NBL	25.89	-2.15
Nokia	NOK	6.54	0.02
NomuraHoldings	NMR	5.89	-0.01
Nordstrom	JWN	46.85	0.36
NorfolkSouthern	NSC	113.43	1.56
NorthropGrumman	NOC	268.78	1.95
Novartis	NVS	84.87	-0.40
NovoNordisk	NVO	42.49	0.19
Nucor	NUE	57.11	0.23
i NuSTAREnergy	NS	42.18	-0.52
OGE Energy	OGE	36.01	0.27
ONEOK	OKE	53.85	-0.77
OccidentalPetrol	OXY	61.55	0.18
Och-Ziff	OZM	2.94	-0.03
OmegaHealthcare	OHI	30.97	-0.11
Omnicom	OMC	79.61	0.79
Oracle	ORCL	50.23	0.46
Orange	ORAN	17.05	0.08
i OrbitalATK	OA	106.46	2.86
i Orix	IX	83.75	0.82
OwensCorning	OC	66.74	-0.65
PG&E	PCG	68.91	0.52
PLDT	PHI	32.28	-0.11
PNC Fin	PNC	130.51	-0.17
POSCO	PKX	73.17	-0.61
PPG Ind	PPG	104.67	-1.54
PPL	PPL	39.11	0.15
i PVH	PVH	121.27	1.54
PackagingCpAm	PKG	110.08	-0.15
PaloAltoNtwks	PANW	131.75	0.40
ParkHotels	PK	26.01	-0.62
ParkerHannifin	PH	165.32	1.02
t ParsleyEnergy	PE	25.30	-2.09
Pearson	PSO	8.62	...
PembinaPipeline	PBA	33.86	...
Pentair	PNR	62.85	0.19
PepsiCo	PEP	116.30	0.69
PerkinElmer	PKI	66.35	-0.37
Perrigo	PRGO	68.31	-3.82
PetroChina	PTR	64.26	-0.41
PetroleoBrasil	PBR	8.87	-0.14
PetroleoBrasilA	PBR/A	8.55	-0.11
Pfizer	PFE	33.43	0.51
PhilipMorris	PM	114.49	0.03
Phillips66	PSX	85.65	-1.02
PinnacleFoods	PF	58.99	-0.68
PinnacleWest	PNW	88.72	1.48
t PioneerNatRscs	PXD	135.12	-10.56
PlainsAllAmPipe	PAA	25.61	-0.68
PlainsGP	PAGP	26.49	-0.21
PolarisIndustries	PII	89.15	-1.73
PostHoldings	POST	83.72	-0.03
Potash	POT	17.96	0.17
Praxair	PX	130.32	-0.28
PrincipalFin	PFG	66.55	-0.11
Procter&Gamble	PG	90.86	-0.18
i Progressive	PGR	47.61	0.39
Prologis	PLD	61.12	-0.08
PrudentialFin	PRU	110.27	-4.96
Prudential	PUK	48.80	-0.04
PublicServiceEnt	PEG	45.77	0.44
PublicStorage	PSA	200.34	-1.88
i PulteGroup	PHM	25.29	0.09
QuestDiag	DGX	107.56	-0.41
i QuintilesIMS	Q	91.10	-0.52
RELX	RENX	21.09	0.08
RELX	RELX	22.06	0.03
RPM	RPM	51.15	-0.65
RalphLauren	RL	76.05	0.54
RaymondJames	RJF	82.38	-0.42
i Raytheon	RTN	174.14	0.35
RealtyIncome	O	57.04	-0.06
RedHat	RHT	98.19	-0.16
RegencyCtrs	REG	66.13	0.03
RegionsFin	RF	14.90	0.07
i ReinsuranceGrp	RGA	140.46	-0.73
RenaissanceRe	RNR	148.22	-0.22
RepublicServices	RSG	64.79	0.23
ResMed	RMD	73.45	0.94
RestaurantBrands	QSR	60.69	1.00
RiceEnergy	RICE	27.40	-1.12
RioTinto	RIO	46.18	0.17
RobertHalf	RHI	44.49	-0.02
Rockwell	ROK	165.53	0.31
t RockwellCollins	COL	118.44	6.08
RogersComm B	RCI	51.66	0.14
i Rollins	ROL	44.00	0.51
RoperTech	ROP	236.39	0.63
RoyalBkCanada	RY	74.70	-0.19
RoyalBkScotland	RBS	6.79	0.06
i RoyalCaribbean	RCL	119.92	2.53
RoyalDutchA	RDS/A	57.04	-0.34
RoyalDutchB	RDS/B	58.60	-0.25
SAP	SAP	107.17	0.83
S&P Global	SPGI	151.92	-0.10
SINOPECShanghai	SHI	56.92	-0.73
SK Telecom	SKM	27.70	-0.18
SLGreenRealty	SLG	102.27	-0.57
Salesforce.com	CRM	90.35	0.46
Sanofi	SNY	47.68	0.20
Sasol	SSL	29.93	-0.01
Scana	SCG	65.34	-1.81
Schlumberger	SLB	68.22	-0.91
SchwabC	SCHW	42.88	-0.14
ScottsMiracleGro	SMG	95.68	...
SealedAir	SEE	43.26	-0.30
SempraEnergy	SRE	116.03	0.99
SensataTech	ST	45.06	-0.41
ServiceCorp	SCI	34.83	0.09
i ServiceMaster	SERV	44.80	0.60
ServiceNow	NOW	107.12	-0.05
ShawComm B	SJR	21.91	-0.28
SherwinWilliams	SHW	334.03	-3.04
ShinhanFin	SHG	47.11	-0.43
Shopify	SHOP	97.16	-1.19
SimonProperty	SPG	161.95	0.58
SmithAO	AOS	54.26	-0.17
Smith&Nephew	SNN	35.33	-0.06
Smucker	SJM	121.17	0.36
t Snap	SNAP	12.93	0.28
SnapOn	SNA	152.85	-0.14
i SOQUIMICH	SQM	42.01	0.64
Sony	SNE	40.20	0.39
Southern	SO	49.36	-0.42
SoCopper	SCCO	39.44

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Music Royalties Strike a Chord

By Ben Eisen

Tired of low returns on traditional investments, David Goldberg recently turned to an unlikely place: Elmo and his friends on "Sesame Street."

Mr. Goldberg paid more than half a million dollars to buy the future revenue for a group of songs, including "Sesame Street" favorite "Elmo's Song," through auction website Royalty Exchange.

"Why park a bunch of money in cash that barely earns anything?" said Mr. Goldberg, 36 years old, who owns the shoe brand of former basketball player Patrick Ewing.

A small but increasing number of investors are buying the rights to musicians' future earnings, lured by returns that can run between 8% and 12% annually, or more, when junk bonds are yielding less than 6%.

Private-equity-like funds focused on music royalties have raised or started raising roughly $1 billion to purchase future revenue rights since 2013, when these investors started viewing the sector seriously as an income stream amid a low-rate environment, said Wes Swackhamer, who works with investors on royalties as a private-equity investment director at Boston-based consulting firm Cambridge Associates.

"You're talking about an income stream that's not necessarily tied to broader capital markets," he said.

Royalty Exchange, which was formed in 2011, often handles sales for less-expensive royalties. In the second quarter, the Denver-based site held auctions valued at $2.5 million, more than double the total from the last three months of 2016.

Music royalties are generated in multiple ways; songs can earn money when performed, played in a restaurant or in a film, or streamed through a service like Spotify. Songwriters are often the sellers of royalty streams, either for a period or permanently. Artists, labels and publishers also sell various types of royalties.

Rights can sell for anywhere from a few thousand dollars for a lesser-known tune or one whose popularity has peaked, to millions for a well-known catalog with a history of consistent earnings.

But they come with risks. Royalty rights often last for 70 years after the death of the artist. Investors typically value the rights on a multiple of the previous year's earnings, but a song that generates revenue now isn't necessarily likely to do so at the same pace in the future.

Last month, Royalty Exchange auctioned the performance revenue to the Black Eyed Peas' "Just Can't Get Enough" for $17,200. The song generated almost $17,000 through performances in the second quarter of 2011, but after a steady decline, it made just $259 in the final quarter of 2016.

Investing in royalties is "still very much a niche thing, but it's becoming less niche now," said Josh Gruss, chief executive officer at Round Hill Music Royalty Partners, a private-equity firm focused on acquiring music copyrights.

Round Hill, which has a portfolio that includes songs by the Beatles, raised more than $200 million in 2014. It plans to launch another fund of a similar size or modestly larger, according to a person familiar with the matter.

Los Angeles financier David Pullman first gave life to music-royalty investing two decades ago, when he packaged David Bowie's back catalog into an asset-backed bond and sold it to Prudential Financial Inc. Mr. Bowie raised $55 million in the deal, and the bonds paid interest of 7.9% annually for 10 years.

The American Society of Composers, Authors and Publishers, which collects and hands out royalties, distributed $918 million last year, a 5.6% increase over the previous year. Broadcast Music Inc., a peer organization, distributed $931 million in the year through June 2016, up 6% from the year-ago period.

Sitting in his Englewood, N.J., office on a Friday afternoon in June, Mr. Goldberg logged onto Royalty Exchange. Bidding for the group of "Sesame Street" songs, which also included other TV and film assets, had started at $430,000 a week earlier, but few had put in bids. With a few hours left in the auction, Mr. Goldberg made a bid of about half a million dollars.

Another potential buyer jumped in, and the two went back and forth, incrementally pushing up the price. Mr. Goldberg ultimately prevailed with a bid of $580,000, over five times the $108,500 the collection earned in 2016. If the songs generate similar revenue over the next year, they would yield almost 19%.

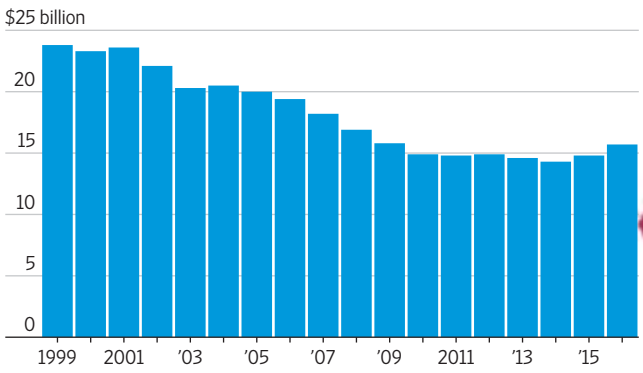
So far, Mr. Goldberg's royalties have earned around $16,000, which he says is about what he expected.

RAMSAY DE GIVE FOR THE WALL STREET JOURNAL; VICTORIA WILL/ASSOCIATED PRESS (ELMO)

David Goldberg paid $580,000 to purchase the rights to future earnings for a group of 'Sesame Street' songs, including 'Elmo's Song.'

Bounce Back

Global recorded-music industry revenue has started to rebound in recent years, largely due to the popularity of streaming services.



Source: IFPI Global Music Report THE WALL STREET JOURNAL.

Fed Looks To Ease Curbs on Directors

By Ryan Tracy

WASHINGTON—The Federal Reserve proposed scaling back the requirements it places on banks' boards of directors, its latest move to recalibrate regulations as it takes stock of rules adopted since the financial crisis.

The Fed said Thursday that after talking with bankers and reviewing its policies for supervising bank directors, it determined that it has been overloading boards with too many specific requirements, making it difficult for them to focus on big-picture strategy and risk management.

"The sense of [today's action] is not at all to lighten the workload of directors or make their life easier," said Fed governor Jerome Powell, the central bank's regulatory point person, in an interview. "Our expectations are very high....It is an attempt to get them out of the weeds and put them focusing on the big issues."

Mr. Powell said the Fed had been reviewing expectations for bank directors since at least 2014. Thursday's announcement would change policies adopted both before and after the 2008 financial crisis. The Fed said it would look for more changes to its rules in the future.

The Fed's move is likely to be welcomed by bankers, who have said for years that requirements placed on boards have become excessive.

"The process is just too much. Most directors are just drowning in process," said Timothy Ryan, chairman of Banco Santander SA's U.S. holding company, at a June conference on financial regulation in Washington. "Too much of it is...not really correlated to improving the operation of the bank."

The Fed said it has been overloading boards with too many requirements.

The move comes as some lawmakers question the Fed's oversight of Wells Fargo & Co.'s board in the wake of disclosures that the bank opened phony accounts in customers' names and improperly charged them for auto-insurance products.

Mr. Powell declined to comment on Wells Fargo.

Fed officials, he said, had counted hundreds of instances in which its regulations and guidance included the phrase "the board shall."

"If you get off into the weeds, the big things pass you by," he said. Instead, boards should focus on such questions as, "Do we have a risk-management framework that truly captures, measures and deals with the risks of this large financial institution?"

Answering that question, he said, "is not easier than going down a list of 30 potential risks."

After the 2008 financial crisis, the Fed and other regulators judged that boards had done a poor job of supervising management at big banks and began holding more frequent meetings with members of banks' boards. They also began to single out boards more frequently when critiquing banks' risk management.

Laban Jackson, independent director at J.P. Morgan Chase & Co., said at the June conference that regulators shouldn't attend board meetings, a practice he said has become more common.

The conference was hosted by two big bank trade groups, the Clearing House Association and the Securities Industry and Financial Markets Association.

"I think boards did a lousy job before the crisis," Mr. Jackson said, but with regulators in the room, directors are "very careful what they say, which doesn't make any sense to me. Boards should be completely open."

ETFs Take Flight From NYSE's Platform

By Asjylyn Loder and Alexander Osipovich

The **New York Stock Exchange**, long the dominant listing venue for U.S. exchange-traded funds, is on track to lose ETF listings for a second straight year as competing exchanges vie for a larger slice of the fast-expanding industry.

This week, 50 ETFs from **BlackRock** Inc.'s iShares lineup left NYSE's Arca trading platform for the competition. **Nasdaq** Inc. picked up 20 of the listings valued at $124 billion, and **Bats** took the remaining 30, valued at $116 billion. The defections include the $33.1 billion **iShares Core MSCI EAFE ETF** and the $13.5 billion **iShares Edge MSCI Min Vol USA ETF**. BlackRock's moves, announced in late June, are part of the firm's efforts to diversify its listings venues.

BlackRock and other issuers began to spread their ETFs across multiple platforms following two market failures two years ago, including an hourslong New York Stock Exchange outage in July 2015 and, the next month, a series of trading halts that caused ETFs to veer from the value of their underlying assets.

So far this year, one of BlackRock's nine new listings have gone to NYSE Arca, which remains the home for 209 of 343 of BlackRock's U.S.-listed ETFs.

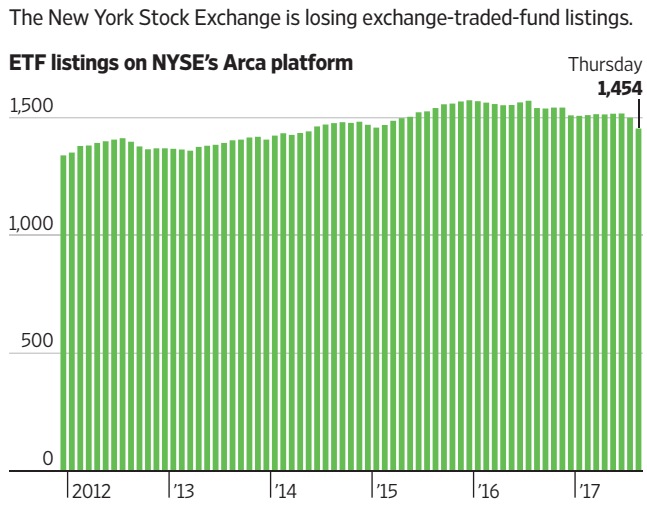
After this week's switchovers, Bats, part of **CBOE Holdings** Inc., has 221 ETF listings, and Nasdaq has 373.

NYSE Arca listed 1,518 ETFs as of June, according to company records. NYSE's ETF listings peaked at 1,574 in December 2015 but fell to 1,510 at the end of last year. An NYSE spokeswoman on Thursday said they have 1,454 ETF listings.

The primary value of ETFs is trading revenue, not listings fees. Bats has made substantial inroads in ETF volumes in recent years and is frequently the market leader, with NYSE not far behind and sometimes taking the top spot.

Competition Heats Up

The New York Stock Exchange is losing exchange-traded-fund listings.



Source: New York Stock Exchange THE WALL STREET JOURNAL.

U.K. Listing Rule Shift Would Help Woo Aramco

By Samuel Agini and Ben Dummett

London Stock Exchange Group PLC's top executive endorsed the right of the U.K. securities regulator to consider changing its rules for sovereign-owned companies, a move that could make it easier to woo the listing of oil giant **Saudi Arabian Oil** Co.

Xavier Rolet's support comes as the U.K.'s Financial Conduct Authority proposes the adoption of a new listing category that addresses the desire of state-controlled companies to access the public markets without necessarily adopting rules meant to protect public minority investors.

The rules, if adopted, could give the LSE an edge over its main rival the New York Stock Exchange in winning the coveted listing of Saudi Arabian Oil, known as Saudi Aramco. But some large institutional investors and business groups oppose the proposed changes, worried they would undermine the integrity of Britain's main stock market.

"It should be a surprise to no one if listing rules are from time to time refreshed by the regulator to keep consideration and to take into account the reality that we live in," Mr. Rolet told reporters, without referring specifically to Saudi Aramco.

The state-owned energy producer is expected to list its shares next year as part of an initial public offering that would value the company at as much as $2 trillion. For the winning venue, the listing promises an influx of fees and international investors looking for a piece of the energy producer. Attracting a company of Aramco's size would benefit the LSE, in particular, by underscoring its status as a global financial hub when Brexit threatens that reputation.

An Aramco spokesman wasn't immediately available to comment.

The debate over the possible listing changes for sovereign-owned companies largely centers on two key proposals. One is a waiver to the requirement that prevents an LSE-listed company from conducting related party transactions with the controlling shareholder, its directors or associates without first gaining approval from independent shareholders.

'It should be a surprise to no one if listing rules are from time to time refreshed...' says Xavier Rolet

The second proposal is to waive controlling shareholder rules that are meant to protect the rights of minority shareholders in companies where one group owns 30% or more of the voting rights.

Saudi Aramco is looking to float no more than 5% of its shares in the IPO.

Mr. Rolet said Thursday that regulators have already allowed companies to sell less than 25% in an IPO as part of a London exchange listing, including commodities trader and mining company **Glencore** PLC in 2011.

"I think this proves the point that 25% is not a governance test. It's simply a liquidity test," he said. "It's already built into the rules today, that you can list with less than 25%, provided of course you provide sufficient liquidity."

The FCA has justified considering the proposals in part because of the different motivations of sovereign owners. Typically, public companies are answerable to their shareholders. But state-owned firms are also accountable to the sometimes conflicting needs of their governments.

The Institute of Directors, a 30,000-member group in the U.K. made up of directors across sectors, opposes the proposed rule changes. "At best [the proposals] are changes that have been formulated without regard to available evidence concerning state-owned or state-controlled enterprises. At worst, they could be interpreted as an opportunistic attempt at boosting short-term primary issuance which ignores the longer-term implications for the overall UK corporate governance regime," the group said this week.

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Japanese Shares Play Follow the Leaders

As global markets boom, the Nikkei Stock Average is up just 4.8% this year

By Steven Russolillo

In a year in which almost every major stock market has soared, the underperformers are few and far between.

Japan, still the world's third-largest economy, is the most striking example.

The Dow Jones Industrial Average topped 22000 this week for the first time, while several markets across Asia have surged more than 15% this year.

Japan hasn't had nearly the same success. The Nikkei Stock Average has risen just 4.8% in 2017 despite some favorable factors such as strong corporate earnings, low stock valuations and the fact that Japan's central bank has remained much more accommodative relative to the Federal Reserve and the European Central Bank.

Investors and analysts say Japan's stock market has struggled to keep up because of the strengthening yen, which weighs on Japanese exporters such as its auto makers. Political uncertainty has recently hit the government of Prime Minister Shinzo Abe, whose "Abenomics" program of economic overhauls has underpinned optimism about Japan among some investors.

Still, Japan's market has been a perennial underperformer, defying conventional wisdom that stocks always rally over the long term. Although the Nikkei has more than doubled over the past five years, the level of the index is still roughly half its all-time peak from 1989.

This year's soggy performance, allied to evidence of Japanese stocks' long-run capacity to disappoint, hasn't deterred another market perennial, the Japanese stocks optimist. A chorus of investors is now saying Japan looks attractive, particularly relative to other markets that have rallied this year: The MSCI AC Asia Pacific ex-Japan index, a broad benchmark that tracks big Asian companies listed globally, has jumped 25%.

Their optimism is founded on two main factors: decent Japanese company earnings and the potential for the yen to weaken. The yen is up XX% against the dollar this year.

Richard Turnill, global chief investment strategist at BlackRock Inc., said he expects Japanese companies' earnings growth will hit a three-year high this year. That along with attractive valuations, particularly relative to other developed markets, and easy monetary policies are reasons to believe Japanese shares are poised for better times ahead. Mr. Turnill said Japanese stocks trade at a 20% discount to those in the U.S. based on forward price/earnings ratios.

"Low valuations alone are not a reliable buy signal, yet we find an improving earnings outlook adds to the appeal of Japanese equities," said Mr. Turnill. He added that Japanese company earnings in aggregate are rising faster than their buybacks and dividend payouts. "This provides considerable scope to improve shareholder returns," Mr. Turnill said.

Almost halfway through Japanese earnings season, good news has already poured in. **Sony** Corp.'s profit surged in the second quarter, boosted by strong sales of image sensors for cameras in iPhones and other smartphones. **Nintendo** Co. has benefited from strong sales of the Switch console.

"Despite the U.S. policy pessimism and political noise in Japan, broad improvements in earnings fundamentally underpin the Japanese equity market this year," Bank of America Merrill Lynch analysts wrote in a note to clients this week.

Bets, meanwhile, are piling up that the yen will weaken. While the U.S. is considering further rate rises, Japan's central bank likely won't start unwinding its stimulus measures soon, with inflation still way below its target. The different policies ought to lead the dollar higher against the yen.

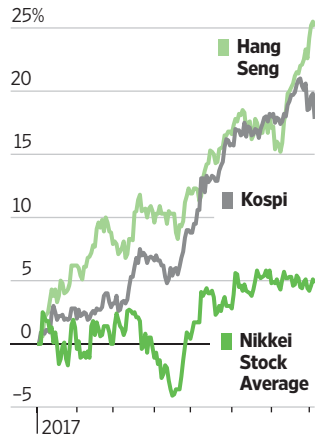
Still, doubt remains, particularly in the short term, over whether Japanese stocks can muster a rally similar to other Asian markets. Masatoshi Kikuchi, chief equity strategist at Mizuho Securities, said he expects the Nikkei could fall about 5% through the end of September, a period in which foreign investors are traditional net sellers. Foreigners own about 30% of the shares listed on the four major exchanges in Japan, according to the Japan Exchange Group.

KIM KYUNG-HOON/REUTERS

The Akihabara district in Tokyo. Analysts say Japanese stocks are struggling to keep up because of the strengthening yen.

Japan Lags Again

Index performance



Source: FactSet
THE WALL STREET JOURNAL.

FINANCE WATCH

ONLINE LENDING

Prosper in Talks on Selling 10% Stake

Online lender **Prosper Marketplace** Inc. is in talks to sell a roughly 10% stake in the company to a Chinese conglomerate, a deal that could reduce its valuation by more than two-thirds, people familiar with the matter said.

Executives from **Linca Industrial (Fujian) Group** Co. Ltd. reached out to Prosper in recent weeks to discuss the possibility of purchasing shares in the privately held firm, the people said. Under the terms of the proposed transaction, Linca would invest $50 million in Prosper at a valuation of around $550 million. No deal has been finalized, however, and there was no guarantee the parties would come to an agreement, the people added.

In early 2015, when investor enthusiasm for online lenders was at its apex, Prosper raised around $165 million in a financing round led by Credit Suisse Group AG's Next Investors that valued the company at $1.9 billion. A year later, Prosper was rocked by a diminished appetite for its loans among money managers, which led to falling revenue, employee layoffs and executive departures. In March, the company reported a loss for 2016 of $118.7 million, compared with a loss of $26 million for 2015.

—Peter Rudegeair

REGULATION

Australia's Largest Bank Under Fire

Australia's financial-intelligence agency accused the nation's biggest bank of failings it says may have opened the way for money laundering and financial crime.

In a civil suit filed in federal court in Sydney, the Australian Transaction Reports and Analysis Centre alleged that **Commonwealth Bank of Australia** Ltd. contravened the Anti-Money Laundering and Counter-Terrorism Financing Act more than 53,700 times, each carrying a maximum penalty of 18 million Australian dollars ($14.3 million).

Nearly all the alleged violations were failures to make timely reports to Austrac of cash transactions of A$10,000 or more, as the law requires.

Commonwealth Bank said it has been in discussions with Austrac and has cooperated fully with its requests.

The bank said it has worked to improve compliance and kept the agency up to date on its efforts.

—Robb M. Stewart

Major Stock Indexes Search for Direction

By Justin Yang
And Corrie Driebusch

EQUITIES

Earnings results from dozens of big U.S. corporations pulled major stock indexes in different directions.

Some of the biggest insurance companies dragged down the broader financial sector after reporting quarterly results, while solid profits lifted consumer-goods companies including **Clorox**.

The result: Major U.S. stock indexes struggled to find direction the day after the Dow Jones Industrial Average rose above 22000 for the first time.

The Dow rose for an eight straight session and notched its 33rd record of the year Thursday, as stocks continued to benefit from a buoyant global economy, a weaker dollar and a solid earnings season.

The blue-chip index rose 9.86 points, or less than 0.1%, to 22026.10 and is now up 11% so far this year.

The S&P 500 fell 5.41 points, or 0.2%, to 2472.16, while the Nasdaq Composite declined 22.30 points, or 0.4%, to 6340.34.

"The market isn't cheap, but it's not expensive either, given the low interest-rate environment," said Nadia Lovell, U.S. equity strategist at J.P. Morgan Private Bank.

Prudential Financial shares fell $4.96, or 4.3%, to $110.27 as its operating income missed analysts' expectations. **MetLife** lost 1.58, or 2.9%, to 53.50.

Kellogg's stock jumped 2.92, or 4.3%, to 70.36 as second-quarter earnings for the maker of Frosted Flakes and Eggo waffles beat analysts' expectations.

Clorox added 2.76, or 2.1%, to 134.73 after the maker of products such as liquid bleach and trash bags reported a climb in net profit for the latest quarter.

Tesla jumped 21.20, or 6.5%, to 347.09 after the electric-car company reiterated its plans to sell more vehicles during the second half of the year.

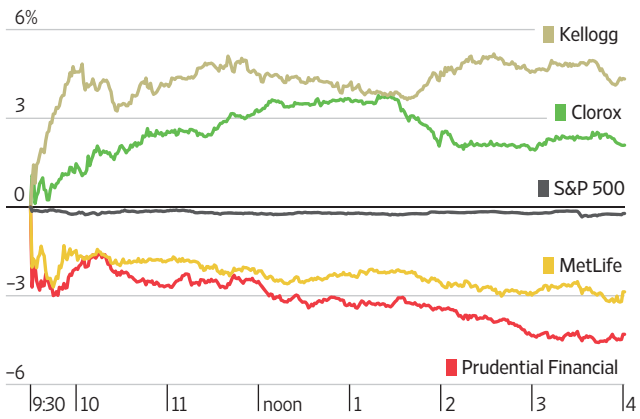
Elsewhere, declines in the British pound helped push the export-heavy FTSE 100 index up 0.9%, with **British American Tobacco** and **AstraZeneca** both rising.

In Asia, South Korean stocks led the way lower, Thursday with the Kospi down 1.7% after recently topping highs set in 2011. Early Friday, the Kospi was flat. Elsewhere early Friday, Japans Nikkei 225 was down 0.4% and Australia's S&P ASX 200 was off 0.2%. Stocks were flat in Hong Kong and Shanghai.

Divided

Shares of some consumer-staples companies rallied after strong earnings, while insurers weighed on the S&P 500.

Share and index performance on Thursday



Source: WSJ Market Data Group
THE WALL STREET JOURNAL.

Treasury Sets Sales of $134 Billion in Debt

The Treasury Department will auction $134 billion in securities next week, comprising $95 billion in new debt and $39 billion in previously sold debt. Details (all with minimum denominations of $100):

◆ **Monday:** $39 billion in 13-week bills, a reopening of an issue first sold on Nov. 10, 2016, maturing Nov. 9, 2017. Cusip number: 912796KX6.

Also, $33 billion in 26-week bills, dated Aug. 10, 2017, maturing Feb. 8, 2018. Cusip number: 912796NR6.

Noncompetitive tenders for both issues must be received by 11 a.m. EDT Monday and competitive tenders by 11:30 a.m.

◆ **Tuesday:** $24 billion in three-year notes, dated Aug. 15, 2017, maturing Aug. 15, 2020. Cusip number: 9128282Q2. Noncompetitive tenders must be received by noon Tuesday; competitive tenders, by 1 p.m.

◆ **Wednesday:** $23 billion in 10-year notes, dated Aug. 15, 2017, maturing Aug. 15, 2027. Cusip number: 9128282R0. Noncompetitive tenders must be received by noon Wednesday; competitive tenders, by 1 p.m.

◆ **Thursday:** $15 billion in 30-year bonds, dated Aug. 15, 2017, maturing Aug. 15, 2047. Cusip number: 912810RY6. Noncompetitive tenders must be received by noon Thursday; competitive tenders, by 1 p.m.

Bank of England Taps the Brakes, and Yields Fall

By Riva Gold and Jon Sindreu

CREDIT MARKETS

U.S. and European government bond yields declined and the pound fell after the Bank of England held its benchmark interest rate steady and lowered its forecasts for economic growth.

The moves undermined investor bets on a quick shift by major central banks toward tighter monetary policy.

The yield on the 10-year U.K. government bond settled at 1.145%, according to Tradeweb, down from 1.236% Wednesday. The 10-year German bond yield dropped to 0.453% from 0.486%. Yields fall as bond prices rise.

The 10-year Treasury yield slipped to 2.230%, its lowest close since June 28, from 2.264%. Treasury prices also were buoyed by a disappointing report on the U.S. service sector.

The Bank of England lowered its growth forecasts to 1.7% in 2017, a weaker pace than the 1.9% it forecast in May. It also cut its forecast for growth in 2018 to 1.6% from 1.7%. The bank held its benchmark interest rate steady at 0.25%, a move that only two policy makers dissented against rather than the three some analysts had expected.

Also Thursday, the Czech National Bank raised its key policy rate for the first time in nearly a decade, from 0.05% to 0.25%, sending the country's currency higher. Higher interest rates tend to attract money looking for the higher yield, boosting the local currency.

"I think it's more steady as she goes from the bank," said Alan Wilson, investment manager at State Street Global Advisors. "The market can see down the line that Brexit will result in economic weakness," he said.

Late Thursday in New York, the pound dropped to $1.3138, compared with $1.3224 late Wednesday.

Since Britain voted to leave the European Union in June last year, sterling has dropped about 12% against the U.S. dollar. The downgraded growth forecasts on Thursday also added to pressure on the pound.

The U.K.'s FTSE 100 index, which is heavily made up of exporters, climbed 0.9% Thursday.

Companies in the index generate just 33% of their revenue in the U.K., according to FactSet, and the firms tend to benefit as they translate earnings back into a weaker currency. The FTSE 250 index of more domestically focused companies rose 0.4%.

These market moves came even as Bank of England Gov. Mark Carney signaled in a news conference that interest rates may rise at a faster pace than investors expect.

On Wednesday, derivatives called overnight index swaps suggested that investors expected the central bank's first interest-rate rise to happen in December next year. Following the Bank of England's meeting Thursday, those derivatives implied they now expect that to happen in May 2019.

Expectations had increased earlier in the summer that the central bank would raise interest rates in coming months, after three officials broke ranks in June to argue for an immediate quarter-point increase to tame quickening inflation.

But recent downbeat readings on consumer-price inflation and signs of softer wage growth have kept the bank's hawks on the sidelines, investors said.

In a policy statement Thursday, Bank of England officials said sterling's depreciation, along with a stronger global economy, could still boost British exports. But many economists are skeptical that Britain can count on an export boost from the weaker pound to shore up the economy as the country prepares to leave the EU.

—Sam Goldfarb contributed to this article.

DANIEL LEAL-OLIVAS/AGENCE FRANCE-PRESSE/GETTY IMAGES

The U.K. central bank held its benchmark interest rate steady at 0.25% and cut its growth forecasts.

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MARKETS

Bond Upgrades Help Commodities Firms

Pressures can ease, and debt prices rise, letting companies borrow more cheaply

By Tatyana Shumsky

Commodity-related firms and their investors are reaping the rewards of a record stretch for corporate-bond upgrades.

Natural-gas exporter **Cheniere Energy Partners** LP and oil refiner **Andeavor** Corp. are among the companies whose ratings have climbed, pushing a combined $91.7 billion onto Bank of America Merrill Lynch's investment-grade corporate-bond index from its high-yield index over the 12 months ended June 30. Energy and basic-materials businesses accounted for 85% of the bonds moving between the indexes.

The upgrades have boosted bond prices, opened some companies to lower-cost borrowing and helped bolster balance sheets. It is a reversal of recent years in which slumping commodities shut many of the largest producers out of the high-quality bond market.

Finance chiefs across the industry responded to that slump by slashing costs, selling assets and buckling down on operational improvements to revive profit margins and reduce debt.

At the same time, a rebound in resource prices and a stronger global economy improved company balance sheets and helped propel the broader wave of upgrades.

Cheniere Energy's first upgrade, from S&P Global Ratings last September, attracted attention from Todd Schomberg, senior portfolio manager at **Invesco** Ltd., which manages around $858 billion. Mr. Schomberg invests in companies likely to transition to investment grade because of prudent financial management or improving economic conditions, known as "rising stars" in the bond world.

He purchased outstanding bonds from Cheniere earlier this year, betting that the company's debt would rally to reflect its improved credit rating. Cheniere bonds due in 2022 traded recently for 113.53 cents on the dollar, up from 109.50 at the start of 2017, just before a second upgrade in January, according to FactSet.

An upgrade "shows discipline and it shows a commitment to a conservative balance sheet," Mr. Schomberg said.

Receiving an investment-grade rating was "like flipping a light switch" for natural-gas exporter Cheniere Energy Partners, said Michael Wortley, finance chief of parent company **Cheniere Energy** Inc. Most natural-gas suppliers immediately stopped requiring upfront payments, freeing up hundreds of millions in capital for the largest buyer of natural gas in the U.S., Mr. Wortley said.

Along with the potential for lower rates on bonds or credit lines, investment-grade status allows companies like Cheniere to issue bonds due in decades rather than years.

They also have an easier time accessing funding because investment-grade bond markets are relatively liquid, and their low credit risk means they aren't required to post a deposit or pay upfront for certain business transactions.

"It just takes a lot of pressure off our business," Mr. Wortley said.

Cheniere tapped the investment-grade debt market for the first time in February. The company issued its longest and lowest-cost bonds—$800 million of senior secured notes paying a 5.0% coupon due in 2037 and $1.35 billion in senior secured notes paying a 4.2% coupon and due in 2028.

A company's average score among the three major credit-rating firms must reach investment grade for its debt to shift to Bank of America's high-grade index. That means that the bonds are typically being upgraded by at least two ratings firms.

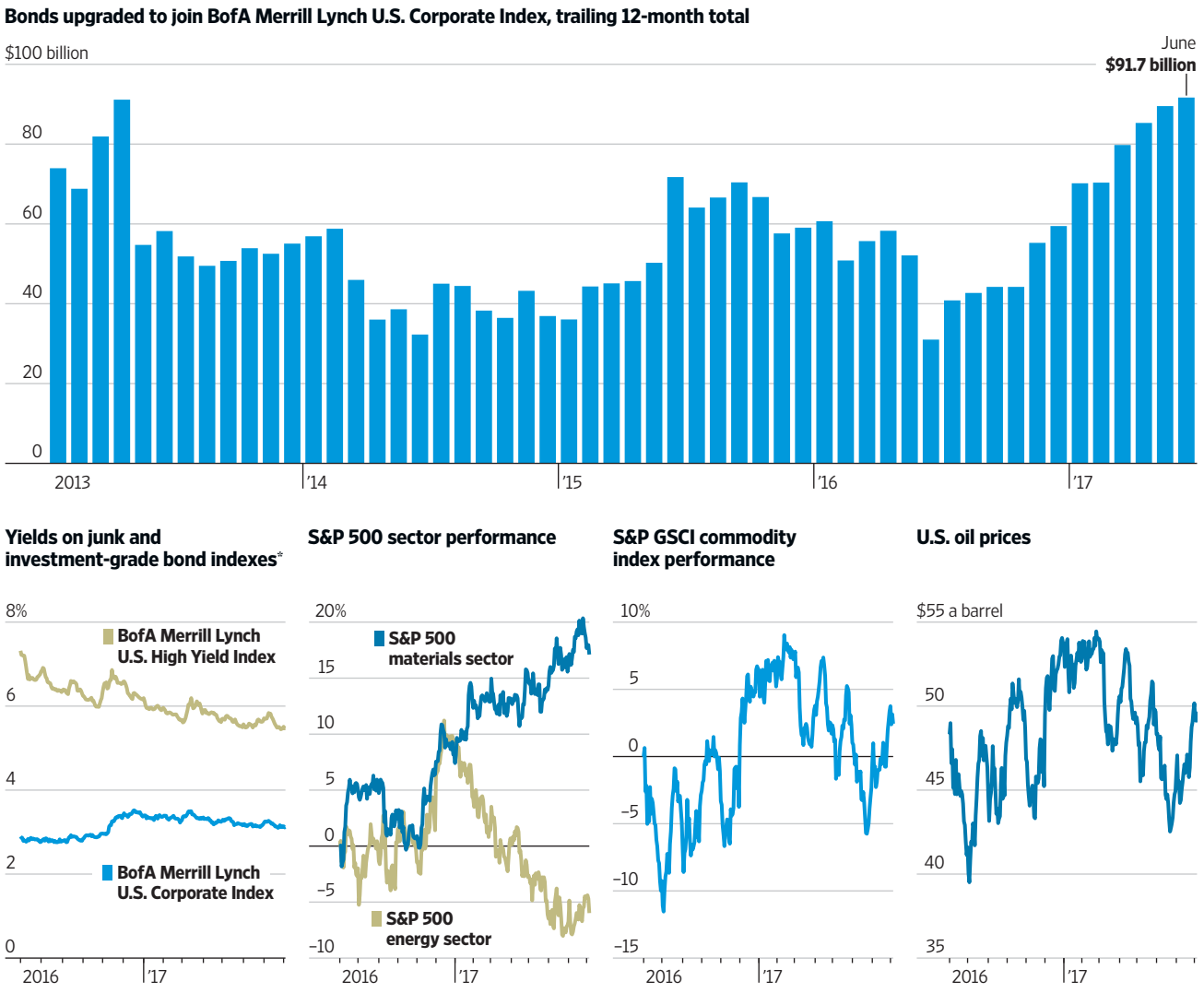
For oil refiner Andeavor, previously known as Tesoro, the upgrades meant its $3 billion revolving credit facility is now entirely unsecured, meaning it isn't guaranteed by assets or other collateral, finance chief Steven Sterin said in an email.

Andeavor has roughly $7.6 billion in debt that it plans to refinance over time, saving the company $75 million to $115 million in annual interest costs, he said. In addition to lower borrowing costs and less restrictive lending terms, Andeavor can now issue bonds maturing in 30 years, a big change from eight to 10 years previously.

"This meaningfully reduces refinance risk for the company," Mr. Sterin said.

Gaining Ground

Investors in junk bonds from commodities companies have lately been rewarded. Those bonds have helped fuel a credit-upgrade record, while the extra yield paid by junk bonds has declined. Materials shares have rebounded along with commodities, though stalling oil prices continue to pressure energy companies.



*Through Aug. 2

Sources: Bank of America Merrill Lynch (bonds upgraded, yields); FactSet (sector performance, S&P GSCI index); WSJ Market Data Group (oil prices)

THE WALL STREET JOURNAL.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

There's No Cure in Sight for Teva

Nothing is going right at **Teva Pharmaceutical Industries**.

Shares of the biggest generic drugmaker by sales plunged 24% on Thursday after it released disappointing second-quarter results. Teva reported revenue of $5.7 billion and adjusted earnings per share of $1.02. Both figures missed analyst estimates, which already had been revised lower.

The negative news was just getting started. Teva sharply reduced full-year projections for sales, profitability and cash flow as the company struggles with a weakening U.S. environment for generic drugs and about $35 billion of debt. Teva now expects full-year operating cash flow of $4.4 billion to $4.6 billion. That is down from a forecast of $5.7 billion to $6.1 billion at its last quarterly report. The company also said it would cut its dividend by 75%, making its second-quarter payout just 8.5 cents a share.

Teva isn't only suffering from the industrywide problem of falling prices for its generic drugs. Sales of Teva's best-selling product, the branded multiple sclerosis drug Copaxone, fell 10% from a year earlier. Teva said it is realizing a lower net price on the drug, despite raising Copaxone's list price by about 8% in January, likely because it is being forced to give bigger rebates. Worse, rivals are seeking approval to sell a generic version this year. Teva's full-year projections assume no generic competition.

Teva also warned on its management conference call that if business conditions worsen further, it might need to renegotiate its debt covenants. Because the dividend wasn't eliminated, stockholders should brace for another cut.

Teva has been without a permanent chief executive since February. The company, Israel's corporate crown jewel, has been rumored to be looking at executives from major drugmakers, which would be a switch for Teva, which has typically had Israeli CEOs.

To make matters worse, Teva's biggest shareholder said it was dumping its shares. **Allergan**, which acquired a 9.9% stake in the company when it sold its generics business to Teva in 2016, said on its own conference call Thursday that it "will not be a long-term shareholder in Teva."

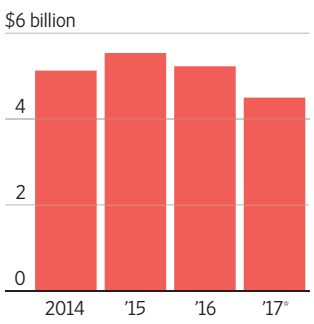
The bad news could attract value investors who might be tempted by the stock's modest valuation. And a new CEO would likely give the stock a boost. Teva's shares fetch about six times this year's lowered earnings estimate, making it a cheap option in a pricey environment for stocks overall.

The rest of Teva's investor base should consider following Allergan's lead. Thursday's plunge doesn't mean that the bad news is all reflected in the share price.

—Charley Grant

The Bottom Falls Out

Teva's operating cash flow



*Midpoint of company guidance

Sources: the company, FactSet

THE WALL STREET JOURNAL.

OVERHEARD

American International Group's new chief executive, **Brian Duperreault**, is leaning against his predecessor's penchant for share buybacks in favor of a more growth-oriented strategy, possibly including acquisitions. What investors also found out during his first conference call as CEO is that he likes accretion as much as anybody.

Mr. Duperreault needed to defend his strategy because with AIG trading below book value, buying back shares automatically boosts book value per share. Acquisitions can be "accretive," or additive to earnings or book value, but often they don't live up to expectations.

"As far as M&A is concerned, yes, I like accretion. Who doesn't? I mean, things should be accretive," he said. When no one disagreed, he went on to embrace a more expansive definition of the term. "But I also like accretion in terms of people, capabilities, spread. And so that accretion has to be more than just a number."

Square Isn't Worth The Hype

Square is expanding fast and getting attention amid general payments-industry hype. But its shares may still have gotten ahead of themselves.

The company reported Wednesday a strong 41% rise in second-quarter adjusted revenue, as more merchants signed up for its card-reading devices and other, secondary services.

Merchants taking more than $500,000 of gross payments annually accounted for 19% of its volume in the second quarter, up from 14% a year ago. It is doing this with no dilution to its revenue per transaction.

The company is also succeeding in selling more add-on services to merchants. It made $318 million of business loans in the second quarter, up 68% from a year earlier. Square also raised its guidance for full-year revenue and adjusted earnings before interest, taxes, depreciation and amortization, or Ebitda. And yet shares fell 4.7% Thursday.

Heading into the announcement, the stock was up 94% from the start of the year. Speculation that Square could be an acquisition target played a role. The shares were up 16% since news broke in July that Vantiv was buying Worldpay Group, a U.K. payments processor.

Asked about industry consolidation on a conference call, Chief Executive Jack Dorsey hinted that the company likes being independent of any large incumbent.

Absent some big takeover bid, Square looks expensive, with no profits and an enterprise value of 45 times forward Ebitda. The company has a bright future, its shares, maybe not so much.

—Aaron Back

Ferrari Can Embrace the Masses Without Hurting Its Brand

Ferrari is speeding toward a fork in the road. It shouldn't hesitate to take the more ambitious path.

The Italy-based, New York-listed company could maintain its current, highly profitable course as a manufacturer of growling sports cars. But it looks likely to develop a new form of Ferrari that appeals to a new customer base.

Second-quarter results Wednesday were preceded by a flurry of press reports leaking plans of a Ferrari "utility vehicle." Sergio Marchionne, the company's chairman, hates the expression, but on a call with analysts did sketch a somewhat contradictory picture of a vehicle that would be both "utilitarian" and "a definition of Italian class."

Using an upmarket brand to win a mass-market audience is a tried and tested automotive strategy. **BMW** and Mercedes-maker **Daimler** have both pushed into ever more accessible product categories. **Tesla** is following suit with its Model 3.

One problem with growth at Ferrari is regulatory: Ramping annual unit sales above the 10,000 mark will cause Ferrari to lose its "small manufacturer" status, which protects it from some emissions rules. This means the company will shoulder higher compliance costs, both by investing in hybrid engine technology to reduce emissions and by paying to pollute.

In reality, though, this was always going to happen at some point. The company shipped 2,332 cars in the second quarter, taking its annualized volumes within just 7% of the limit. Ferrari has already boosted research and development spending with a focus on hybrids.

The bigger risk is that the new vehicle dilutes the Ferrari brand and alienates a customer base it has cultivated exceptionally well, including through its loss-making Formula One business.

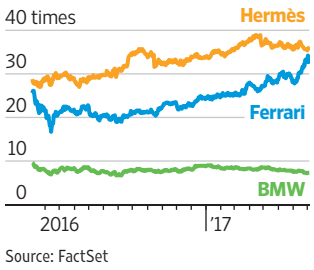
With some justification, Mr. Marchionne talks of Ferrari as a European luxury brand like handbag-maker **Hermès International**; like Hermès, and unlike its automotive peers, the car maker has a waiting list for key products that support both steady growth and high margins. Expanding supply will jeopardize this enviable arrangement.

However, another lesson of the French luxury industry, notably global leader **LVMH Moët Hennessy Louis Vuitton**, is that expansion need not compromise exclusivity. It just needs to be handled skilfully. Fortunately, Ferrari has a proven driver. The shares are luxuriously priced, on 33 times earnings, but investors are probably right to bet that Mr. Marchionne can pull off the trick.

—Stephen Wilmot

Racing Stripes

Forward price/earnings ratios



Source: FactSet

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Rub a dub dub, a dog in a tub: homes with dog-bathing stations **M6**

MANSION

'Nantucket! Take out your map and look at it. See what a real corner of the world it occupies.'
—Herman Melville

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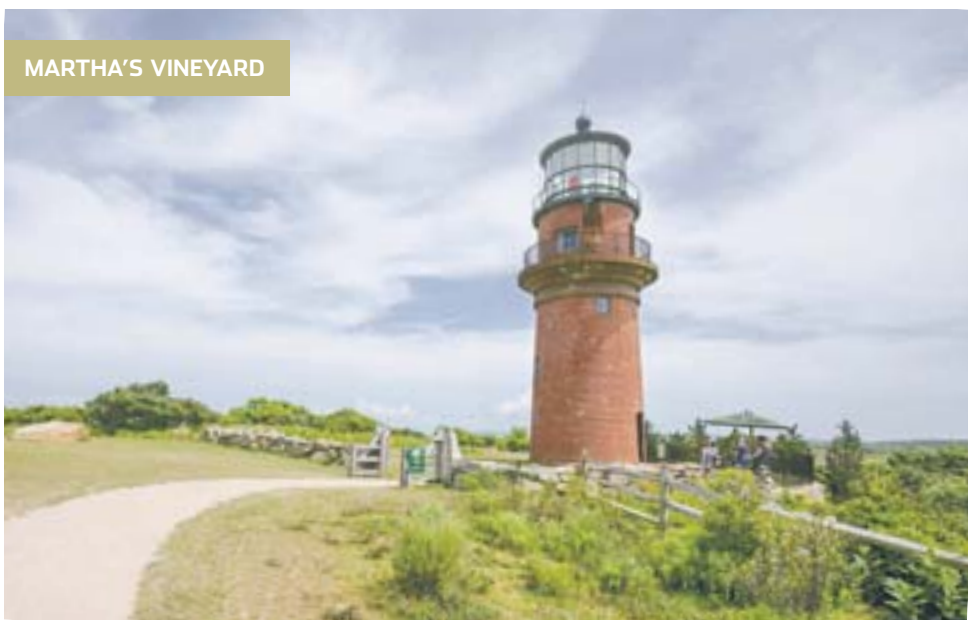
THE WALL STREET JOURNAL.

JOCELYN FILLEY FOR THE WALL STREET JOURNAL (4)

HISTORIC APPEAL Devotees say part of the charm of the island, which has a median home-sale price of $1.235 million, is its carefully preserved historic architecture. Above: shingled structures on the island; a boat passing Brant Point Light

Summer Home Smackdown!

Martha's Vineyard vs. Nantucket: How the enclaves stack up in terms of home prices, luxury-market performance, celebrity cachet and New England charm.



VARIED CHARMS Martha's Vineyard fans say the island is more eclectic, laid-back and artsy than Nantucket. Above, the Gay Head Lighthouse in Aquinnah; Gingerbread Cottages in Oak Bluffs. Median home-sale price in the Vineyard town of Chilmark: $1.188 million.

BY CANDACE TAYLOR

FORMER SECRETARY OF STATE John Kerry made national headlines earlier this year when, after spending decades summering on the Massachusetts island of Nantucket, he bought a home on nearby Martha's Vineyard.

On the face of it, the move doesn't seem surprising—the two islands off Cape Cod are less than 20 miles apart, as the crow flies, and both are famed for their sweeping sandy beaches, historic New England charm and affluent summer residents.

But despite these similarities, denizens of the two preppy enclaves are fiercely loyal to their chosen island. Many Martha's Vineyard loyalists say they've never been to Nantucket, and vice versa.

"I've never, ever visited Nantucket," said Daniel Phelan, 41, a Martha's Vineyard resident whose family has owned property on the Vineyard for generations. "I couldn't tell you anything about it except it's a longer boat ride" from the mainland, he added.

Residents can rattle off a long list of perceived differences between the two islands, both of which can only be accessed by boat or plane. The larger, more heavily wooded Martha's Vineyard is closer to the mainland and more accessible. It also has a reputation for being more ethnically and racially diverse, relaxed and artsy, whereas Nantucket is seen as more buttoned-up, with a high-octane social scene that lures jet-setting CEO types.

In reality, said Martha's Vineyard real-estate agent Tom Wallace, buyers' loyalties to one island

Please turn to page M8

HOUSE CALL | DANIEL HANDLER

LEMONY SNICKET'S ATTIC HIDEAWAY

The children's book author discovered reading under the eaves of his family house; today, he still lives in San Francisco, but he reads in his favorite leather chair that he says is way too big.

DREW KELLY FOR THE WALL STREET JOURNAL

FORTUNATE EVENTS Writer Daniel Handler, aka Lemony Snicket, with Eggroll, in the living room of his San Francisco home.

Daniel Handler, 47, is a novelist and children's book author who publishes under the Lemony Snicket pen name. His latest children's book is "Goldfish Ghost" (Roaring Brook), illustrated by Lisa Brown, his wife. He spoke with Marc Myers.

My favorite children's book growing up was fairly obscure: "The Bears' Famous Invasion of Sicily," by Dino Buzzati. My Great Aunt Vera was a librarian and gave my mother many books when she was young. This one, published in 1945, was about a battle between bears and Sicilians.

Among the book's many charms is that the narrator frequently says something like, "The illustrator has gotten this all wrong. It went nothing like you see it here." Not until I was an adult did I realize that the illustrator and author were the same person.

I liked the ambiguous space the book's narrator created for me. There's a certain delight in being lied

Please turn to page M4

INSIDE

KITCHEN QUEEN
Rachael Ray lists Hamptons home **M2**

LOAN RANGERS
How to pick the right lender for you **M3**

$55 MILLION
A new sales record in Orange County **M2**

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PRIVATE PROPERTIES | CANDACE TAYLOR

Rachael Ray Lists Southampton Home

CLOCKWISE FROM TOP LEFT: BROWN HARRIS STEVENS; DOROTHY HONG FOR THE WALL STREET JOURNAL; DAVID HEATH

Television personality and cookbook author Rachael Ray is putting her Southampton home on the market for $4.9 million.

Renovated by Ms. Ray, the three-bedroom main house spans about 3,650 square feet. The kitchen includes a Wolf range, Sub-Zero refrigerator and dual beverage-cooling drawers.

The house sits on more than 6 acres, according to a spokeswoman for Brown Harris Stevens, which has the listing. The grounds include an outdoor swimming pool and a roughly 1,400-square-foot pool house, which has a kitchen and two full bathrooms. There is also a one-room structure that can be used as an artist's or writer's studio.

Nearly all of the furniture in the home is from Ms. Ray's furniture line; the furniture isn't included in the asking price, but Ms. Ray would consider selling it.

In addition to writing numerous cookbooks, Ms. Ray has a syndicated talk show, multiple Food Network shows, an eponymous magazine and branded merchandise in housewares, home furnishings and other categories. She and her husband, John Cusimano, who live primarily in New York City, purchased the Hamptons house in 2008 for $2.6 million, according to public records.

They originally intended to spend weekends in the Hamptons, but instead they opted to build a house in Lake Luzerne in upstate New York, near where Ms. Ray grew up.

The listing agents are Martha P. Gundersen and Richard Ziegelasch of Brown Harris Stevens.

NEWPORT BEACH PROPERTY WITH TWO HOMES SELLS FOR $55 MILLION

A Newport Beach, Calif., property that was owned by a prominent California family for decades has sold for $55 million, setting a new record for Orange County.

The purchase includes roughly 3½ acres of land overlooking Newport Harbor with two homes on it, according to Rob Giem of Compass, who represented the sellers. One, known as the Big Blue House, is a circa 1936 structure painted bright Bermuda blue with a white roof and is considered a local landmark; the other is a white, six-bedroom house built in the 1980s.

According to public records, the two properties were owned for years by the family of the late Kathryn Wheeler. Mrs. Wheeler was the great-granddaughter of James Irvine, who with partners pieced together the roughly 100,000-acre Irvine Ranch, a swath of land that represents roughly 1/5th of present-day Orange County, explained Ellen Bell, author of the book "Irvine (Images of America)."

The property has been purchased by a private partnership, and there are no immediate plans for the property, said Mr. Giem. The buyers were represented by Kim Walker of Surterre Properties.

The Big Blue House, which hadn't been listed in the local multiple listings service, measures about 3,500 square feet with four bedrooms, Mr. Giem said. The white house, which spans about 7,000 square feet and has an outdoor swimming pool, had been listed on and off for years, most recently at $24.7 million, Mr. Giem said. Both houses have a pool and the Blue House has a tennis court. Located in the Corona Del Mar area of Newport Beach, the houses are situated on a bluff above the water and have panoramic water views, he said, but are "modest houses for that kind of setting."

The coastal Orange County market was "really slow" in 2016, but so far this year has been "really busy," with prices "going up rapidly," Mr. Giem said.

The previous sales record in Orange County was set last year by the $45 million sale of Twin Points, a home in Laguna Beach, said Mr. Giem, the listing agent on that deal.

▶ See more photos of notable homes at **WSJ.com/Mansion.**
Email: privateproperties@wsj.com

MIAMI BEACH PENTHOUSE IS REDUCED BY $18 MILLION

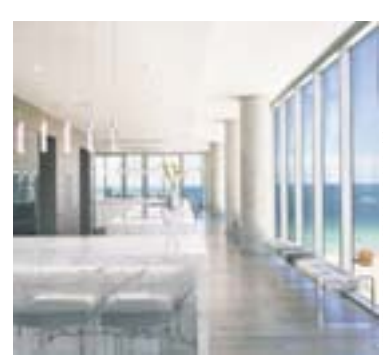
In the struggling Miami Beach condo market, a penthouse that sought $53 million in late 2015 is now asking $34,999,999, or roughly $18 million less.

The price of the unit at 321 Ocean was reduced several times; it was most recently seeking $39.5 million. Listing agents Bill Hernandez and Bryan Sereny of Douglas Elliman Real Estate have taken over the listing from ONE Sotheby's International Realty. They said that after analyzing comparable sales they determined the previous pricing, even after the reductions, was too high.

The average sales price for a condo in Miami Beach was $736,646 in the second quarter, down 15.2% from the same period last year, according to Douglas Elliman's quarterly market report. Messrs. Hernandez and Sereny said the high-end market was slow in 2016 due to such factors as the election, Brexit and currency fluctuations. They added that activity is beginning to improve, and said that it is likely an out-of-town buyer will buy the unit.

The beachfront condo building, located in South Beach, was completed in 2015. The penthouse, which is being sold furnished, has four bedrooms plus staff quarters. The unit is roughly 6,800 square feet, while a roof deck and terraces add more than 6,000 square feet of exterior space. The roof deck includes an infinity pool overlooking the ocean, an outdoor kitchen, a dining table and a fire pit.

The sellers are Boris and Elizabeth Jordan, who bought the unit for $20 million about six months before putting it on the market, according to public records. Founder of the private-equity and advisory firm the Sputnik Group, Mr. Jordan previously served as chief executive of state-controlled Russian media conglomerate Gazprom-Media, and as head of the Russian television network NTV. The Jordans couldn't be reached for comment.



LIFESTYLE PRODUCTION GROUP (2)

Mougins, Côte d'Azur, France
For sale:
MAS DE NOTRE DAME DE VIE

Pablo Picasso's home from 1961-1973
Auction October 12th, 2017 in France.

Viewing dates and information
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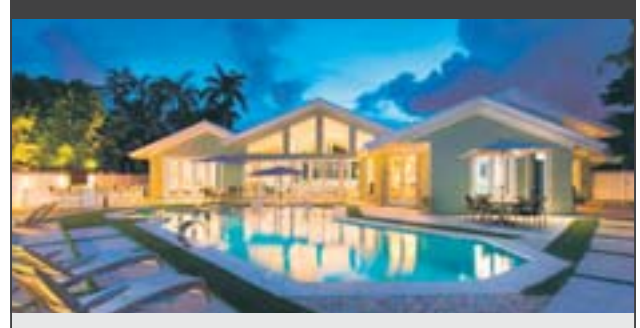

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Previously $3.8M. Now Selling at or Above Only $1.5M!
Contemporary Waterfront Estate in *The Sanctuary of Boca Raton*

SEPT 9 | NEAR ATLANTA, GA
Previously $2.49M. Now Selling at or Above Only $1M!
Unique Estate in East Cobb, Just Outside Atlanta

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JUMBO JUNGLE | ROBYN A. FRIEDMAN

BORROWERS, WHAT'S YOUR TYPE?

To decide what kind of mortgage lender works best for you, look beyond the basic info on down payments and interest rates

Before home buyers can decide what type of mortgage they want, they have to decide what kind of lender they want.

Borrowers today face a dizzying array of mortgage lenders: A bank like Wells Fargo or a non-bank lender like Quicken Loans? A mortgage broker or a direct lender? An online application or a face-to-face experience?

With a recent J.D. Power survey finding that 21% of home buyers express remorse over their choice of lender—and 27% of first-time buyers regret their choice—how can borrowers find the lender that's just right for them?

Many jumbo borrowers seek mortgages from banks with which they already have a relationship, either as private-wealth clients or through their business. That could be a sensible choice given that banks often offer interest-rate discounts or flexibility in other terms to their best customers. But with the internet making it so easy to compare lenders, it's tempting to shop rates online and submit an application to the lender with the lowest posted rate. Basing the decision solely on a posted rate may not be wise, experts say.

"All lenders offer something similar, which is for most people a 30-year, fixed-rate mortgage," says Erin Lantz, vice president of mortgages for Seattle-based real-estate site Zillow. "Yet there are differences that impact consumers, and it comes down to what kind of service level you experience from those lenders."

Some lenders are more responsive to their customers or can close a loan more quickly. That can make a vital difference in tight real-estate markets, where jumbo-mortgage applicants often compete against cash buyers. In that case, "don't just go for the price," says Sanjiv Das, chief executive officer of Caliber Home Loans, a Dallas-based direct lender. "Speed, certainty and rate are all important—not just the rate." Mr. Das suggests that borrowers ask their lender about the estimated closing time for their loan.

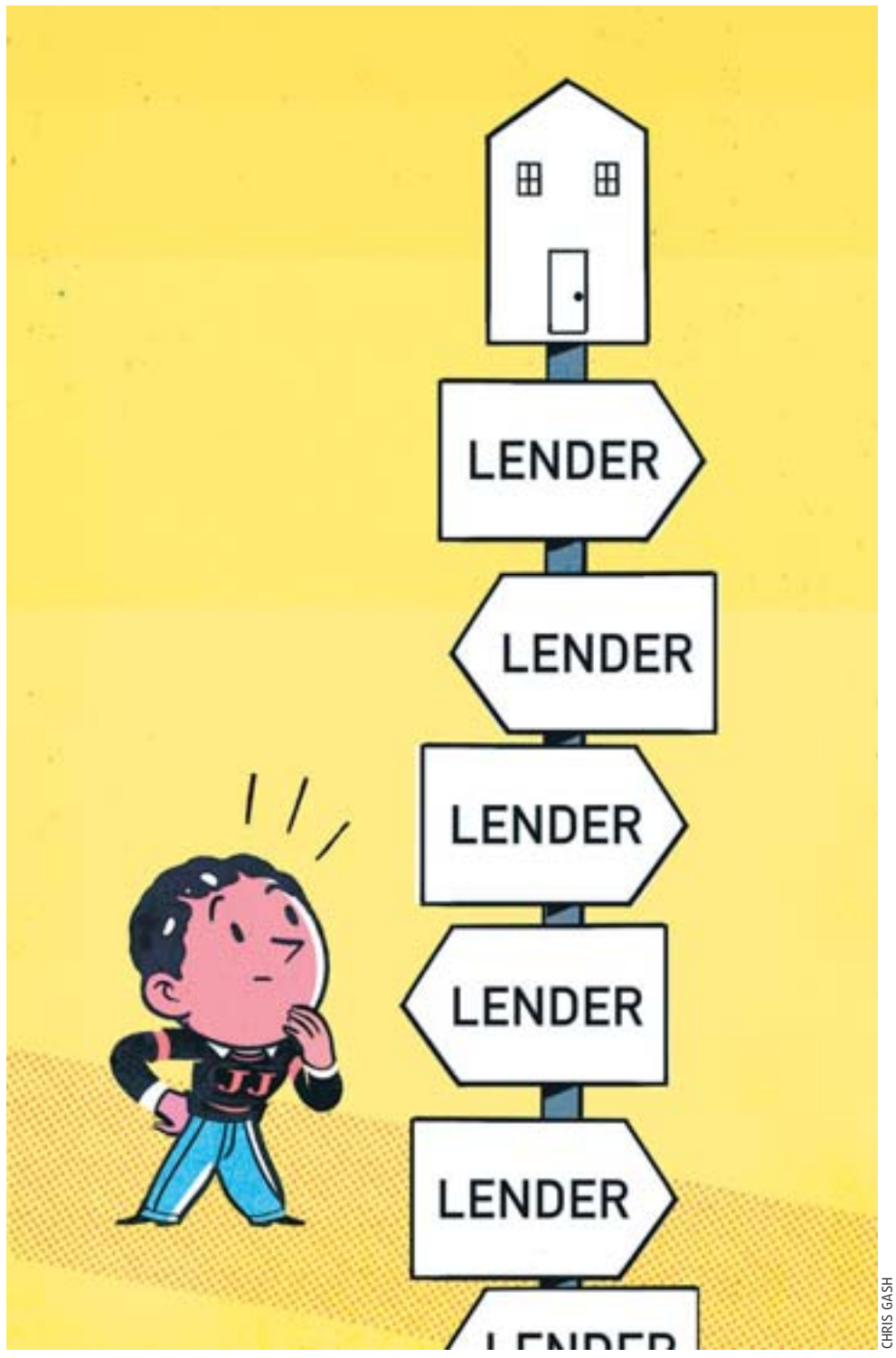
Jumbo borrowers might benefit by working with a portfolio lender, in which mortgages are held on the lender's books rather than sold on the secondary market. "We have the latitude to look at exceptions on things like debt-to-income or loan-to-value ratios, and we could identify compensating factors as to why we might be willing to do what appears to be a riskier loan," says Scott Witherspoon, chief credit officer of Affinity Federal Credit Union, a portfolio lender in Basking Ridge, N.J. For example, an applicant's low credit score might be offset by a substantial amount of cash in the bank or equity in the stock market, he says. A lender that sells its loans, however, might not have that flexibility.

Rather than work directly with a lender, some borrowers opt to work with a mortgage broker, who acts as a matchmaker to find the best deal from a lender. This could save borrowers time and money, since their application is submitted just once to the broker, who then compares rates and terms from multiple lenders. But brokers are compensated for their services, and that compensation comes in the form of an origination fee paid by the borrower—often 1% of the mortgage amount—or a higher interest rate on the loan. "As with real-estate brokers, they want to see the deal close, so you need to understand that their incentives are different than yours," says David Reiss, a Brooklyn Law School professor who specializes in real estate. Here are a few things to consider:

• **Check licensing.** The Nationwide Multistate Licensing System offers a free website (www.nmlsconsumeraccess.org) that allows consumers to verify the license of financial-services providers. The Consumer Financial Protection Bureau also has a website that allows you to search for complaints, as does the Better Business Bureau.

• **Seek a specialized lender.** Are you looking for a jumbo VA loan? Some lenders have more expertise with government loans than others. First-time home buyers, jumbo borrowers or those with bad credit may want to seek out lenders who have specific expertise with their situation.

• **Consider your comfort zone.** Would you prefer to sit down with a loan officer at your local bank branch or submit an application online? "It all ties back to a lender you can trust," says Zillow's Ms. Lantz. "Shop around, talk to a few and get a sense of how responsive they are. Will they be there for you when you need them at the 11th hour when you're ready to close?"



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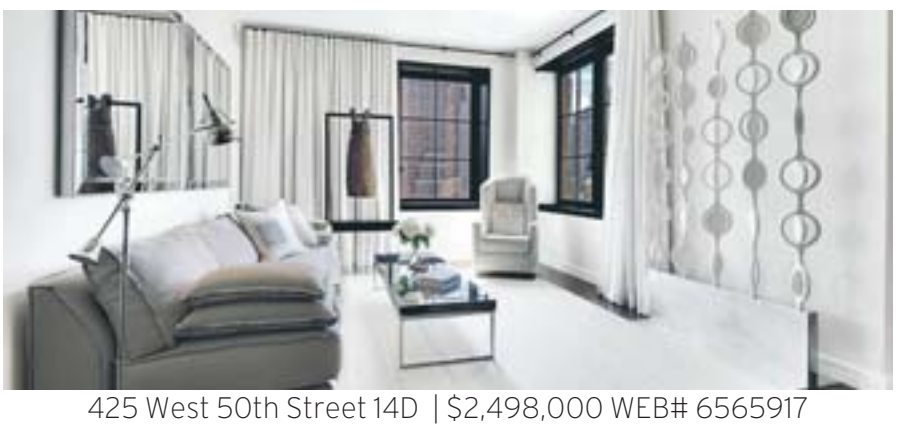

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MANSION

LEMONY SNICKET'S ATTIC HIDEAWAY

Continued from page M1

to as a child in books. Childhood is full of unreliable pronouncements.

My childhood was spent in San Francisco, in the Balboa Terrace neighborhood. Our three-story house was beige with brown trim, and there were two large spherical bushes in front that we decorated each year as jack-o'-lanterns for Halloween.

I lived in the attic, which my parents had converted into a bedroom. There was an extra set of stairs to reach my room, so most of my family gave up climbing and forgot about me.

When I was old enough to read books about people who were kept in garrets for various reasons, the attic became a gothic fantasy, even though I didn't live in our attic by force.

The attic was large, and there was plenty of floor space to spread out. But I didn't have much in the way of walls, since various slants formed the roof. The angles weren't great for decorating. Many things I put up would fall in the middle of the night with an eerie, swooping sound. In the morning I'd have to remember that things had fallen down to avoid stepping on thumbtacks.

My younger sister, Rebecca, wasn't particularly jealous of my attic space. Her bedroom door locked, so we both had advantages and disadvantages.

As a family, we ate dinner together most nights. At the table, my sister and I would be asked to report on the best and worst parts of our days. Rebecca and I competed to be amusing and theatrical.

My dad, Louis, was a CPA with a good sense of humor. He had a very high moral sense. So there were many rules and regulations. For example, you couldn't owe people money and couldn't take a taxi or buy a fancy shampoo or anything that could be considered a crazy luxury. But my father was unconditional in his affections.

My mother, Sandra, was a dean at San Francisco's City College, so she was the stricter parent but also hilarious. She was on top of our homework and much more detail-oriented.

DREW KELLY FOR THE WALL STREET JOURNAL (PORTRAIT); DANIEL HANDLER (HISTORICAL)

KID STUFF Daniel Handler with his sister, Rebecca, in 1984 in their family home in the Balboa Terrace section of San Francisco, above, and at his current home in the same city, right.

I wasn't beaten up at school as much as you'd think. My quick wit was off-putting enough. Compared with the childhoods of other writers I know, the suffering wasn't that enormous.

I was a voracious reader as a child. As soon as I had my own library card, I took out as many books as I could carry. I liked any book in which something terrible was happening.

I was conditioned early. My father's family had escaped Nazi Germany in 1939, and both my parents were opera fans. I heard the lurid stories of operas growing up, so melodramatic felt to me what a story should be like. If I reached page 35 in a book and no one had died or a blizzard or beast hadn't appeared, I suspected it wasn't a book I wanted to read.

'We live in an Edwardian house that is often mistaken for Victorian, so most people think I'm uptight.'

I don't remember a time as a child when I wasn't writing in a notebook. But my practical parents always made clear to me that pursuing a writing career was dreamy at best.

I didn't care. That's what I always wanted to do. I went to Wesleyan University, which encouraged self-starters. This let me pursue my writing with a single-mindedness.

But I had a seizure disorder in college. I would pass out and was subject to terrible hallucinations. That was a new kind of suffering. Medications had side effects and I was hospitalized for a time. The cause remains a mystery today.

After college, I worked in San Francisco writing for syndicated radio shows. I also wrote for little newspapers in New York. I was making a living, sort of. Then I sold my first novel in 1998.

Today, I live with my wife, illustrator Lisa Brown, and our 13-year-old son, Otto, in San Francisco in the Haight-Ashbury district, near Buena Vista Park. We live in an Edwardian house that is often mistaken for Victorian, so most people think I'm uptight.

The house has two floors and three bedrooms plus a little office. It's my house, so I can go on any floor, and I'm welcome in any room.

My favorite place in the house is in my big black leather chair in the living room. Originally I wanted a leather club chair but my head kept lolling back. Someone said I could have a chair made, so that's what I did. But the chair is way too big. It rises so far up that I could perch a baby on my head or wear a huge fez and there would still be plenty of room.

It's the most comfortable chair in the world. I've often said I want to die in it. So often that my wife and son probably think that if I'm about to croak, they need to drag me to the chair.

Our house has an attic, but we haven't turned it into a room. If we did, we'd have to build a staircase. I think we'll skip that.

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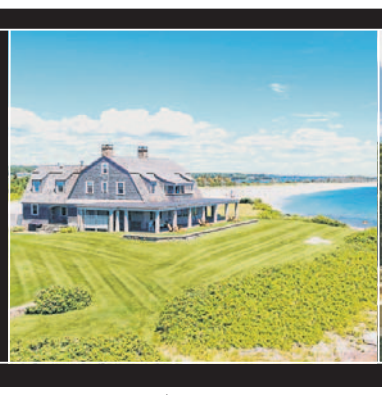

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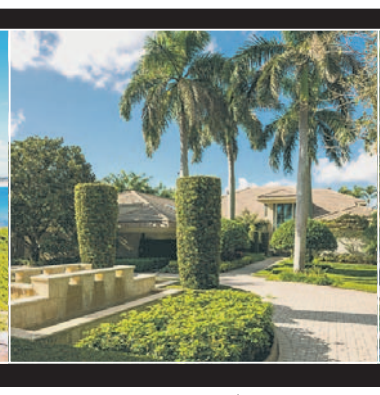

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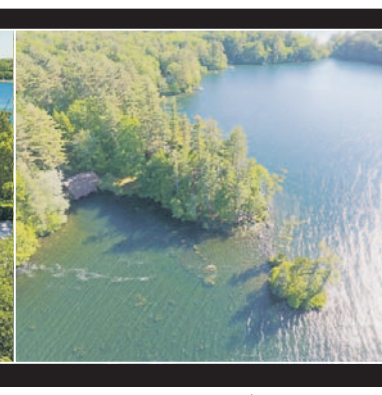

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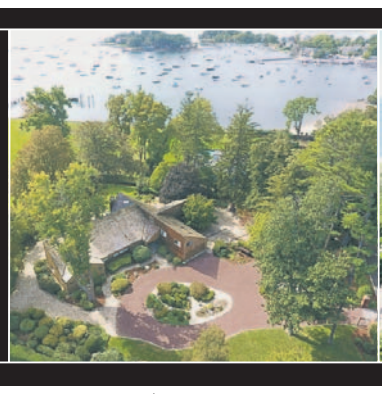

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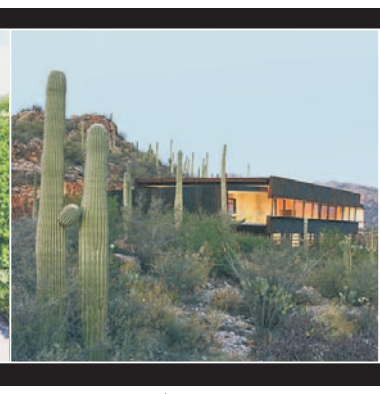

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Spectacular property with panoramic water views, beach front lot and private dock.
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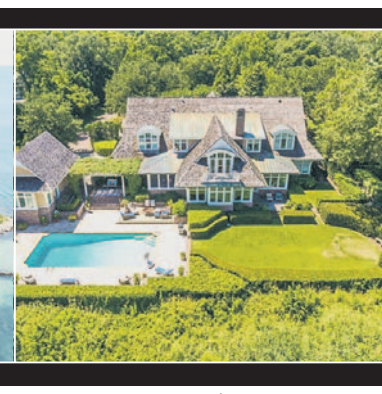

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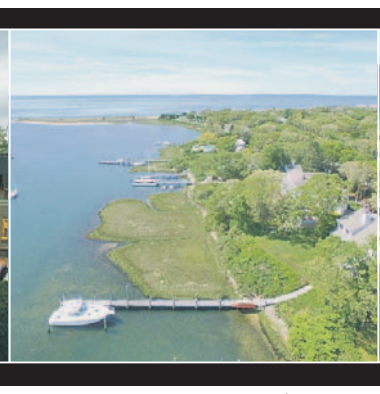

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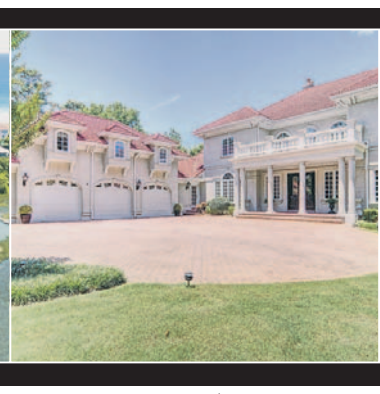

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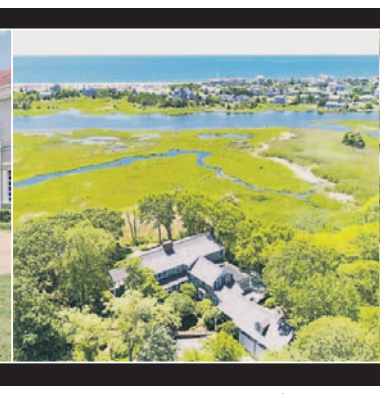

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Panoramic water vistas from this enchanting village property on almost 5 private ac.
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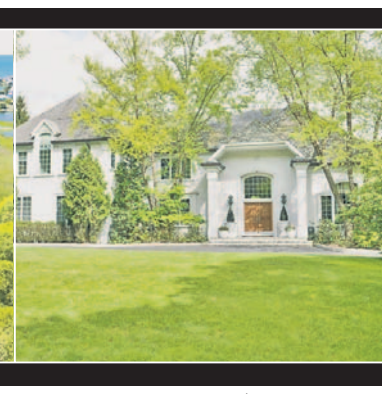

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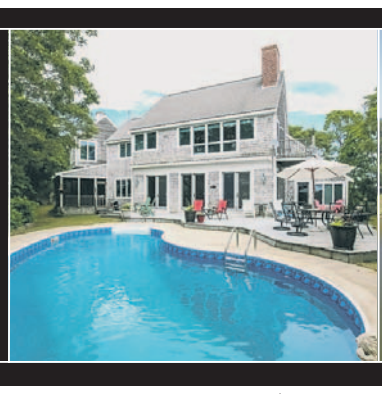

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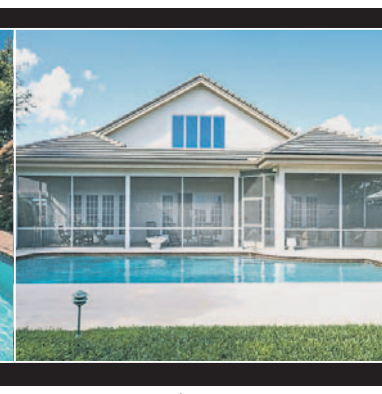

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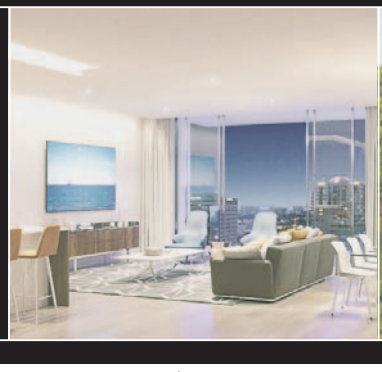

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ILLUSTRATION BY CHRISTOPH HITZ

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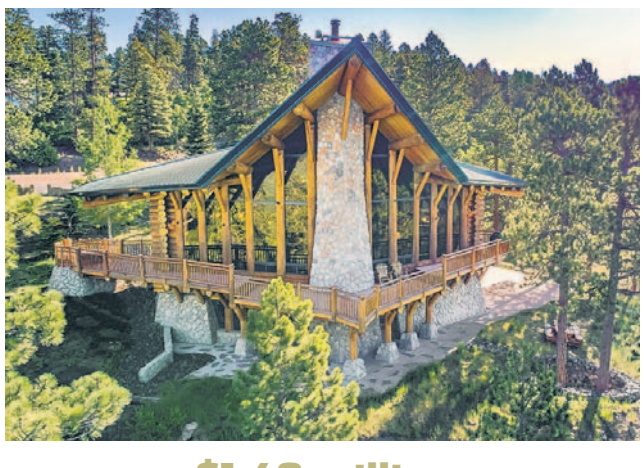
Agents: Bradford Miller and Pamela M.M. Miller of the Corcoran Group



$1.48 million

Angel Fire, N.M.

Three bedrooms, two bathrooms, two half-baths

This 3,450-square-foot handcrafted-log home sits on 2.2 acres and has expansive mountain views. The interiors have vaulted ceilings with exposed beams and custom stonework throughout. The kitchen has high-end appliances. Features on the lower level include another living area, a garage, a pantry and a laundry room with a custom dog bath.
Agent: Tara Chisum of Chisum Realty Group

FROM LEFT: DANIEL DYER; JIM MERRITT; JON DECOLA

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Manhattan

Five bedrooms, four bathrooms

Located in the West Village, this four-story brick townhouse was built in 1850 and has been completely updated. The dog bath and grooming area are located on the parlor level. The basement has a home office with a separate entrance. For outdoor entertaining, the property has both a rear garden and a rooftop terrace, which has a kitchen.
Agent: Astrid Pillay, Halstead Property

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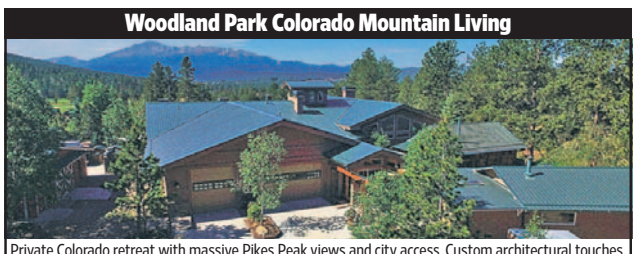

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Real Estate Trends

What You and I Already Know

Fort Worth mayor Betsy Price and Dallas mayor Mike Rawlings have been known to take to the road together, most recently north of the U.S. border in Canada. It was an opportunity to build relationships and promote the North American Free Trade Agreement, better known as NAFTA. In mid-June, the mayors, accompanied by a delegation of government and local business representatives, met with officials in Toronto and Montreal to discuss economic development and other topics, ranging from technology to air travel, tourism to transportation. I was pleased to attend again, as a member of the local contingent.

Here in the Dallas-Fort Worth area, Canada happens to be among Texas' largest market for exports. In 2016, Texas exported $18 billion in goods to Canada, while importing almost $22 billion. Crude oil is one of the most traded commodities for both exports and imports: Texas has the largest number of refineries equipped to process the heavy crude oil that is produced in Western Canada. Texas, in fact, is one of Canada's top five state partners.

"The amount of international and global trade is remarkable," said Rawlings in a local interview. "Our No. 1 trading partner is Toronto, No. 2 is Mexico City and No. 3 is Montreal."

You may recall a similar D-FW contingent visiting Mexico last year, as Mexico is our state's biggest NAFTA partner. In 2015, we traveled in the U.K. and Germany on a comparable mission with the same goal: creating new — and deepening existing — trade relationships between D-FW and international business partners. I have witnessed firsthand how extraordinarily Rawlings and Price represent their respective cities, and I've watched them join hands in a most productive fashion to represent the interests of the entire region.

These international trips are always thorough, effective and distinctive — and I have been pleased and proud to add my perspective. You and I already know that North Texas is world-class. The task at hand is making sure the international community is aware of all that we bring to the table.

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MARTHA'S VINEYARD VS. NANTUCKET

NANTUCKET

Highest sale price on record: $27.5 million for a 5.75-acre beachfront property on Cathcart Road, 2010

Highest-priced current listing: $42.5 million for a waterfront estate on 4.5 acres with a tennis court and swimming pool

Median sales price, year-to-date (through May): $1.235 million

Entry-level one-week rental: $3,000, though most available rentals run $5,000 and up

Celebrity devotees: Former General Electric chairman Jack Welch; Alphabet Executive Chairman Eric Schmidt; Drew Barrymore; Robert De Niro

BOB O'CONNOR FOR THE WALL STREET JOURNAL (5)

NANTUCKET Jim and Pat Houlihan, below, paid $4.1 million for their five-bedroom shingled home, above, on 5 acres in Dionis on the island's north shore.

Continued from page M1

or the other are usually created not by intrinsic differences between the two places, but by ties to friends and family and happy memories of vacations past. He noted that even within Martha's Vineyard, many buyers and renters often only want to be on one particular part of the island where they've gone in the past, which for them is "their own center of the universe."

As a result, he said, the real-estate markets on Nantucket and Martha's Vineyard largely "don't compete with each other, because they each have their own following."

Real estate doesn't come cheap on either island, but prices are higher on Nantucket, where a diminishing supply of buildable land has attracted the attention of investors. Property markets on both islands are gradually regaining their footing after a slowdown in the years after the global financial downturn. On Nantucket, the median sales price for the first five months of this year was $1.235 million. That's up significantly from $830,000 for the same period in 2013, but still down from $1.634 million for the first five months of 2007, according to data from the Warren Group.

In the upscale Martha's Vineyard town of Chilmark, the median price was $1.188 million—up from $777,500 in 2012 but still well below a peak of $3.065 million for the first five months of 2007. As the market recovers, both islands are seeing a resurgence in spec development despite stiff building restrictions.

Mr. Phelan and his wife, Lisa, recently decided to permanently relocate to Martha's Vineyard from the San Francisco Bay Area after years of summer visits. Mr. Phelan, who worked in manufacturing in the Bay Area, said his family history on the Vineyard stretches back to his great-grandfather, who owned property on the island. His mother grew up spending summer vacations on the Vineyard, as did he. He and his wife decided to move to the island to be closer to his mother and other family members. His wife's employer, a pharmaceutical company, allows her to work remotely from the Vineyard.

The couple originally planned to buy land and build a house, but quickly abandoned that idea—construction on an island roughly 7 miles from the mainland is a long and costly process.

Instead, they bought a newly built spec home in Vineyard Haven in May for $748,900. The three-bedroom house, which had been listed with Ocean Park Realty, has a screened-in porch and an outdoor shower—a sought-after feature in Vineyard homes.

Nantucket homeowner Jim Houlihan said both islands are "beautiful," but agreed with other residents that people tend to develop a strong allegiance to one or the other: "Once you get bitten by the bug, that's your place."

Mr. Houlihan, who lives in New York's Westchester County, had vacationed in the Hamptons for years, but after visiting friends in Nantucket he and his wife, Pat, decided to try New England. After renting on Nantucket for a few summers, they decided to buy a home there. "We fell in love with it," he said, citing the fact that the island is far less developed than the Hamptons. Around 2012 they bought a house in Madaket, on the western end of the island.

MARTHA'S VINEYARD

$19.5 MILLION This home on 1.2 acres on Edgartown Harbor was built in 1890 and renovated in 2000; the property includes a guest house.

NANTUCKET

$42.5 MILLION A waterfront estate on 4.5 acres with a tennis court and swimming pool.

LISTINGS FROM LEFT: ANTHONY ESPOSITO; NATHAN PALMER

Last fall, they upgraded to a larger house on 5 acres in Dionis, on the north shore of the island, for $4.1 million, according to public records. In classic Nantucket style, the five-bedroom house is shingled with white wooden trim, and has multiple decks and porches with views of Nantucket Sound. They plan to put in a pool and build a second home on the property for visiting family members.

Mr. Houlihan, who owns Houlihan-Parnes Realtors in Westchester, also sees Nantucket as a smart real-estate investment. Roughly half the island—which measures about 48 square miles to Martha's Vineyard's 100—is conservation land. A 2% real-estate transfer fee on most property sales allows the island to conserve more land each year. (Martha's Vineyard has a similar fee on most real-estate sales, paid to the Martha's Vineyard Land Bank Commission.)

Mr. Houlihan started investing in spec homes on the island about five years ago. His first two projects both sold in under 30 days, one for $3.8 million and another for $4.8 million.

Spec building on Nantucket—like all home-building and renovations—is challenging because the entire island is strictly regulated by the Nantucket Historic District Commission. The commission works to maintain the island's historic architecture, requiring that all houses be shingled and even limiting the paint colors homeowners can choose.

Martha's Vineyard also has strict building codes, especially in its historic districts, but its architecture is more varied, ranging from the occasional contemporary home to the Gingerbread Cottages in Oak Bluffs, said Meg Bodnar of Tea Lane Associates.

The consistency of Nantucket's architecture is part of its charm, said Lisa Larson, a real-estate agent who lives primarily in Manhattan but has summered on Nantucket for years.

MARTHA'S VINEYARD Daniel and Lisa Phelan, above, paid $748,900 for a newly built spec home in Vineyard Haven. The three-bedroom house has a screened-in porch and an outdoor shower.

Despite the difficulty of the building process on Nantucket, a number of spec homes priced from $3 million to $7 million have come to market in the past few years, many of them fully furnished. The homes are eagerly snapped up by buyers who don't want to deal with the hassle and slow pace of navigating the building process on their own, said real-estate agent Steve DiFrancesco.

For Dennis and Tricia Brown, who bought a three-bedroom house on Nantucket in March for $1.725 million, the fact that the home was newly renovated was an important factor in their decision to buy it.

"It's expensive to do renovations on Nantucket," said Mr. Brown, Group Operating Officer of the NPD Group, a market-research company. "Having a house that was in move-in condition was important to us."

The couple, who live on the Upper East Side of Manhattan, go to Nantucket almost every weekend in the summer and about once a month the rest of the year. They said they love Nantucket's small size, and lack of Hamptons-eque traffic (the island has no traffic lights).

Mr. Brown bought his first home on Nantucket in 1992. Ms. Brown, a food broker, said when the couple met 10 years ago he refused to introduce her to any family members until she'd been to the island. "He said, 'you better meet Nantucket first—Nantucket is part of my life,'" she recalled.

MARTHA'S VINEYARD

Highest sale price on record: The Nature Conservancy paid $64 million for a 215-acre property in Edgartown, 2001

Highest-priced current listing: $37 million for a vacant parcel with a private beach in West Tisbury (previously part of a $118 million, roughly 314-acre listing that failed to sell after hitting the market in 2013)

Median sales price, year-to-date (through May), Chilmark: $1.188 million

Entry-level price for a week-long summer rental: $2,500

Celebrity devotees: Barack Obama rented on the Vineyard during his presidency; Bill and Hillary Clinton, Larry David, Diane Sawyer, Carly Simon.