

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

TUESDAY, AUGUST 1, 2017 ~ VOL. CCLXX NO. 26

WSJ.com

★★★★ \$4.00

DJIA 21891.12 ▲ 60.81 0.3% NASDAQ 6348.12 ▼ 0.4% STOXX 600 377.85 ▼ 0.1% 10-YR. TREAS. ▼ 1/32, yield 2.292% OIL \$50.17 ▲ \$0.46 GOLD \$1,266.60 ▼ \$1.80 EURO \$1.1843 YEN 110.26

What's News

Business & Finance

Discovery agreed to buy Scripps for \$11.9 billion, betting a bigger lifestyle-TV portfolio will help it weather the upheaval in cable. A1

◆ **Losses for credit-card issuers** are increasing, a reversal from a six-year trend that could be a warning sign for markets and the economy. A1

◆ **A massive build-out** by retailers has left a glut of space devoted to selling groceries, even as consumers' food-shopping habits shift. B1

◆ **U.S. oil prices settled** above \$50 a barrel for the first time in over two months, in a sign of renewed confidence in the oil market. B1

◆ **The Dow rose** 60.81 to a record 21891.12. Strong corporate earnings helped lift U.S. stocks to gains in July. B1

◆ **Boeing hit** a new high. The firm accounted for over half of the Dow's July advance. B1

◆ **A splinter group** of bitcoin developers is launching a new, competing version of the digital currency. B10

◆ **VW faces** new legal woes, as the EU recommended fraud charges against two officials over the emissions scandal. B3

◆ **Scana is halting** work on a South Carolina nuclear-power plant after huge cost overruns and delays. B2

◆ **Alphabet is pitching** a plan to store electricity from renewable sources in molten salt and cold liquids. B4

◆ **HBO confirmed** that some of its programming was stolen in a cyberattack. B2

◆ **Heineken posted** higher first-half profit, fueled by strong sales in Europe. B3

World-Wide

◆ **Scaramucci was ousted** as White House communications director, just 10 days after his appointment to the job, at the urging of new Chief of Staff Kelly. A1

◆ **Trump warned** that he could end federal payments to insurers as a way to press lawmakers to revive efforts to repeal the ACA. A2

◆ **The Pentagon and State Department** are proposing that the U.S. supply Ukraine with weapons as it fights Russia-backed rebels. A6

◆ **Pence warned** against Russian aggression in a speech in Estonia, in one of the administration's toughest attacks yet on Moscow. A6

◆ **The U.S. hit** Venezuela's leader with sanctions, saying his government held an illegitimate vote to advance an authoritarian regime. A7

◆ **China's U.N. envoy** lashed out at the U.S. over North Korea, saying Washington was ratcheting up tensions with Pyongyang. A7

◆ **Los Angeles officials** and the IOC reached a deal to hold the Olympics in Southern California in 2028. A3

◆ **Free movement** of people between the U.K. and EU will end when the U.K. leaves the bloc in 2019, May's spokesman said. A16

◆ **The EU should** consider large fines on European governments that fail to adopt its economic proposals, the ECB said. A16

◆ **Died: Sam Shepard**, 73, Pulitzer-winning playwright, Oscar-nominated actor. A11

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Caracas Crisis Prompts U.S. to Impose Sanctions



ON GUARD: Bolivarian National Guard officers watched Venezuela's National Assembly grounds in Caracas on Monday after the government held a vote to replace the opposition-controlled assembly. A7

ONE DAY IN INDIA'S OVERRUN COURTROOMS

Legal dysfunction hobbles India's emergence as a global economic power

BY NIHARIKA MANDHANA AND VIBHUTI AGARWAL

ALLAHABAD, India—At India's largest courthouse one recent Thursday, the wheels of justice began their slow grind at 10 a.m.

A dairy farmer settled into his usual spot, hoping for a breakthrough in a 34-year-old property dispute filed before his birth by his father. In Courtroom 41, a murder appeal from 1983 topped the docket. The delay has kept the convicted men out of prison through the intervening decades. In bail court, Justice Vipin Sinha faced his usual, impossible case-load—380 cases in 300 minutes. What he can't finish will fall to another day.

A typical workday at the 150-year-old Allahabad High Court reveals a pattern repeated across India's overburdened judicial system, which is hobbled by a pileup of cases that stretch as far back as four decades. The backlog has eroded the rule of law in the world's largest democracy, upended constitutionally-guaranteed rights of swift justice and threatens India's emergence as a true global economic power.

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Brooklyn Super Dreams of Skiing In the Olympics—He Just Might

* * *

Six months after first race, 36-year-old

Kosovo native trains in a boiler room

BY MICHAEL M. PHILLIPS

BROOKLYN—On any given day, building superintendent Besnik Sokoli might be in the boiler room working on the furnace.

Or he might be in the boiler room working on his skiing.

Mr. Sokoli, a war refugee and super refugee and super of five apartment buildings in the hip Dumbo neighborhood between the Brooklyn and Manhattan bridges, entered his first serious ski race six months ago, when he was 35. Now he's making a long-shot bid for the 2018 Winter Olympics.

After work each day, Mr. Sokoli sets aside his walkie-

Please see DREAM page A8

U.S. NEWS

Trump's Threat Aimed at Reviving Repeal

WASHINGTON—President Donald Trump warned Monday that he could end federal payments to insurers, allowing them to be “hurt” by the Affordable Care Act, as a way to press members of Congress to revive efforts to repeal the Obama-era health law.

By Michelle Hackman,
Siobhan Hughes and
Anna Wilde Mathews

“If ObamaCare is hurting people, & it is, why shouldn’t it hurt the insurance companies,” Mr. Trump wrote on Twitter.

The president was alluding to the ACA’s “cost-sharing reduction” payments, which the government pays to insurers to help them cut deductibles and other costs for low-income consumers.

Some Republican lawmakers Monday advocated a pause to regroup following last week’s collapse of the repeal effort, but Mr. Trump wasn’t backing down from his push to resurrect those efforts.

Several GOP governors, including Scott Walker of Wis-

consin and Asa Hutchinson of Arkansas, met with White House officials to discuss repeal options. Mr. Trump has also held discussions on a proposal from Sen. Lindsey Graham (R., S.C.) that would convert ACA funding into block grants that states could use to remodel their own health-care systems.

But a legislative path excluding Democrats narrowed last week when Senate Republicans failed to approve several proposals to overhaul the 2010 health-care law, leading Senate Majority Leader Mitch McConnell (R., Ky.) to say it was time to “move on.”

While Mr. Trump suggested he might end the insurance payments, a bipartisan group of more than 40 House members released a proposal on Monday aimed at permanently authorizing them.

“My hope is we don’t have to go down the path of stopping these payments or cutting off other areas of payment out there,” said Rep. Tom Reed (R., N.Y.), the leading Republican on the bipartisan plan.

Some Republican senators

Insurers Offer Plans On Ohio’s Exchanges

Health insurers have agreed to offer Affordable Care Act exchange plans next year in 19 of the 20 Ohio counties that had been at risk of lacking coverage, cutting in half the estimated number of counties nationwide that now remain without an expected 2018 exchange offering.

Ohio’s insurance regulator said that five insurers have agreed to expand their exchange footprints, ensuring there is at least one insurer in each of the 19 counties. The insurers include Centene Corp., Molina Healthcare Inc., Care-

Source, Medical Mutual of Ohio and Paramount Health Care, all of which already planned to offer exchange products in the state next year. The regulator is still seeking an insurer to enter Paulding County.

Insurers have until late September—when they sign federal contracts to offer exchange products—to make final calls on their participation, amid questions about steps that the Trump administration may take that insurers say could undercut marketplace offerings. “We recognize there is a lot of uncertainty at the federal level,” said Jillian Froment, director of the Ohio Department of Insurance.

The 20 Ohio counties were left at risk of lacking exchange

insurers next year after Anthem Inc. and a smaller insurer disclosed they would pull out of Ohio’s exchange in 2018.

The latest announcement in Ohio underscores the fluid situation in the exchanges, where uncertainty about their future in certain states has prompted some insurers to pull back or exit. State regulators have countered with heavy pressure on remaining companies to fill the gaps.

According to the Kaiser Family Foundation, there are still 19 counties in Indiana and Nevada in addition to the one in Ohio, at risk of being without exchange insurers for next year, out of the more than 3,000 counties in the U.S.

—Anna Wilde Mathews

ance payments may be the most potent tool at Mr. Trump’s disposal. Insurers say that without them, they would be forced to increase premiums or exit the ACA’s exchanges, where consumers buy insurance if they don’t get it through their employer or a government program.

The administration has maintained an uneasy relationship with insurers since taking office, regularly threatening the payments while working behind the scenes to encourage insurers to continue to sell coverage.

Insurers also facing a mid-September federal deadline for completing their premium rates for 2018 exchange plans, leaving them little breathing room as the Trump administration and Congress send mixed signals about next steps.

The Kaiser Family Foundation has estimated that ending the cost-sharing payments could generate average premium increases of 19% for the marketplaces’ middle-tier “silver” plans.

—Louise Radnofsky contributed to this article.

Oklahoma Town Copes With Aftermath of Massive Fire



HISTORIC LOSS: A firefighter worked Monday to put out hot spots on one of the downtown buildings that was destroyed by a fire a day earlier in Wagoner, Okla. The fire destroyed several historic buildings as well as apartments, leaving some people homeless.

CREDIT

Continued from Page One
rate they hit in early 2010. Lenders say they aren’t expecting a return to crisis-level losses and that the increases are largely a return to normal after a period of abnormal lows.

Still, some bankers have noted the change in direction, a streak of widening losses in the industry after 24 quarters in which they shrunk. “The overall environment is deteriorating,” said David Nelms, chief executive at Discover. It is “not quite as favorable as it was over the past few years.”

In 2010, when credit-card write-offs started declining, banks lent mostly to credit-worthy borrowers. But starting around 2014, many lenders loosened underwriting standards substantially, turning to subprime borrowers with lower credit scores who are charged higher interest rates.

That contributed to a new boom in credit-card spending. Card balances nationwide rose 6% over the past 12 months through May, a growth rate that is up from about 1% four years ago, according to the Federal Reserve.

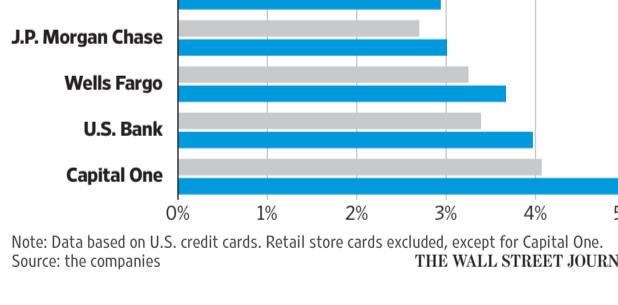
Rising balances, however, also have coincided with the recent loan losses and put a dent in what has been one of the healthiest credit-card markets on record.

The missed payments and increase in losses are having knock-on effects on lenders’ earnings. Many posted double-digit-percentage year-over-year increases in the money they set aside to cover future card losses.

Discover shares dropped 4% on Thursday, the day after

Taking a Loss

Net charge-off rates



Note: Data based on U.S. credit cards. Retail store cards excluded, except for Capital One.

THE WALL STREET JOURNAL

the company reported that it increased loan-loss provisions by 55% and raised guidance for its 2017 overall net charge-off rate. It is “hard in the short term to grow earnings when credit is moving against us,” Mr. Nelms said.

The rising losses are occurring during a time of near record-low U.S. unemployment, which suggests that credit performance could quickly weaken should the jobs situation turn.

“That’s a little concerning,” said Michael Taiano, a director at Fitch.

During the first-quarter earnings period, some lenders and analysts pointed to delays in tax refunds as a possible reason for the pickup in card-related losses. But this quarter, charge-offs kept rising for many lenders, fortifying worries that consumers are taking on too much debt.

The card market is an indicator of consumers’ ability to pay back their debts. Unlike mortgages, a much broader group of consumers have access to cards. And these ac-

counts can fall low on the priority list of bill payments when household finances are tight.

While overall consumer balance sheets look healthy, according to Federal Reserve data, some numbers suggest they are starting to stretch. For retail-store cards offered by Synchrony Financial and

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Citigroup, customers’ balances are growing at a faster pace than their purchases, indicating they are slower at paying down their debts.

Card losses in the U.S. are up at most big banks, including those that specialize in subprime lending or store credit cards. The net charge-off rate at Capital One in the second quarter increased

more than a percentage point from the year prior. Citigroup’s store-card figure increased 0.63 percentage point, while Synchrony’s overall rate rose more than 0.90 percentage point.

Broader consumer figures also point to overleveraging. Nonmortgage consumer debt payments, including credit cards and auto loans, account for the largest share of consumers’ after-tax income since 2009, according to an analysis by Barclays PLC.

So far this year, several card lenders, including Capital One and Synchrony, have raised projections for charge-offs. Investors are jittery about more revisions.

Alliance Data Systems Corp., the third-largest issuer of store cards by outstanding balances, had been guiding investors to a full-year 2017 loss rate in the mid-5% range. In July, though, it wouldn’t commit to that figure when pressed by analysts on its earnings call.

The company also reported a net charge-off rate for cards of 6.2% for the second quarter, up 1.1 percentage points from a year earlier. Its shares plummeted more than 9% that day.

Credit cards also moved to the top of the list of concerns about potential losses in the Federal Reserve’s annual stress test of banks in June. The central bank said lenders would incur \$100 billion in projected credit-card losses in a severely adverse hypothetical recession, tied with commercial and industrial loans. Cards ranked third the year before.

“We’ve seen an inflection point in credit,” said Charles Peabody, managing director at Compass Point Research & Trading LLC. “It is going to get worse from here.”

ECONOMY

PENDING HOME SALES

ROSE 1.5% IN JUNE

The number of homes across the U.S. that went under contract rose in June, a sign of solid demand despite severe supply constraints.

The National Association of Realtors’ pending home sales index, which tracks signings for purchases of previously owned homes, increased 1.5% from a month earlier to 110.2, the trade group said Monday. Economists surveyed by The Wall Street Journal had expected sales to tick up 0.7% in June.

—Sarah Chaney

FLORIDA

TROPICAL STORM EMILY DRENCHES THE STATE

Tropical Storm Emily weakened to a tropical depression Monday afternoon as it slogged eastward across the Florida peninsula, spreading drenching rains and causing power outages.

The National Hurricane Center said Emily made landfall late Monday on Florida’s Gulf Coast south of Tampa Bay and then began moving east toward the Atlantic coast. Emily spent only a few hours as a tropical storm, losing strength as it marched inland.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

The last name of Dick Schultz, co-author of the Ducker Worldwide study on aluminum use in automobiles, was misspelled as Shultz in a Business News article Monday about the study.

Venezuela’s infant-mortality rate increased by 30% last year, according to the country’s health ministry. A Review article Saturday about Venezuela incorrectly said that rate has hit 30%.

California Rep. Judy Chu is a Democrat. A U.S. News article on Friday about Trump admin-

istration steel policy incorrectly said she is a Republican.

The House Administration Committee voted in February to shut down the U.S. Election Assistance Commission, but the full House hasn’t taken up the measure. Separately, the House Appropriations Committee in June introduced and later removed language in a spending bill to wind down the agency. A U.S. News article on July 18 about efforts by House Republicans to defund the EAC gave an incomplete history of those efforts.

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

THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 2241-2241)
Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY 10036
Published daily except Sundays and general legal holidays.
Periodicals postage paid at New York, NY, and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd, Chicago, IL 60616.
All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY 10036. The Journal reserves the right not to accept an advertiser’s order. Only publication of an advertisement shall constitute final acceptance of the advertiser’s order.

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U.S. NEWS

Ex-Mainers Get a Call to Come Home

Recruiters search for candidates with ties to the state to fill jobs in a tight labor market

BY JON KAMP

Employers and recruiters looking to fill positions in Maine are scouring the U.S. for people who once lived in the northern New England state in hopes work will coax them back.

With the state's unemployment rate hovering at 3.5%, near record lows, the labor market is tight, particularly in the southern part of the state near Portland, Maine's largest city with 67,000 residents.

Although the state known as "Vacationland" draws tourists to its coastal hamlets and rugged wilderness, it can be harder to convince outsiders to actually live there, recruiters say. Maine doesn't have a deep roster of major companies, lacks a large city and has notoriously harsh winters.

To improve his odds at

finding a good candidate, recruiter Ed McKersie, who runs Portland staffing firm Pro Search Inc., looks on social-media sites such as LinkedIn to identify ex-Mainers and graduates from Maine colleges who might be convinced to return to their old stamping ground.

"They know what it's like here, they have an affinity," said Mr. McKersie. He said the key is to show ex-Mainers that the state has more available jobs than they may think.

With roughly 1.3 million residents, Maine is among the smaller U.S. states by population. But there are also nearly half-million people who were born in Maine scattered throughout the country, according to U.S. Census data.

The state has thus far invested \$100,000 in an organization Mr. McKersie launched in 2015 called Live and Work in Maine, which aims to convert visitors into residents by linking them to employment opportunities.

The website added job boards last year that include



Jay Dearborn, left, was recruited to return to Maine to work as vice president of strategy for WEX Inc. in South Portland.

roughly 300 active employers, Mr. McKersie said. The organization is using social media ads and partnerships with colleges to seek former Mainers, he said.

Authorities in Maine are also concerned about the need to offset older workers retiring. The state's median age was 44.6 years in 2016, highest in the nation, according to U.S. Census estimates. Retaining and recruiting younger workers is personal for Republican Gov. Paul LePage: His 28-year-old son left Maine for a job in Florida, his spokesman said.

Mr. LePage is pushing for a \$100 million bond program aimed at helping young people accelerate the payment of student loans, provided they work in the state for five years. This would build on an earlier tax-credit program aimed at students started before he took office.

"Retaining young Mainers and attracting those who have left the state is definitely a goal, and the governor's policies are aimed at encouraging them to come home," the spokesman said.

A recent state survey

Scouring LinkedIn, Facebook Pays Off

Idexx Laboratories Inc., a veterinary-health company with roughly 2,500 local employees, has been hunting for job candidates with connections to Maine, said Giovani Twigge, the chief human resources officer.

The search has included looking for clues on social media, including Facebook and LinkedIn.

"Maine is not on everybody's radar," Mr. Twigge said. "The sale was very difficult when people didn't know

Maine."

Idexx found its director of software research and development, Alan Boucher, because his LinkedIn profile listed his location as both Northern California and Maine. He and his wife bought a small Maine cottage in 2011 as a vacation home, and after Idexx offered him a job, they moved across country permanently with their grade-school-age daughter four years later.

Mr. Boucher, a Connecticut native, said he and his wife were already drawn to the small-town feel and pace of life. They now live in the coastal town of Kennebunkport.

"It was a both a great opportunity and a great outcome for our family," he said.

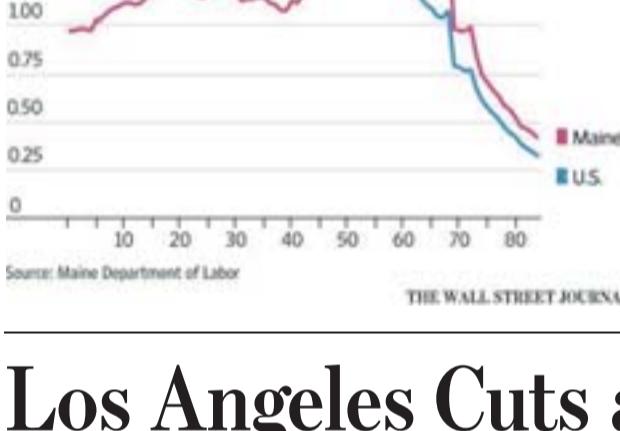
Jay Dearborn left Maine for college in Pennsylvania 20 years ago and moved back to the state last year. Working as a principal for McKinsey & Co. and living in Princeton, N.J., Mr. Dearborn met Melissa Smith, the chief executive of Maine-based payment-processing firm Wex Inc. at a lunch event. Ms. Smith helped persuade the 38-year-old to return home with his family, he said.

"There is something about the place and the people that gets in your bones," he said.

—Jon Kamp

Gray Maine

In the nation's oldest state, many people are set to age out of the workforce. Share of the population by age, 2015:



Source: Maine Department of Labor

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Los Angeles Cuts a Deal to Host 2028 Olympics

BY MATTHEW FUTTERMAN

Officials in Los Angeles and leaders of the International Olympic Committee have reached a deal to bring the Summer Games to Southern California in 2028.

The deal comes after months of discussions between the two parties and won't be official until a vote by the IOC in September, which is considered a formality at this point. The talks moved forward after L.A. officials and the U.S. Olympic Committee signaled they would step back from the race

against Paris for the 2024 Games in exchange for securing hosting rights for 2028.

Talks between the parties accelerated in early July, after the full membership of the IOC approved a plan to award the 2024 and 2028 Games simultaneously at its upcoming meeting in September.

The IOC usually awards hosting rights to the Olympics seven years ahead of the Games. However, IOC President Thomas Bach didn't want to lose either Paris or Los Angeles as a potential host city. Both cities and their respective national Olympic committees had indicated they were unlikely to bid again if they lost the current campaign.

The Wall Street Journal reported in May that the IOC was close to a deal to give Paris 2024 and Los Angeles the 2028 Games.

According to people who have been working on the deal, Los Angeles—in exchange for waiting an additional four years to play host—will receive funding for sports programs. The IOC will also help underwrite the operating costs of LA24, the private group that will serve as the local organizing committee for the

Games. LA24, which will likely be renamed LA28, is expecting to receive more money from the sales of world-wide Olympic sponsorships than it would have had it played host to the Games in 2024.

Los Angeles Mayor Eric Garcetti said Monday the IOC funding will "kick-start our drive to make L.A. the healthiest city in America, by making youth sports more affordable and accessible than ever before."

Mr. Bach said the deal would create a "win-win-win situation" for Los Angeles, Paris and the IOC.

Assuming the IOC approves

the deal in September, the Summer Games will return to Los Angeles for the first time since 1984. The U.S. last played host to the Olympics in 2002, when Salt Lake City organized the Winter Games.

For the IOC, the deal would lock up two of the world's leading cities to host coming Summer Games after a tumultuous 2016 in Rio de Janeiro forced the organization to rethink its commitment to holding the event in developing countries.

Some major cities have shied away from hosting Olympics because they are expensive and thus politically unpopular.

Former Sheriff Guilty of Contempt

BY ZUSHA ELINSON

Joe Arpaio, the former Arizona sheriff famous for his aggressive pursuit of undocumented immigrants, was found guilty Monday of criminal contempt for defying a judge's order to stop conducting immigration patrols in the state.

Known simply as "Sheriff Joe," Mr. Arpaio was the sheriff of Maricopa County for 24 years before losing a re-election bid last fall amid mounting legal problems.

He gained national fame for his enforcement tactics against illegal immigrants, as well as his treatment of jail inmates, making them wear pink underwear and holding some outside in tents. He spent years investigating President Barack Obama's birth certificate.

U.S. District Judge Susan Bolton ruled Monday that Mr. Arpaio "willfully violated" a 2011 court order that prohibited his deputies from stopping and detaining Latinos without reasonable suspicion that a crime had been committed.

The 85-year-old Mr. Arpaio, who called himself "America's toughest sheriff," could face up to six months behind bars. He will be sentenced in October.

Attorneys for the former sheriff said he would appeal the verdict to get a trial by jury.

"Joe Arpaio is in this for the long haul, and he will continue his fight to vindicate himself, to prove his innocence, and to protect the public," they said.

Mr. Arpaio's tactics won him admirers. But his approach toward immigration and crime attracted hundreds of lawsuits and ultimately ran afoul of the Justice Department, which launched an investigation into whether he had targeted Latinos and abused his authority.

Power Outage Hurts Outer Banks Tourism

By VALERIE BAUERLEIN

North Carolina Gov. Roy Cooper toured the Outer Banks Monday, where a power outage has led to the evacuation of two vacation islands during peak season, threatening the local economy, where tourism is a \$1 billion annual business.

Crews building a 3-mile, \$246 million bridge disrupted electricity on Thursday when they hit underground cables that are the main distribution line to the barrier islands. Utility officials say it could take up to two weeks to restore power. More than 3,500 people have been evacuated by state-run ferries.

Mr. Cooper talked with local business owners and toured the site where Cape Hatteras Electric Cooperative is working to repair the damage. He said the state would continue to ensure that the cooperative has "all of the resources that they need to get power back to these islands as quickly and as safely as possible."

The governor declared a state of emergency on Hatteras Island in Dare County and Ocracoke Island in Hyde

County after the electric cables were unintentionally cut Thursday.

Danny Couch, a Dare County commissioner who works as a tour guide and private chef during tourist season, said the evacuations and power disruption are especially difficult for small-business people, "who live and die every day with things like payroll and keeping up with taxes and insurance."

The islands were comparatively deserted Monday, save for workers involved in repairs and the permanent residents who were allowed to remain. Many businesses were closed if they didn't have a generator.

Pop's Raw Bar in Buxton, on Hatteras, was open but business was way down from last week, when thousands of tourists were on the islands, bartender Natalie Nacif said.

"I didn't think it was necessary to evacuate all the tourists," Ms. Nacif said. "People come here for the beach. That's still here."

Cape Hatteras Electric Cooperative, which provides power to 7,000 homes and businesses on the islands, said the underground transmission

cables were severed when contractor PCL Construction accidentally drove steel casing into them.

PCL said in a statement Monday that one of two damaged lines has already been repaired. The company said the water table was making work on fixing the second line challenging. The contractor said it is working on an alternative option to repair that involves building a new overhead transmission line.

"We're working to resolve this as quickly and safely as possible," it said.



A darkened convenience store on Hatteras. Tourists hit the road after being ordered to evacuate.



U.S. NEWS

Turmoil in Washington Masks Global Threats



CAPITAL JOURNAL

By Gerald F. Seib

When folks here in Washington end a summer filled with White House hijinks and an epic but inconclusive health-care debate, they will look up and discover something unsettling: The world has become a more dangerous place while everybody has been distracted.

That's most obviously true in North Korea, where its rogue weapons program has leapt so far forward that the nation now has a missile with the range to

reach much of the U.S. Pyongyang's capabilities are advancing so quickly that the Defense Intelligence Agency has had to ratchet forward, to as early as next year, its estimate of when North Korea will have an intercontinental ballistic missile capable of carrying a nuclear warhead.

There is widespread expectation the North Koreans may conduct another missile test in a matter of days, and, perhaps not long down the road, another underground test of a nuclear device.

Meanwhile, American relations with China, the country most able to cooperate in slowing down Pyongyang, are deteriorating amid presidential recriminations—de-



Russian President Vladimir Putin and President Donald Trump shook hands at the G-20 summit in Hamburg, Germany, on July 7.

livered via Twitter—about Beijing's behavior.

Relations with Russia are sliding backward as well, punctuated by the passage of a bill imposing new American sanctions and the Kremlin's decision to kick a stunning 755 diplomats and U.S.-hired staff out of the country in response. Both sides agree that ties now are at their lowest point since the Cold War.

That soured relationship with Russia means it will be tougher to untangle the world's second-messiest problem, behind that Korean nuclear threat: the war in Syria, where the U.S. and Russia are essentially on opposite sides, with forces always on the verge of bumping into one another.

The U.S. also is being challenged by Iran. In possible defiance of new sanctions being imposed by Congress, the Iranians just launched their own missile into space. Meantime, U.S. forces in the past week fired both warning shots and warning flares at Iranian ships acting provocatively in the Persian Gulf.

In case that isn't enough, few paid much attention over the weekend when nuclear-armed Pakistan, also one of the most dangerous places on earth, fell into a governing crisis as its prime minister was ousted amid a scandal that is creating new instability.

Is this all bad coincidence?

Mostly, yes. Certainly the Trump administration didn't create all these problems. Still, the spectacle of dysfunction in Washington has the potential to make things worse.

When a president appears weak, distracted or in trouble, as President Donald Trump does right now, the effects on international affairs can play out on many fronts. First, adversaries may feel more emboldened to challenge a besieged American leader. That may be a miscalculation, but the chances of miscalculation go up at such times.

Second, there always is the suspicion that a president embattled at home is looking for a distraction abroad. Even if there's a real crisis, there

would be charges the White House is pumping it up to divert attention. "Wag the Dog" suspicions are never far beneath the surface.

In any case, the president's pattern of engaging in exaggerations and outright misstatements has downside risks in a dangerous international environment. When the leader of the free world speaks in a time of genuine crisis, he needs his countrymen to believe him and the rest of the world to take him seriously. On the world stage, calm and understated usually beats bluster.

Third, when a president is thought to be distracted or in trouble, Congress steps in to fill what it perceives to be a void. That's what happened

during Watergate, when lawmakers voted to cut funding for the war in Vietnam and passed the War Powers Act to limit a president's hand in military operations abroad.

What is this congressional mindset at work in recent days when Congress passed legislation imposing more sanctions on Russia, Iran and North Korea? Probably; at a minimum, lawmakers worried that Mr. Trump otherwise would be soft on the Kremlin after a campaign in which he talked of wanting to improve relations, and amid accusations Moscow worked to help him win.

But in the process, the legislation also blocked the president from rolling back sanctions without congressional approval, a provision that severely limits presidential flexibility in conducting foreign policy. Mr. Trump doesn't like it, and neither will future presidents if that becomes the pattern. Congressional action is a blunt tool for handling the finer points of international affairs. Mistrust of the president has produced what may be a bad precedent.

Of all these problems, the North Korean one is the most urgent and dangerous. Mr. Trump is right when he says China hasn't done what it could to curb North Korea. At this point, Beijing's true intentions have to be considered suspect. The grim reality, though, is that China's belligerence leaves few options, and no good ones, for dealing with the threat.

And that's a problem a lot more important than who's up and who's down in the White House this week.

WASHINGTON WIRE

TAX AGENDA

Officials Push Aggressive Timeline

Trump administration officials pressed an aggressive timeline for advancing a major tax bill this fall along with ambitious goals for the bill's contents.

Background work on a bill will happen during August in preparation for committee action in September, a House floor vote in October and a Senate vote in November, Marc Short, the White House director of legislative affairs, said at an event in Washington on Monday.

Mr. Short's comments are part of a coordinated effort by White House officials and business groups to turn the country's focus to tax policy, persuade Americans that the issue should be a priority and argue that the administration's plan would yield faster economic growth.

"This is about creating jobs," Treasury Secretary Steven Mnuchin said at the event, which was sponsored by Freedom Partners and Americans for Prosperity, advocacy groups associated with the Koch family of wealthy industrialists.

—Richard Rubin

2016 CAMPAIGN

RNC Officials Told To Save Documents

Republican National Committee officials have been ordered by the party's legal team to preserve documents pertaining to the 2016 presidential campaign, a precaution in the face of a broad federal investigation into Russian interference in the election.

In a memo sent Friday to all RNC staffers, the RNC counsel's office said investigators hadn't yet contacted the party committee but could do so in the future "given the important role that the RNC plays in national elections." The memo stated that the counsel's office wasn't aware of "any suggestion whatsoever of improper or illegal activity by the RNC or any of its employees."

Justice Department Special Counsel Robert Mueller is conducting the probe of election meddling by Russia, and investigating whether associates of President Donald Trump colluded in Moscow's effort. Mr. Trump and his campaign have denied any collusion. Moscow has denied any interference in the U.S. election.

The RNC memo was first reported by BuzzFeed.

—Rebecca Ballhaus

EXIT

Continued from Page One
speaker who advises the president. He said the president has been ruminating about the chief-of-staff change for weeks, and is prepared to empower Mr. Kelly in a way that his predecessor, Reince Priebus, wasn't. Mr. Priebus left the position last week.

"Trump, of course, reserves the right to cause chaos himself, but he likes an orderly system," Mr. Gingrich said. "That's how his golf courses work: He thinks the cooks should be cooking, the caddies should be caddying. But that doesn't restrict him."

Mr. Trump has told Mr. Kelly that all White House officials—including advisers such as chief strategist Steve Bannon and family members such as son-in-law Jared Kushner—will report directly to the chief of staff, press secretary Sarah Huckabee Sanders said at Monday's news briefing.

Yet Mr. Kelly's authority may also face limits. Mr. Trump's communicating over Twitter, at times on issues far removed from the White House's top legislative priorities or stated agenda, has proven difficult for previous senior staff members to influence or curb. And the White House is populated by two members of the president's family—Mr. Kushner and Mr. Trump's daughter Ivanka, a White House adviser—which could complicate the hierarchy, even if they technically report to the chief of staff, according to past White House veterans.

"It's easy for a chief of staff to say to Anthony Scaramucci that you're wrong and you're gone," said Ari Fleischer, press secretary under former President George W. Bush. "When it's the president's daughter, you can say you did it wrong, but you can't say you're gone."

After Mr. Scaramucci's departure, which followed the resignation of press secretary Sean Spicer 10 days ago, the White House on Monday sought to project an air of stability going forward. "The president has 100% confidence in all members of his staff," Ms. Sanders said.

"No WH chaos!" Mr. Trump wrote in a tweet Monday morning.

The White House declined to comment about any possible successor for Mr. Scaramucci and didn't make Mr. Kelly available for comment.

Republicans expressed hope that Mr. Kelly will be able to



JIM LO SCALZO/EUROPEAN PRESSPHOTO AGENCY

Anthony Scaramucci became the latest major official in the Trump administration to leave.

Other Senior Staff Who Have Left



MIKE FLYNN

Feb. 13

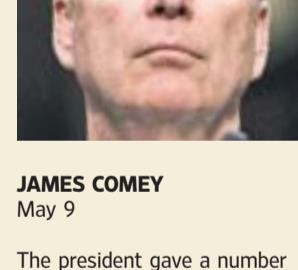
The former national security adviser resigned amid increasing fire over his conflicting statements about his contacts with Russian officials before the inauguration.



KATIE WALSH

March 30

White House officials said Ms. Walsh, then deputy chief of staff, would leave to join America First Policies, an outside group that aims to bolster Donald Trump's agenda.



JAMES COMEY

May 9

The president gave a number of reasons behind the FBI director's firing, including Mr. Comey's handling of a probe into Hillary Clinton's use of a private email server.



MIKE DUBKE

May 30

Mr. Dubke resigned as communications director after three months. "The reasons for my departure are personal," he wrote to friends, saying it was a "great honor" to serve President Trump.



SEAN SPICER

July 21

Mr. Spicer resigned as press secretary over objections that President Trump hired financier Anthony Scaramucci as his new communications director, according to a White House official.



REINCE PRIEBUS

July 28

Mr. Priebus was replaced as chief of staff by Homeland Security Secretary John Kelly, a retired Marine Corps general. In a tweet, Mr. Trump called Mr. Kelly "a Great Leader."

impose discipline and order. Sen. Orrin Hatch (R., Utah) said the appointment of a general had tamped down "a lot of the screaming and shouting down there."

Mr. Scaramucci, 53 years old, is the founder of hedge-

fund investing firm SkyBridge Capital and a hedge-fund conference known as SALT. Known as "The Mooch," Mr. Scaramucci previously hosted a financial TV show on Fox Business Network and had been a frequent guest advocating for

Mr. Trump on cable shows.

Mr. Scaramucci's ouster came four days after the New Yorker magazine published an explosive-filled interview with him, in which the Wall Street financier attacked other top staffers in the White House, in-

cluding Messrs. Priebus and Bannon.

Ms. Sanders said Monday that the president felt Mr. Scaramucci's comments in the interview were "inappropriate for a person in that position." She declined to answer a question about whether Mr. Trump regretted hiring him.

Mr. Scaramucci had told fellow White House officials in recent days that he knew it was a possibility that his New Yorker interview could result in him being ousted, said two people familiar with the conversation. But in a White House that has driven an unceasing news cycle for much of the past six months, with one breaking news story overshadowing the last, Mr. Scaramucci told colleagues that he thought it might blow over.

Mr. Scaramucci—who had reported directly to Mr. Trump while Mr. Priebus was chief of staff—had told the president on Sunday that he wanted to report to Mr. Kelly, according to a Republican close to the White House. But Mr. Kelly felt the communications director was unable to be a "team player" and found his comments about his colleagues unbecoming, the person said.

Mr. Scaramucci asked to return to his position at the U.S. Export-Import Bank when he gave his resignation, a White House official said. But Ms. Sanders said in the briefing that Mr. Scaramucci now holds no administration role. Mr. Scaramucci didn't return a call seeking comment.

Mr. Scaramucci's press team was given 15 minutes notice on Monday to report to the office of Ms. Sanders, who informed them of the change, said two people who attended the meeting. The communications staff of about 40 people received a similarly urgent notice earlier this month when they were told that Mr. Scaramucci was joining the communications office, and that Mr. Spicer, who resigned in protest over Mr. Scaramucci's hiring, was leaving. Ms. Sanders said Monday she was "not aware" of any changes to Mr. Spicer's status in the wake of Mr. Scaramucci's ouster.

Mr. Scaramucci was the administration's second official communications director. Mike Dubke, who previously held the post, resigned in May.

Mr. Kelly's challenge at the White House will be to convince the president to stick with a new system, Mr. Gingrich said.

—Ted Mann, Siobhan Hughes and Shelby Holliday contributed to this article.

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Fidelity Extended Market Index Fund (FSEVX)	.070%	.080%	Vanguard Extended Market Index Fund (VEXAX)
Fidelity International Index Fund (FSIVX)	.060%	.070%	Vanguard Developed Markets Index Fund (VTMGX)
Fidelity U.S. Bond Index Fund (FSITX)	.045%	.050%	Vanguard Total Bond Market Index Fund (VBTLX)
ETFs			
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Fidelity MSCI Energy Index ETF (FENY)	.084%	.100%	Vanguard Energy ETF (VDE)
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WORLD NEWS

U.S. Plan Would Supply Weapons to Kiev

White House approval is sought for proposal aimed at deterring actions by Moscow

The Pentagon and State Department have devised plans to supply Ukraine with antitank missiles and other weaponry and are seeking White House approval, U.S. officials said, as Kiev battles Russia-backed separatists and ties between Moscow and Washington fray.

By Julian E. Barnes in London, Laurence Norman in Brussels and Felicia Schwartz in Washington

U.S. military officials and diplomats say the arms, which they described as defensive, are meant to deter aggressive actions by Moscow, which the U.S. and others say has provided tanks and other sophisticated armaments as well as military advisers to rebels fighting the Kiev government.

Since Russia invaded and annexed Ukraine's Crimean peninsula in 2014 and then began supporting Russian-speaking insurgents in the country's east, Washington, wary of escalating the conflict, has largely limited its support for Kiev's military to so-called nonlethal aid and training.

A senior administration official said there has been no decision on the armaments proposal and it wasn't discussed at a high-level White House meeting on Russia last week.

The official said President Donald Trump hasn't been briefed on the plan and his position isn't known. Defense Secretary Jim Mattis has endorsed the



Ukrainian national guardsmen received instruction on the use of an automatic grenade launcher from an American soldier, right, in 2015.

PETER HARRIS/GETTY IMAGES

plan, according to U.S. officials.

Germany and France remain deeply skeptical about providing arms to Ukraine, fearing that such moves would raise tensions and deepen the conflict there. But U.S. officials said they expect allies, possibly including the U.K., Canada, Poland and Lithuania to be open to increased military support.

Roughly 10,000 people have died in the Ukraine conflict since 2014, according to the United Nations. U.S. officials say they worry that the conflict has intensified, with a

rising number of cease-fire violations as progress on peace efforts has faltered.

"The level of violence is up a bit of late," said Gen. Curtis Scaparrotti, the top U.S. and NATO commander. "The Russians provide equipment, some of their most modern equipment, and they provide proxy forces with advisers."

Russian officials have long denied supporting separatists and criticized Western efforts to train the Ukrainian military. Russian officials have said in recent days that any U.S. move to send

weapons to Ukraine would further impair peace efforts.

Under the Pentagon and State Department proposal, the U.S. would provide antitank weapons, most likely Javelin missiles, as well as possibly antiaircraft weapons, in addition to other arms. Ukraine has long sought Javelins to counter Russian-made armored vehicles in rebel-held areas.

U.S. officials, however, said the plan would be to deploy the antitank missiles with Ukrainian troops stationed away from the front lines of the con-

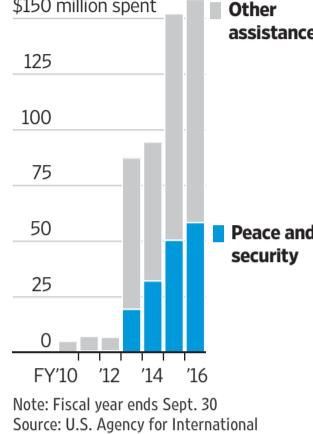
flict—part of an effort by policy makers to limit the risks of escalation and defuse criticism that the moves could encourage offensive action by Kiev. Javelin missiles and launchers are lightweight and usually carried by two-man teams, so they are highly mobile.

Should Ukraine use the weapons improperly, Washington could decide to withdraw its support or technical assistance.

Kurt Volker, named U.S. special representative for Ukraine in July, met European officials last week and said a

Helping Hand

The U.S. has increased aid to Ukraine in response to the country's conflict.



Note: Fiscal year ends Sept. 30
Source: U.S. Agency for International Development

THE WALL STREET JOURNAL.

decision to provide "defensive weapons" was likely but not imminent, according to people involved in the discussions.

Officials said Mr. Volker believes there is a narrow window for progress in Ukraine over the next months before Russia's presidential elections, due in March, but that a change in the situation can be brought only by raising the costs for Moscow of continued intervention in Ukraine. In public comments, he has played down the notion that supplying weapons to Ukraine would escalate the conflict with Russia.

A senior Ukrainian official said it was widely accepted in Kiev that any advanced weapons from the U.S. would be used only in an "emergency" and not during regular combat with separatist forces.

—Paul Sonne and Dion Nissenbaum in Washington contributed to this article.

Pence Rips Russia, Affirms NATO's Role in Region



In a speech in Estonia on Monday, Vice President Mike Pence called Russia the 'unpredictable neighbor to the east.'

BY PETER NICHOLAS

TALLINN, Estonia—Vice President Mike Pence issued one of the Trump administration's toughest attacks to date on Russia, coming to a nation on Russia's border to warn against aggression from the "unpredictable neighbor to the east."

Mr. Pence on Monday said President Donald Trump would sign a bill passed by Congress that imposes new sanctions on Russia, despite earlier reservations from the White House and a promise from Moscow to expel hundreds of U.S. diplomats in return.

Mr. Pence said Russia must be held accountable for its ac-

tions. "At this very moment, Russia continues to seek to redraw international borders by force, undermine the democracies of sovereign nations, and divide the free nations of Europe one against another."

Mr. Pence is in the midst of a three-day overseas trip that includes stops in two other countries that Moscow has seen as its traditional sphere of influence: the former Soviet state of Georgia and the Balkan state of Montenegro. His repeated message is that the U.S. won't abandon allies living in Russia's shadow.

The vice president delivered his remarks outside Estonia's defense headquarters, surrounded by symbols of military

resolve. Flanking him were armored tanks and standing in front of the stage were hundreds of U.S., British, French and Estonian troops, hands clasped behind their backs.

Moscow has accused the U.S. of threatening Russia by pushing for the expansion of NATO up to its borders through the admittance of the Baltic states and the inclusion of Ukraine and Georgia.

Before the speech, Mr. Pence and the presidents of the three Baltic states, Latvia, Lithuania and Estonia, received a private military briefing that opened with an officer referencing the "eastern flank of NATO."

Mr. Pence praised Estonia

for being one of just five in the NATO alliance to devote 2% of its gross domestic product to defense. The country of 1.3 million has pushed for more U.S. air cover for the region, but NATO officials say its 183-mile border with Russia would be hard to defend against a determined Russian assault.

A Rand Corp. study last year showed that Russia could beat back NATO forces and reach the outskirts of Tallinn, the capital, in just a few days.

In his 2016 presidential campaign, Mr. Trump often spoke of more cooperative dealings with Russia, and described NATO as obsolete. But he has since toughened his line on Russia.

FROM PAGE ONE

CABLE

Continued from Page One earnings reports, both of which fell short of Wall Street expectations. That prompted Marci Ryvicker, an analyst at Wells Fargo, to put out a note titled: "Well, Good Thing They're Combining Because Q2

Results Were Underwhelming."

Discovery shares fell 8.2%

to \$24.60, while Scripps rose 0.6% to \$87.41.

Under the terms of the agreement, announced Monday, Scripps shareholders will receive \$90 a share, \$63 of which will be in cash and \$27 a share in Class C Common shares of Discovery stock. The price represents a 34% pre-

mium to Scripps's share price before news of the talks was reported on July 18.

The seeds of Monday's deal were planted last November. Discovery Chief Executive David Zaslav and Scripps CEO Ken Lowe participated in a panel discussion about family values in the media at the Vatican, where they met with Pope Francis. The two have been close friends for three decades and often spend time together in East Hampton, N.Y.

Over dinner in Rome, the pair discussed the challenges facing their companies and initiatives in getting content straight to the consumer.

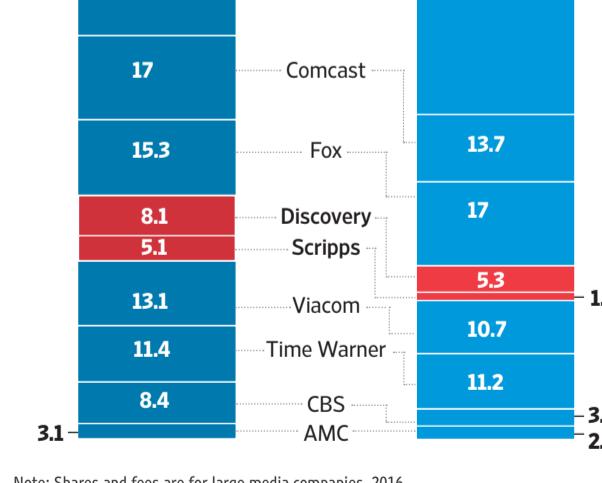
Mr. Zaslav's interest in Scripps increased when he saw how strongly Scripps had performed in Latin America. Executives at Discovery's Home & Health channel earlier this year suggested Mr. Zaslav reach out to Mr. Lowe to acquire more content, but Mr. Zaslav already was thinking of a deeper relationship, a person with knowledge of the matter said.

When Scripps executives in May started to put out feelers to potential suitors, including Viacom Inc., Discovery approached them soon after, people familiar with the matter said. At the Allen & Co. conference in Sun Valley, Idaho, early last month, Mr. Zaslav and Mr. Lowe were inseparable.

Last week, Scripps informed Viacom that it was passing on its offer to focus on Discovery. Mr. Zaslav and his wife spent Saturday at Mr. Lowe's Knoxville, Tenn., home, where they had lunch as Scripps's board contemplated the deal.

New Ratings Powerhouse

A combined Discovery and Scripps could leverage its 13.2% ratings share to negotiate higher fees from distributors.



Note: Shares and fees are for large media companies, 2016

Source: RBC Capital Markets

AMC spokeswoman declined to comment.

John Malone, the cable mogul who owns a nearly one-third voting stake in Discovery and sits on its board, has long called for consolidation among content providers.

The deal will lift the profile of Mr. Zaslav, who had a two-decade career at NBC before joining Discovery in 2007. He has led a transition at Discovery, which went from being known for its serious educational fare to a mix of documentary-style programming and reality-TV shows such as "Here Comes Honey Boo Boo."

Discovery said its second-quarter revenue rose 2% to \$1.75 billion, shy of analysts' estimates. Scripps lowered its revenue guidance and reported second-quarter U.S. advertising sales growth of 2.2%, which also fell short of expectations.

The deal is expected to close by early 2018, pending approval by shareholders and regulators. Mr. Zaslav didn't rule out other deals.

Discovery is securing a purchase of Scripps after more than one failed attempt over the last decade. Three years ago, talks between the two firms broke down, in part because the Scripps family, which controls 91.8% of voting shares, didn't appear ready to sell.

The acquisition is expected to create about \$350 million in combined cost savings and add to adjusted earnings in the first year, Discovery said. Mr. Lowe, who was already planning to step down as Scripps CEO in 2019, is to join Discovery's board.

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Although the Scripps channels don't have the sexiness associated with AMC, FX and TNT, they quietly dominate ratings. HGTV, which stands for Home & Garden TV, has boosted its ratings by 29% since 2013, thanks to popular shows like "Fixer Upper." It is drawing an average of 1.65 million viewers in prime time so far this year, making it one of the most-watched entertainment cable channels, according to Nielsen.

The two companies account for 13% of overall cable viewership but receive just 7% of the monthly cable fees consumers pay, according to RBC Capital Markets.

The merged company will control four of the five major cable networks with the highest percentages of female viewers—TLC, HGTV, Investigation Discovery and Food Network, according to Nielsen. Advertisers want female viewers because they tend to have a big say in household purchases.

The deal could put pressure on other media firms that must defend their turf on the cable dial. Industry experts

say AMC Networks Inc. could be the next target. It isn't part of a big conglomerate that owns broadcast or sports networks, which cable distributors find difficult to drop. An

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The deal could put pressure on other media firms that must defend their turf on the cable dial. Industry experts

WORLD NEWS

China Blames U.S. Over North Korea

BY FARNAZ FASSIHI

UNITED NATIONS—China lashed out at the U.S. on Monday over North Korea, saying Washington was ratcheting up tensions with Pyongyang and violating Security Council resolutions calling for restraint and dialogue.

China's ambassador to the U.N., Liu Jieyi, criticized the U.S. for unilateral sanctions that don't have the council's backing and for publicly saying that Washington was keeping all options on the table. Joint U.S. and South Korean military exercises in the Korean Peninsula, he added, risked destabilizing the region.

"These developments run counter to the obligations in the Security Council resolutions," Mr. Liu said at a news conference to mark the end of China's monthlong presidency of the council.

North Korea fired two intercontinental ballistic missiles in July, with the most recent one, on Friday, appearing capable of reaching the continental U.S. China and Russia have so far not agreed with the U.S. and its European allies, who are demanding a new resolution imposing tougher economic sanctions on Pyongyang.

Mr. Liu's comments appeared to be a response to comments and tweets over the weekend by President Donald Trump and U.N. Ambassador Nikki Haley that accused China of failing to rein in North Korea. Mr. Trump tweeted on Saturday that "they [China] do NOTHING for us with North Korea, just talk. We will no longer allow this to continue. China could easily solve this problem!"

U.S. Hits Maduro With New Curbs

The U.S. imposed sanctions against Venezuelan President Nicolás Maduro, saying his government abused human rights and organized an illegitimate vote designed to advance an authoritarian regime, as the leader threatened his domestic opponents with imprisonment.

By Ian Talley in Washington and Juan Forero and Anatoly Kurmanov in Caracas

The U.S. Treasury Department's move on Monday freezes any assets Mr. Maduro has within American jurisdiction, putting him in a small club of leaders it targets including North Korea's Kim Jong Un, Zimbabwe's Robert Mugabe and Syria's Bashar al-Assad.

It was unclear if Mr. Maduro had any U.S.-linked assets, but the designation bans his access to the U.S. financial and commercial markets and prohibits any American entity from conducting business with him.

Caracas said 8.1 million people voted on Sunday to choose delegates to form an assembly to write a new national charter. The results drew scorn from many Venezuelans and condemnation from governments in Europe and the Americas who say the assembly will give the government unchecked authority.

The results were a foregone conclusion, since voters had been asked to choose 545 delegates from 6,000 candidates handpicked by the ruling party. Critics of the vote said it also was plagued by a lack of independent observers and safeguards to prevent people from casting multiple ballots. "Yesterday's illegitimate elections confirm that Maduro is a dictator who disregards the will of the Venezuelan people," U.S. Treasury Secretary Steven Mnuchin said, adding that Caracas used violence, repression and corruption to cow his opponents. The Treasury warned that any officials connected with the constituent assembly created in Sunday's



President Nicolás Maduro on Monday celebrated the results of Sunday's vote to choose delegates to form an assembly to write a new national charter, a poll that drew scorn from many Venezuelans and condemnation from governments in Europe and the Americas.

vote also risk U.S. sanctions.

The Treasury didn't impose oil-related sanctions even though senior U.S. officials had warned they were considering a ban of the petroleum trade with Venezuela if Mr. Maduro moved ahead with the constituent assembly.

National security adviser H.R. McMaster signaled at a White House press conference that the U.S. administration showed restraint out of concern some U.S. penalties could hurt ordinary Venezuelans. President Donald Trump is "only considering those options that would benefit directly the Venezuelan people," Mr. McMaster said.

Last week, the U.S. leveled sanctions on 13 high-ranking Venezuelan officials for alleged

corruption, human-rights violations and undermining the country's democracy, warning that any individuals who became members of the constituent assembly risked being added to the U.S. sanctions list.

Analysts and people familiar with the matter say the latest sanctions are part of a broader set of escalating actions that politically isolate the Maduro government and complicate any of its efforts to raise fresh funds or sign new deals through state-owned entities.

"It shows the seriousness of the administration's concerns and sends a message that the constituent assembly is not going to be accepted," said Mark Schneider, a senior adviser at the Center for Strategic and International Studies and former

top State Department official.

Mr. Maduro, a 54-year-old former bus driver and union leader, was handpicked by his mentor, the late strongman Hugo Chávez. A former lawmaker who helped rewrite the constitution in 1999 under Mr. Chávez, Mr. Maduro served several years as Venezuela's foreign minister and vice president.

Since taking office in 2013, Mr. Maduro has presided over a nation in disarray. The economic meltdown intensified amid years of mismanagement and a sharp drop in oil prices, the country's sole source of hard currency. Soaring inflation and severe shortages of food and medicine have led to widespread turmoil and an exodus of Venezuelans from the country. On Monday, he

threatened to imprison his adversaries with imprisonment.

"Some will end up in a jail cell," Mr. Maduro said. "We are going to write a new history."

Mr. Maduro also said he would look to force the opposition to sit down for negotiations through a so-called truth commission that he previously said would be created by the new constituent assembly. Though he made his comments in a threatening manner, Stalin González, an opposition member of congress, said that the two sides needed to embark on real negotiations.

—Ryan Dube, José de Córdoba and Kejal Vyas contributed to this article.

◆ Venezuelan bonds fall following the vote..... B11

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IN DEPTH

INDIA

Continued from Page One
and Iraq ranked higher.

Indian Prime Minister Narendra Modi made an improved business climate a test of his leadership. A chronic shortage of judges hinders that goal. India has roughly 17,000 judges to handle 30 million open cases. About 40% of posts for high-court judges remain vacant. Last year, then-chief justice T.S. Thakur wept when he rebuked the Modi administration for moving too slowly. The law ministry said it has instituted new courts and approved dozens of new judges.

The judiciary, which picks judges, and the government, which approves them, are locked in a power struggle. India's supreme court in 2015 struck down a law that gave the executive branch greater sway in selection. Continuing discord means appointments aren't being substantially ramped up.

Allahabad's High Court, which is located in the state of Uttar Pradesh in India's north, is housed in a majestic, colonial-era stone building. Nearly 45% of the judicial positions are unfilled.

10:10 a.m.

Arguments began in Courtroom 41 in the appeal of murder convictions that had been reached 34 years ago. Two men found guilty in the case, and freed on bail during their appeal, had died without serving more than a few days of their life sentence. To keep the two others out of prison, men now in their 70s, their lawyer recounted an exculpatory version of the August 29, 1982, killing of a young farmer who was fatally stabbed on his way home from a local fair.

The judges shuffled through documents and struggled to reconcile conflicting testimonies recorded more than three decades ago. Were the eyewitnesses 10 steps away that moonlit night or 100? Did the digested food in the victim's stomach put the time of death closer to 2 a.m. than 10 p.m.?

After hearing closing arguments, the judges set a future date for a verdict.

Half the cases due to be taken up that day were postponed because court administrators hadn't yet prepared typed records for the hearings.

11 a.m.

Associates of civil lawyer Manish Goyal fanned out to keep track of his 34 lawsuits listed on calendars in various courtrooms at the Allahabad courthouse. It isn't possible to predict which cases, if any, will be called.

Most judges here are consumed by the fire hose of new cases—nearly 1,000 on this day. They seldom get to the hundreds of open ones, which then carry forward to another day and then another.

To stem the flow of new filings, Mr. Modi wants the government, party in 46% of pending lawsuits in India, to litigate less. New legal desks are being created to scrutinize official orders, which are frequently faulty and trigger disputes, said P.P. Chaudhary, Minister of State for Law.

One of Mr. Goyal's cases, filed in 2006, was called. A



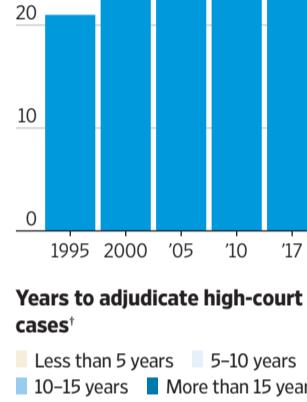
VIVEK SINGH FOR THE WALL STREET JOURNAL

Crowds on a recent Thursday at the Allahabad High Court in Allahabad, India, where nearly 45% of the judicial positions are unfilled.

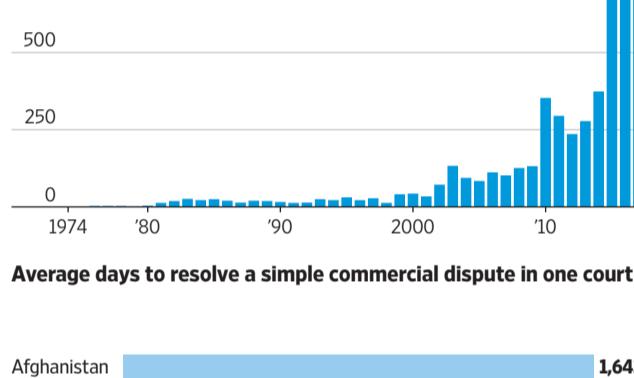
India's Caseload Hits Overload

A court backlog has eroded the rule of law in the world's largest democracy and impeded economic growth. Foreign investors worry about getting buried in notices, hearings and appeals—with no effective way of resolving disputes.

Number of ongoing court cases in India



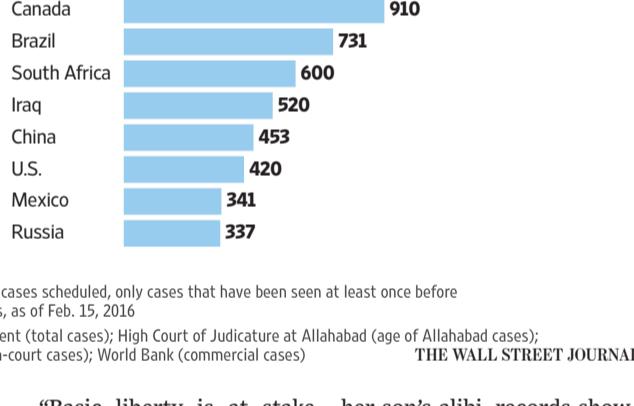
The year of origin for cases scheduled to be heard in Allahabad High Court on July 31*



Years to adjudicate high-court cases[†]



Average days to resolve a simple commercial dispute in one court



*Does not include the approximately 1,000 new cases scheduled; only cases that have been seen at least once before

†For Bombay, Gujarat, Orissa, Kerala high courts, as of Feb. 15, 2016

Sources: Law Ministry as told to India's Parliament (total cases); High Court of Judicature at Allahabad (age of Allahabad cases); DAKSH database (years to dispose of other high-court cases); World Bank (commercial cases)

THE WALL STREET JOURNAL.

"Basic liberty is at stake here," Justice Sinha said later in an interview. "But how can I hear them all?"

1 p.m.

The lunch hour drove dozens of lawyers and litigants into the corridors of the courthouse, a city landmark built by the British 100 years ago.

Shanti Devi, a sari-clad woman, sipped tea outside Courtroom 41, where her son's murder appeal was scheduled for an "expedited" hearing. He had spent 13 years in prison.

Ms. Devi, 69 years old, makes \$20 a month washing dishes. She said she wasn't sure how her son was convicted. The trial lawyer they could afford didn't produce witnesses or attempt to prove

her son's alibi, records show.

"Police investigations are shoddy; lower court decisions are often overturned," said Srirakash Dwivedi, her son's appeals lawyer. "But that can't happen unless the appeal is heard, right?"

After lunch, the judges were confused about whether a second convict in the case, listed as free on bail, was dead or alive. They issued an arrest warrant to learn.

"What about my son who is living?" asked Ms. Devi, teary-eyed. "What is the meaning of justice? If the court finds him not guilty, will they give us these 13 years back?"

3:34 p.m.

With only a few minutes of court left, Mr. Goyal, the civil

lawyer, got word of a big case that had been in and out of courts since 2009. His clients have challenged the acquisition of their land, ostensibly intended for industrial development and new roads.

Across India, such eminent-domain acquisitions are bogged down in disputes over compensation or allegations the government misused the property.

A bench of two judges had earlier heard arguments and held the case to write a judgment. When one of the judges retired without completing it, the case had to be argued again.

"There's no urgency," the judge said when the case was called. "We'll hear it at length when there's more time."

4 p.m.

Justice Sinha's bail court erupted in an uproar at adjournment. Lawyers with pending cases all shouted for attention. "Our bail is unopposed," one pleaded.

"He's been in jail for two years," another said.

Justice Sinha dispensed early hearing dates for those cases before leaving.

4:30 p.m.

After the courtrooms closed, the activity shifted to processing rooms that store case files. Porters hoisted rope-tied bundles onto their shoulders and hauled them up to courtrooms for the next day's docket. Others brought that day's files back from courtrooms.

Tattered stacks of case papers were piled on racks, tables, chairs and the floor. Towers of folders spilled into corridors where passersby toppled smaller stacks. Files from 2015 mixed with ones from 2016 and 2017, creating a nightmare for officers struggling to locate hundreds of them every day.

On a stuffy third floor, Amit Kumar Yadav, age 35, squeezed sideways through dust-laden stacks, then pulled himself up on his toes and vaulted over the paperwork that carpeted the floor.

After an eight-hour hunt, he was still missing 17 of 65 files for the next day's hearings. Those cases won't be heard.

To replace paper records, the court has hired teams that are scanning and coding documents as far back as 1863, a trove of ink-pen calligraphy. It will take some years.

9 p.m.

On the other side of the city, lawyers prepared for another day of bail applications, appeals, petitions and delays. Cloth-covered bundles tucked away in the office of Mr. Dwivedi, the criminal lawyer, are labeled 2008, 2009 and 2010. "Maybe my children will handle these," he said.

Sliding his finger down his list of cases for the next day, Mr. Dwivedi enumerated the potential roadblocks for each of them: Case won't come up; opposing lawyer won't turn up; judge is too slow.

Looking at one of the cases, he smiled and said: "I'm going to stall this one until the judge changes. This judge doesn't give bail."

DREAM

Continued from Page One
ovo in PyeongChang, South Korea, in February. He finished near the top in East Coast races this winter and is currently racing in international events in South Africa, Chile and Argentina to try to earn Olympic-qualifying ratings.

"It's preposterous—but intriguing as all hell," says University of Connecticut ski coach Bruce Diamond, who finished behind Mr. Sokoli at a race this winter. "If anybody can pull it off, I'm starting to think it's Nik."

Mr. Sokoli's quest calls to mind other unlikely Olympians of lore: the Jamaican bobsled team that caught the public's imagination at the 1988 Calgary games, and Michael "Eddie the Eagle" Edwards, who took up ski jumping in part because Britain had no other Olympic athletes in the event.

Mr. Sokoli was born in Kosovo in 1981, when it was still part of Yugoslavia. He skied as a child, but not seriously.



STEVE REINCH FOR THE WALL STREET JOURNAL

Besnik Sokoli uses a ski machine to train in the basement of one of the Brooklyn buildings where he works as a superintendent.

Boxing was his sport. Compact and powerful—today he crams 190 pounds into his 5-foot-7 frame—Mr. Sokoli fought his way to the finals of the Pristina city championships at 14. Before the bout, he proudly told his dad that at least he would get silver.

His father, he says, slapped him and yanked him from the tournament for displaying an insufficient desire to win. Mr. Sokoli sees the episode as a valuable lesson. "I'm not going

to go to the Olympics to experience it and have fun," he says. "I'm going to push as hard as I can to do way better than I think I can."

By the time Mr. Sokoli reached his late teens, Yugoslavia had splintered.

Mr. Sokoli and his parents resettled in Arizona when he was 18.

In 2006 he met Brooklyn-born Flutura Qosaj through AlbanianPersonals.com and moved to New York. Now the

couple, their three young children and Mr. Sokoli's mother share a two-bedroom apartment that comes with his job.

The Sokolis bought a small house in the Poconos so their children could grow up skiing.

On a lark, Mr. Sokoli entered a giant-slalom race in January on Belleayre Mountain, N.Y. He won, and was hooked.

A third place at Bear Creek Mountain Resort. A first place at Shawnee Mountain Ski Area. Each time, he attracted a throng of curious racers.

"We saw him coming down pretty fast, and we noticed that he didn't have a perfect technique, but he had huge potential," says French skier Tristan Mollet, who coaches at Shawnee and finished behind Mr. Sokoli.

Soon Mr. Sokoli was hitting

races every weekend and some weekdays, bolting from the city after 10 hours at work.

Two months in, he returned home late from a race and sat with his wife at the cramped kitchen table. "How serious is this?" she asked.

"I'm taking this to the Olympics," Mr. Sokoli replied.

He jotted down his estimate of how much he would have to spend: \$17,000.

Mrs. Sokoli reached for the

paper. "The last thing I want

for you," she told her husband,

"is to be 80 years old, sitting

on the couch watching the

Winter Olympics and wondering if I could have made it."

Mr. Sokoli could qualify for

the Olympics only by entering

racers that allotted Interna-

tional Ski Federation, or FIS,

points. Competitors begin with

990 points, and reduce that

number the better they per-

form. Mr. Sokoli needs to

reach around 130 points to

race in South Korea.

He called the Kosovo Ski

Federation, which cheerfully

added him to the small na-

tional team and endorsed his

entry into Olympic-qualifying

races. If he makes it, the fed-

eration promises a racing suit,

a helmet and a hat and jacket

for the opening ceremony.

Maybe some skis.

"Unfortunately we don't re-

ally have much equipment to

give him," says Selim Maloku,

secretary-general of the Federa-

tion Skitare e Kosoves. "Our

state isn't going well economi-

cally."

The Sokolis maxed out their credit cards, and in April Mr. Sokoli traveled to Norway for his first qualifying race. As usual, he drew a crowd.

"There was one guy on bad skis," recalls Austrian-born Si-

mon Breitfuss, the sole skier

on the Bolivian men's team.

"His [gear] was like a tourist's, not for racing."

Canadian Johnny Davidson,

coach of the Norwegian team,

spotted Mr. Sokoli. His first

thought: "This guy looks really

old." Every man on the Norwe-

gian team had started skiing

before the age of 4; one of them lent Mr. Sokoli skis that met FIS standards.</p

GREATER NEW YORK

Shake-Up Looms at Top of Port Authority

By PAUL BERGER

The governors of New York and New Jersey are preparing to overhaul the leadership of the Port Authority, the bistate agency that controls the region's airports, ports, bridges and tunnels.

The changes would see the departure of two leaders who steered the agency through the aftermath of the 2013 George Washington Bridge lane closure scandal. The majority of the agency's board underwent changes in the past year.

Likely on their way out, according to people familiar with the Port Authority's workings, are Executive Director Pat Foye and Chairman John Degnan.

A spokesman for New York Gov. Andrew Cuomo, a Democrat who appoints the



A PATH train sits in Hoboken before heading into Manhattan.

Yours's governor over New Jersey's desire for an agency commitment to build a new Port Authority Bus Terminal in Midtown Manhattan.

He is expected to be replaced by Kevin O'Toole, a former New Jersey state senator who was appointed to the agency's board by Mr. Christie earlier this year, according to people familiar with the agency.

Mr. Foye is expected to be replaced by Rick Cotton, an aide to Mr. Cuomo, according to Politico, which reported the leadership shake-up earlier. Mr. Foye was appointed to the top executive position in 2011.

In September 2013, Mr. Foye was blindsided when two New Jersey appointees at the agency, Deputy Executive Director Bill Baroni and his lieutenant, David Wildstein, shut down access lanes to the

George Washington Bridge in Fort Lee in an act of political retribution.

The shutdowns caused crippling traffic jams, and were intended to punish Democratic Fort Lee Mayor Mark Sokolich for not endorsing Mr. Christie's 2013 re-election bid.

A subsequent criminal trial revealed how Mr. Christie's allies used the agency to court political goodwill. Mr. Christie, whose political career was hobbled by the scandal, rejects those assertions and was never charged.

Mr. Wildstein pleaded guilty to two felony counts and was sentenced to probation in July. Mr. Baroni was convicted and is appealing a two-year prison sentence.

In the wake of the scandal, the governors announced wide-ranging reforms meant to depoliticize decision-mak-

ing at the agency.

Chief among them was a plan to merge Mr. Foye's and Mr. Baroni's positions with an apolitical chief executive.

The Port Authority's board launched a nationwide search for a CEO in 2015. Mr. Degnan suspended that search in June, citing a failure to find a candidate acceptable to both governors.

Under the proposed reforms, the chairmanship of the agency was supposed to rotate between the states every two years. The two imminent appointments show that, for now at least, those reforms are stalled.

The governors each appoint six members to serve on the agency's 12-member board. Of the current commissioners, excluding Mr. Degnan, four have served for longer than six months.

Man Pleads Guilty in Holland Tunnel Guns Case



CONTROVERSIAL FIGURE: John Cramsey, left, arrested last year in a truck filled with guns, pleaded guilty Monday to weapons charges in Jersey City. He has said he was trying to rescue a teen at risk from drugs and vowed to continue his fight. A8B

Police Kill Man Who Charged With a Knife

By ZOLAN KANNO-YOUNGS
AND THOMAS MACMILLAN

parents and was never threatening or dangerous. "He's a cool person."

A New York Police Department officer shot and killed a man in a Brooklyn apartment Monday as he approached officers with a knife, according to authorities.

The man was identified by a law-enforcement official as Dwayne Jeune, 32 years old.

The shooting came after four officers were dispatched to 1370 New York Ave. in East Flatbush in response to a 911 call from the mother of a non-violent emotionally disturbed man, New York Police Department Chief of Patrol Terence Monahan said.

The officers knocked on the door of the apartment and were let in by a woman. "When the officers entered the apartment, they were charged at by a man with a large carving knife," Chief Monahan said.

An officer struck the man with his stun gun but it had no effect, Chief Monahan said. A second officer fired his gun and hit the man in the chest. The man was declared dead at the scene.

Chief Monahan said police don't yet know how many shots were fired. Only one officer fired his gun.

The officers were taken to the hospital per NYPD protocol of shooting incidents. They were given a psychological evaluation and treated for tinnitus.

Regina Blain, 22, said she heard four gunshots from her apartment across the courtyard of the housing complex where the incident occurred.

She said the man who was shot was known in the neighborhood as mentally disturbed but harmless. He would talk to himself and exhibit odd behaviors like stomping his feet as he walked, Ms. Blain said.

She said he lived with his

Officers responded to a call from the mom of a nonviolent emotionally disturbed man.

the October 2016 shooting "unacceptable" at the time.

Sgt. Barry was carrying a stun gun but didn't use it. He was indicted on second-degree murder and manslaughter charges in May. He has pleaded not guilty. Ed Mullins, president of the Sergeants Benevolent Association, said previously that Sgt. Barry should be acquitted and the commissioner and the city were too quick to pass judgment on him.

The NYPD has looked to improve its policing of the mentally ill. Since June 2015, more than 5,000 of the department's 36,000 officers have taken Crisis Intervention Training, in which police practice defusing the situations.

Mayor's Approval Falls, but He's Still Favorite

By MELANIE GRAYCE WEST

New York City Mayor Bill de Blasio's approval rating is down by double digits this summer, his steepest-ever drop, but he still has a commanding lead over his Republican challenger ahead of the November election, a new poll shows.

Roughly 50% of New Yorkers approve of the job Mr. de Blasio is doing while 42% disapprove, according to a Quinnipiac University poll released Monday. That is a 10-point fall from the university's poll in May, when the mayor's approval rating hit a high of 60%, and puts his numbers more in line with his average since taking office.

Even so, Mr. de Blasio remains tops with would-be voters. If the election were held today, according to the poll, 57% of respondents favor Mr. de Blasio, while 22% said they would vote for Republican Nicole Malliotakis.

New York City voters were evenly split—46% to 46%—

when asked whether Mr. de Blasio "deserves re-election."

The poll is "lousy on all sorts of numbers," said Maurice Carroll, assistant director of the Quinnipiac University Poll. "But forget all the other questions. How's he doing against the Republican? He eats her alive."

A spokesman for the mayor said: "Polls go up and polls go down. Our campaign is about the mayor's record and vision for the future."

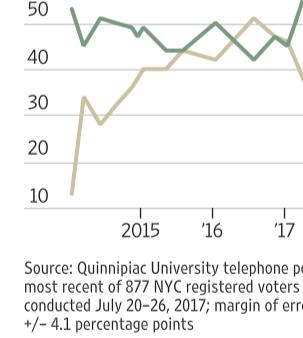
Malliotakis' campaign spokesman Rob Ryan said, "What this poll shows is a majority of New Yorkers don't like Mayor de Blasio's handling of public schools, the homeless crisis, corruption and the city budget. With common sense solutions, Nicole Malliotakis is clearly the only candidate who can defeat a mayor who simply doesn't care."

Voters disapproved of the mayor's job handling schools, political corruption and, especially, poverty and homelessness, with 63% of respondents

Summer Skid

New York City Mayor Bill de Blasio saw his approval ratings drop in the latest Quinnipiac poll.

■ Approve ■ Disapprove



Source: Quinnipiac University telephone polls, most recent of 877 NYC registered voters conducted July 20-26, 2017; margin of error: +/- 4.1 percentage points

THE WALL STREET JOURNAL

saying that they disapprove of his handling of the city's growing homeless problem.

More than three out of four voters want Mr. de Blasio to

cover the cost of attorneys hired to represent him during recent state and federal investigations into alleged City Hall corruption, according to the poll.

State and federal prosecutors said in March they wouldn't bring charges in the fundraising investigations into the mayor and his close allies. The mayor had long said that he and his allies did nothing wrong.

Meanwhile, New Yorkers also gave President Donald Trump his lowest ratings yet, with 79% saying they disapprove of the job he is doing. It is the lowest net approval rating for any president, in any state or national poll, conducted by Quinnipiac University in more than 20 years, the pollsters said.

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

The poll of 877 New York City voters conducted July 20 to July 26 has a margin of error of plus or minus 4.1 percentage points.

Push to Keep Beaches Open in a Shutdown

By KATE KING

New Jersey lawmakers don't want a repeat of this year's July Fourth holiday weekend, when a state government shutdown closed state parks and beaches, infuriating residents.

The state Assembly passed two bills on Monday. The first would keep state parks, forests, recreation areas and historic sites open for up to seven calendar days in the event of a government shutdown.

Another would prohibit the governor from using any residential property owned by the state during government closures. That bill, which wouldn't apply to the governor's official residence in Princeton, would bar the governor or his family from using a state-owned beach house at

Island Beach State Park in Ocean County.

Republican Gov. Chris Christie was widely criticized for spending the Fourth of July weekend at the state's oceanfront residence during the shutdown. The Star-Ledger photographed him sitting with family and friends on the beach, which was closed to the public.

"There were families that were planning to go to Island Beach State Park and other parks, but because of the shutdown they weren't able to go on their vacations," said Assemblyman John Wisniewski, a Democrat from Middlesex County who sponsored the bill. "The governor chose to rub salt in the wound to all those families."

Both bills need approval from the state Senate before they can go to the governor. A spokesman for state Senate

President Steve Sweeney said

"we need to review the bills before making any decisions."

A spokesman for Mr. Christie declined to comment on pending legislation.

The state parks and beaches

were closed for three days in early July after Mr. Christie and Democratic lawmakers were unable to reach an agreement on the state budget.

Assemblyman John

McKeon, a Democrat, said the bill to keep beaches open is intended to protect New Jersey residents from having their holiday weekends ruined by government closures.

"It's just not fair to hold the citizens of the state hostage," he said. "Those vacations, those memories, that recreation time is lost."

Lawmakers passed similar

legislation in 2008, which allowed state-regulated casinos and racetracks to continue operating for up to seven days during government shutdowns. The bill stemmed from a 2006 budget dispute be-

tween lawmakers and then-Gov. Jon Corzine that closed Atlantic City casinos.

New Jersey lawmakers also

voted Monday to retroactively pay state workers who were

furloughed during the govern-

ment shutdown, two days of which fell on the weekend.

The bill, approved by the Senate earlier this month, now goes to Mr. Christie. The governor has said he would sign the legislation.



Gov. Chris Christie was criticized for hitting a beach closed to the public by a government shutdown.

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GREATER NEW YORK



Broadway Hits Record-Setting Pace

BY CHARLES PASSY

Broadway is having a booming summer.

Tickets are selling at a record-setting pace, with grosses for the current season, which began in late May, reaching \$327 million through Sunday, according to the Broadway League, a trade group. That is a 20.5% increase over sales for the same period last season.

Attendance also is surging—up 6.9% over last season to 2.8 million.

The boom is being driven in part by high-profile shows that were honored at this year's Tony Awards. Among the most noteworthy: The revival of "Hello, Dolly," starring Bette Midler. It has topped \$2 million a week at the box office six out of the past eight weeks, a rare achievement for a new production.

Just as important, say industry insiders, is how hit shows are maximizing revenue through various strategies, including premium pricing for the best seats. At "Hello, Dolly!," such tickets went for



The revival of 'Hello, Dolly!', starring Bette Midler, top, and 'Charlie and the Chocolate Factory' are drawing big audiences.

up to \$748 last week.

Broadway also is benefiting from the fact that shows that received little to no critical acclaim or award recognition also are finding an audience. A case in point: "Charlie and the

Chocolate Factory," which is selling \$1 million-plus in tickets weekly, and typically drawing audiences at 90% capacity or higher. This is despite the fact the show was largely panned by reviewers and

failed to garner even a single Tony nomination.

"At the end of the day what's moving tickets is word of mouth," said Ken Davenport, a veteran Broadway producer.

Long-running hits also are factoring heavily into the box-office boom. "Hamilton" remains Broadway's biggest draw and has topped \$3 million a week for much of the current season.

Another continuing success story is "The Book of Mormon," which took in \$1.3 million this past week.

The musical, which opened in 2011, passed \$500 million in cumulative sales this past month, making it only one of a handful of Broadway shows to hit that mark.

Broadway's boom may not end anytime soon, especially as new shows come aboard. Just this past week, "The Terms of My Surrender," a one-man show created by and starring provocative film director Michael Moore, opened in previews and played to nearly full houses.

Ex-Nanny Says She Didn't Recall Stabbing

BY CORINNE RAMEY

A former Manhattan nanny said she doesn't remember what happened during the time in which she is accused of fatally stabbing two children in 2012, a psychiatrist testified Monday.

"I don't remember, I don't remember," the psychiatrist, Marc Dubin, said the nanny told him 10 days after the Oct. 25, 2012, incident while she was hospitalized at New York-Presbyterian/Weill Cornell Medical Center.

Prosecutors contend Yoselyn Ortega killed 6-year-old Lucia "Lulu" Krim and her brother Leo, who was five days shy of his second birthday, in a bathroom in the West 75th Street home where she worked.

The case of Ms. Ortega, who has pleaded not guilty, is scheduled to go to trial in September in state Supreme Court in Manhattan. She is charged with two counts of first-degree murder and two counts of second-degree murder.

On Monday, during a hearing to evaluate whether certain statements would be allowed to be included during the trial, Dr. Dubin relayed details of his 2012 evaluation.

Ms. Ortega, who prosecutors say stabbed herself in the neck after killing the children, was hospitalized following the incident. Ms. Ortega's lawyer has argued the statements

should be barred because an attorney wasn't present, and she was drugged and confused.

On Nov. 4, 2012, the nanny told Dr. Dubin she didn't remember what happened in the bathroom, but recalls being picked up by an ambulance at the apartment, Dr. Dubin said. Ms. Ortega, now 55, had worked for Marina and Kevin Krim for about two years.

Dr. Dubin testified that Ms. Ortega said that until a month before, she had a good relationship with Ms. Krim, the children's mother. At that time, Ms. Ortega told him, she had a disagreement with Ms. Krim about a switch from full-time to part-time work, which would require her to take a second job.

"She mentioned that the mother had abruptly reduced her hours and was critical of her," Dr. Dubin said.

Ms. Ortega also said Ms. Krim had humiliated her in front of the children's school.

On Monday, prosecutor Stuart Silberg said Ms. Ortega could have been malingering, or faking her psychiatric state. Dr. Dubin disagreed, saying her mental state wasn't sound enough to deceive.

"To malinger you have to be cognitively intact, and she was not," he testified.

Justice Gregory Carro will rule on whether Ms. Ortega's statements will be allowed.



Former nanny Yoselyn Ortega, right, is set to go to trial in the 2012 stabbing deaths of two children in Manhattan in September.

KEVIN HAGEN FOR THE WALL STREET JOURNAL

Low-Income Arts Students Get a Shot

BY MARIANA ALFARO

admitted to an arts-based high school or program.

At the Brooklyn High School of the Arts, 57% of students last year were either living in public housing, eligible for the free-lunch program or received some sort of public assistance. Other public-arts high schools had lower rates.

On Monday, about 240 children from low-income New York City families began a free two-week program at Lincoln Center to bridge that gap.

The city's Department of Education said it doubled the number of students in the program this year after many children were accepted last year in competitive public high schools such as the Fiorello H. LaGuardia High School for the Performing Arts in Manhattan.

The program, in its fourth year, aims to "level the field" among public-arts high schools, said schools Chancellor Carmen Farina. On Monday, she greeted the giddy students ready for a full day of practices and performances.

The Department of Education said more than 90% of the 135 students who participated in last year's boot camp were

"Arts are a critical part of a student's educational experience and the Audition Boot Camp helps level the playing field for hundreds of students interested in attending our city's arts schools," Ms. Farina said.

For the next two weeks, the students will hone their craft with teachers and artists from Lincoln Center, New York City Ballet, the Juilliard School and the New York Philharmonic, among others.

Russell Granet, Lincoln Center's executive vice president of community engagement, said the program fills a need in New York City to train young artists, regardless of their plans to pursue their passions as a long-term career.

As she dropped off her 12-year-old daughter at Lincoln Center, Elizette Benitez said the program is an opportunity for the girl, a dancer, to see what the audition process is like.

Ms. Benitez said her daughter is unsure if she will pursue dancing, but "she's been doing dance forever, so she was like, 'Why not?'"

"I just want her to try her best and just to see what it is."



JOHN TAGGART FOR THE WALL STREET JOURNAL

GREATER NEW YORK WATCH

BRONX

Courtroom to Clear Low-Level Offenses

New Yorkers will have a chance to have summons warrants for low-level offenses dismissed this Saturday at a "mobile courtroom" inside a church in the Bronx, the borough's District Attorney Darcel Clark said Monday.

People who don't take care of a summons for a quality-of-life offense eventually can face an arrest warrant. The mobile courtroom program allows people cited for minor crimes such as consumption of alcohol in public, public urination or disorderly conduct to go to East-Chester Presbyterian Church in the Bronx on Saturday and have their violation cleared from their record.

"It provides people from all five boroughs with an opportunity to reduce the chance that when they least expect it, a mis-

take from years ago can come back to haunt them," Ms. Clark said.

Other district attorneys around the city have held similar warrant forgiveness programs in recent years. This is the second annual "Another Chance" event in the Bronx, Ms. Clark said. Last year, 500 people attended and 355 warrants were cleared.

—Zolan Kanno-Youngs

JERSEY CITY

Man Caught in Truck With Guns Takes Plea

A man arrested in a truck filled with guns during an attempt to rescue a teenager he thought was in drug trouble pleaded guilty to weapons charges Monday.

John Cramsey, a 52-year-old gun-range owner from East Greenville, Pa., was arrested with two others last year near the Holland Tunnel in Jersey City.

Under the plea deal his attor-

ney can apply for a probationary sentence that wouldn't include prison.

Mr. Cramsey, who was spurred to action last year by his daughter's death from a drug overdose, said Monday that saving others from opioid addiction has become his calling.

—Associated Press

BRIDGEPORT

Girl, 5, and Man Hit By Stray Gunfire

Authorities say a 5-year-old Connecticut girl and a man have been struck by stray gunfire.

Police say the girl was struck in the left hand while inside a Bridgeport home at about 11 p.m. Sunday. An adult man was grazed in the head, possibly by the same shooter.

Police spokesman Av Harris said it doesn't appear as if either victim was targeted. Both are expected to survive.

—Associated Press

Enjoy a member-only rate on VIP tickets to Cochon555, America's favorite culinary tour. At the event's next stop in Washington, D.C., spend a mouth-watering evening feasting on heritage meats and artisanal brews prepared by notable local chefs in a fierce competition.

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WHERE: THE WATERGATE HOTEL, D.C.

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LIFE & ARTS



'The Glass Castle' cast, from left, Sadie Sink, Charlie Shotwell, Ella Anderson, Woody Harrelson and Naomi Watts and Eden Grace Redfield. Above right, author Jeannette Walls with her real-life mother Rosemary.



FILM

What It's Like to Watch A Movie About Your Life

From 'The Glass Castle,' to 'Stronger,' to 'The Big Sick,' a wave of memoirs adapted to film provide emotional experiences for real-life subjects

BY CARYN JAMES

IN "THE GLASS CASTLE," based on Jeannette Walls' best-selling memoir, Brie Larson plays the protagonist Jeannette, a successful magazine writer in New York. Like the book, the film is largely a flashback to her girlhood, when the family was often homeless and hungry, and to her relationship with her charming, brilliant, alcoholic father.

During a visit to the movie set, Ms. Walls watched a scene in which Jeannette leaves home for New York and her father, played by Woody Harrelson, pleads with her to stay. Ms. Walls was so distressed that she apologized to Mr. Harrelson when the scene was over. "He hugged me and said, 'You had to do it, Honey, or we wouldn't be here.' He said it in Dad's voice. So 40 years after I walk out on my father, I get absolved by him."

A wave of memoirs and fact-based movies are coming to the screen this year, highlighting the popularity of non-fiction in print and film. The real people watching their stories portrayed by actors say the experience is sometimes comic, and often so emotionally raw that they see themselves in a new light.

For Emily Gordon, who co-wrote the current hit romantic comedy "The Big Sick" with her husband Kumail Nanjiani, the line between movies and life sometimes wavered. Mr. Nanjiani plays himself in



Boston marathon bombing survivor Jeff Bauman, above left, with Jake Gyllenhaal at Fenway Park. Above middle, Rose Byrne and Oprah Winfrey in 'The Immortal Life of Henrietta Lacks.' Real-life husband and wife Kumail Nanjiani and Emily V. Gordon co-wrote 'The Big Sick.'

the film. Zoe Kazan plays Ms. Gordon, who falls ill and is put into a coma while doctors diagnose her with a rare autoimmune disease.

After watching Ms. Kazan play her in a hospital bed with a respirator in her mouth, Ms. Gordon apologized for the discomfort it caused the actress. When Ms. Kazan said it was fine, Ms. Gordon realized, "Oh, right, you don't have the connotations with this that I do."

Some real-life people see their fictional selves serving a bigger purpose. Adam Schumann is played

by Miles Teller in "Thank You For Your Service." Set for release in October, the film is based on David Finkel's book about soldiers returning from Iraq with post traumatic stress disorder. Mr. Schumann was a military adviser for the film, and has a cameo as a sergeant who takes the soldiers' weapons as they are arriving home.

"I was really nervous about what the movie world had to bring to this story," Mr. Schumann says. Being involved reassured him. He views the screen Adam as "a ver-

sion of everybody who was over there," in Iraq. He was fine with details being changed, such as his largely fictionalized friendship with another soldier, as long as the message about dealing with trauma remained. He cried throughout his first viewing of the movie, "because they got the way it feels, the way everything is kind of a mess when you come back."

Rebecca Skloot wrote the book "The Immortal Life Of Henrietta Lacks," about a family's search for the true story of their mother, whose cancer cells were used for medical research. In the HBO film, Henrietta Lacks' daughter, Deborah, who died before the book was published, is played by Oprah Winfrey, and the fictionalized Rebecca is played by Rose Byrne. A consultant on the film, Ms. Skloot insisted on some points, such as having Rebecca ask permission before turning on a tape recorder for an interview. The character is a journalist with her name, she says, and she was protecting her professional reputation.

More often, she was amused at the reinventions. She recalls walking into the film's production office and seeing a giant board labeled Rebecca with images connected to her character: photos of herself alongside others she couldn't identify, such as boy bands popular during her teenage years. "There are moments in creepy movies where somebody's been stalking somebody, and then they go to the apartment

and see the wall is covered with some kind of crazy collage. In some ways it was like that," she says.

In "Stronger," due out Sept. 22, Jake Gyllenhaal plays Jeff Bauman, who lost his legs as a result of the Boston Marathon bombing. The first time Mr. Bauman saw Mr. Gyllenhaal in costume was when he reenacted a scene not long after the bombing: Mr. Bauman was wheeled onto the ice at a Boston Bruins game, cheered by the crowd. Mr. Bauman was on set with Mr. Gyllenhaal, walking on prosthetics. "I was pushing him around in the wheelchair, joking," Mr. Bauman says about the actor. "That was when I realized how freaky it was to see him. I noticed how good he was at portraying me."

Some details are tidied up for the movies. Mr. Bauman and his wife, played by Tatiana Maslany, announced earlier this year that they were divorcing. Mr. Schumann and his wife, played by Hayley Bennett, divorced years ago. The movies don't mention either split.

More profoundly, the films sometimes offer a reality check even to the people who inspired them. Looking at himself on screen, Mr. Bauman thought, "I'm a real piece of work. I was drinking a lot and partying." A year ago, long before seeing the film, he stopped drinking and returned to college. "The movie, it showed me how far I've come in the last year."

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

FIND COMPASSION FOR DIFFICULT PEOPLE

IT TAKES COMPASSION to deal with the difficult people in your life.

New research suggests the answer to avoiding the anxiety, high blood pressure and disappointment of interacting with a person that rubs you the wrong way lies in preparation. You can adjust your thinking about the person before an encounter and learn to feel compassion for him or her.

Researchers say compassion has four components: You recognize another person's suffering, are emotionally moved by it, wish the other person did not suffer and feel motivated to help relieve the suffering. Whether you actually help or not is up to you. It is enough to be willing to do so, the researchers say.

The new study, conducted by researchers at the University of California, Berkeley, Stanford University and the University of California, Davis and published online last month in the journal "Mindfulness," looked at the efficacy of Stanford's Compassion Cultivation Training Program (CCT), which is an eight-

week course that teaches people how to become more compassionate. Researchers tracked 51 adults in the course through an iPhone app that prompted them to rate their levels of four different emotional states—anxiety, calm, fatigue and alertness—twice a day. Participants were also asked if they felt they could successfully regulate these emotions and how they would do that. (Did they try to reduce the emotion, maintain it, increase it or ignore it?) They answered weekly surveys as well.

Over the time period of the class, people were able to regulate and improve negative states, such as anxiety and stress, and increase positive states, such as calm, by cultivating compassion, both for themselves and others.

Anyone can take Stanford's CCT course, which was created in 2009 by Thupten Jinpa, the Dalai Lama's chief English translator, and a group of neuroscientists, psychologists and therapists and aims to teach people compassion toward all, including the difficult people

Please see BONDS page A11



LIFE & ARTS

A NEW STUDY on statins—widely used medicines that lower cholesterol levels—highlights the dangerous outcomes that occur when patients stop taking them due to adverse side effects.

One in five patients taking a statin reports a side effect, mainly muscle aches, according to the study. About one-third of those patients stop taking statins completely, leaving them 13% more likely to die or have a heart attack or stroke over the next four years than those who continued to take statins. The study was published in the *Annals of Internal Medicine* last week.

Since the discovery and usage of statins began about 30 years ago, doctors have touted them as a safe, inexpensive method for lowering bad, or LDL, cholesterol levels for the prevention of cardiovascular disease, the leading cause of death.

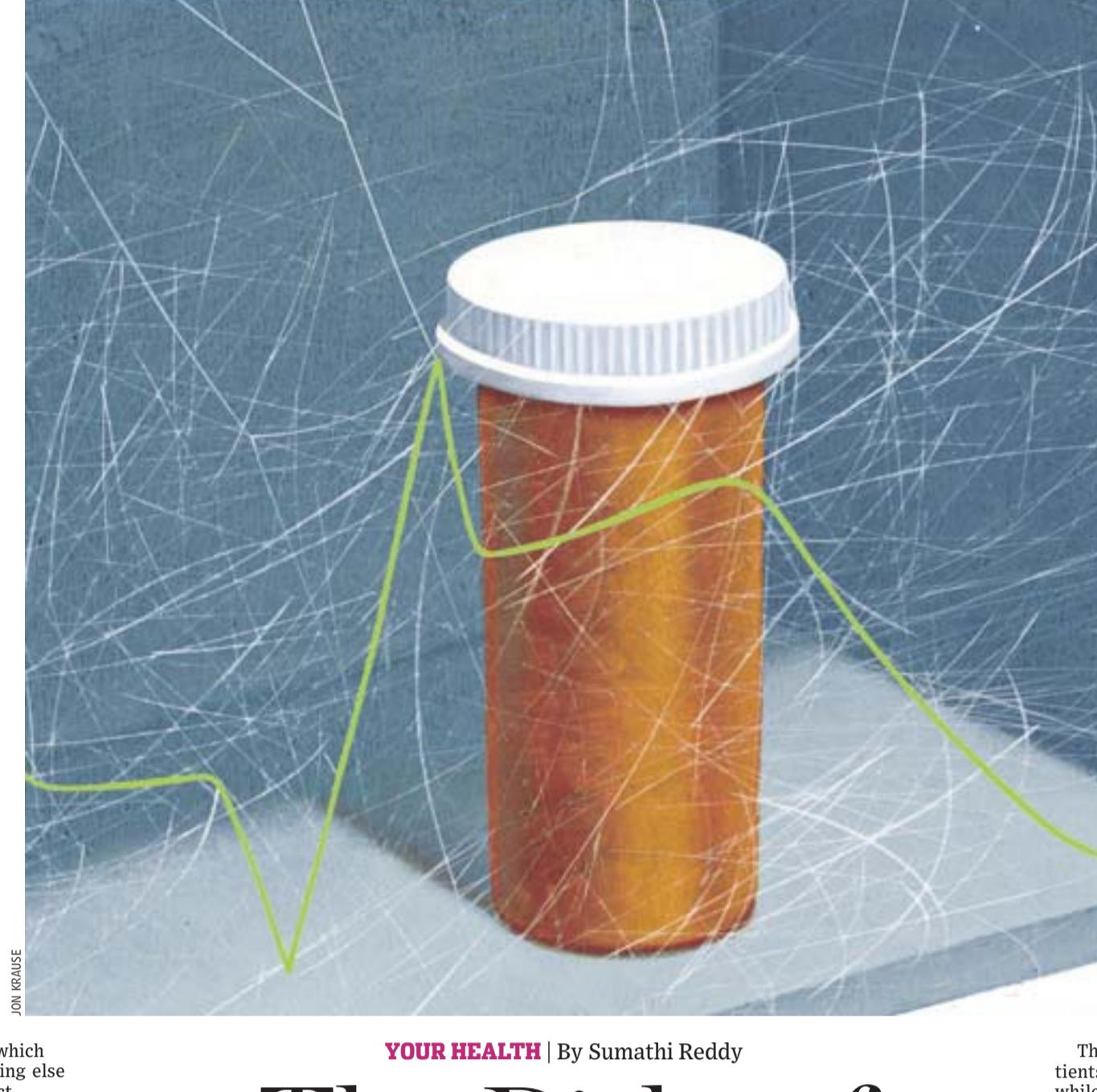
Experts say 56 million people in the U.S. should be taking statins, such as atorvastatin (brand name Lipitor) and rosuvastatin (brand name Crestor).

But only about half actually take the inexpensive, generic drugs. Previous studies have found that anywhere from 25% to 75% patients stop taking statins, usually due to side effects. Doctors are increasingly worried about the discontinuation of the medicines due to perceived side effects which may be caused by something else or due to the nocebo effect, which is the negative expectation of a drug.

A recent paper published in the journal *The Lancet* compared the rates of muscular side effects in patients getting statins to those taking a placebo. They repeated the analysis with patients knowingly taking statins in a second leg of the trial and found little difference in the rate of side effects. The research was funded by Pfizer Inc., Servier Research Gruop and Leo Laboratories. Pfizer makes the statin Lipitor.

This kind of analysis supports the idea that statin intolerance is probably not as big of a problem as we have thought it is," said Ethan J. Weiss, a cardiologist and scientist at the **Cardiovascular Research Institute** at the University of California, San Francisco.

For the *Annals of Internal Medicine* study, researchers analyzed data from two Boston Hospitals, focusing on 28,266 patients who reported a side effect to a statin between 2000 and 2011, said Alexander Turchin, senior author on the study and an associate professor of medicine at **Harvard Medical School** and endocrinologist at **Brigham and**



JON KRAUSE

YOUR HEALTH | By Sumathi Reddy

The Risks of Stopping Statins

One in five patients taking the cholesterol drugs report muscle aches, new research shows; doctors warn the dangers of stopping usage can be dire

Women's Hospital.

About 71% of the patients continued to receive a statin prescription and about half of those continued taking the same medication. About 29% of the patients stopped taking statins. The researchers compared the mortality, heart attack and stroke rates of both groups after about four years.

A secondary analysis of 7,600 patients found that 26% of patients who had an adverse reaction to the first statin they took, reported another adverse reaction to the same or a different statin again. But about 80% con-

tinued to receive a statin prescription. "So, it looks like many of those recurrent adverse reactions were actually tolerable," said Dr. Turchin.

Pradeep Natarajan, director of preventive cardiology at **Massachusetts General Hospital** in Boston, said when deciding whether to keep patients on statins, there needs to be a discussion weighing the benefits against the risks. For those patients who have previously had a heart attack or who have cardiovascular disease, the benefit will almost always outweigh the risk.

The recent *Annals of Internal*

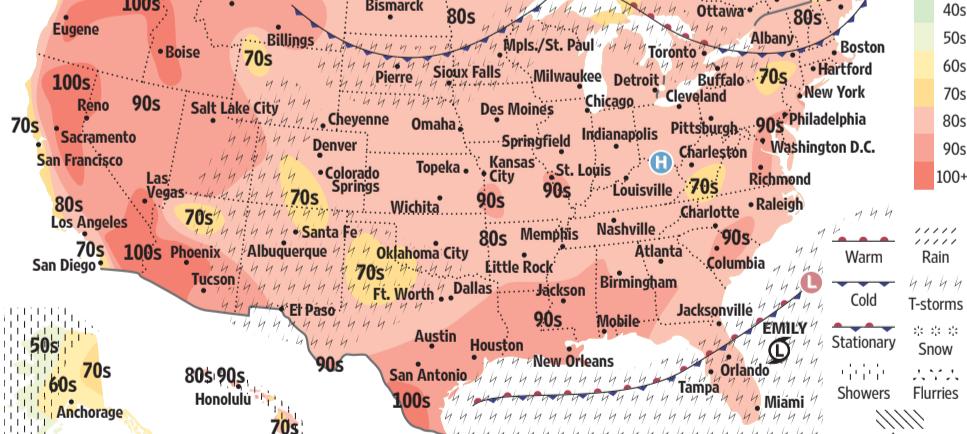
Medicine

study, he said, brings "good awareness to the fact that a lot of people who are on statins who report musculoskeletal issues can often continue on the statin and do well or be re-challenged on another statin."

In many cases the muscular aches are mild, said Dr. Natarajan, though there is a subset of patients who have more debilitating symptoms. They can often be helped by lowering their dose of the statin, he said. He noted that patients with underactive thyroid function are more likely to develop musculoskeletal problems.

The **American College of Car-**

Weather



U.S. Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers;

t...storms; r...rain; sf...snow flurries; sn...snow; Li...ice

Today **Tomorrow**

City **Hi** **Lo** **W** **Hi** **Lo** **W**

Anchorage 64 55 pc 59 53 r

Atlanta 88 70 s 88 71 pc

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Baltimore 89 68 s 88 69 s

Boise 102 67 s 102 68 s

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International

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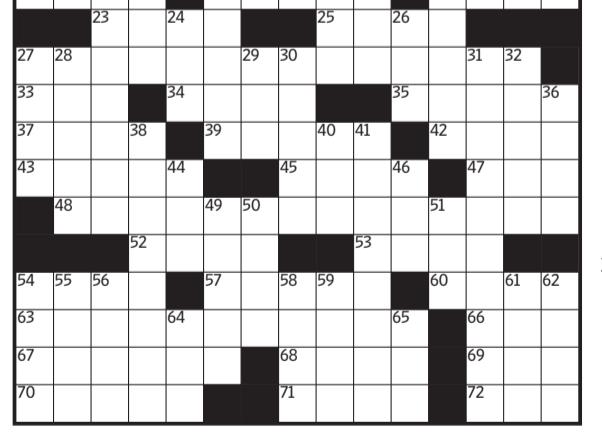
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The WSJ Daily Crossword | Edited by Mike Shenk

THE VILLAGE VOICE | By Zhouqin Burnikel



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diology has an app to help clinicians rate the likelihood that a musculoskeletal issue is being caused from a statin, he said. For example, if the pain is happening on just one side of the body it is less likely to be caused by a statin. Pain in central, proximal muscles like the shoulder and thighs are more likely to be caused by a statin.

The two other risks often linked to statins are an increased risk for diabetes and cognitive problems. Dr. Natarajan said there likely is a "very modest" increased risk of developing diabetes but the benefits usually outweigh that risk. The data associating statins with cognitive problems is very limited, he said.

Steven Nissen, chairman of the department of cardiovascular medicine at Cleveland Clinic and author of an accompanying editorial, said numerous websites and blogs have made unscientific claims about statins, which are damaging the reputation of a critically important medicine. "The vast majority of people do very well on statins," he said.

In a study published in *JAMA* last year he and co-researchers randomized 511 patients who had reported an intolerance to two or more statins to either a statin or placebo. After 10 weeks the groups swapped pills.

They found that 26.5% of patients reported muscular aches while taking the placebo but not while taking the statin, while 42.6% had symptoms while taking the statin but not on the placebo.

The problem, he said, is there no objective test. Muscle enzyme levels can be measured, but they usually only show up abnormal in extreme cases of muscle breakdown.

To be sure, there are patients for which muscular aches are debilitating and real.

William O'Neill, medical director of the Center for Structural Heart Disease at Detroit's **Henry Ford Hospital**, tried a number of statins in different doses to treat his cardiovascular disease. He experienced debilitating muscular aches in his shoulders, upper thighs and upper back. "It was just intolerable," he said.

In his case, tests showed elevated levels of muscle enzymes when he was on the statins. But such tests are only positive in extreme cases, he said.

Dr. O'Neill doesn't believe the problem of statin intolerance is overblown. "When a patient comes to an exam room the doctor doesn't ask, 'Are your muscles hurting?' he said. "Patients won't really offer that unless it's really severe."

The American College of Cardiology study, he said, brings "good awareness to the fact that a lot of people who are on statins who report musculoskeletal issues can often continue on the statin and do well or be re-challenged on another statin."

In many cases the muscular aches are mild, said Dr. Natarajan, though there is a subset of patients who have more debilitating symptoms. They can often be helped by lowering their dose of the statin, he said. He noted that patients with underactive thyroid function are more likely to develop musculoskeletal problems.

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LIFE & ARTS

SAM SHEPARD | 1943 - 2017

A Chronicler of Fractured Families

Pulitzer-Prize winning playwright and actor wrote of 20th-century America

BY ERICH SCHWARTZEL

SAM SHEPARD, the Pulitzer Prize-winning playwright and actor celebrated for chronicling America in the 20th century, died Thursday at his home in Kentucky, according to a spokesman. He was 73 years old and died from complications related to amyotrophic lateral sclerosis, or Lou Gehrig's disease.

Widely regarded as one of the country's greatest—and most prolific—contemporary playwrights, Mr. Shepard catapulted to the top echelon of American letters with "Buried Child," his 1978 play about a fractured Illinois family, which won the Pulitzer Prize.

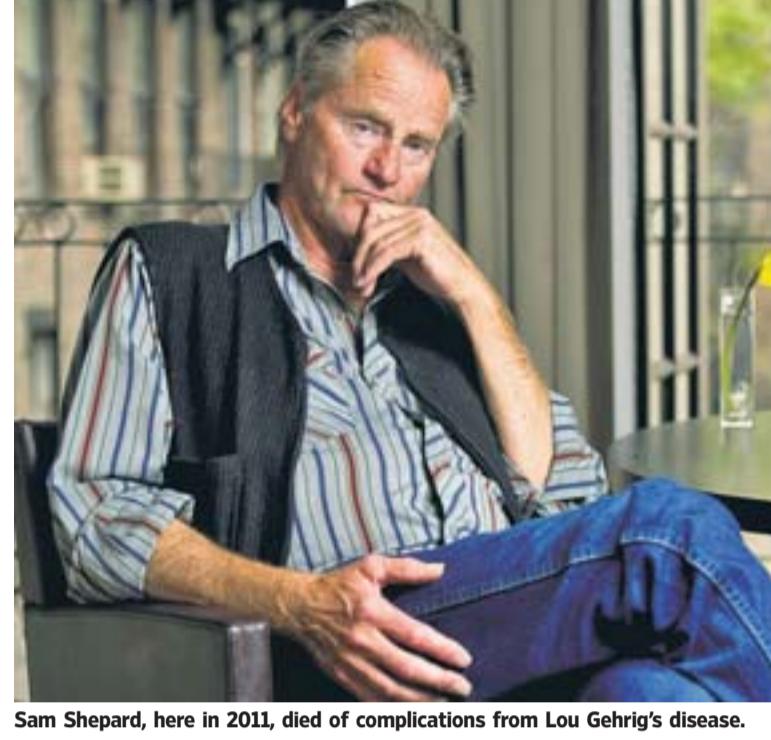
"Buried Child" and other plays, including "Curse of the Starving Class" and "True West," examined favorite themes of American playwriting—fathers and sons, outcasts, family obligations and the nation itself. Mr. Shepard wrote more than 40 plays in his career.

In a 2010 interview with the *Guardian*, Mr. Shepard said his troubled relationship with his alcoholic father had influenced his work, and many of his most celebrated plays concerned the breakdown of the nuclear family.

In the same interview, Mr. Shepard said "there's not a day goes by" that he doesn't think about death.

"We're all haunted by it in one way or another. And it's the easiest thing in the world to push it away, you just get a cappuccino. But, yes, you're haunted by it in a different way [as you get older]. I feel its presence. I feel it in sleep, in dreams, in waking," he said.

Born on Nov. 5, 1943, on Fort Sheridan, Ill., Mr. Shepard grew up on military bases before settling with his family in the Los Angeles suburb of Duarte, Calif. He dropped



CHARLES SYKES/ASSOCIATED PRESS

Sam Shepard, here in 2011, died of complications from Lou Gehrig's disease.

out of nearby Mt. San Antonio College after one year to move to New York and work in theater. His early plays became a staple of the off-Broadway scene.

Mr. Shepard was a mainstay of the 1970s New York hub of artists that included singer Patti Smith and photographer Robert Mapplethorpe. Ms. Smith, in her 2010 memoir "Just Kids," credits Mr. Shepard with encouraging her to trust her instincts and pursue music, at one point buying her a used black Gibson guitar for \$200.

"With Sam I could be myself," wrote Ms. Smith. "He understood more than anyone how it felt to be trapped in one's skin."

The writer of many rambling monologues was a man of few

words himself. Mr. Shepard cultivated a frontiersman persona and demeanor that became as well-known as the plays he wrote and roles he played.

Mr. Shepard appeared in dozens of films, including an Oscar-nominated turn in "The Right Stuff," starring as military test pilot Chuck Yeager. His other credits include "Steel Magnolias," "Black Hawk Down" and the film adaptation of "August: Osage County." He most recently appeared on the Netflix series "Bloodline."

Mr. Shepard was in a relationship with actress Jessica Lange, whom he met filming "Frances," from 1982 to 2009. He is survived by three children and two sisters, according to the spokesman.

BONDS

Continued from page A9
in their lives. It is taught through the university's medical school and by more than 100 certified teachers around the world.

The program, which includes training on meditation and how to adjust one's thoughts, takes people through a number of steps that get more difficult as the program goes on. Some of the steps are about learning to focus, practicing compassion toward yourself and a loved one, and developing an appreciation for people outside your inner circle, including difficult people. Exercises include reflecting on how the difficult person in your life is someone's son or daughter, mother or father, sister or brother—just as you are—and has hopes and dreams and sorrows of his or her own.

The program does not advocate that people forgive someone who has been hurtful or continue a relationship with that person. Rather, it suggests we can feel compassion for that person—recognize that he or she suffers and wish for an end to that suffering—as a way to help ourselves.

"There are consequences to ourselves in terms of negative emotions when we are walking around thinking bad thoughts about someone or trying to avoid him; this allows us to let them go," says Hooria Jazaieri, a researcher at Berkeley's Greater Good Science Center, who teaches the compassion class at Stanford and is the lead author on the new study.

Here are tips for using some of the Stanford program's teachings at home:

Don't suppress your thoughts. Research shows that suppression activates the amygdala in your brain, where your body's fight-or-flight response resides. Suppressing will make you more anxious in the long-run and will have harmful effects on your physical health. It will also make you think more about the person you might be trying to stop focusing on. In one classic study in which participants were told not to think about a white bear, the bear took over their thoughts. If your difficult person's name or a memory arises, try to pay attention briefly

then let your thoughts drift on to something else.



Acknowledge that you can be difficult, too. Ms. Jazaieri calls this the "just like me" rule—remember that just as this person is difficult for you, you might be difficult for someone else. "Maybe I have not done as many bad things," Ms. Jazaieri says. "But I have said things that aren't true or have hurt people and it is humbling to remember that."

Be curious. For a moment, imagine what life might be like for this other person. Remember that he or she also has hopes and dreams. He is a father or son. She is a mother or daughter. By tapping into their struggles, you will be able to let go of some of your anxiety or anger, and this will have positive mental and physical effects for you. Again, Ms. Jazaieri says you don't have to forgive the person. The goal is to decrease the emotional reactivity that only harms you.

Tune into your body. Notice physiological changes when you think about or talk to your difficult person—shallow breath, tight shoulders, sweaty palms—and make adjustments. Take a deep breath and relax your muscles. This will change the way you react.

Practice, practice, practice. It is easy to have good thoughts about a stranger or acquaintance. But, can you have them toward someone who pushes all your buttons? If you can, you've reached a higher level of emotional resiliency. And remember that this is supposed to be hard. "Think of yourself as an athlete," says Ms. Jazaieri. You want to practice, so when it is game time and you are around this person, you can call upon these skills."

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook, Twitter or Instagram at [EBernsteinWSJ](#).

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SPORTS

BASKETBALL

No Position, No Problem in Today's NBA

The Rockets signing P.J. Tucker—yes, P.J. Tucker—was the most revealing move of the league's crazy summer

BY BEN COHEN

P.J. TUCKER came into the NBA more than a decade ago and crashed out almost immediately. He was a 6-foot-6 player stuck between positions—too small to be a forward but too big to be a guard. The league had no place for him. After playing only 83 minutes in the NBA, he disappeared to another continent.

"P.J. was in, out, and to a large degree forgotten about by a lot of people," said Andre Buck, his agent.

Then something funny happened. The strategic revolution in basketball over the last decade made teams reconsider their old prototypes and resulted in what Boston Celtics coach Brad Stevens recently called the NBA's three positions: ball-handler, wing and big. There is a premium on players who can be all three. Tucker is now one of those players.

That's how someone who literally couldn't play in the league has become one of the league's most useful players. It's also why the Houston Rockets signed Tucker to a four-year, \$32 million deal in July—the longest and richest contract of his career. In the first year of his new deal, he will make about 43% more than he was paid last year and nearly 1,000% more than five years ago. There may be no one in the NBA whose value has increased so much in such a short amount of time.

Tucker wasn't the most expensive Rockets signing (James Harden) or the splashiest addition to their roster (Chris Paul) and may not even be their biggest small forward when the season begins (Carmelo Anthony remains a trade possibility).

But the pursuit of Tucker was the most revealing move from the NBA's most aggressive team. It's his incredibly unlikely career that best explains the evolution of basketball. He is a role player with a role that's more important than ever.

"It's just how the game has changed," said the 32-year-old Tucker, "and I've been lucky enough to play long enough to see it change."

The only way he could benefit from the game changing, though, was by changing his own game.

Tucker was a second-round draft pick in 2006 and played in just 17 NBA games before he spent the next five years bouncing around leagues in Ukraine, Israel, Greece, Italy and Germany. The odds of him being in the NBA again were as long as his exile. In the decade prior, according to Stats LLC, Anthony Parker was the only player who had done what Tucker was trying to do: begin his career in the NBA, leave for more than five seasons and then return on a prolonged deal.

But he realized something while maturing overseas that eventually brought him back. It's a lesson that he imparts to younger players who want to be like him. "Figure out your niche," he says, "and maximize it."

It was obvious what Tucker's niche had to



be: playing defense and shooting 3-pointers—skills now coveted in today's NBA. Tucker is able to defend every player on the court, point guard through center. The thing that had been a disadvantage—that he was an oversized guard but undersized forward—had become his advantage. "He's a bear that's as quick as a cat," Buck said.

It was harder to imagine Tucker as an outside shooter. He didn't take any threes in his first NBA stint. He attempted a total of four in his three years of college.

But he knew he couldn't play if he couldn't shoot. NBA teams didn't need Tucker to score. They needed him to create space for the rest of the offense. He could help a team simply by standing in the corner and taking selfies with fans as long as he dragged a defender with him. By his last season in Germany, Tucker was hitting 48% of his threes. He was ready to come back to the NBA at the exact moment the league was ready to embrace him.

The best teams in the NBA understood that front-court versatility was increasingly valuable. And suddenly Tucker found himself in demand. He was no longer a tweener. He was now positionless.

"He turned himself into this player who's super useful to all these NBA teams," said Rockets general manager Daryl Morey.

The Phoenix Suns offered him a contract in 2012 for the league minimum with no guarantees he'd make the roster that year. Tucker was there for the next five years. He then re-signed with the Suns in 2014 to his first multi-year, million-dollar deal.

He proved himself as a rugged defender and reliable 3-point shooter, and he only left Phoenix when the Toronto Raptors traded for him this season for the same reason the Rockets chased him in the off-season: Tucker's ability to guard multiple positions is essential on defense, and the spacing he brings is necessary in the modern NBA offense.

Tucker is dependable enough as a shooter—he made 41% of his open threes and 39% of his corner threes last year—that other teams have to defend him all the way out to the arc. But he only attempted 2.4 threes per game last year. He didn't take more than six in any game.

In his pitch meeting with the Rockets, the pioneering coach Mike D'Antoni said he expects Tucker to average six per game. The attention on Harden and Paul will make

room for the other Rockets, and it will be easier for Tucker to find good looks in Houston than good barbecue. "It's crazy, just crazy, to hear," Tucker said. "I've never been on a team like that."

But they really signed him for his defense. When free agency opened, the Rockets asked themselves: What else do we need?

They had ball-handlers, wings and bigs, but Houston wanted players who could be all three. Only those types of players able to guard multiple positions on the same possession would help them beat the Cleveland Cavaliers, San Antonio Spurs and especially the Golden State Warriors.

"Probably one of the very few ways to guard Golden State is to have guys who can switch on different guys," Morey said.

How teams spend during free agency is a window into what they value. This summer, when the salary cap was lower than anticipated, they were forced to be unexpectedly frugal. They could only splurge on key players.

That's what made this Houston move so illuminating. They decided they needed someone like P.J. Tucker.

"Someone with his skillset," Morey said, "is almost required."



MLB

BARTMAN GETS A SERIES RING

BY QUINT FORGEY

STEVE BARTMAN'S personal curse has officially been reversed.

The Cubs fan has long been derided for touching a foul ball that might otherwise have been caught, a move many fans believe contributed to the team's postseason loss to the Florida Marlins in 2003—and extended the team's World Series drought.

The team on Monday awarded him a 2016 World Series ring. In response, Bartman issued his first public statement in years, saying he didn't deserve the honor but hoped it would put the incident to rest. "I am hopeful this ring gesture will be the start of an important healing and reconciliation process for all involved," he said.

On Oct. 14, 2003, in the eighth inning of Game 6 of the National League Championship Series at Wrigley Field, Bartman stumbled into the canon of sports infamy after deflecting a potential catch by Cubs outfielder Moises Alou.

The Marlins, who defeated the Cubs after scoring eight runs in that inning, went on to best the favored New York Yankees in the World Series. The umpire said there was no fan interference, but Bartman became the victim of city-wide ridicule and death threats for perpetuating the Cubs' failure to clinch a World Series title. "We hope this provides closure on an unfortunate chapter of the story that has perpetuated throughout our quest to win a long-awaited World Series," the Cubs said in a release.

BIG MOVES FOR PITCHING

BY JARED DIAMOND

IN THE SPAN of about an hour Monday, one of the most dominant baseball teams ever constructed added a frontline pitcher, while the sport's marquee franchise loaded up for the stretch run. One deal solidified the Los Angeles Dodgers as undisputed World Series favorites, while the other established the New York Yankees as serious title contenders.

In the final minutes before the trade deadline, the Dodgers, currently on pace to finish with the second-most wins in National League history, swung a blockbuster. They acquired pitcher Yu Darvish, an All-Star in four of his five major-league seasons, from the Texas Rangers for three prospects.

On the other side of the country, the New York Yankees completed a deal with perhaps even larger ramifications, reinforcing their shaky rotation by landing right-hander Sonny Gray from the Oakland Athletics. At this time last year, the Yankees put the finishing touches on the franchise's biggest sell-off in decades, a stunning admission of defeat that seemingly marked the start of a period of rebuilding. Twelve months later, an organization that considers anything less than a championship a failure reassessed itself as the league's premier buyers.

When the clock ticked past 4 p.m. EDT, Gray to the Yankees looked like the most significant move of the day, perhaps shifting the balance of power in a tight American League East. The Yankees entered Monday's action clinging to a half-game lead over the Boston Red Sox in the division standings and now pick up Gray, who owns a 3.42 career ERA.

For the privilege, they parted with three coveted minor-leaguers—outfielder Dustin Fowler, starter James Kaprielian and infielder Jorge Mateo—but kept the two most prized assets in their system, Clint Frazier and Gleyber Torres. Gray, 27, won't hit free agency until after the 2019 season, giving the Yankees a strong complement to Luis Severino not just this year, but in the future as well.

Meanwhile, all this comes less than two weeks after Yankees pulled off another trade, bringing in infielder Todd Frazier and

Sonny Gray was traded to the Yankees.



relievers David Robertson and Tommy Kahnle from the Chicago White Sox.

Naturally, the Red Sox didn't sit idly Monday. They shipped three prospects to the New York Mets in exchange for Addison Reed, who has 19 saves this season. He joins Craig Kimbrel in the back of Boston's bullpen, potentially setting up an exciting race between two longtime rivals.

But just when it appeared that the Yankees would dominate the national headlines, the Dodgers swooped in at the buzzer. At 3:50 p.m., a picture was posted on Darvish's verified Twitter account, showing Darvish at his Rangers locker with the caption "10min!!" News of the trade trickled out about 15 minutes after the deadline.

He cost the Dodgers three prospects—infielders Willie Calhoun and Brendon Davis, and pitcher A.J. Alexy—but like the Yankees, they didn't sacrifice the most heralded jewels in their system, Walker Buehler and Alex Verdugo.

Arguably the biggest name available on the market, the 30-year-old Darvish makes the rich even richer. With the Dodgers already on pace to win 114 games, Darvish

could offer them a second ace alongside Clayton Kershaw, the best pitcher on the planet. Should everyone remain healthy, the Dodgers will likely go into the playoffs with a dynamic rotation of Kershaw, Darvish, Alex Wood and Rich Hill. (Kershaw should return from a back injury in September.)

Darvish has struggled of late, posting a 7.20 ERA in five starts in July, something Darvish attributed in part to a mechanical issue leading to him tipping his pitches.

When right, Darvish ranks among the best pitchers in baseball.

Outside of Gray and Darvish, no other significant players changed teams Monday, most notably Detroit Tigers starter Justin Verlander and Baltimore Orioles reliever Zach Britton. Instead, several contenders made some smaller trades, mostly to improve their bullpens.

The NL East-leading Washington Nationals landed Minnesota Twins closer Brandon Kintzler, an All-Star this season. The AL Central-leading Cleveland Indians acquired Joe Smith, while the Houston Astros, the best team in the AL, got Francisco Liriano, a starter with the Toronto Blue Jays who will now shift to the bullpen.

RAJ MEHTA/REUTERS

MORRY GASH/ASSOCIATED PRESS

THEARON W. HENDERSON/GETTY IMAGES

OPINION

Trump's Unused Bully Pulpit

Not yet a week after the most extravagant Republican Party botch since the Bill Clinton impeachment, Beltway fingers are still pointing. And why not? The failure to make good on seven years' worth of ObamaCare repeat promises has many fathers.

Take your pick. Sen. John McCain's pique. The squishiness of those such as Sen. Rob Portman who voted for repeal when it didn't matter, and then voted nay when it did. Behind-the-scenes undermining by governors such as Ohio's John Kasich. A GOP bereft of party discipline.

There is truth to all these. Even so, perhaps the most obvious reason goes almost unmentioned: The Republican bills were unpopular.

This does not mean they were bad bills, notwithstanding the many compromises lawmakers included. It does mean that their merits went mostly unsold to the public. This allowed Democrats and their allies to paint the bills as but the latest Republican attempt to rob from the poor (\$800 billion in Medicaid cuts) to give to the rich (\$600 billion in tax cuts).

Even more astounding is that as this narrative took hold the president of the United States neglected the

greatest bully pulpit of all: the Oval Office.

Notwithstanding his flaws, Donald Trump has proved himself able to connect with voters, especially those who voted for Barack Obama, in a way other Republicans have not. But the Trump White House has yet to recognize the unique punch a formal, televised address from behind the desk of the Oval Office still carries, even in the age of Twitter.

Ronald Reagan's use of the Oval to push his tax cuts through in 1981 is a textbook example. Yes, the Gipper schmoozed those on the opposite side of the aisle. He had to, given that Democrats controlled the House. But as likeable as he was, folks on both sides of the political aisle were skeptical about his proposed tax cuts.

In a July 27 Oval Office address, Reagan made his pitch. In simple language, he gently mocked the Democratic leadership claims that their bill "gives a greater break to the workers than ours." He said the whole controversy came down to whose money it was—the people who earned it or the government that wanted to spend it.

And his call for Americans to "contact your senators and congressmen" to urge them to vote for his tax cuts touched off what Speaker Tip O'Neill described as a "telephone blitz like this nation has never seen."

Though it's now popular to

reminisce about the warm cuddly Reagan who put partisanship aside, that's not the way it was seen at the time. The day after his speech, the New York Times reported Reagan had "engaged in a series of partisan attacks on his opponents on Capitol Hill."

It worked: Two days later the Democratic House approved the Reagan administration's tax cuts by a comfortable margin.

As Reagan proved, there's nothing as powerful as an Oval Office address.

What does this mean for Mr. Trump? It's probably too late now for health care. But it might have been a different story if President Trump had used a televised, White House address to explain that the Republican goal was a bill that would help drive down costs, lower insurance premiums, and undo mandates forcing Americans to buy products they don't want.

Some suggest Mr. Trump does not have the mastery of detail to pull it off. But a president does not need to be a policy wonk. One big thing he can do is simply to push back on the falsehoods.

Imagine, for example, if Mr. Trump had pointed out that the accusation Republicans were cutting Medicaid

was classic Swampspeak: In fact, spending would still go up every year, albeit at a slower rate. For good measure, he might have contrasted the Republican faith in the wisdom of the American people with the admission by a chief architect of ObamaCare that it owed its passage to a "lack of transparency" and "the stupidity of the American voter."

In fairness, Mr. Trump did make calls, bring in senators and speak at his rallies. Even so, nothing quite matches the prestige of an address from his desk, where the president speaks directly to the entire American people. Unlike his rallies, generally limited to his most ardent supporters, even many of those who detest the president would tune in for a prime-time, Oval Office address.

This is not about blaming Mr. Trump for the failure to repeal ObamaCare. It is about pointing him to a huge presidential asset that went unused in a key contest involving Republican credibility.

Democrats are now gearing up to run the same class narrative against the Republicans on tax reform they did on ObamaCare. If the president wishes to avoid another embarrassment, he might put down his smartphone for a moment and start thinking of how to use the Oval Office to ensure the coming debate on taxes is argued on his terms and not the opposition's.

Write to mcgurn@wsj.com.

How U.S. Allies Undermine NATO

By Orde F. Kittrie

The U.S. spends heavily to defend Europe, yet most North Atlantic Treaty Organization members don't spend 2% of their GDP on defense, as the alliance's guidelines call for. Worse, many of these free riders also punish U.S. companies for manufacturing weapons used by the Pentagon to defend NATO allies and other countries. Specifically, several NATO member governments have divested from or even criminalized the purchase of stock in U.S. defense contractors.

Between 2005 and 2013 Norway's government pension fund divested from U.S. defense contractors such as Boeing, Honeywell, Lockheed Martin and Northrop Grumman "because they are involved in production of nuclear weapons." The fund, controlled by Norway's Finance Ministry, is worth some \$900 billion. At the end of 2015, approximately \$180 billion was invested in 2,099 American companies.

Norway, a NATO member, divested even though these companies produce nuclear weapons only for the U.S. government, and NATO's 2012 Deterrence and Defence Posture Review describes U.S. nuclear weapons as "the supreme guarantee" of members' security. The hypocrisy goes further: In 2016 Norway authorized its pension fund to invest in Iranian government bonds—even though Iran has sponsored terrorism for decades

and is a patron of Bashar Assad's atrocities in Syria.

So far only Norway has divested from companies for producing nuclear weapons. But the government pension funds of Denmark, France and the Netherlands have joined Norway in divesting from American companies that produce other weapons stocked by the U.S. military. These countries have targeted General Dynamics, Raytheon and Textron

European countries divest from American defense firms that help protect them.

for manufacturing cluster munitions and land mines, in some cases after production reportedly has stopped.

Six European countries—NATO members Belgium, Italy, Luxembourg, the Netherlands and Spain, plus nonmember Liechtenstein—make it illegal for their nationals to invest in companies that produce cluster munitions or land mines. In Switzerland, citizens can be imprisoned for five years for direct and indirect financing, including stock purchases, of companies that manufacture nuclear weapons, cluster munitions or land mines.

While these weapons often pose a threat to civilians even after conflicts end, the U.S. government deems them necessary. The Obama administration acknowledged in 2014 that land

mines are needed to protect South Korea. The State Department has long said the elimination of cluster munitions "from U.S. stockpiles would put the lives of its soldiers and those of its coalition partners at risk."

Many NATO governments joined the 2008 international treaty to ban cluster munitions and the 1997 agreement to forbid land mines. Boycotts targeting companies producing these weapons derive from expansive interpretations of particular provisions in these accords. Both treaties say that "never under any circumstances" will a country "assist, encourage, or induce" anyone to engage in activities such as the development or production of the banned weapons.

The treaty banning nuclear weapons, which was adopted by the U.N. General Assembly on July 7, includes similar language. Many of the 122 governments that voted for the nuclear treaty will likely divest from and criminalize purchase of stock in nuclear-weapons manufacturers. No NATO government supported the nuclear ban treaty. Yet Norway's divestment from stock in nuclear-weapons manufacturers shows the fervor generated by movements against disfavored weapons can spur such boycotts even if a country ultimately doesn't support the treaty.

The danger of European economic warfare against Israel—including the Boycott, Divestment, and Sanctions movement—deservedly has received considerable attention. In contrast, European economic

warfare against U.S. companies for implementing U.S. government policy has avoided the spotlight and elicited virtually no response from Washington. This must change. The targeted U.S. firms together employ hundreds of thousands of American workers. For allied governments to penalize such companies for filling U.S. government orders is unacceptable. It could even increase costs to the U.S. taxpayer, who ultimately would pay extra legal or financing costs associated with producing these weapons.

If left unchecked, this problem will grow. Norway's pension fund has divested from Wal-Mart, America's largest employer, for "serious violations of human rights," according to the fund's website. The fund has also divested from two UK companies for producing Britain's nuclear arsenal and one Israeli company for involvement with Israel's antiterrorism fence.

Congress and the executive branch should spotlight, and vigorously oppose, ally and partner government boycotts that target the defense industrial base of the U.S. and key allies such as Israel and the U.K. Governments must know that such boycotts, if continued, will subject them and their companies to commensurate penalties.

Mr. Kittrie, a law professor at Arizona State University and senior fellow at the Foundation for Defense of Democracies, is author of "Lawfare: Law as a Weapon of War" (Oxford, 2016).

BOOKSHELF | By Philip Delves Broughton

Excess At the Top

The CEO Pay Machine

By Steven Clifford
(Blue Rider, 277 pages, \$23)

In 1978 the average chief executive at a large company was paid 26 times more than the average worker. By 2014, depending on your method of calculation, he was paid 300 to 700 times more. It has become standard for a CEO to make more than \$10 million a year, and a few make more than \$100 million. These aren't founders or major shareholders but hired guns, managers playing with house money.

It is not like this everywhere. In the U.K., the fifth largest economy in the world, the pay ratio of CEO to average worker is 84 to 1. In Japan, the third largest, it's 16 to 1.

So what happened in America that so much is now lavished on the executive class? And does it matter? To the second question Steven Clifford, a former chief executive at King Broadcasting and now the author of "The CEO Pay Machine," responds with an emphatic "yes." The outside

income, he thinks, feeds inequality and mistrust in our democracy. In response to the first question he argues that a system of compensation has emerged over the past four decades that rewards mediocre executives by stifling shareholders, employees and society at large.

The CEO "pay machine" works like this: When a chief executive is hired, a company will also hire one of a handful of compensation consultants to establish a benchmark for his pay. The consultant will look at a bunch of companies in different industries and then propose that the CEO be paid at the 75th percentile. (No company wants to think it is paying its CEO at the 25th percentile.) The consultant is out to please the future CEO, since the real money will come if he is hired to design the company's pension or health-care plans. Charlie Munger, Warren Buffett's business partner, once said that he would "rather throw a viper down my shirt-front than hire a compensation consultant."

But salary is just the beginning. Next come the short- and long-term incentive plans. Short-term plans contain bonuses for meeting annual targets or for simply accomplishing the tasks one expects of a senior manager. In 2014 Les Moonves, the CEO of CBS, received a cash bonus of \$25 million. Roughly half of that was reportedly paid to recognize Mr. Moonves's "leadership and direction in the creation of premium content." In other words, doing his job.

The marvelous thing about bonuses at this level, Mr. Clifford notes, is that they aren't binary. If you fail to meet your targets, you don't lose your bonus; you just get less of it. If you have a \$1 million bonus target, chances are that the board will shave maybe 10% off if you underperform. And \$900,000 for failure isn't bad. Of course, there are also long-term incentives: the stock options and the restricted stock that vests over time.

Many companies are led by chief executives whose contribution to profit may be minuscule but whose compensation is astronomical.

Mr. Clifford blames the emergence of the CEO pay machine on three people: Michael Jensen, Milton Rock and Bill Clinton. Mr. Jensen is the Harvard Business School professor who argued that the single best measure for managerial performance is a company's stock price. He wrote that the CEO's main job is to maximize shareholder value, and the way to ensure that the CEO does that is to give him shares so he acts more like a "value-maximizing entrepreneur" than a bureaucrat. It turns out, though, that stock awards and bonuses often don't align the interests of managers and shareholders; they encourage short-term boosts to earnings rather than investing for long-term growth.

Milton Rock was the godfather of compensation consultants. His firm, the Hay Group, pioneered the practice of comparing executive pay between companies. This method created what Mr. Clifford says is a bogus market for managerial talent. Few executives can transfer their talents from one company to another, let alone from one industry to another, and yet they are paid as if they are basketball free agents.

In 1993, President Clinton and a Democratic Congress pushed through a bill intended to cap executive pay and link it to performance. Salary in excess of \$1 million would no longer be tax deductible for the company, but there would be no limit on the deductibility of performance-linked pay. Not surprisingly, the performance-linked component exploded, with the approval of corporate boards often cozily linked to chief executives.

Apart from aliens from the galaxy Zork-El, corporate directors are the only sentient group who think that CEO pay levels today are justified," Mr. Clifford writes. Board members—and no doubt well-heeled CEOs—suffer from several delusions, in Mr. Clifford's view. Among them, that the CEO is as important to the performance of a company as a quarterback is to a football team. Not true, he says. Many are no more significant than the water boy. Another delusion is that bonuses motivate. In fact, other measures of accomplishment and status matter more for executives already swimming in money. Then there is the question of whether you can really measure executive performance. In Mr. Clifford's view, there are far too many variables in a vast organization to gauge the effect of one leader's pixie dust.

Mr. Clifford targets specific CEOs whose middling performance and exorbitant pay merit ridicule. It would have been interesting to read him on CEOs like Bob Iger of Disney or Jamie Dimon of JPMorgan Chase who have done hard jobs well over many years. Not all executive talent is as easily replicable and overpaid as he believes.

Mr. Clifford's answer to the CEO pay machine, though, is a compelling one: a simple combination of salary and restricted stock. "No pay for specific performance, no short-term bonus, no stock options." If company boards had the guts to implement his idea, it would bring much needed clarity and integrity to an invidious system.

Mr. Delves Broughton is the author of, among other books, "The Art of the Sale: Learning From the Masters About the Business of Life."

By Julie Gunlock

Today's parents worry constantly about the kids: What are they doing, seeing, saying, eating? Is that shampoo safe? Are they watching too much television? Thanks to antivaccine campaigners, add measles to the list.

In 2000, doctors were celebrating that measles essentially had been eradicated in the U.S. Even people who could not safely receive the vaccine, such as newborns, were protected by what's known as "herd immunity." When a large portion of a population is immunized, there are few potential carriers to spread the disease, which shields everyone.

But a study published last week in *JAMA Pediatrics* shows how quickly herd immunity can break. The researchers estimated that a 5% reduction in measles vaccination in the U.S. could triple the number of cases annually among children

Measles, all but eradicated by 2000, threatens a comeback.

and 2013, nonmedical exemptions for school immunizations increased by 19%, according to a 2014 study in the *American Journal of Public Health*. The exemption rate for kindergartners in Oregon was 6.4%; in Vermont, 5.7%; in Wisconsin, 5.4%.

Parents who cite religious, philosophical or personal objections to vaccination are like conscientious objectors in the war on disease. But they are

putting their friends and neighbors at risk because they have fallen for antivaccine propaganda.

Andrew Wakefield, a British doctor whose discredited claims originally fueled the antivaccine movement, was eventually stripped of his medical license. But liberal celebrities like Bill Maher, Jim Carrey, Robert De Niro and Alicia Silverstone took up the cause. So did environmental activists like Robert F. Kennedy Jr. and progressive publications like Mother Jones and Salon.

The Centers for Disease Control and Prevention states unequivocally that "there is no link between vaccines and autism," rejecting one of the more popular claims. Yet a handful of activists have managed to plant seeds of doubt in the public mind. In 2014 the CDC reported 667 cases of measles in 27 states—a record since 2000. Worse could be on the way.

Why is measles a particular danger? First, it can linger for up to two hours in the airspace where an infected person coughed or sneezed. Contemplate that the next time you're waiting in line at the Department of Motor Vehicles. Second, a person with measles is infectious for days before showing any signs of the disease, and the early symptoms can easily be dismissed as nothing more than a cold. Measles can lead to pneumonia, or to encephalitis, which can cause blindness and permanent brain damage.

There is no reason for parents to view vaccines with trepidation. What they—and all Americans—should worry about instead is the antivaccine conspiracy theories that put everyone in danger.

Ms. Gunlock is a senior fellow at the Independent Women's Forum and leads the organization's Culture of Alarmism Project.

OPINION

REVIEW & OUTLOOK

Government Opioid Abuse

Opioid abuse ranks among the nation's biggest public health challenges with drug overdoses now the leading cause of death among Americans under the age of 50. While the causes are complex and multiple, politicians and their trial lawyer friends aren't letting the crisis go to waste.

More than 20 state and local governments including Ohio, Missouri, Mississippi and nine counties in New York have sued prescription opioid manufacturers for fraud and deceptive marketing, among other supposed offenses. Ohio GOP Attorney General Mike DeWine's lawsuit against Purdue, Janssen, Teva, Endo and Allergan has set a template for other states that are coordinating litigation.

Governments are farming out the legal work to trial attorneys who front the bills in return for a share—typically 20%—of the reward. States used this contingency-fee model to squeeze \$206 billion from tobacco companies in the 1990s, and the ringleader of that effort, former Mississippi Attorney General Mike Moore, is assisting with the opioid raids.

The lawsuits rely on the same sources—and suffer from the same flaws. Namely, they don't specify instances in which doctors relied on alleged misrepresentations to improperly prescribe an opioid medication that led to a particular injury. A federal judge last year dismissed most of Chicago's claims because the city "failed to identify the prescribers who were exposed to defendants' [alleged] misrepresentations as the same prescribers who prescribed defendants' drugs and thereby caused the City to incur costs."

Plaintiffs contend that pharmaceutical companies fraudulently market opioids for chronic pain and that long-term use encourages dependency. Yet the Food and Drug Administration approves the labeling and warnings for prescription opioids. Lawyers and politicians are trying to substitute their medical judgment for that of regulators and physicians.

In 2015 a California state judge stayed Orange County's lawsuit after finding it "could lead to inconsistencies with the FDA's findings, inconsistencies among the States, a lack of uniformity, and a potential chilling effect on the prescription of these drugs for those who need them most." Meanwhile, state plaintiffs continue to reimburse opioid prescriptions, which makes them co-conspirators with Big Pharma.

Ohio claims that prescription opioids are a gateway to street drugs and that their deceptive marketing has "resulted in the explosion in heroin use." Yet 2.3 million patients in Ohio were prescribed painkillers last year—more than 10

times the number of opioid addicts. The vast majority of patients who take prescription painkillers don't get hooked on heroin. A New England Journal of Medicine study last year found that fewer than 4% of people who had used prescribed painkillers for non-medical reasons used heroin sometime in the following five years.

Painkillers can encourage dependency, and physicians need to carefully monitor patients. But the bigger problem, as the Ohio lawsuit evinces, is fraud in the delivery system. "Despite strict federal regulation of prescription drugs, local law enforcement agencies are faced with increasing diversion from legitimate sources for illicit purposes, doctor shopping, forged prescriptions, falsified pharmacy records, and employees who steal from their place of employment," the lawsuit notes.

In 2015, 1,663,614 opioid pills—21.3 per capita—were dispensed in Ross County, Ohio. A fraction of physicians account for a disproportionate share of opioid prescriptions, and addicts forum shop like trial attorneys. Prescription opioids often get diverted to the black market, and drug dealers on the street often lace painkillers with illicitly manufactured opioids to create more potent, and lethal, drugs.

Nearly all states operate databases that track physicians, patients and prescriptions, but the rub is using the metadata to track criminal activity and curb abuse. Some states such as Kentucky and Tennessee that have required doctors to consult databases prior to prescribing opioids have seen a decline in doctor shopping.

Plaintiffs are requesting billions in damages to cover the social and economic costs of opioid addiction, and Senators demanded upward of \$45 billion for treatment in return for their votes to repeal ObamaCare. Yet the ObamaCare Medicaid expansion may have inadvertently fueled the opioid epidemic by making painkillers more accessible. A recent study estimated that a quarter of Medicaid beneficiaries were prescribed opioids in 2015.

Politicians no doubt are hoping to raise money from the trial bar off the opioid lawsuits. Mr. DeWine plans to run for Governor next year, and the Democratic nominee will likely be his predecessor Richard Cordray, who has spent the last five years as a frontman for plaintiff attorneys while leading the Consumer Financial Protection Bureau.

State and local governments are also scrounging around to backfill their budgets, which have been strained by labor and pension costs. It may be easier to hit up Big Pharma than taxpayers, but mugging businesses won't cure politicians of their spending addictions.

Kelly Sends a Message

The big questions about new White House chief of staff John Kelly are whether he can impose discipline on a chaotic staff, and whether President Trump will listen to him. After one day on the job, Mr. Kelly appears to be 2-0.

Mr. Trump swore in his new staff chief Monday morning and within hours Anthony Scaramucci was out as White House communications director. Sources said Mr. Kelly had requested that Mr. Scaramucci depart and that Mr. Trump assented.

The Mook's dismissal is certainly a tone setter, and not merely because he was on the job for only 10 days. A New York brawler who made a fortune in finance, Mr. Scaramucci had advertised himself as someone who understood Mr. Trump's authentic political voice and could fire anyone he wanted to. He had bragged that he reported directly to the President, not to previous chief of staff Reince Priebus. And

last week he gave a profanity-laced interview to a writer for *The New Yorker* denouncing Mr. Priebus and White House aide Stephen Bannon.

By firing Mr. Scaramucci, Mr. Kelly in a stroke demonstrated that he is already in charge and has the President's support, that aides who want to see Mr. Trump need to work through Mr. Kelly,

and that no one should trash their colleagues in public or freelance without permission from the top. Not a bad first day.

With Mr. Trump, it's possible—perhaps likely—that this will be a fleeting moment of organizational discipline. The President has shown in the past that he can listen to advice for a few hours, sometimes even a few days, but inevitably he feels too confined by political normalcy and breaks free with a Twitter barrage or interview tirade. Or maybe, as a former four-star general, Mr. Kelly is the rare person outside his family whom Mr. Trump will heed.

Venezuela's Mocked Election

Venezuela's Nicolás Maduro went ahead Sunday with elections for a new assembly, claiming that eight million people voted to replace the sitting legislature. Let it be noted that if Mr. Maduro could legitimately turn out eight million voters like this, he would not have had to precipitate the current crisis by blocking a recall referendum on his regime last year. The questions now are what comes next and what should the U.S. do?

The 545 newly elected representatives are supposed to arrive in Caracas and take their seats within 72 hours of the election. This new constituent assembly will have absolute sovereignty. They will rewrite the Venezuelan constitution and have the power to make law. They will surely fire the legitimate national assembly, which is controlled by the opposition. Unclear is whether the current assembly will leave their seats by themselves or force the Maduro national guard to remove them.

Mr. Maduro is already threatening to strip the current legislators of legal immunity before their powers are abrogated. The new assembly is also expected to fire Attorney General Luisa Ortega Díaz, an outspoken opponent of Mr. Maduro.

President Trump warned Mr. Maduro that pursuing this course would trigger U.S. sanctions, and on Monday the U.S. followed through by freezing any assets Mr. Maduro

has in the United States. Treasury Secretary Steven Mnuchin called the election "illegitimate" and Mr. Maduro a "dictator who disregards the will of the Venezuelan people."

But the statement made no mention of sanctioning oil exports, which are crucial to the regime's survival. Venezuela's access to hard currency depends largely on its export of heavy crude to the U.S. Gulf Coast, where refineries are specially fitted to handle it. A U.S. ban would hurt the Maduro government because it would force the state-owned oil monopoly, PdVSA, to ship to faraway markets that could handle their heavy crude, such as China. The higher shipping costs and the dislocation would have a material impact on an already shaky PdVSA.

Mr. Trump could also block PdVSA from using the U.S. financial system and ban U.S. companies from doing business in Venezuela. Embargoes are famously porous, and no one expects this one to be airtight. But Venezuela's fiscal dependence on heavy crude exports to the U.S. makes this situation especially suited to American action.

Some will say that oil sanctions can only hurt the Venezuelan people, but they are already suffering extreme deprivation. Some are starving. The U.S. and the willing members of the Organization of American States need to form a united front not to recognize this vote or the regime it has produced.

How Trump and the OAS can respond to Maduro's power grab.

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OPINION

REVIEW & OUTLOOK

Government Opioid Abuse

State AGs target painkiller makers to pad their budgets.

Painkillers can encourage dependency, and physicians need to carefully monitor patients. But the bigger problem, as the Ohio lawsuit evinces, is fraud in the delivery system. "Despite strict federal regulation of prescription drugs, local law enforcement agencies are faced with increasing diversion from legitimate sources for illicit purposes, doctor shopping, forged prescriptions, falsified pharmacy records, and employees who steal from their place of employment," the lawsuit notes.

In 2015, 1,663,614 opioid pills—21.3 per capita—were dispensed in Ross County, Ohio. A fraction of physicians account for a disproportionate share of opioid prescriptions, and addicts forum shop like trial attorneys. Prescription opioids often get diverted to the black market, and drug dealers on the street often lace painkillers with illicitly manufactured opioids to create more potent, and lethal, drugs.

Nearly all states operate databases that track physicians, patients and prescriptions, but the rub is using the metadata to track criminal activity and curb abuse. Some states such as Kentucky and Tennessee that have required doctors to consult databases prior to prescribing opioids have seen a decline in doctor shopping.

Plaintiffs are requesting billions in damages to cover the social and economic costs of opioid addiction, and Senators demanded upward of \$45 billion for treatment in return for their votes to repeal ObamaCare. Yet the ObamaCare Medicaid expansion may have inadvertently fueled the opioid epidemic by making painkillers more accessible. A recent study estimated that a quarter of Medicaid beneficiaries were prescribed opioids in 2015.

Politicians no doubt are hoping to raise money from the trial bar off the opioid lawsuits. Mr. DeWine plans to run for Governor next year, and the Democratic nominee will likely be his predecessor Richard Cordray, who has spent the last five years as a frontman for plaintiff attorneys while leading the Consumer Financial Protection Bureau.

State and local governments are also scrounging around to backfill their budgets, which have been strained by labor and pension costs. It may be easier to hit up Big Pharma than taxpayers, but mugging businesses won't cure politicians of their spending addictions.

The new White House chief of staff gives the Mook the boot.

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LETTERS TO THE EDITOR

Trump's Personality, a GOP Liability in 2020?

Peggy Noonan's assessment of President Trump's personal liabilities is on target ("Trump, ObamaCare and the Art of the Fail," Declarations, July 22). This is the dilemma the GOP may face in 2020: Even if Mr. Trump gets the country and the economy pointed in the right direction, swing voters across the political spectrum may not want to go through another term of such high-strung personal drama.

RICHARD REAY
Riverdale, N.Y.

Ms. Noonan is right on. Mr. Trump should reach across party lines and demand Sens. Joe Manchin and Mitch McConnell form a bipartisan committee to work on fixing ObamaCare, not repealing it.

The best way to get that done is to get Mr. Trump to issue a presidential

order mandating that the current health-care system and any further health-care reform apply to all members of Congress. Why is the public not being informed that Congress has their own health-care program that is much better than ObamaCare? The public should demand that laws passed by Congress that apply to the public also apply to congressional members.

HENRY A. FLEISHMAN
Charlotte, N.C.

Ms. Noonan is off the mark. The political "leadership" may be "rocked," but Mr. Trump is not. Not knowing what he will do next is Mr. Trump's strategy and this can be a motivator for obstructionists to actually do something.

MARY ZEMYAN POLITO
Johnstown, Pa.

Those Who Wish to Die Should Have the Right

In late 2016 my grandfather was diagnosed with terminal cancer ("In the Netherlands, the Doctor Will Kill You Now," op-ed by Kees van der Staaif, July 21). From when he was first diagnosed he knew that he wanted to be euthanized once his quality of life had been depleted to a certain point.

In May 2017, completely in his own control, he chose to end his life. It happened in his living room with the doctor, his assistant, my grandmother, my father, his two brothers and me present. It was the most beautiful moment I have ever experienced because my grandfather died as I have always seen him.

Living in a country that allowed my grandfather to go the way he wanted gives me true pride. If I am diagnosed with cancer, I will have the same option my grandfather did. We owe it to the people who are done

with life in the Netherlands to debate the situation in an open and honest way.

SANDER WITTEVEEN
Netherlands

A week after having the cancerous part of my right leg removed, I found myself pondering my situation. I had been given a potential death sentence, was in unbearable pain and I was bald.

Alone at the time, I remember looking up at the ceiling and being struck with a sudden and clear understanding of why people would want to move to the Netherlands and die. In my moment of profound insight, for reasons of God and family, suicide was not actually on the agenda. My life was not over.

JONATHAN S. LEIBOWITZ
Brooklyn, N.Y.

The Arbitration Rule Saves Consumers From Big Banks

Don't be fooled by the carefully selected statistics in "Repealing the Arbitration Rule" (Review & Outlook, July 26). Ohioans who have been ripped off by big banks and payday lenders don't see the arbitration rule through a partisan lens. One cheated customer alone hardly stands a chance against the army of lawyers employed by banks. But when millions of customers come together, it's a much fairer fight. After two congressional hearings and many bad headlines, Wells Fargo may be cutting a deal. But it's still using forced-arbitration clauses to prevent customers from seeking justice on their own terms.

Wells Fargo is not alone. Santander used a forced-arbitration clause to block an Army National Guard sergeant from seeking justice after the bank illegally repossessed his car while he was serving our country overseas. It's pretty simple: Gutting the Consumer Financial Protection Bureau's rule means banks get away with cheating their customers.

SEN. SHERROD BROWN
(D., Ohio)
Cleveland

CEOs Should Be Paid Based On the Value They Create

While a CEO's compensation package is a confluence of many factors, one of the most important should be long-term value creation for shareholders. Critics of SL Green Realty Corp.'s compensation practices vastly miss the mark, focusing instead on short-term stock performance ("At SL Green, a Rebuke Over Pay," Business & Finance, July 26).

A significant portion of my net worth is in SL Green stock. Therefore, I am very focused on Chief Executive Marc Holliday's long-term record. Since he was named CEO in 2004, our total return to shareholders was over 266% through the end of 2016. SL Green's general and administrative expenses continue to be lower than the office-REIT-sector average, consistent with the company's philosophy to deliver bottom-line efficiency to shareholders.

In 2016 SL Green had an occupancy rate in its Manhattan same-store portfolio of approximately 97% and leased over 3.2 million square feet of Manhattan office space. The company's corporate credit rating was upgraded to full investment grade. In short a stand-out year compared to its peers.

STEPHEN L. GREEN
Chairman, SL Green
New York

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Pepper ... And Salt

THE WALL STREET JOURNAL



"Being heard got me where I am today."

OPINION

Free Trade Is a Two-Way Street

By Wilbur Ross

The Trump administration last week celebrated the workers and businesses that make this country great. The purpose of "Made in America Week" was to recognize that, when given a fair chance to compete, Americans can make and sell some of the best, most innovative products in the world.

Unfortunately, many governments across the globe have pursued policies that put American workers and businesses at a disadvantage. For these governments, President Trump and his administration have a clear message: It is time to rebalance your trade policies so that they are fair, free and reciprocal.

China, the EU and other trading partners put up formidable barriers to imports from America.

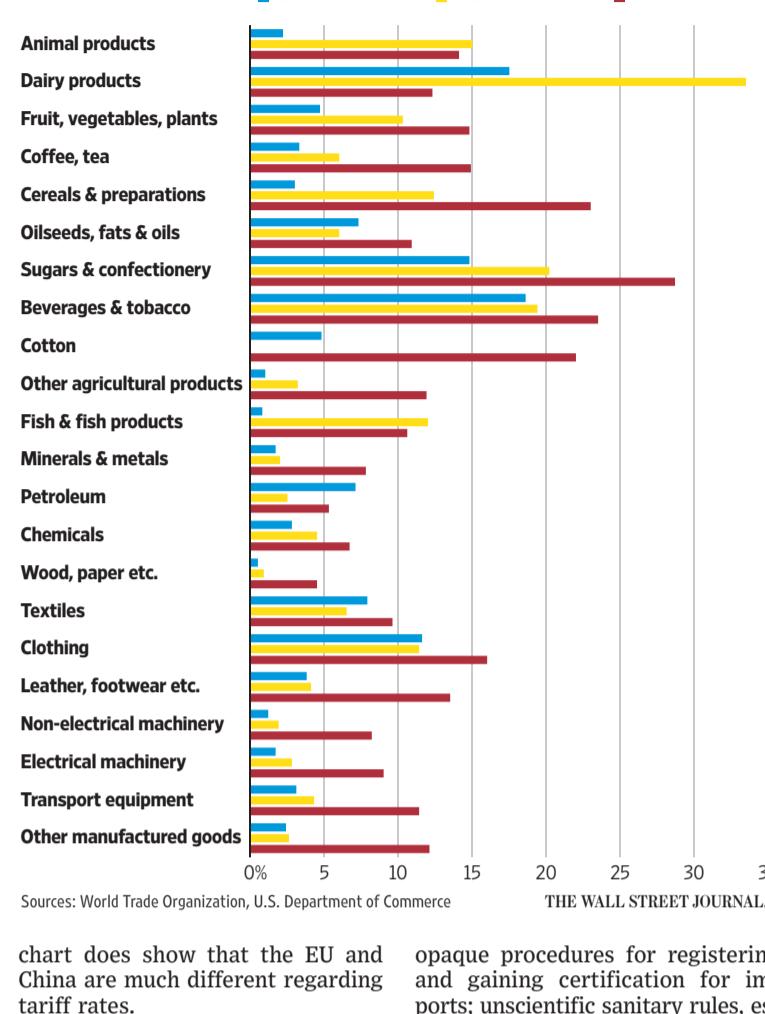
Many nations express commitment to free markets while criticizing the U.S. for what they characterize as a protectionist stance. Yet these very nations engage in unfair trading practices, erect barriers to American exports, and maintain significant trade surpluses with us. They argue that our \$752.5 billion trade deficit in goods last year was simply a natural and inevitable consequence of free trade. So, they contend, America should have no complaints.

Our major trading partners issue frequent statements regarding their own free-trade bona fides, but do they practice what they preach? Or are they protectionists dressed in free-market clothing?

When it comes to trade in goods, our deficits with China and the EU are \$347 billion and \$146.8 billion, respectively. As the nearby chart shows, China's tariffs are higher than those of the U.S. in 20 of the 22 major categories of goods. Europe imposes higher tariffs than the U.S. in 17 of 22 categories, though the

Who's Protectionist?

Average applied tariffs for the U.S., the EU and China



Sources: World Trade Organization, U.S. Department of Commerce

chart does show that the EU and China are much different regarding tariff rates.

The EU charges a 10% tariff on imported American cars, while the U.S. imposes only a 2.5% tariff on imported European cars. Today Europe exports 1.14 million automobiles to the U.S., nearly four times as many as the U.S. exports to Europe.

China, which is the world's largest automobile market, has a 25% tariff on imported vehicles and imposes even higher tariffs on luxury vehicles.

In addition to tariffs, both China and Europe enforce formidable non-tariff trade barriers against imports. Examples include onerous and

opaque procedures for registering and gaining certification for imports; unscientific sanitary rules, especially with regard to agricultural goods; requirements that companies build local factories; and forced technology transfers. The list goes on.

Both China and Europe also bankroll their exports through grants, low-cost loans, energy subsidies, special value-added tax refunds, and below-market real-estate sales and leases, among other means. Comparable levels of government support do not exist in the U.S. If these countries really are free traders, why do they have such formidable tariff and nontariff barriers?

This is a true free-trade agenda.

Until we make better deals with our trading partners, we will never know precisely how much of our deficit in goods is due to such trickery. But there can be no question that these barriers are responsible for a significant portion of our current trade imbalance.

China is not a market economy. The Chinese government creates national champions and takes other actions that significantly distort markets. Responding to such actions with trade remedies is not protectionist. In fact, the World Trade Organization specifically permits its members to take action when other countries are subsidizing, dumping and engaging in other unfair trade practices.

Consistent with WTO rules, the U.S. has since Jan. 20 brought 54 trade-remedy actions—antidumping and countervailing duty investigations—compared with 40 brought during the same period last year. The U.S. currently has 403 outstanding orders against 42 countries.

But unfortunately, in its annual reports, the WTO consistently casts the increase of trade enforcement cases as evidence of protectionism by the countries lodging the complaints. Apparently, the possibility never occurs to the WTO that there are more trade cases because there are more trade abuses.

The WTO should protect free and fair trade among nations, not attack those trade remedies necessary to ensure a level playing field. Defending U.S. workers and businesses against this onslaught should not be mislabeled as protectionism. Insisting on fair trade is the best way to ensure the long-term strength of the international trading system.

The Trump administration believes in free and fair trade and will use every available tool to counter the protectionism of those who pledge allegiance to free trade while violating its core principles. The U.S. is working to restore a level playing field, and under President Trump's leadership, we will do so.

Pat Moynihan was right. President Clinton should have pursued legislation with bipartisan support.

HillaryCare Lessons For Today

By Joe Lieberman

One of the greatest bonuses of my years in the Senate was getting to know Sen. John McCain. John has consistently served causes larger than himself, beginning with our country. The speech he gave on the Senate floor last week, followed by his "no" vote after midnight Thursday on a health-care bill nobody wanted to become law, was one of his finest hours.

His message was eloquent and direct. As he put it: "This country—this big, boisterous, brawling, intemperate, restless, striving, daring, beautiful, bountiful, brave, good and magnificent country—needs [the Senate] to help it thrive. That responsibility is more important than any of our personal interests or political affiliations." To live up to its promise, the world's greatest deliberative body needs to return to the spirit of bipartisan cooperation that can lead to real legislative accomplishments.

Pat Moynihan was right. President Clinton should have pursued legislation with bipartisan support.

It reminded me of a message another great senator, Pat Moynihan of New York, delivered to another administration 25 years ago. In 1993 Moynihan, the new chairman of the Senate Finance Committee, offered strategists at the Clinton White House a suggestion. He knew many Democrats were pressuring the president to pursue universal health care, but Moynihan believed nearly total Republican opposition would make it a divisive opening flop for the new administration. He argued that instead the president should focus on another promise he had made, to "end welfare as we know it," because Republicans could be convinced to back welfare reform.

Pat believed the nation's welfare system was in a more acute crisis than its health-care system. He also believed that major reforms rarely passed Congress with the support of only one party. "They pass 70-30," he explained, "or they fail."

Moynihan's wisdom fell on deaf ears. The White House vigorously pursued a broad-based health-care-reform agenda crafted by First Lady Hillary Clinton and her team. They presumed most Republicans would line up against them but figured the Democrats would back them. In the end, Democrats weren't any more united than Republicans are today. Their disarray doomed the plan before it even came up for a vote.

Republicans won resoundingly in the 1994 midterm elections, and President Clinton learned from the experience. The White House reverted to the approach Moynihan had initially suggested. While the senator himself ended up opposing the 1996 welfare reform, his political advice worked. Mr. Clinton's embrace of bipartisan negotiation and compromise delivered a series of victories, including a balanced budget and the creation of the Children's Health Insurance Program.

What can we learn from Mr. Clinton's evolution? Maybe most important for President Trump, legislative strategies rarely succeed when they depend on a single party. If Mr. Trump were to extend a hand to Democrats, Washington might well prove capable of solving some of America's problems and seizing some of its opportunities. For that to happen, Democrats in Congress will have to engage with Mr. Trump the way Newt Gingrich and his party worked with Mr. Clinton.

Rallying both parties to repair America's infrastructure could be President Trump's version of welfare reform. Tax reform could also gain bipartisan support. Then Congress can return to more divisive issues, considering them, as Mr. McCain suggested, through regular order. A good place to start would be with the bipartisan health-care reforms that the House No Labels Problem Solvers Caucus released yesterday.

To win in Washington, one must counter and court the opposition. As Mr. McCain said last week, "Incremental progress, compromises that each side criticize but also accept, just plain muddling through to chip away at problems and keep our enemies from doing their worst isn't glamorous or exciting. It doesn't feel like a political triumph. But it's usually the most we can expect from our system of government, operating in a country as diverse and quarrelsome and free as ours."

Mr. Lieberman, a former U.S. senator from Connecticut, is a national co-chairman of No Labels.

With Sharif's Ouster, Pakistan Takes a Step Backward

By Sadanand Dhume

As Pakistan approaches the 70th anniversary next month of its founding, it just presented the world with an oddly familiar sight: a civilian prime minister dismissed before the end of his term.

On Friday, the Supreme Court disqualified Prime Minister Nawaz Sharif from his position for not meeting the constitutional requirement of being *sadiq* and *ameen*, Islamic terms that roughly translate as "truthful" and "trustworthy." Mr. Sharif has announced that his younger brother, Punjab province Chief Minister Shehbaz Sharif, will be his successor.

For Nawaz Sharif's many foes, including those in the all-powerful army and its historical ally, the judiciary, the dismissal represents the triumph of rule of law over corruption in public life.

Last year, the so-called Panama papers—leaked documents that focused on a shadowy law firm that provides financial services to some of the world's ultrawealthy—revealed that three of Mr. Sharif's children owned offshore assets the prime minister hadn't disclosed on a wealth statement. These included apartments in London's upmarket Mayfair area.

Mr. Sharif hasn't been convicted of corruption. The immediate grounds for his dismissal lie in not reporting income he allegedly received from a family firm in the United Arab Emirates. But in popular perception his dismissal is linked to the alleged corruption suggested by the Panama revelations. Mr. Sharif and his family strongly deny all such charges.

Despite being cloaked in the rule of law, Mr. Sharif's disqualification marks a setback for Pakistan's shaky

democracy. A tweet by the country's former ambassador to the U.S., Hussain Haqqani, summed up the problem: "Pakistan stays faithful to its 70-year tradition: No PM ever removed by voters; only by judges, generals, bureaucrats or assassins."

The Supreme Court's order represents an aspect of Pakistan that sets it apart from most of its South Asian peers. Pakistani elites appear unwilling to put up with flawed leaders as the cost of democracy. Bangladesh, India, Nepal and Sri Lanka have also had

Unlike most of its South Asian neighbors, Islamabad won't allow democracy to take root.

their share of less-than-perfect leaders. Unlike Pakistan, they have all allowed voters to punish poor rulers by turfing them out, and to reward relatively good ones with re-election.

The exit of Mr. Sharif, elected (and dismissed) three times since 1990, also signals a setback for the long-term U.S. goal of encouraging civilian supremacy over the military. No other Pakistani politician has the heft to claw back power over national security and foreign policy from unelected generals who traditionally call the shots.

As long as the army dominates Pakistan, claiming a large chunk of the national budget and ensuring lavish lifestyles for its officers, the country will remain unable to make the investments in health and education it needs to catch up with its peers in Asia. Without civilian oversight, the army's deeply ingrained

hostility toward India, suspicion of the U.S., fealty toward China, and support for terrorist proxies in Afghanistan and India are unlikely to end.

Mr. Sharif's well-publicized desire to normalize relations with India placed him at odds with the army. Those celebrating his exit most gleefully include the former military dictator Pervez Musharraf (1999-2008) and the cricketer-turned-politician Imran Khan, who is widely regarded as a potential prime minister more palatable to the generals in Rawalpindi. Many analysts expect Mr. Khan to be the primary beneficiary of the Sharif family's troubles in elections due next year.

Historical patterns notwithstanding, this was not how things were meant to turn out in Pakistan. Mr. Sharif's election four years ago marked a hopeful turn for the country's democracy. Thanks in large part to a strong showing in Punjab, the country's most populous province, the Sharifs' right-of-center Pakistan Muslim League comfortably ousted the left-of-center Pakistan Peoples Party, which is closely associated with the family of former prime minister Benazir Bhutto.

With the business-friendly Mr. Sharif in power for the third time, and his brother in charge of Punjab, it

looked like the civilian government in Islamabad stood a reasonable chance of wresting authority from the generals in nearby Rawalpindi.

Four years later those hopes lie in tatters. Though the army hasn't formally seized power, its fingerprints are all over Mr. Sharif's disqualification. Of the six-member team set up after the Panama scandal broke, two investigators were army officers nominated by military intelligence agencies. Both the speed of the inquiry and the judiciary's willingness to evict an elected prime minister on what amounts to a technicality suggest at least a green light from the army.

Even if the army didn't orchestrate Mr. Sharif's ouster, it will be the major beneficiary. The prime minister's departure sends a clear signal to politicians that they wrestle with the men in khaki at their own peril. With no domestic pressure on the generals to reform, Pakistan will remain what the Singaporean scholar Tan Tai Yong calls a garrison state dominated by the army. For the nuclear-armed Islamic republic's 190 million people, dreams of a stable democracy will have to wait.

Mr. Dhume is a resident fellow at the American Enterprise Institute and a columnist for WSJ.com.

Notable & Quotable: Comey

From "Comey's People" by Matthew Continetti in the July/August issue of Commentary:

It's obvious [James] Comey was the one behind the stories of [President] Trump's dishonesty and bad behavior. He admitted as much in front of the cameras in a remarkable exchange with Senator Susan Collins of Maine. . . . The source for the New York Times article was "a good friend of mine who's a professor at Columbia Law School," Daniel Richman.

Comey said that, after Trump tweeted on May 12 that he'd better hope there aren't "tapes" of their conversations, "I asked a friend of mine to share the content of the memo with a reporter. Didn't do it myself, for a variety of reasons. But I asked him to, because I thought that might prompt the appointment of a special counsel. And so I asked a close friend of mine to do it." . . .

Every time I watch or read that exchange, I am amazed. Here is the former director of the FBI just flat-out admitting that, for months, he wrote down every interaction he had with the president of the United States because he wanted a written

record in case the president ever fired or lied about him. And when the president did fire and lie about him, that director set in motion a series of public disclosures with the intent of not only embarrassing the president, but also forcing the appointment of a special counsel who might end up investigating the president for who knows what. And none of this would have happened if the president had not fired Comey or tweeted about him. He told the Senate that if Trump hadn't dismissed him, he most likely would still be on the job.

Rarely, in my view, are high officials so transparent in describing how Washington works. Comey revealed to the world that he was keeping a file on his boss, that he used go-betweens to get his story into the press, that "investigative journalism" is often just powerful people handing documents to reporters to further their careers or agendas or even to get revenge. And as long as you maintain some distance from the fallout, and stick to the absolute letter of the law, you will come out on top, so long as you have a small army of nightingales singing to reporters on your behalf.

Mr. Lieberman, a former U.S. senator from Connecticut, is a national co-chairman of No Labels.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Executive Chairman, News Corp

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Deputy Editor in Chief

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WORLD NEWS

EU Workers Look Beyond Britain

Some businesses find job openings tough to fill amid U.K. exit vote and eurozone pickup

BY JASON DOUGLAS

FLITWICK, England—Neil Goldman, who employs workers from across the European Union in his food-packaging business, blames the U.K.'s Brexit vote last year for making vacancies harder to fill.

Britain has for years been a magnet for European job seekers drawn by decent wages, the English language, and plentiful openings in the country's easy-to-hire economy. That attraction now appears to be waning as a consequence of its vote to leave the EU, as well as accelerating growth in the eurozone.

In industries as diverse as agriculture, health care and manufacturing, executives are growing anxious about labor shortages that they fret could crimp expansion plans and restrain the British economy.

The Confederation of British Industry, an employers' lobby group, has said continued access to high-skilled and low-skilled workers from abroad is critical to sustain economic growth.

Any ebbing of the flow of foreign workers shouldn't come as a surprise, since Brexit was designed in large part to make that happen. Reducing immigration from the EU is a central plank of Prime Minister Theresa May's Brexit strategy. Quitting the bloc, she says, was a vote to take back control of Britain's "borders, laws and money."

Indeed, Brexit advocates say, scarcity has a silver lining: Labor shortages could help boost Britain's lagging productivity if firms respond by investing in new machinery and training. On the other hand, economists caution, foreign workers are themselves an important source of productivity-enhancing skills.

Mr. Goldman, chief executive of Colpac Ltd., based in Bedfordshire some 40 miles north of London, employs 150 people, about 40% of whom are from other EU countries. He said he spent the months after the referendum in June last year soothing foreign employees worried about their future in Britain. A handful of them have already left and he says he is struggling to find replacements.

"Ever since that day, I've



About 40% of the 150 employees at Colpac, a food-packaging business in Flitwick, Bedfordshire, are from other EU countries.

been reassuring and encouraging everyone that Britain is open for business," Mr. Goldman said.

The U.K. experienced waves of new arrivals from the EU over the past two decades, especially after it opened its doors to workers from new member states in Central and Eastern Europe in 2004. The influx fueled its economy but also stoked public anxiety. Last year's Brexit vote was in part a backlash against immigration, polls suggest, though it also reflected British discomfort at what detractors see as the EU's excessive influence over U.K. affairs.

More than 2.3 million workers from other parts of the EU were working in the U.K. in the first quarter of 2017, 2½ times as many as a decade ago and the highest number ever recorded. EU nationals account for about 7% of Britain's 32-million-strong workforce.

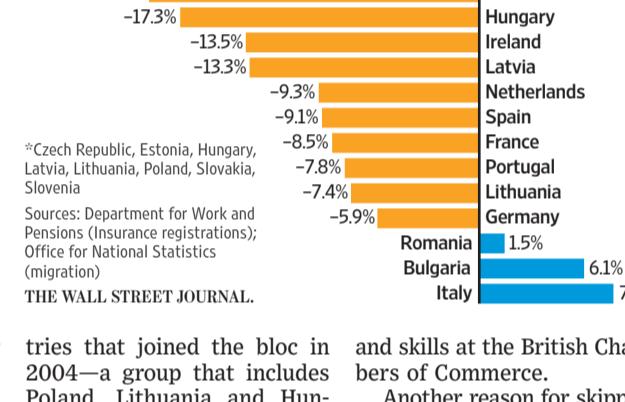
There are signs that employment swell is ebbing. The number of EU nationals receiving national insurance numbers, which are required to start work or claim benefits, was 6% lower in the year through March than a year earlier, according to the Department of Work and Pensions.

Net migration to the U.K. in 2016 from the eight EU coun-

Destination Elsewhere

EU citizens from outside Britain, and especially from Eastern Europe, have long boosted the U.K.'s workforce, but there are signs that flow is starting to ebb since the Brexit vote.

Change in U.K. national insurance registrations to foreign EU citizens from year ended March 2016 to year ended March 2017



Sources: Department for Work and Pensions (Insurance registrations); Office for National Statistics (migration)

THE WALL STREET JOURNAL.

tries that joined the bloc in 2004—a group that includes Poland, Lithuania and Hungary—fell to 5,000 from 46,000 a year earlier, according to the Office for National Statistics.

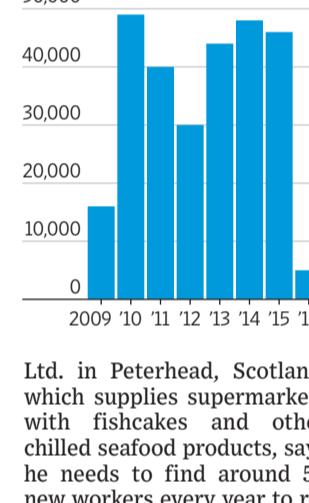
Uncertainty over the future status of EU citizens in the U.K. after Brexit is one factor persuading some footloose workers to look elsewhere, recruiters say. Current and potential workers "need some certainty around residency rights," said Jane Gratton, head of business environment

and skills at the British Chambers of Commerce.

Another reason for skipping Britain: A battered pound means foreign workers' earnings don't go as far when spent at home. The eurozone's expansion and a strengthening euro mean some workers are looking to countries such as Germany instead. Others are choosing to stay home altogether to take advantage of domestic labor markets.

Ryan Scattery, managing director of Thistle Seafoods

Net annual migration to the U.K. from EU8* countries



Ltd. in Peterhead, Scotland, which supplies supermarkets with fishcakes and other chilled seafood products, says he needs to find around 50 new workers every year to replenish those who leave his 500-strong workforce to return to their homes elsewhere in the EU. That used to be straightforward, as departing workers would often recommend their friends and family.

"We are just not seeing that coming through anymore," he said.

U.K. Cabinet Bickers Over Brexit

BY JENNY GROSS

LONDON—Free movement of people between the U.K. and the European Union will end when the U.K. leaves the bloc in March 2019, Prime Minister Theresa May's spokesman said Monday, underscoring divisions within the government over future immigration policy.

Ministers have agreed over the past week that the U.K. will seek a multiyear transition arrangement with the EU to give businesses time to adjust to Brexit, but they have expressed differing views about which EU rules would continue to apply—particularly on immigration.

James Slack, Mrs. May's spokesman, said free movement, which gives citizens of the bloc the right to live and work in any EU country without a visa, would end when Britain departs the EU but that further details were up for negotiation. Talks got formally under way in June.

"Other elements of the post-Brexit immigration system will be brought forward in due course," he said. "It would be wrong to speculate on what these might look like or to suggest that free movement



The passport check for EU citizens at Gatwick Airport

will continue as it is now."

Mrs. May's spokesman's comments, if followed through, would appear to rule out the least-disruptive type of transition deal with the EU—and also the easiest to negotiate—under which the U.K. would stay temporarily inside the bloc's single market and its customs union. The EU requires countries to agree to free movement of people if they want to reap the benefits of free movement of trade and services within the bloc.

Businesses and others have been eager for certainty on the U.K.'s approach as they

make plans, but cabinet members have sent mixed signals.

Ministers have been bolder in voicing opinions on Brexit since Mrs. May's Conservative Party lost its parliamentary majority in a June election.

Chancellor of the Exchequer Philip Hammond last week gave several fresh details about Britain's Brexit plans,

including that the U.K.'s relationship with the EU could look similar to what it does now for a number of years after leaving.

Mr. Hammond, who supported staying in the EU, said he wanted to avoid a "cliff-

edge" scenario where goods and people would stop being able to move across Britain's borders as soon as the U.K. left the bloc.

He also said that rules affecting Britain's relations with the bloc would be implemented gradually by 2022 and that it would be some time before full immigration controls could be introduced.

Over the weekend, Liam Fox, trade secretary, said in an interview with the Sunday Times that he doubted free movement of people could continue for up to three years after the U.K. leaves the EU. "I have not been involved in any discussion on that," said Mr. Fox, who supported leaving the EU.

Tony Travers, politics professor at the London School of Economics, played down the significance of the Downing Street spokesman's words. He said that although the comments appear to contradict Mr. Hammond's, in practice, they may not be that different.

"Free movement is ending, but that wouldn't preclude reintroducing something that isn't the same as free movement minus some tiny element," he said, referring to the transition period.

Eurozone Data Complicate ECB's Next Move

BY PAUL HANNON

The eurozone's unemployment rate fell to its lowest level in more than eight years, but the annual rate of inflation is unchanged, new data showed Monday—highlighting the challenge at the heart of the European Central Bank's decision on dialing down its stimulus programs.

The European Union's sta-

tistics agency said the proportion of workers without jobs across the 19 countries that use the euro fell to 9.1% in June from 9.2% in May, reaching its lowest level since February 2009. But consumer prices were just 1.3% higher in July than a year earlier, as the rate of inflation was unchanged, at its lowest level in 2017.

According to textbooks,

that combination of falling unemployment and soft inflation shouldn't be happening. Central bankers believe that as spare capacity—one element of which is unemployment—shrinks, wages and prices should rise more rapidly.

"The eurozone continues to create jobs at a very strong pace," said Fabio Balboni, an economist at HSBC. "Unfortunately, from an ECB perspec-

tive, the fall in unemployment is not translating yet into inflationary pressures."

As economic growth has accelerated this year, the ECB has come under greater pressure from Germany to wind down its stimulus programs.

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CHINA

Manufacturing Data Suggest a Slowdown

A gauge of manufacturing activity fell more than expected in July, offering a sign of an anticipated slowdown in the world's second-largest economy after a strong start to the year.

China's official manufacturing purchasing-managers' index fell to 51.4 in July from 51.7 in June, according to data released by the National Bureau of Statistics. The July reading fell below a median forecast of 51.6 from a Wall Street Journal poll of economists, but still remained above the 50 mark that separates expansion from contraction, as it has for 12 months straight.

—Grace Zhu

MEXICO

Services Strength Helps Push Up GDP

The country's economic growth slowed less than expected in the second quarter as robust output in services continued to compensate for a modest advance in industrial production.

Gross domestic product, a broad measure of output of

ECB Takes Hard Line On Reform Proposals

BY TOM FAIRLESS

FRANKFURT—The European Union should consider slapping large fines on European governments that fail to adopt its economic-reform proposals, the European Central Bank said, underlining the ECB's mounting frustration at a sluggish pace of eurozone reform that risks hurting the bloc's longer-term growth and stability.

The stern advice, in a report published Monday, comes as the ECB prepares to discuss reducing its large monetary stimulus as soon as its next policy meeting on Sept. 7. Less support from Frankfurt will shift the onus onto national governments to help drive economic growth in the 19-nation currency union.

European governments can be fined up to 0.1% of gross domestic product if they repeatedly fail to address economic flaws flagged by EU authorities under a new risk-monitoring system launched during the region's recent debt crisis. The system, known as the macroeconomic imbalances procedure, aims to prevent worrisome economic developments such as high current-account deficits, unsustainable debt levels and house-price bubbles.

In practice, though, the EU has so far stopped short of issuing such sanctions.

But the ECB suggested that should change. "There seems to be a strong case for applying the corrective arm of this procedure for all countries with excessive imbalances," the central bank said.

EU policy recommendations typically address issues such as boosting the sustainability of public finances, reducing the tax burden on labor, and increasing the efficiency of public administration and state-owned enterprises.

ECB President Mario Draghi frequently scolds eurozone governments for their failure to implement reforms that could bolster the region's growth rate and lower unemployment. At a news conference 10 days ago, Mr. Draghi warned that the pace of reforms "needs to be substantially stepped up to increase resilience."

WORLD WATCH

CHINA

Manufacturing Data Suggest a Slowdown

A gauge of manufacturing activity fell more than expected in July, offering a sign of an anticipated slowdown in the world's second-largest economy after a strong start to the year.

The next GDP report is due Aug. 22. —Anthony Harrup

INDIA

Central Bank Seen Cutting Key Rate

The central bank is likely to cut its key lending rate by a quarter percentage point this week after a sharp slowdown in inflation and weaker-than-expected economic growth.

The Reserve Bank of India's monetary-policy committee, headed by Gov. Urjit Patel, is scheduled to announce its rate decision on Wednesday.

Eleven of 14 economists polled by The Wall Street Journal predicted it would cut its key lending rate to 6% from 6.25%, while three economists expect the RBI to leave the rate unchanged.

Benchmark consumer inflation was at 15% in June, well below the 2% lower end of the central bank's target range.

—Debiprasad Nayak



RITUAL IMMERSION: A devotee is plunged into the Bagmati River while participating in the Bol Bom pilgrimage in Nepal.

BUSINESS & FINANCE

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* * * *

THE WALL STREET JOURNAL.

Tuesday, August 1, 2017 | B1

S&P 2470.30 ▼ 0.07% S&P FIN ▲ 0.62% S&PIT ▼ 0.53% DJ TRANS ▼ 0.48% WSJ \$IDX ▼ 0.40% LIBOR 3M 1.311 NIKKEI (Midday) 19959.41 ▲ 0.17% See more at WSJMarkets.com

Industry is vulnerable to store closures after rapid growth amid shift in shopping habits

BY HEATHER HADDON
AND JULIE JARGON

Never before in America has so much retail square footage been devoted to selling food—and it is too much.

A massive build-out by retailers has left the country piled up with grocery shelves as consumers are shifting from big weekly shopping trips to more snacking and to-go meals. The mismatch has flattened retail sales and leaves the industry vulnerable to a wave of closures that some executives, bankers and industry experts think is coming soon.

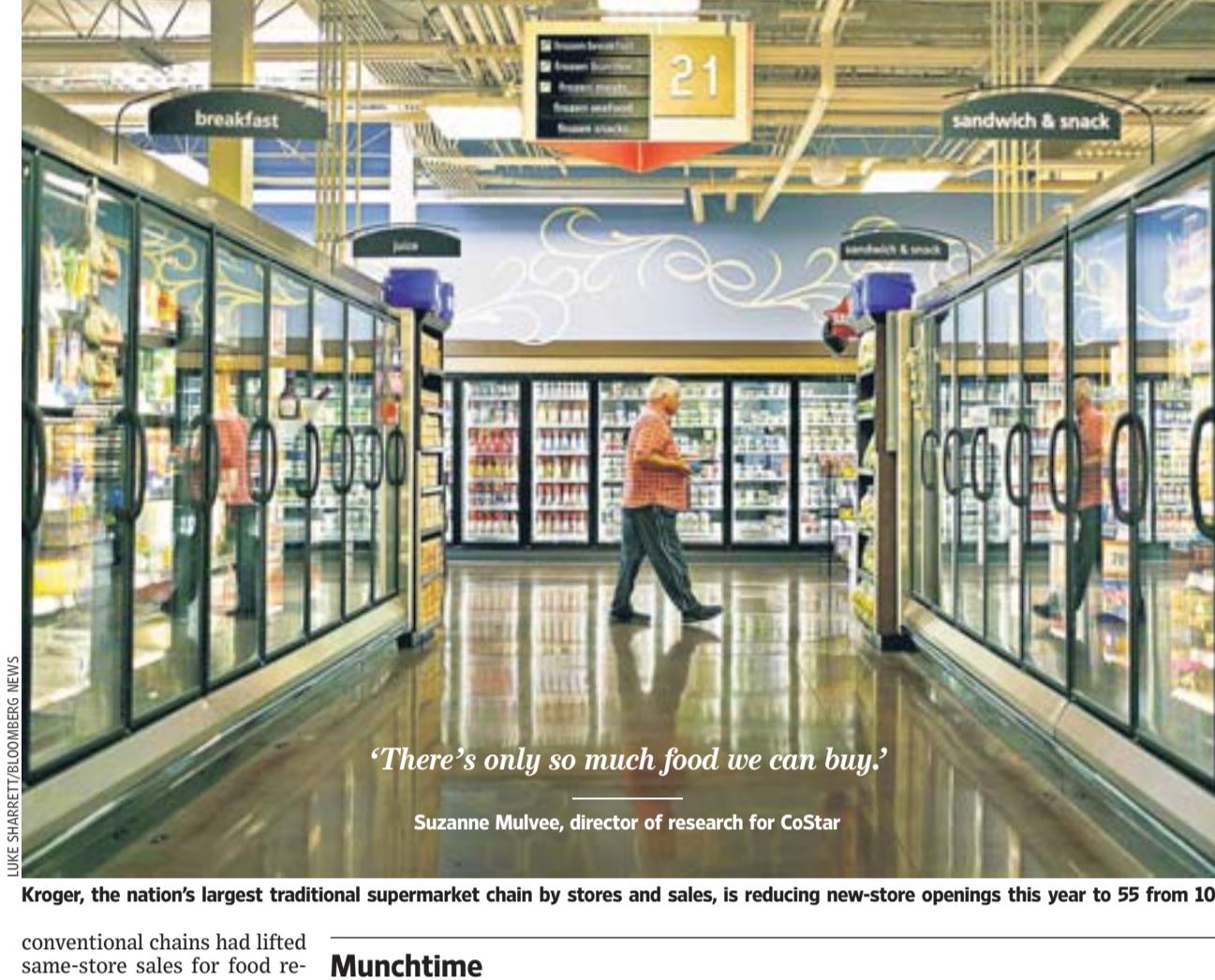
Commercial square footage of retail food space per capita last year set a record, with 4.15 square feet of food retail per person, according to **CoStar Group**, a commercial real-estate firm, nearly 30 times the amount of space allocated to groceries at major chains in 1950.

To be sure, major grocery chains weren't as numerous decades ago, with many Americans shopping for food at mom-and-pop stores.

But the growth in groceries has extended across many types of retailers in recent years. Part of the expansion comes from grocers, who accelerated their store openings as a way to drive sales growth after the 2008 recession. At the same time, club chains, dollar stores, pharmacies—and even gas stations—increased their fresh food offerings to drive traffic and boost profits.

"Everybody is getting into the grocery business," said David Hirz, chief executive of Smart & Final Stores Inc., a California-based warehouse grocer.

While shopper loyalty to



'There's only so much food we can buy.'

Suzanne Mulvee, director of research for CoStar

Kroger, the nation's largest traditional supermarket chain by stores and sales, is reducing new-store openings this year to 55 from 100.

conventional chains had lifted same-store sales for food retailers by at least 3% annually since 2013, that metric was flat in 2016 and is projected to remain static this year as competition grows, according to FactSet. "There's only so much food we can buy," said Suzanne Mulvee, director of research for CoStar.

The food-retail sector has become even more saturated at a time when competition is only getting fiercer, particularly at the two ends of the shopping spectrum. Growing European deep-discounters Aldi and Lidl are vying

Please see FOOD page B2

Munchtime

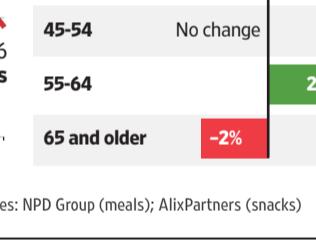
Americans as a whole are consuming less food on a per-capita basis, while millennials are increasingly snacking their way through the day.

Annual number of meals consumed per capita



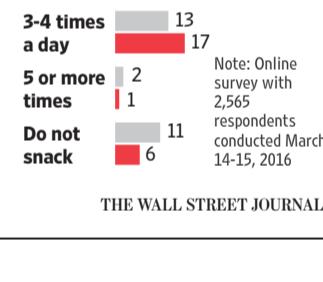
*12 months ending November 2016

Per-capita meals consumed by age, change from previous year*



Sources: NPD Group (meals); AlixPartners (snacks)

Snacks per day ■ 2014 ■ 2016



Note: Online survey with 2,565 respondents conducted March 14-15, 2016

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HEARD ON THE STREET By Anjani Trivedi

Chinese Lenders' Dash for Capital Under Way



Investors have long questioned when China's banking system, with its heaps of bad loans and hidden leverage, would resort to raising much-needed equity. From the look of it, the weakest lenders are starting to do so.

Ping An Bank, a midsize lender notorious both for selling piles of high-yielding investment products and for sitting on masses of overdue loans, said last week that it plans to issue 26 billion yuan (\$3.9 billion) of convertible bonds—uncommon in China

—that can be switched into its Shenzhen-listed shares. While convertibles don't count as equity straight away, they could help improve Ping An's equity levels when they are turned into stock.

Ping An could do with the funds. Owned by **Ping An Insurance**, listed as one of the world's systemically important insurers, Ping An Bank is a poster child for Chinese bank excesses. Its loan impairments rose almost 30% on the year in the first quarter. Its issuance of wealth-management products, used to raise cash by many mid-size Chinese banks that

struggle to attract deposits, rose 50% last year. It has also been embroiled in high-profile cases lending to troubled companies like **China Huishan Dairy** and **Sunac** against shares pledged by their senior executives.

Still, Ping An is unlikely to be the last bank seeking fresh capital. Across China's banking system, capital cushions have been deteriorating. Capital-adequacy ratios, at 11% on average, might look healthy, above the minimum requirement of 7.5% to 9%, depending on bank size. But regulators have been tightening rules, including forcing banks to bring more off-bal-

ance-sheet assets onto their books. That will likely force more banks to raise capital to keep their ratios robust.

In theory, banks could earn their way out of trouble. That won't be easy, though, as Chinese authorities try to ease the country's credit bubble. Banks' net interest margins have deteriorated to their lowest in over five years, and earnings are barely growing: Ping An Bank's net profit increased just 2% in the first quarter this year.

Another problem: With Chinese banks trading at 60% to 70% of their book value, raising equity is tricky, one

reason Chinese banks have raised \$100 billion of debt this year, up 20% from last year. Such funding is getting more expensive and ultimately won't help absorb losses.

Other lenders could, then, follow Ping An Bank's lead in turning to convertibles as a stopgap. Its planned convertible bond is equivalent to 15% of its core equity Tier 1 ratio. **China Everbright**, a sizable Chinese bank, also issued 30 billion yuan's worth back in March.

As Chinese banks' hunt for capital gets going, a conversion to convertibles could prove lasting.

Momentum-focused traders were likely pulled in as oil prices broke through key technical levels late in the day Monday.

Automated systems that follow momentum have grown especially influential in the market this year. While some analysts and brokers have blamed them at times for sell-offs and depressed prices, the systems also likely contributed to the sharp rise Monday afternoon, brokers said.

—Sarah McFarlane,
Jenny W. Hsu
and Dan Molinski
contributed to this article.

◆ Natural-gas prices sink to a five-month low. B10

Boeing Helps Blue-Chip Index Soar to New Highs

BY AMRITH RAMKUMAR

Shares of **Boeing** Co. rose for a seventh straight trading session Monday, hitting an all-time high and lifting the Dow Industrials to their 30th record close this year.

The shares climbed \$1.19, or 0.5%, to \$242.46 after executives said the Chicago company expects Indian airlines to order up to 2,100 planes worth about \$290 billion over 20 years, according to Reuters.

Boeing has risen 15% in the past seven sessions around the release of its quarterly earnings last Wednesday, accounting for more than half of the Dow's advance in July.

For the year, the stock is up 56%, making it by far the best performer in the Dow and the fifth-best performer in the S&P 500.

Behind the surge are signs of strength both at Boeing and in the global economy that makes up the market for the company's products.

Investors are showing

Jet Fuel

The Dow Jones Industrial Average is up 10.8% this year, led in large part by a sustained surge in Boeing shares.



efforts helped it generate more than twice as much free cash as analysts were expecting for the latest quarter.

Boeing also raised its financial outlook and the firm has been buying back shares, helping to support its share price. Boeing's market value has climbed by almost 50% in 2017, recently reaching \$143 billion.

Yet the intensity of Boeing's rise is raising concerns among some investors over the health of the broader market. Boeing has accounted for more than three-quarters of the Dow's rally over the past seven trading sessions.

While large share-price increases in a concentrated segment of the market are nothing new—much of 2017 has been spent chronicling the rise of popular technology shares such as **Amazon.com** Inc. and **Apple** Inc.—it has been unusual for a manufacturing company to be the subject of such fervor.

"The narrowness of this

market in some ways is certainly something to be wary of," said Nathan Thoof, senior managing director of global asset allocation at Manulife Asset Management.

Meanwhile, some analysts caution that the shares' rapid run up and relatively high valuation could lead to a sell-off if the Chicago company doesn't meet production targets.

The shares are trading at about 24 times Wall Street's projected earnings for the next 12 months, according to FactSet, compared with about 18 for the S&P 500 and 17 for the Dow.

But lately that hasn't mattered.

Since the Dow is price-weighted, meaning that companies with higher share prices exert more influence on the index's direction, an even longer Boeing rally could carry the Dow to 22,000, from Monday's close of 21,891.12.

◆ Boeing extends its insourcing effort with new unit. B3

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HACKERS BREACH THE WALL AT HBO

CYBERSECURITY, B2



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Scana Abandons Nuclear-Site Plans

BY RUSSELL GOLD

Hopes for a U.S. nuclear renaissance dimmed Monday when the owner of a partially built power plant in South Carolina pulled the plug after its costs ballooned by billions of dollars.

The decision by **Scana Corp.** to abandon the V.C. Summer Nuclear Station came months after reactor builder **Westinghouse Electric Co.** filed for bankruptcy, in part because of cost overruns at the South Carolina nuclear plant and a similar project owned by **Southern Co.** in Georgia.

The nuclear plants were the only two being built in the U.S., which hasn't seen a new reactor built since the 1980s. Both use a new Westinghouse design intended to be simpler and easier to construct, but they have experienced escalating costs and delays. The move to halt work on the South Carolina project will likely prompt U.S. regulators and utility chiefs to think twice before proposing any more nuclear plants.

The South Carolina power plant was about to get even more expensive. Santee Cooper, a state-owned electric utility that was a minority owner in the plant, provided figures that suggested the final costs to build the facility by 2024 would swell to about \$25.7 billion. When first proposed in 2008, it was projected to cost \$11.5 billion. Before Monday, most recent projections called

for it to cost around \$14 billion.

The sharply higher estimate raises questions about how much it would cost to complete the Georgia plant. Jacob Hawkins, a spokesman for Georgia Power, a unit of Southern Co., said the company expects to wrap up a cost-to-complete analysis of the project in August. Once finished, "we will work with the Georgia Public Service Commission to determine the best path forward for Georgia customers," he said.

Unexpected costs related to Westinghouse's first-of-its-kind reactor and required changes to enhance safety caused the price of the projects to rise. In March, Westinghouse filed for bankruptcy amid rising costs associated with both plants, a situation that imperiled its Japanese parent, **Toshiba Corp.**

Last week, Toshiba agreed to pay Scana and Santee Cooper \$2.17 billion to cover its obligations, after reaching a similar agreement with Southern. Still, Santee Cooper's board voted early Monday afternoon to stop work on the South Carolina project, which according to regulatory filings is about 35% complete. Shortly afterward, Scana said it would file paperwork to abandon construction, citing rising costs, uncertainty around federal subsidies and Santee Cooper's pullout decision.

—Jonathan Randles contributed to this article.



Cost overruns hit the V.C. Summer Nuclear Station.

BUSINESS & FINANCE



MACALL B. POLAY/HBO

A scene from HBO's 'Game of Thrones.' Details on a future episode were posted, although no actual episodes were released.

Hackers Stole HBO Programming

BY JOE FLINT AND ROBERT McMILLAN

Westeros is under siege by hackers.

HBO, home of "Game of Thrones," is the latest entertainment company to be hacked and have its content leaked online.

In a memo to staff, HBO Chief Executive Richard Plepler confirmed Monday that proprietary information, including some of its shows, was recently stolen. HBO said it is working with law enforcement and cybersecurity firms to fix the breach.

Among the stolen goods posted by a hacker calling himself Little.Finger66 on emails

were episodes of the HBO shows "Ballers," "Insecure," "Room 104" and "Barry." Also posted were details on a future episode of "Game of Thrones" although no actual episodes were posted. Little.Finger66 didn't respond to a request for comment.

Besides content and programming material, personal information for at least one senior HBO executive was posted. HBO, a unit of **Time Warner Inc.**, declined to elaborate on what specifically was stolen. News of the hack was first reported by Entertainment Weekly.

"The problem before us is unfortunately all too familiar in the world we now find ourselves a part of," Mr. Plepler said in a statement.

Weeks later, during an internal meeting, **Walt Disney Co.** Chief Executive Robert Iger told employees that hackers threatened to post an unreleased Disney film online unless the company paid a ransom in bitcoin, a digital currency that is often used by cybercriminals. Disney didn't play ball and no movie was posted, suggesting it was a hoax.

Hackers are increasingly looking for ways to squeeze money directly out of their victims via extortion and "ransomware" infections, which lock victims out of their systems until they pay a fee. A January study from the cyber research group Ponemon Institute found that 51% of U.S. companies had experienced a ransomware attack.

Over the past year a series of casino and energy companies also have been hacked and hit with extortion demands ranging from \$50,000 to \$500,000, according to FireEye Inc., a cybersecurity company that investigates data breaches.

FOOD

Continued from the prior page
ing for U.S. market share, hoping their prices will win over the budget-conscious shopper, while internet companies like Amazon.com Inc. are trying to lure higher-income grocery shoppers online. Regional supermarkets and conventional ones such as Kroger Co. and **Albertsons Cos.** are the most likely to get squeezed in the process, according to analysts.

"We've hit that critical moment where traditional supermarkets have realized they can't keep opening new stores to solve their problems," Kantar Retail analyst Diana Sheehan said.

Some grocers have started to retrench, similar to the way the broader retail market reduced square footage of brick-and-mortar stores as e-commerce drew away customers.

Kroger, the nation's largest traditional supermarket chain by stores and sales, is reducing its new-store openings this year to 55 from 100, a nearly billion-dollar drop in capital expenditures, and its chief financial officer, Michael Schlotman, recently said that the company expects to continue to invest less in bricks and mortar. Smart & Final plans to build 19 stores this year after opening 37 in 2016.

Wal-Mart Stores Inc. plans to build 55 supercenters and smaller-format stores in its 2018 fiscal year, down from the 132 it opened in the 12-month period ending in January. That has helped the nation's largest food seller by sales to spend billions of dollars renovating its stores and offer more online-order pickup, a company spokesman said.

There has been consolidation in the sector, too. Kroger and Supervalu Inc. have scooped up stores and wholesale businesses after two Midwest regional chains, **Marsh Supermarkets LLC** and **Central Grocers Inc.**, declared bankruptcy this year.

But enduring changes in eating and food-shopping habits toward cheaper and more convenient options means consumers will increasingly spread their dollars among a variety of retailers. Food retailers are also chasing a shrinking pool of consumers. Not only is U.S. population growth slowing, but America's largest demographic groups—millennials and baby boomers—aren't at their food-buying peaks.

"I don't have the energy to work full-time and make my own food," said Leah Steinberg,



DAVID KASNIC FOR THE WALL STREET JOURNAL

Cooking Meals Becomes Lost Art

What are people eating? Increasingly, food that doesn't involve a lot of cooking.

One of the biggest changes that has rippled across the food industry is a loss of cooking skills, says food historian Andrew F. Smith. This is despite the popularity of cooking shows and Instagram food photos. "Grocery shopping now is buying prepared food," he says.

The trend is true across age groups but is strongest among millennials, the nation's largest demographic group. About 42%

of millennials' monthly food budget is spent on food prepared outside the home, more than any other generation, according to a survey of 1,500 U.S. consumers last year by Acosta.

Millennials spent an average of \$202 a month on food prepared outside the home last year, up from an average of \$159 in 2015.

Baby boomers, who don't often cook for large households, also are turning to prepared foods. Joan Shuman, a 68-year-old retired federal government employee in Eatontown, N.J., said she frequently buys prepared salads from Wegmans Food Markets Inc. to go along with her dinner.

The rise of dual-income and single-parent households too busy to cook has also fueled the trend.

In today's on-the-go culture in which people feel so pressed for time they rarely leave their desks for lunch anymore, consumers are increasingly grabbing small bites.

"What we've uncovered is round-the-clock snacking," Taco Bell Chief Executive Brian Niccol said in a recent interview.

When they do cook meals, they are making them with fewer ingredients rather than filling up a cart of groceries.

—Julie Jargon and Heather Haddon

a 32-year-old unemployed software engineer who moved back in with her parents in St. Paul, Minn. Ms. Steinberg struggled to make healthy meals for herself while working.

Grocery executives say they have survived competition on thin margins in the past, and that they conduct detailed studies before building new stores. "We're comfortable with the amount of square footage there is [in] the market at the moment," said Andrew Nadin, chief marketing officer for Schnucks Markets Inc., a St. Louis-based chain of around 100 stores.

But consumers are increasingly turning to nontraditional options. While about 37% of sales of consumable items such as food and beverages still take place at traditional supermarket

kets, with the sector posting more than \$440 billion in sales last year, it was a 6% drop from 2015, according to Inmar Bishop Analytics.

Meanwhile, convenience stores sold \$73 billion worth of prepared foods, beverages and other food service last year, up 72% from 2010, according to the National Association of Convenience Stores. Two-thirds of sales at dollar stores come from food, beverages and other consumables.

Brick-and-mortar supermarket locations also compete for consumers choosing to shop online. For instance, Bill Garrett, a 55-year-old home healthcare company officer from Wimmette, Ill., said he sliced about one-third off his weekly grocery bill of \$150 by shopping on Am-

azon. Amazon made a \$13.7 billion bid for Whole Foods Market Inc. in June, a move analysts say could further acclimate shoppers to the concept of online grocery shopping.

Supermarket chains operating in densely populated areas where shoppers have more online grocery options are particularly vulnerable to future consolidation, according to Barclays, which said that 38 of the top 50 grocery markets in the U.S. are too saturated by food retail per capita or are on track to be so by next year.

"Everybody should stop growing," said Barclays analyst Karen Short. "It would make the whole industry much healthier."

—Annie Gasparro contributed to this article.

BUSINESS NEWS

Volkswagen Faced With New Legal Woes

Fraud charges are recommended against two company officials over emissions scandal

BY LAURENCE NORMAN

BRUSSELS—German car maker Volkswagen AG faces fresh legal pressure over its emissions-cheating scandal after European Union authorities for the first time recommended fraud charges against two company officials.

The EU's antifraud office, known as OLAF, has been investigating since November 2015 whether Volkswagen knowingly misused loans it was given by the EU's finance

arm, the European Investment Bank. The probe, which has come to focus on two officials at the company, began after the EIB passed on its concern about the loan.

At least one manager has left the company and is under investigation, according to people familiar with the case. The status of the other is unclear.

The allegations center on a €400 million (\$470 million) loan the EIB granted Volkswagen in 2009 with the intention of promoting the company's environmental performance, officials say. The loan has since been repaid.

Volkswagen denied any wrongdoing connected to the EIB loan.

"We reiterate our position that all funds received by Volkswagen from the European Union were used for the designated purpose; this also applies to loans granted in the past by the European Investment Bank," a spokesman said.

Volkswagen has been embroiled in lawsuits in the U.S. in connection with its admission in September 2015 that it had installed cheating devices in some 11 million vehicles world-wide. It is facing legal settlements of as much as \$25 billion in the U.S. after a buy-back deal it struck last year. German authorities are also conducting probes.

The antifraud office said it had made a judicial recommendation to the public prosecu-

tors' office in Braunschweig, Germany, to pursue legal action against officials, who weren't named. OLAF said it has been in contact with German authorities throughout the case.

The German prosecutors are conducting several investigations into former top Volkswagen executives on suspicion of fraud, centering on who knew what and when about the emissions cheating.

"OLAF finalized its investigation into the possible misuse of EU funds and European Investment Bank loans by the Volkswagen Group, which could be linked to the production of engines or devices implicated in the manipulation of the real gas emissions level of

vehicles," OLAF said in a written statement.

According to people familiar with the case, Volkswagen officials omitted relevant information in response to questions by the EIB when the loan was negotiated in 2008. Two of the officials were aware at the time of the work on so-called defeat devices, auxiliary control devices that can be used to circumvent emissions standards. The agency believes the withholding of that information amounts to fraud under German law.

EU authorities have been kept largely on the sidelines in the emissions scandal. The European Commission, the EU's executive arm, must rely on national authorities to press

companies into reporting their activities.

OLAF can only investigate possible fraud among EU institutions, companies and individuals but can't prosecute. It can recommend that national authorities take legal action.

OLAF also took aim at the EIB, a significant source of funding for companies and governments inside and out of the 28-nation bloc. The EIB has provided some €4.5 billion in loans to Volkswagen in Europe since 1990, around one-third of which was aimed at technologies to improve the environmental performance of cars, the bank said. OLAF said the EIB should take "active steps" to implement its own antifraud policy.

Heineken Profits As Europe Toasts Low-Alcohol Beer

BY NICK KOSTOV

Heineken NV has lifted sales in Europe—but the extra beer isn't all going to drinkers' heads.

The Dutch brewer posted higher profit for the first half of 2017, fueled by strong sales in Europe—including double-digit revenue growth for non- and low-alcohol drinks there. The lift represents an early vote of confidence after an investment push into the sector by Heineken and its rivals.

Heineken joins the world's largest brewer, Anheuser-Busch InBev NV, in reporting better-than-expected results, thanks in part to a rebounding European beer market.

Last week, AB InBev said sales grew by double digits across Western Europe—a market that has lagged behind in recent years amid a stop-and-start recovery after the global financial crisis.

"It was a really good performance of Europe, with the growth coming from a number of countries," Chief Financial Officer Laurence Debroux said.

The world's second-largest brewer by sales said profit growth was strongest in Europe, as beer volumes rose in France, Italy, Spain and Portugal, helped by warmer weather.

Global beer sales have been hit in recent years by a shift

among drinkers toward wine and spirits.

Consumers in the developed world have also pivoted to healthier drinking options, putting added strain on the market.

That has led the world's biggest brewers to invest heavily in a product that has been hit or miss for decades: nonalcoholic or lower-alcohol beer.

Heineken launched an alcohol-free version of its flagship lager in May. The company said results "already look promising," including in the U.K. and France. Brewers earn fatter profit margins from nonalcoholic beer because of the absence of excise tax and the fact that these beers often sell at a premium. But some products have been tough sells, in large part because of consumer complaints about taste.

Despite the upturn in Europe, Heineken said low- and no-alcohol sales around the world fell slightly.

Net profit rose 49% to €871 million (\$1.02 billion) from the 2016 period, when Heineken booked an impairment charge on the company's business in the Democratic Republic of Congo.

Revenue climbed 5.7% on an organic basis to €10.48 billion.

Consolidated beer volumes climbed 2.6% organically in the period, beating analyst expectations of a 1.7% rise.

Boeing Creates Avionics Unit to Boost Insourcing



JASON REDMOND/REUTERS

Boeing Co. is creating a new unit to develop and build aircraft avionics systems, expanding its strategy of insourcing key technology to cut costs.

The new Boeing Avionics unit will expand the aerospace company's existing offering of electronics systems, focusing on areas such as navigation and flight controls for future commercial and military jets.

The move, announced in a memo to staff Monday, takes

Boeing deeper into the territory of big suppliers such as Rockwell Collins Inc. and Honeywell International Inc. following the recent expansion of its services business. (Above, Boeing's 737 Max-9.)

While Boeing Avionics will focus on equipment for future products entering service over the next decade, it could also be used to produce more advanced parts for existing aircraft currently supplied by third parties.

Boeing said the avionics busi-

ness had been established in consultation with suppliers.

Shares of Rockwell Collins fell 6.3%. A spokesman said it didn't expect any impact from Boeing's move in the "foreseeable future," and said they would continue to work collaboratively.

With most aerospace sector shares down, Boeing shares continued the advance that has lifted the stock by more than 20% in July, buoyed by a firmer outlook for cash and profits.

Chicago-based Boeing already produces a range of aircraft electronics, and the new unit will have an initial staff of 120, growing to an expected 600 by 2019.

The company is pursuing more vertical integration of its aircraft manufacturing business, standing up internal operations in areas such as advanced materials, propulsion systems and actuators, which move the flaps on a jet's wings.

—Doug Cameron

National Air Cargo Chief Fights for Job

BY KATY STECH

National Air Cargo Chief Executive Officer Christopher Alf, who promised to commit millions of dollars to get the New York military-transport company out of bankruptcy, defended his leadership against calls for his removal.

Lawyers for Mr. Alf argued in court papers filed Friday that the company has a survival plan and that its government-contracting business isn't at risk as a result of a discrimination lawsuit that is unfolding in Florida.

Aircraft provider Global BTG LLC, which won a \$10 million judgment against National Air Cargo in an aircraft-leasing dispute, asked Judge Michael Kaplan to put a new leader in charge, worried that the company could lose its valuable U.S. Defense Department contracts.

The lawsuit against the company and Mr. Alf's wife, Lori, who is principal of a Florida ice-skating rink, accuses them of denying rink access to a young Iraqi figure skater. Government officials have the power to cut dealings with

contractors who do "not have a satisfactory record of integrity and business ethics," Global BTG officials said in their request.

In court papers filed Friday, Mr. Alf's lawyers called the lawsuit's allegations "disputed and unproven."

"The wholesale speculation that this extraneous lawsuit could adversely impact the [company's] business is unsupportable and beyond the realm of relevance," lawyers for Mr. Alf said in court papers filed in U.S. Bankruptcy Court in Buffalo, N.Y.

Mr. Alf's lawyers also told Judge Kaplan that Global BTG officials, in their request for new leadership, unfairly brought up a long-resolved dispute over inflated invoices that the company submitted to the Defense Department.

After the accusations arose in a 2005 lawsuit, the company pleaded guilty to making a false statement, according to court papers. The Air Force ended a ban that stopped Mr. Alf from contracting with the U.S. government on 2009, enabling him to resume operating National Air Cargo.

BUSINESS WATCH

LABCORP

Chiltern Bought For \$1.2 Billion

Laboratory Corp. of America Holdings struck a deal to buy Chiltern International Ltd. for \$1.2 billion in a move to increase its stake in the drug development and contract-research industry.

LabCorp expects the acquisition to add to adjusted earnings within one year and to earn back its cost of capital in three years. The Burlington, N.C.-based life-science and technologies company said Chiltern will become part of its Covance segment.

Chiltern, a London-based clinical services company with a headquarters in Wilmington, N.C., specializes in contract research for pharmaceutical and medical-device companies.

—Justina Vasquez

turing costs, but the company lifted earnings guidance for 2017.

On Monday, the drugmaker said net profit declined 10% to €1.04 billion (\$1.22 billion) from €1.16 billion a year earlier.

Business net income, the company's term for adjusted income excluding the impact of acquisitions and divestments, increased 1% to €1.7 billion, lifted by Genzyme, Sanofi's biotech business. That beat analysts' expectations of €1.6 billion, according to a poll by data provider FactSet. Total sales rose 6% to €8.66 billion.

Sanofi said it now expects business earnings per share—excluding the impact of acquisitions and divestments—to remain stable in 2017 at constant exchange rates. It previously said it expected business earnings per share to be stable or fall by as much as 3% in 2017.

—Noemie Bissiere

ROYAL DUTCH SHELL

European Refinery Shuts After Fire

Royal Dutch Shell is shutting down Europe's largest refinery after a fire at a high-voltage

electricity switch station.

The fire at the Pernis refinery in Rotterdam, the Netherlands, started late Saturday and was extinguished by Sunday morning, Shell spokesman Thijs van Velzen said.

No one was injured, and the cause of the fire is under investigation, Mr. van Velzen said. He declined to comment on the financial implications of the shutdown.

The shutdown led to Shell burning off excess gases at the plant, a process known as flaring. The move sent large flames into the sky on Sunday.

—Associated Press

UNIFIRST

Finance Chief Promoted to CEO

UniFirst Corp. said Monday that it has promoted Chief Financial Officer Steven Sintros to serve as chief executive after longtime leader Ronald Croatti died unexpectedly in May.

Mr. Sintros, 43 years old, has worked for the uniform supplier since 2004, first as finance manager, then as a corporate

controller, before becoming chief financial officer in 2009. He came to the company after working in public accounting. Raymond Zemlin, lead director of UniFirst's board, said that Mr. Sintros's strategic thinking and financial knowl-

edge made him the right person for the job and that his years working alongside Mr. Croatti will ensure a smooth transition.

The Massachusetts-based company beat earnings estimates in its past two quarters,

driven by growth in its laundry and decontamination services. Mr. Croatti, who died at 74 from complications of pneumonia, served as chief executive for 26 years and had been with the company for 50 years.

—Cara Lombardo



The fire at the Pernis refinery in Rotterdam, the Netherlands, was extinguished on Sunday.

BJORN REMMERSWAAL/AGENCE FRANCE PRESSE/GETTY IMAGES

TECHNOLOGY

WSJ.com/Tech

Beijing Discreetly Backs Drive for Chips

State fund's support aims to facilitate deals to help local companies maintain an edge

By EVA DOU

BEIJING—In China's push to become a semiconductor power, a discreet government-backed fund is playing an outsize role.

The national chip fund has provided financing for deals seen as key in helping Chinese companies produce more powerful, cutting-edge semiconductors. U.S. chip makers Intel Corp. and Qualcomm Inc. each have participated in deals with Chinese companies backed by the fund, said its Executive Vice President Wei Jun.

"We maintain frequent exchanges with the U.S. side," Mr. Wei told The Wall Street Journal in a rare interview. "It doesn't matter if it's international or domestic [companies]. We will invest or participate in the best development projects in this field in China."

Announced in 2014, the \$20 billion government-controlled fund is the centerpiece of Beijing's plan to dominate the chip industry. Formally

known as the China Integrated Circuit Industry Investment Fund Co., it is known locally as "the Big Fund."

Detractors in the U.S. call it a slush fund, and American trade groups warn its deep pockets will subsidize so many Chinese factories it will flood the sector with overcapacity.

Mr. Wei said at the fund's Beijing offices that he and his colleagues are a force to keep overcapacity in check by promoting consolidation.

Mr. Wei pointed to Qualcomm's and Intel's willingness to co-invest with the fund, despite the criticisms from Washington that China's massive spending push could distort the market. The American chip makers previously announced their China investments but not the involvement of the Big Fund. Intel and Qualcomm declined to comment on their dealings with the chip fund.

Mr. Wei said he isn't bothered by the criticism from Washington. "In one sense, this means they are taking us seriously," he said.

The chip fund is a new model for China's state-driven economic development. After being criticized by the West



A worker at a Tsinghua Unigroup factory. The company has unveiled plans to build a \$24 billion memory-chip factory.

ests are tied to the business performance of this company."

The fund had pledged 59% of the total \$20 billion by the end of 2016 and will complete investments by 2019, Mr. Wei said. It will seek to recoup its investments in 2024, although fund shareholders can vote to give projects a five-year extension, he said.

The national fund has played a pivotal role in shaping China's chip industry over the past three years. Most of the country's key chip projects count it as a financier.

The fund also brokered an important merger last year, resulting in a domestic company that China hopes can become competitive in capital-intensive memory chips. Memory chips are a main focus for China, as they are used in all smartphones and other gadgets. Tsinghua Unigroup, one of China's strongest chip companies, took over the Wuhan city government-owned XMC, then immediately announced plans to build China's first world-class memory-chip factory for \$24 billion.

Mr. Wei said XMC was too slow-moving as a local state-owned enterprise. "With Tsinghua Unigroup partnering with it, we have a greater chance of

success for China memory chips," Mr. Wei said.

Mr. Wei said the Big Fund co-invested with Intel in China chip designer Spreadtrum—owned by Tsinghua Unigroup—and with Qualcomm on a joint venture with China's largest chip manufacturer SMIC and a chip packaging factory in Jiangsu province.

Intel didn't comment on its \$1.5 billion investment, other than to say that "Intel has a long and successful history of growing its business in China in a responsible manner that complies with applicable U.S. national-security controls." Qualcomm declined to comment on the joint venture.

The fund's executives agree with Western critics that overcapacity is a danger, Mr. Wei said. But he sees it as a problem caused by provinces across China trying to jump on the bandwagon with their own funds and chip projects. He says he is doing his best to keep such funds in check.

"This industry requires companies to have large scale to survive," he said. "Small companies will surely die, so there's no use investing in a lot of small companies."

—Bob Davis contributed to this article.

Obama Aide Joins Board of Lyft Inc.

BY GREG BENSINGER

Ride-hailing startup Lyft Inc. added its first independent board member, Valerie Jarrett, a former top adviser of President Barack Obama.

The appointment, effective Monday, brings Lyft's board to nine directors, who are mostly investors, but also include co-founders Logan Green and John Zimmer. Mr. Green is chief executive and Mr. Zimmer is president.

Ms. Jarrett, 60 years old, was one of Mr. Obama's closest confidantes and served in several roles during his eight-year administration, including as an assistant for intergovernmental affairs and in the Office of Urban Affairs. She joined the board of money-management firm Ariel Investments in March.

Lyft's move comes as rival Uber Technologies Inc.'s board faces pressure to diversify its ranks after a workplace investigation conducted by the law firm of former U.S. Attorney General Eric Holder in part called for the company to add new independent directors, including at the chairman level. It recently named Wan Ling Martello, a Nestlé SA executive, as an independent director. Uber is scrambling to fill several top executive roles, including a new CEO and chiefs of operations, finance and marketing.

Ms. Jarrett is the second woman on Lyft's board, alongside Ann Miura-Ko, a partner at venture-capital firm Floodgate. The board includes Andreessen Horowitz's Ben Horowitz; Icahn Capital's Jonathan Christodoro; Rakuten Inc. CEO Hiroshi Mikitani; former Trulia Inc. finance chief Sean Aggarwal; and General Motors Co. President Dan Ammann.

GM invested about \$500 million in Lyft last year and is working with the San Francisco company on developing self-driving vehicles.

Uber also has two female directors on its eight-member board, including media magnate Arianna Huffington, herself an investor.



Valerie Jarrett is Lyft's first independent board member.

Alphabet Project Sees Power in Molten Salt

By JACK NICAS

Google parent Alphabet Inc. is pitching an idea to store power from renewable energy in tanks of molten salt and cold liquid, an example of the tech giant trying to marry its far-reaching ambitions with business demand.

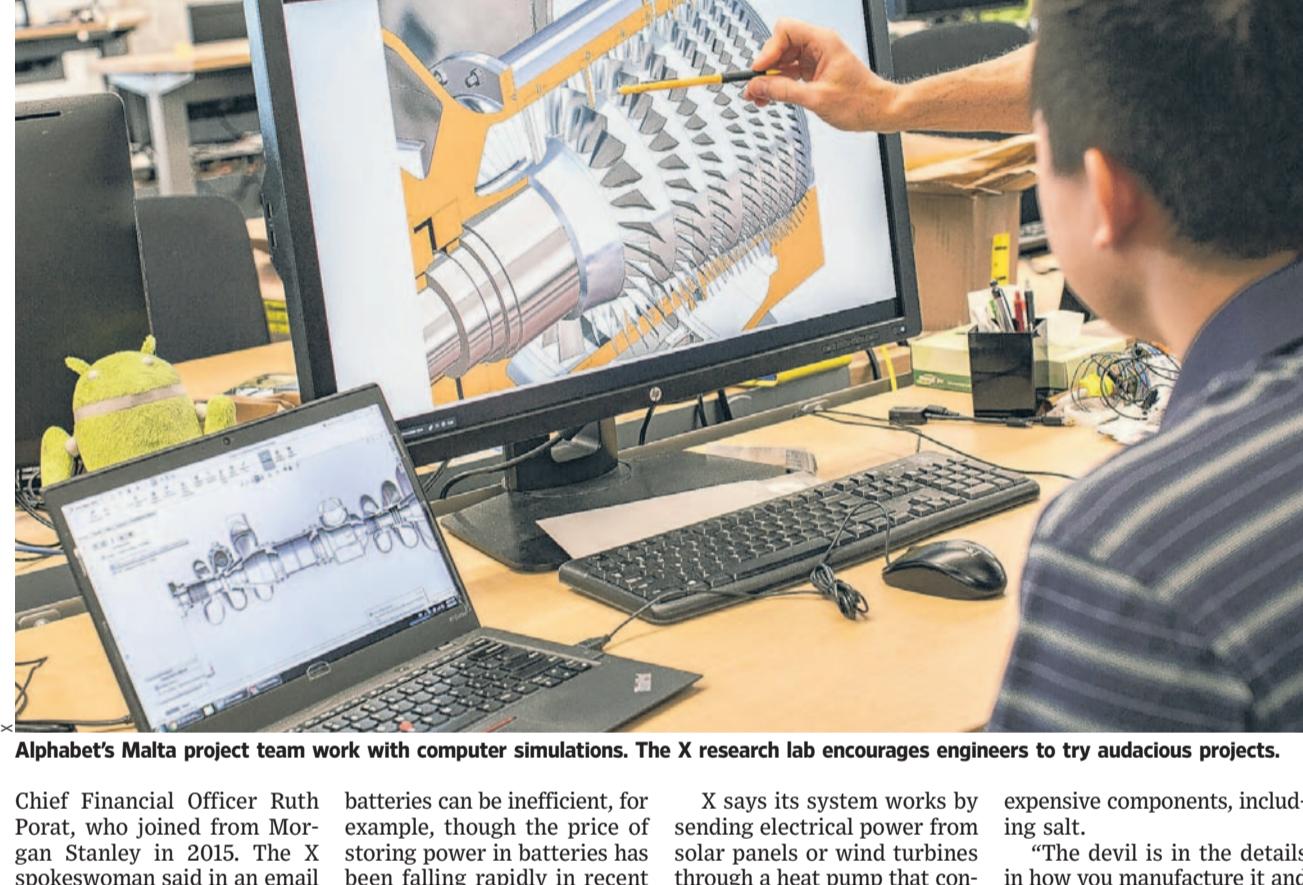
Alphabet's research lab, dubbed X, said Monday that it has developed plans to store electricity generated from solar panels or wind turbines as thermal energy in hot salt and cold liquids, such as antifreeze. The lab is seeking partners in the energy industry, including power-plant developers and utilities, to build a prototype to plug into the electrical grid.

Whether the project, called Malta, ever comes to market depends as much on a sound business model as it does on science. Academics said the technology is likely years away from market, if it ever makes it. An X spokeswoman said it could reach the market "in the foreseeable future."

Malta is the latest example of Alphabet seeking to use new technologies to enter new industries, sometimes in surprising ways. X first developed self-driving cars almost a decade ago and is building delivery drones and high-altitude balloons that beam internet connections to the ground below. X encourages its engineers to try audacious projects and, as a result, far more fail than succeed.

The lab has also shown interest in energy. One X team is building wind turbines that use drones attached to cables as their propellers, and X recently spun off a firm called Dandelion that uses geothermal energy—via underground pipes—to heat and cool homes. Dandelion says its product is already available in New York.

X's plan to partner with other firms to bring Malta to market reflects new financial discipline at Alphabet under



Alphabet's Malta project team work with computer simulations. The X research lab encourages engineers to try audacious projects.

Chief Financial Officer Ruth Porat, who joined from Morgan Stanley in 2015. The X spokeswoman said in an email that "it's safe to say that X isn't going to start building power plants!"

Storing electricity is an area of intense interest for the energy industry. In California, solar panels sometimes generate more power than the grid can handle. In Texas, overnight winds sometimes drive power prices down below zero—so that companies must pay for the right to put power on the grid. Finding a cost-effective way to store solar and wind power during times of surplus and deploy it when needed is the holy grail in the power industry.

Existing storage solutions have downsides. Lithium-ion

batteries can be inefficient, for example, though the price of storing power in batteries has been falling rapidly in recent years. Water can be stored behind dams, releasing it through generators when needed—but this doesn't work well in warm climates. X says Malta, its thermal-energy system in salt, can be durable, flexible and cheap.

Malta builds on a theoretical system designed by Robert Laughlin, a Stanford University professor who won the 1998 Nobel Prize in physics for separate research. X said fewer than 10 researchers have been working on it for more than two years. Several other firms are pursuing similar technology, including a solar-power plant in Morocco.

X says its system works by sending electrical power from solar panels or wind turbines through a heat pump that converts the power to thermal energy, splitting it between hot and cold, which is then stored in tanks of molten salt or a cold liquid, such as antifreeze. The thermal energy can be stored for days or weeks depending on the tanks' insulation.

To return the energy to the grid, the hot and cold thermal energy is recombined, creating a stream of wind that spins a turbine, re-creating the electrical energy.

Academics agreed that X's system makes technical sense, but the financials will determine its success. X declined to detail the expected costs of the system but said it relies on in-

expensive components, including salt.

"The devil is in the details in how you manufacture it and install it at low costs," said Massachusetts Institute of Technology professor Jessika Trancik, who studies storing electricity from renewable sources.

Other academics said new demand for energy storage may mean the idea could now work. "Molten salts aren't new, and thermal storage isn't new. What's new about this is there's a big brand-name backer behind it," said mechanical-engineering professor Michael Webber, deputy director of the Energy Institute at the University of Texas at Austin.

—Russell Gold contributed to this article.

India's Snapdeal Calls Off Talks

BY NEWLEY PURNELL

NEW DELHI—SoftBank Group Corp.'s attempt to merge India's two biggest homegrown e-commerce companies to compete with Amazon.com here hit a roadblock.

For months the Japanese conglomerate has been pressing **Snapdeal.com**, in which it owns a stake, to combine with market leader **Flipkart Ltd.**, according to people familiar with the matter.

But Snapdeal said Monday that it is calling off the talks.

"Snapdeal has been exploring strategic options over the last several months," the firm said. "The Company has now decided to pursue an independent path and is terminating all strategic discussions as a result."

SoftBank said it respects Snapdeal's decision and looks forward to "remaining invested in the vibrant Indian e-commerce space."

A Flipkart spokesman declined to comment.

Snapdeal last week sold its digital-payments platform FreeCharge to **Axis Bank Ltd.** of India for around \$60 million. The infusion of funds means Snapdeal should become cash-flow positive soon, said a person familiar with the matter.

Analysts say Bangalore-based Flipkart leads India in online sales, but both it and New Delhi-based Snapdeal have been losing ground to Amazon, which has grown quickly since arriving in India in 2014, armed with slick advertising and technological know-how.

SoftBank, which in 2014

invested \$627 million in Snapdeal, in May launched the world's biggest technology fund, a nearly \$100 billion vehicle to invest in emerging fields and promising markets.

U.S. companies such as Amazon, Facebook Inc. and Uber Technologies Inc. have been expanding quickly in India. Those companies are eager for a foothold in an internet economy that is growing as legions of people access the web for the first time, taking advantage of inexpensive smartphones and data plans.

The value of India's e-commerce industry is likely to triple between this year and 2021 to \$63.5 billion, according to Satis Meena, an analyst at research firm Forrester.

—Mayumi Negishi contributed to this article.

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Amtsgericht Hamburg - District Court of Hamburg
Court case reference no.: 58 II 6/17
Public Notice

WATERFRONT Grundstücksverwaltungsgesellschaft
bmH, Domstraße 9, 20095 Hamburg has applied to the
Court to declare documents/deeds invalid that have been lost.

The documents lost are the land charge certificates of group 02, certificate numbers 15813154 through 15813163 that show the land charges entered in section III, cadastral unit of Altstadt Nord, sheet 2181 of the land register held by Amtsgericht Hamburg:

No. 18 of DM 6,000,000.00, no. 19 of DM 500,000.00, no. 20 of DM 1,000,000.00, no. 21 of DM 2,000,000.00, no. 22 of DM 500,000.00, no. 23 of DM 1,000,000.00, no. 24 of DM 2,000,000.00, no. 25 of DM 1,000,000.00, no. 26 of DM 2,000,000.00, and no. 27 of DM 2,000,000.00.

Beneficiary entered in the land register: HBA Investment Company, Inc. now called: IBI International Buildings Investments Inc., c/o Zuckert, Scott & Rosenberger, LLP, 888 Seventeenth St. N.W., Suite 700, Washington, D.C. 20006, United States of America. The holder of the land charge certificates is requested to register his/her rights with Amtsgericht Hamburg and present the same.

Tuesday, 14 November 2017 (date of filing of the application for registration).

If the holder does not comply with the time limit, the land charge certificates will be declared invalid.

Zeyn, Senior Court Officer (Rechtsanwalt)

Amtsgericht Hamburg - District Court of Hamburg

BUSINESS NEWS

Family Cars Yearn to Be Sexy Again

Sedan designers strive to lure buyers with vehicles inspired by sprinters and ballerinas

By JOHN D. STOLL
AND ADRIENNE ROBERTS

A yearlong slump in sedan sales has forced designers to seek inspiration from some unorthodox sources to tempt buyers away from beefy pickups, SUVs and crossovers.

For Ian Cartabiano, who was charged with revamping **Toyota Motor Corp.**'s iconic Camry sedan, ballet dancers and catamarans sparked some ideas. The car's pronounced front end with its deep grill, for instance, includes elements derived from the view of an oncoming twin-hulled sailboat.

"I didn't want to do a vanilla car," said Mr. Cartabiano, who will see the result of work sketched out four years ago when the cars hit the showrooms this fall. "We wanted people to say, 'Man! I really want to get into this Camry,'" he said.

Once the dominant body style on American roads, passenger cars now make up 38% of U.S. vehicle sales, down from nearly half in 2014.

Even though auto makers make most of their money on thirsty pickups and sport-utility vehicles, they can't give up on sedans. The companies have billions of dollars in production capacity devoted to the body style, with lengthy production cycles that make short-term adjustments impossible. Plus, gasoline prices might rise, and the smaller vehicles help auto makers meet U.S. federal emissions mandates.

All this has prompted car companies to overhaul three dozen midsize and large cars for the 2017-2019 model years, and to look further afield for design cues to boost curb appeal.

Volvo Car Corp. says its



Volvo's S90 was created with a lion in mind. The vehicle's new engineering platform allowed for a lower, wider and longer profile.



new S90 was inspired by a lion. **Hyundai Motor Co.**'s new Sonata was modeled after a sprinter in the blocks.

Honda Motor Co. flew a 3-D model of the 2018 Accord from Japan to Los Angeles to get the "correct light" to show "sharp edges and contrasts generated from the sculpted bulging surfaces," said chief exterior designer Tetsuji Morikawa.

"They want people to give the sedan at least one look before moving on to a more popular body style," AutoPacific Inc. product analyst Dave Sullivan said. "Whatever it takes to get you in the seat."

Sedan designers are getting their first look at how their creations fared, with auto magazines publishing stories that call the Camry "radical" and the Sonata "aggressive." The cars hit dealer lots in coming months, and initial sales numbers will signal whether the designs successfully rekindled interest.

Auto makers aren't only focused on sexier sheet metal.

Bob Boniface, Buick design director at General Motors Co., said engineers are tweaking everything from the way a trunk works to the way a headlight functions to boost appeal.

"The days of offering a bread-and-butter car are long gone," he said during an event where GM showed off an updated version of the

Most revenue comes from SUVs, pickups but companies can't give up on sedans.

Buick Regal. The car's front end uses a "hook light" and a restyled "winged grille" to breathe new life into the brand's "aeronautical design language."

Designers in 2017 face challenges that stylists could largely ignore during the sedan's golden age.

Stringent requirements for hood measurements and other safety regulations force designers to abide by strict rules, Mr. Boniface said. And, sedan design hasn't until recently been an area that encourages risk-taking.

Mr. Cartabiano, the designer of the 2018 Camry, said recent sedans haven't elicited enough passion. He said crossover vehicles—typically roomy and bulbous wagons based on the architecture of a car—are the hot body style, but they don't have the same potential as sedans when it comes to design.

"There's something sensual and heart-tugging about a sleek and sexy car that can't be provided by a crossover," he said. This is why Toyota turned to a ballerina on a beam: "The idea was the movement of a dancer was beautiful and rhythmic...the beam represented strength."

Hyundai broke the mold on exteriors early in this decade with an edgy and aggressive-looking Sonata. Critics, however,

panned a redesigned Sonata for 2015, calling it overly conservative and boring.

Edward Lee, a designer in Hyundai's California studio, was charged with injecting a "wow factor" into the 2018 version. He said he modeled the profile of the car from a runner crouching at the starting line before a race. To add heft to the grille, he also incorporated cues from a catamaran and pulled in imagery from the steelmaking process.

Swedish designers several years ago went to work sculpting the 2017 Volvo S90, a large sedan that had gone several years without a major freshening. Tisha Johnson, a senior director of design at Volvo, said the company's new engineering platform for large vehicles allowed a much "lower, wider, longer" profile.

"This guy here doesn't have to do anything flamboyant to get people to understand what he's about," Ms. Johnson said, pointing to an image of a lion at a seminar about the new car last year.

GM Hires Famed Jeep Hackers

By MIKE COLIAS

Chris Valasek and Charlie Miller made names for themselves a couple of years ago when they remotely hacked into a Jeep made by **Fiat Chrysler Automobiles** NV. Now they are going to work for **General Motors** Co.

Messrs. Miller and Valasek became well known in automotive circles when they successfully hacked into the wireless controls of a moving Jeep Cherokee from a laptop many miles away, manipulating the climate-control settings, stereo and even disabling the transmission. Fiat Chrysler Automobiles, Jeep's owner, issued a recall days later to fix a potential cybersecurity flaw on 1.4 million vehicles.

The Jeep hack was a watershed moment for the auto industry, raising questions about the safety of internet-connected vehicles and how auto makers would combat potential threats.

GM, Chrysler and other auto makers hired hacking consultants and beefed up controls to prevent data breaches.

GM's self-driving-vehicle subsidiary, Cruise Automation, has hired the cybersecurity experts from two major ride-sharing firms, the latest salvo in a war for tech talent between Silicon Valley and Detroit.

Mr. Valasek was working as **Uber Technologies** Inc.'s top cybersecurity expert, and Mr. Miller had worked at Uber before leaving in March to join **Didi Chuxing**, China's largest ride-hailing firm.

GM is looking to move into a leading position on autonomous vehicles that are connected to the internet and can be updated over the air.

Federal Appeals Court Fans Debate On Airline Seat Size

By SUSAN CAREY

A federal appeals court gave a travelers' rights group new hope that the Federal Aviation Administration could be made to address its concerns about shrinking airline seat size and legroom.

The U.S. Court of Appeals for the District of Columbia Circuit on Friday declined to order the FAA to review rules on seat size and how they affect the safety or speed of emergency evacuations. It also rejected a challenge to the agency to regulate matters of physical comfort and routine health.

Passenger-rights groups have complained in recent years that airlines aren't adjusting their seats to keep up with the growing height, weight and girth of American fliers. FlyersRights.org, a non-profit passenger advocacy group, petitioned the FAA to

pass new rules in 2015, noting that economy-class seats are 17 inches wide on average, down from 18.5 inches in the early 2000s.

The FAA denied that petition in 2016, saying its tests of emergency evacuations from the smaller seats found them to be safe. The agency also rejected concerns about the connection between smaller seats and deep-vein thrombosis.

Writing for a three-judge panel, Judge Patricia Millett criticized the FAA for withholding data from those tests and for imprecise methods that raised questions about its refusal to pass new seat rules. Judge Millett ordered the FAA to "adequately address the petition and the emergency evasion concerns it raises."

"We are studying the ruling carefully and any potential actions we make take to address the court's findings," the FAA said on Monday.

Dividend Changes

Dividend announcements from July 31.

Company	Symbol	Yld %	Amount New/Old	Payable/Record
Increased				
Alliance Holdings GP	AHGP	10.2	.73/.55	Q Aug18/Aug11
Alliance Resource Ptrs	ARLP	9.9	.50/.4375	Q Aug14/Aug14
AllianceBernstein	AB	7.9	.49/.46	Q Aug24/Aug07
CBOE Holdings	CBOE	11	.27/.25	Q Sep15/Sep01
Donaldson Co	DCI	15	.18/.175	Q Aug31/Aug15
Expedia	EXPE	0.8	.30/.28	Q Sep14/Aug24
Kellogg Co	K	3.2	.54/.52	Q Sep15/Sep01
Peoples Fin Svcs	PFIS	3.0	.32/.31	Q Sep15/Aug31
Principal Financial Group	PFG	2.8	.47/.46	Q Sep29/Sep01
Provident Fin Svcs	PFS	3.0	.20/.19	Q Aug31/Aug15
Reinsurance Grp America	RGA	14	.50/.41	Q Aug29/Aug08
Reduced				
Pacific Coast Oil Trust	ROYT	19	.0027/.02776	M Aug17/Aug07
Initial				
NuSTAR Energy Pfd.B	NSPB		.72543	Sep15/Sep01
Funds and investment companies				
Credit Suisse Income Fnd	CIFK	7.8	.022	M Aug15/Aug09
Dreyfus Municipal Income	DMF	5.3	.041	M Aug31/Aug11
Dreyfus Strat Muni Bond	DSM	5.6	.0415	M Aug31/Aug11
Dreyfus Strategic Munis	LEO	5.7	.043	M Aug31/Aug11
Franklin Liberty Inv't Grd	FLCO	3.2	.0669	M Aug07/Aug02
Franklin Short Dur US	FTSD	2.3	.18741	M Aug04/Aug02
Vanguard Tax-Exempt Bd	VTEB	2.0	.084	M Aug07/Aug03
Wells Fargo Incm Opps D	EAD	8.2	.59583	M Sep01/Aug15
Wells Fargo Multi-Sector	ERC	9.5	.10728	M Sep01/Aug15
Wells Fargo Utilities Fd	ERH	6.8	.075	M Sep01/Aug15
Foreign				
Agnico-Eagle Mines	AEM	0.9	.10	Q Sep15/Sep01
AstraZeneca ADR	AZN	3.0	.45	SA Sep11/Aug11
Barclays ADR	BCS	2.0	.05233	Q Sep18/Aug11
Imperial Oil	IMO	18	.12788	Q Oct01/Sep01
INVESTOP	IVZ	3.3	.29	Q Sep01/Aug17
Lloyds Banking Group ADR	LYG	3.0	.05251	SA Oct10/Aug11
Norborg	OSB	45	.39963	Q Sep21/Sep01
Statoil ADR	STO	4.7	.2201	Q Aug10
TransCanada	TRP	3.9	.49954	Q Oct31/Sep29
Special				
Entercom Commun	ETM	3.0	.20	Aug30/Aug15

KEY: A: annual; M: monthly; Q: quarterly; R: revised; SA: semiannual;

S2: stock split and ratio; SO: spin-off.

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BUSINESS OPPORTUNITIES

Municipal Corporation Of Greater Mumbai

No. Ch.E/B.M/9128/II Dtd.25.07.2017

Short E-Tender Notice

Department

Ch.E. (Building Maintenance)

Sub-Department

Dy. Ch.E. (Building Maintenance) City

Tender No.

Part 'A':-% rate basis: 7100101830

Part 'B':- Item rate basis: 7100101831

Subject

E-Tender Notice for the work of

"Construction of Exhibits for Tiger, Lion, Sambar & Barking Deer, Nilgai & Four Horned Antelope, Swamp Deer, Black Buck and Bird Aviary-2 in V.J.B Udyana-Zoo, Byculla (E Ward), Mumbai."

Total Estimated Cost

Rs. 57,11,32,344/-

E.M.D.

Part 'A':-% rate basis: Rs. 29,79,004/-

Part 'B':- Item rate basis: Rs. 27,32,319/-

Tender -Sale

27.07.2017 from 11.00 am to

18.08.2017 up to 12.00 pm

Pre-Bid Meeting Date & Venue

03.08.2017 @12.00 noon

Office of AMC (City), Brihan Mumbai Mahanagarpalika, 2nd floor, Head office Extension building, Mahanagarpalika Marg, Mumbai-400001.

Website

<http://portal.mcgm.gov.in>

Concern Person

Sub Engineer - (B.M) City-E

Name

Uday D. Kachare

Telephone No.

8450960261

Email-Id

<a href="mailto:se01.pd@mc

Micro Trends, Macro Context. In Minutes.



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MARKETS DIGEST

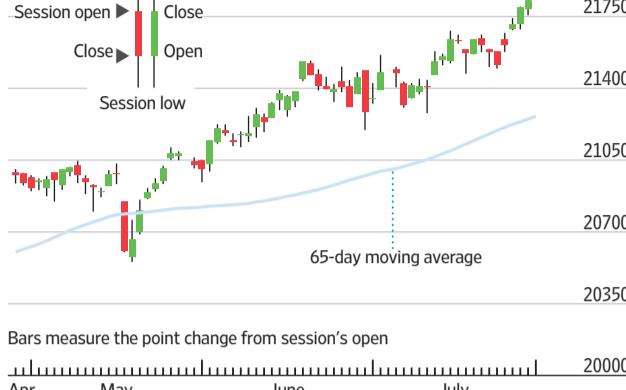
EQUITIES

Dow Jones Industrial Average

21891.12 ▲ 60.81, or 0.28%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 19.88 20.11
P/E estimate * 18.42 17.87
Dividend yield 2.29 2.52
All-time high 21891.12, 07/31/17

Current divisor 0.14602128057775



Bars measure the point change from session's open
Apr. May June July 20,000

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2470.30 ▼ 1.80, or 0.07%
High, low, open and close for each trading day of the past three months.

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



Apr. May June July 2,300

Nasdaq Composite Index

6348.12 ▼ 26.55, or 0.42%
High, low, open and close for each trading day of the past three months.

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



Apr. May June July 5,900

6,020 5,900 5,780

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.		
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	Standard & Poor's	500 Index	MidCap 400	SmallCap 600
Industrial Average	21929.80	21861.71	21891.12	60.81	▲ 0.28%	21891.12	17888.28	18.9	10.8	9.7		
Transportation Avg	9255.61	9179.28	9182.78	-44.29	▼ -0.48	9742.76	7648.44	17.5	1.5	4.1		
Utility Average	728.03	722.29	726.48	2.42	▲ 0.33	737.51	625.44	2.2	10.1	10.4		
Total Stock Market	25654.18	25543.00	25572.15	-23.38	▼ -0.09	25692.25	21514.15	14.0	9.9	8.3		
Barron's 400	654.39	650.48	652.78	0.37	▲ 0.06	661.93	521.59	19.3	8.5	8.0		

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.		
Nasdaq Stock Market	6396.59	6338.79	6348.12	-26.55	▼ -0.42	6422.75	5046.37	22.5	17.9	13.3		
Nasdaq 100	5932.37	5871.79	5880.33	-28.59	▼ -0.48	5950.73	4660.46	23.6	20.9	14.7		

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.		
Standard & Poor's												
500 Index	2477.96	2468.53	2470.30	-1.80	▼ -0.07	2477.83	2085.18	13.8	10.3	8.6		
MidCap 400	1766.08	1755.43	1760.68	-1.66	▼ -0.09	1791.93	1476.68	13.2	6.0	8.7		
SmallCap 600	867.10	860.02	863.62	-1.38	▼ -0.16	876.06	703.64	16.2	3.1	10.2		

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.		
Other Indexes												
Russell 2000	1432.46	1420.66	1425.14	-4.12	▼ -0.29	1450.39	1156.89	16.9	5.0	8.4		
NYSE Composite	11989.53	11950.58	11967.67	12.98	▲ 0.11	11967.67	10289.35	11.5	8.2	3.7		
Value Line	529.79	526.18	527.58	-1.08	▼ -0.20	533.62	455.65	10.0	4.2	3.0		
NYSE Arca Biotech	3984.03	3930.60	3931.63	-56.62	▼ -1.42	4075.95	2834.14	13.3	27.9	12.8		
NYSE Arca Pharma	534.35	531.89	531.89	0.36	▲ 0.07	554.66	463.78	-4.1	10.5	1.5		
KBW Bank	96.47	95.47	95.99	0.77	▲ 0.80	99.33	66.90	42.3	4.6	11.0		
PHLX® Gold/Silver	86.02	84.94	85.32	-0.24	▼ -0.28	112.86	73.03	-23.6	8.2	-4.8		
PHLX® Oil Service	135.44	132.16	134.36	-0.52	▼ -0.38	192.66	126.75	-13.8	-26.9	-22.4		
PHLX® Semiconductor	1099.37	1081.91	1085.15	-7.84	▼ -0.72	1138.25	755.73	41.3	19.7	21.3		
CBOE Volatility	10.84	10.23	10.26	-0.03	▼ -0.29	22.51	9.36	-17.5	-26.9	-15.4		

\$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	% chg	After Hours	High	Low
SPDR S&P 500	SPY	22,900.9	246.76	-0.01	▼ -0.004	247.38	246.72	
Ford Motor	F	5,103.2	11.21	-0.01	▼ -0.09	11.22	11.18	
Van Eck Vectors Gold Miner	GDX	4,979.2	22.87	0.01	▲ 0.04	22.94	22.84	
iShares MSCI Emg Markets	EEM	4,768.5	43.80	...	▲ unch.	43.85	43.75	
Intel	INTC	4,080.7	35.38	-0.09	▼ -0.25	35.51	35.38	
Host Hotels Resorts	HST	4,006.7	18.66	...	▲ unch.	18.66	18.65	

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract		Open		High hilo		Low		Settle		Chg		Open interest				
Copper-High (CMX) -25,000 lbs.; \$ per lb.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Aug 2,8930 2,9000 ▲ 2,8865 2,8880 0.0175 2,721	March	3,179	3,192	▼	3,109	3,119	-0.13	83,483	April	2,829	2,835	2,782	2,795	-0.061	108,502		
Gold (CMX) -100 troy oz.; \$ per troy oz.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Aug 1268.90 1270.80 1266.60 -1.80 8,311	Sept	1,701	1,725	2,075	1,727.50	1,705	-3.50	518,365	Oct	1,723.00	1,723.90	1,726.40	1,720.10	-1.80	42,613		
Dec 1276.30 1277.30 1271.70 1,720.40 1,723.40 0.0165 152,190	Dec	1,725.00	1,729.20	1,726.10	1,720.40	1,723.40	-1.90	336,636	Feb'18	1276.50	1279.20	1,726.70	1,726.90	-1.90	18,328		
Aug 1283.00 1285.50 1283.00 -1.90 8,223	June	1,730	1,735	1,730	1,728.00	1,723.00	-1.90	1,723.00	Dec	1,727.00	1,729.60	1,726.50	1,724.30	-1.90	7,510		
Palladium (NYM)-50 troy oz.; \$ per troy oz.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Aug 885.00 888.00 885.00 890.50 5.25 3	Sept	881.60	897.35	▲	877.10	885.40	5.25	30,067	Oct	873.95	886.65	▲	872.00	877.55	5.05	3,801	
Dec 875.00 875.50 875.50 875.50 875.50 3.25 211	March'18	875.50	878.55	▲	875.50	870.05	-0.25	211	Aug 129.30 127.80 126.60 -1.80 8,311	Sept	1,713.00	1,710.50	1,705.00	1,702.50	-1.50	1,702.50	
Platinum (NYM) -50 troy oz.; \$ per troy oz.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Aug 928.30 929.90 928.00 937.70 4.50 15	Oct	938.00	947.10	936.10	940.70	4.10	46,862	Nov	928.30 929.90 928.00 937.70 4.50 15	Dec	938.00 947.10 936.10 940.70 4.10 46,862						
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Aug 16,735 16,870 16,730 16,750 0.086 393	Sept	16,745	16,870	16,665	16,786	0.091	142,100	Oct	16,735 16,870 16,730 16,750 0.086 393	Dec	16,735 16,870 16,730 16,750 0.086 393						
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Sept 49.85 50.41 49.18 50.17 0.46 596,827	Oct	49.97 50.49 49.30 50.26 0.45 187,404	Nov	50.08 50.60 49.48 50.37 0.44 122,574	Dec	50.15 50.69 49.57 50.46 0.46 350,017	June'18	50.26 50.77 49.86 50.56 0.48 140,937	Dec	50.17 50.75 49.91 50.55 0.50 173,776	NY Harbor USLD (NYM)-42,000 gal.; \$ per gal.	Open	High	hi	lo	Settle	Chg
Aug 1,650.00 1,666.3 1,6375 1,6159 0.0122 3,262	Sept	1,649.3 1,6728 1,6392 1,6674 0.0265 136,452	Oct	1,650.00 1,666.3 1,6375 1,6159 0.0122 3,262	Nov	1,650.00 1,666.3 1,6375 1,6159 0.0122 3,262	Dec	1,650.00 1,666.3 1,6375 1,6159 0.0122 3,262									
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Aug 1,7017 1,7101 1,6811 1,7058 0.0297 5,380	Sept	1,660.00 1,6791 1,6473 1,6766 0.0308 140,194	Oct	1,660.00 1,6791 1,6473 1,6766 0.0308 140,194	Nov	1,660.00 1,6791 1,6473 1,6766 0.0308 140,194	Dec	1,660.00 1,6791 1,6473 1,6766 0.0308 140,194									
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.	Open	High	hi	lo	Low	Settle	Chg	interest	Open	High	hi	lo	Settle	Chg			
Sept 2,900 2,900 2,781 2,794 -0.147 325,494	Oct	2,929 2,932 2,826 2,834 -0.147 188,109	Nov	3,019 3,019 2,913 2,920 -0.143 89,395	Dec	3,263 3,267 3,163 3,173 -0.130 124,794	Jan'18	3,263 3,267 3,163 3,173 -0.130 124,794	NY Harbor USLD (NYM)-42,000 gal.; \$ per gal.	Open	High	hi	lo	Settle	Chg		

Cash Prices | WSJ.com/commodities

Monday, July 31, 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.

	Monday	Monday	Monday
Energy			
Propane,tet,Mont Belvieu-g	0.7305		
Butane,normal,Mont Belvieu-g	0.8910		
Natural Gas,HenryHub-g	2.840		
Natural Gas,TranscoZone3-i	2.790		
Natural Gas,TranscoZone6NY-i	2.680		
Natural Gas,PanhandleEast-i	2.540		
Natural Gas,Opal-i	2.670		
Natural Gas,MarcellusNE PA-i	1.830		
Natural Gas,HaynesvilleLA-i	2.700		
Coal,Aplic,1,250,000Btu,1,250,2-rw	42,700		
Coal,PwdrRvrBsn,880,000Btu,0.8502-rw	11,280		
Metals			
Gold, per troy oz.	1270.30		
Engelhard industrial	1365.57		
Handy & Harman base	1267.55		
Handy & Harman fabricated	1406.98		
LBMA Gold Price AM	*1259.60		
LBMA Gold Price PM	*1264.90		
Kruegerand,wholesale-e	1316.85		
Maple Leaf-e	1329.51		
American Eagle-e	1329.51		
Mexican peso-e	1534.66		
Austria crown-e	1244.13		
Austria phil-e	1329.51		
Silver, troy oz.	16,8500		
Engelhard industrial	20,2200		
Handy & Harman base	16,8200		
Handy & Harman fabricated	21,0250		
LBMA spot price	£12,7705		
(U.S.\$ equivalent)	16,7600		
Metals			
Gold, per troy oz.	1270.30		
Engelhard industrial	1365.57		
Handy & Harman base	1267.55		
Handy & Harman fabricated	1406.98		
LBMA Gold Price AM	*1259.60		
LBMA Gold Price PM	*1264.90		
Kruegerand,wholesale-e	1316.85		
Maple Leaf-e	1329.51		
American Eagle-e	1329.51		
Mexican peso-e	1534.66		
Austria crown-e	1244.13		
Austria phil-e	1329.51		
Fibers and Textiles			
Burlap,10,40-inch NY yd-n,w	0.5925		
Cotton,11/16 std lw-mdMphs-u	0.6900		
Cotlook' A' Index-t	*85.00		
Hides,ny native steer piece fob-u	n.a.		
Wool,64s,stable,Terr del-u,w	n.a.		
Food			
Beef,carcass equiv.index			
choice 1-3,600-900 lbs.-u	184.51		
select 1-3,600-900 lbs.-u	174.82		
Broilers,dressed 'A'-u	n.a.		
Broilers,National comp wghtd-u,w	0.9824		
Butter,AA Chicago	2.6900		
Cheddar cheese,bb,Chicago	154.50		
Cheddar cheese,bk,Chicago	175.50		
Milk,Nonfat dry,Chicago lb.	86.25		
Cocoa,Ivory Coast-w	n.a.		
Coffee,Brazilian,Comp	1,3545		
Coffee,Colombian, NY	1,5864		
Eggs,large white,Chicago-u	0.8550		
Flour,hard winter KC	14.90		
Hams,17-20 lbs,Mid.US fob-u	n.a.		
Hogs,Iowa-So. Minnesota-u	80.77		
Pork bellies,12-14 lb MidUS-u	n.a.		
Pork loins,13-19 lb MidUS-u	1,1468		
Steers,Tex-Oklahoma,Choice-u	117.00		
Steers,feeder,Oklahoma,City-u	162.09		
Grains and Feeds			
Barley,top-quality Mnpls-u	4.70		
Bran,wheat			

BIGGEST 1,000 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 stocks whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, July 31, 2017

NYSE

	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
ABB	ABB	A	23.50	...	Apartmtn	AVI	45.55	0.29	Brown&Brown	BRO	44.60	-0.26	Clyburn	CLNS	14.64	-0.02	FidelityNtlf	FIS	91.22	0.39
AES	AES	A	11.18	-0.20	BrownForman	BFA	51.54	-0.14	Cormatica	CMA	72.31	-0.11	Comerica	CMA	72.31	-0.11	Interpublic	IPG	21.61	-0.11
Aflac	AFL	A	79.75	0.37	BrownForman	BFB	49.40	-0.63	SABESP	SBS	10.76	-0.11	CongraBrands	CAG	34.24	...	FirstData	FDC	18.65	0.16
AGCO	AGCO	A	72.14	0.20	BuckeyePtrs	BPL	63.39	-0.49	CongraBrands	CXO	18.19	-0.30	CongraBrands	CXO	18.19	-0.30	FirstEnergy	FE	31.91	-0.24
AT&T	T	A	39.00	...	Bunge	BG	78.39	-1.46	CongraBrands	CY	20.48	-0.35	CongraBrands	CY	20.48	-0.35	FleetCorTech	FLT	152.00	0.01
AbbottLab	AbbV	A	49.18	-0.43	BuRltonStores	BRS	67.03	-1.25	CreditBrands	CB	54.57	-0.11	CreditBrands	CB	54.57	-0.11	Fluor	FLR	43.43	-1.15
AbbVib	ABBV	A	69.91	-0.53	CBD Pao	CBD	18.29	-0.52	CreditBrands	STZ	193.35	-1.24	CreditBrands	STZ	193.35	-1.24	GenoMe	GME	31.59	-0.53
Accenture	ACN	A	128.82	0.42	CBE Group	CBG	37.99	-0.36	CreditBrands	CLR	33.43	-0.09	CreditBrands	CLR	33.43	-0.09	Georgescu	JEC	52.72	-0.33
AcuityBrands	AVI	A	206.15	-4.64	CBE Group	CBG	37.99	-0.36	CreditBrands	CMS	15.35	-0.07	CreditBrands	CMS	15.35	-0.07	GovtCorporation	GC	47.43	-0.15
Adient	ADNT	A	65.47	-0.07	CBE Group	CBG	37.99	-0.36	CreditBrands	CPR	145.37	-0.11	CreditBrands	CPR	145.37	-0.11	GovtCorporation	GC	47.43	-0.15
AdvanceAuto	AAU	A	121.20	1.80	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AdvSiemi	ASX	A	6.59	-0.04	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Aegon	AEG	A	5.57	0.02	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AerCap	AER	A	49.10	0.06	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Aetna	AET	A	154.31	-0.98	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AffiliatedMrgs	AMG	A	185.87	1.74	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Allegiant	AGT	A	59.79	-0.29	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alpinity	ALP	A	46.71	-0.51	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alprin	ALP	A	100.10	0.32	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alprin	ALP	A	124.15	-1.34	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AlaskaAir	ALK	A	85.23	-1.09	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Albermarle	ALB	A	115.80	-0.70	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alcoa	AA	A	34.60	0.76	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AlexandraEst	ARE	A	121.25	0.85	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alibaba	BABA	A	154.95	-2.61	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Allegany	ALY	A	61.34	-0.66	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Allgein	ALL	A	81.24	-0.16	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Allergan	AGN	A	253.63	-0.28	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Allianz	ALL	A	125.82	-0.09	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Allstate	ALL	A	91.00	0.50	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AllyFinancial	ALL	A	22.64	-0.05	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
AlticeUSA	ATUS	A	33.44	0.97	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Altis	ATL	A	64.97	-1.97	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Altria	ATL	A	12.28	-0.03	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alvarez	AVL	A	81.20	-0.52	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alvarez	AVL	A	19.25	-0.15	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alvarez	AVL	A	19.25	-0.15	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC	47.43	-0.15
Alvarez	AVL	A	19.25	-0.15	CBE Group	CBG	37.99	-0.36	CreditBrands	CPT	185.14	-3.77	CreditBrands	CPT	185.14	-3.77	GovtCorporation	GC		

MONEY & INVESTING

Gas Prices Sink to 5-Month Low

By ALISON SIDER

Natural-gas prices on Monday had their worst day since February as traders began to bet that summer is going to go out with a whimper.

Natural gas for September delivery fell 14.7 cents, or 5%, to \$2,794 a million British thermal units on the New York Mercantile Exchange. The sell-off was the largest daily loss since Feb. 21, pushing natural-gas prices to a five-month low.

New weather forecasts raised the prospect that the summer heat, a major driver of natural-gas demand, is largely past. Weather models indicate that below-normal temperatures could take hold from the Rocky Mountains to the East Coast and could persist

through the first half of August.

"The hottest week of summer 2017 is probably behind us at this point," forecasters at Commodity Weather Group wrote Monday.

Hot weather fuels demand for natural gas in the summer, as people crank up air conditioners and draw more electricity from a grid increasingly fed by natural gas.

Heat in recent weeks has helped drive strong demand at times, but natural-gas prices remained largely range-bound until Monday's sharp decline. July ended up being natural gas's worst month since February, with a drop of nearly 8%.

"I think you're seeing a big shift in expectations," said Andy Huenefeld, price-risk

manager at Kinect Energy. "We're kind of past the peak of normal summer weather. That's not to say we're totally out of the woods—there's still the opportunity for heat waves, but the market is discounting that."

That follows a similar pattern to last winter, when market participants bet heavily that frigid temperatures would lead to price spikes. But after a cold December, the weather turned milder and natural-gas prices sold off sharply.

The market may still be feeling the effects of the rally late last year, when the prospect of a cold winter helped drive natural-gas prices as high as \$3.93 per mmBtu.

"Producers hedged to lock in prices, so production is go-

ing to continue to move higher," said Kent Bayazitoglu, an analyst at Gelber & Associates in Houston.

Oil's rally above \$50 a barrel Monday could also have unintended consequences for the natural-gas market. Natural gas is often produced alongside oil, so a surge in drilling could result in a wave of new natural gas produced as a by-product, Mr. Bayazitoglu said.

Still, analysts said the mild weather outlook masked a market that is actually becoming tighter and said natural-gas prices could stabilize. Natural gas stockpiles stand at 9.2% below year-ago levels and just 3.9% more than the five-year average—a sign that the glut has been largely whittled away.

Copper Prices Soar, Powered by Steady Chinese Manufacturing



REUTERS

prominent bitcoin investor, has been publicly supporting Bitcoin Cash.

Mr. Ver said he didn't know about Bitcoin Cash until it was announced July 22, but is enthusiastic about its prospects. "I think it fits the original vision of bitcoin," he said.

One exchange, China-based ViaBTC, which is partially owned by Bitmain, is already allowing users to trade Bitcoin Cash in accounts that would be redeemable once the currency goes live.

In very illiquid trading—fewer than 1,900 bitcoins over 24 hours—the price of Bitcoin Cash was at 0.0951 bitcoin, or about \$266, on Monday morning. Bitcoin was trading at \$2,801.

It is unclear what volume and prices will look like once live trading begins; it is scheduled for 8:20 a.m. EDT on Tuesday.

In the meantime, bitcoin exchanges are scrambling to figure how they will either support Bitcoin Cash or won't, and protect their customer accounts at the same time.

On Thursday, the U.S. exchange Coinbase said in a statement that it wouldn't support Bitcoin Cash, on the reasoning that it wasn't clear how long the rebel currency would last and what market value it would have.

It advised customers who wanted to access Bitcoin Cash to withdraw their bitcoin before July 31.

Another exchange, San Francisco-based Kraken, conditionally said it would support Bitcoin Cash trading, assuming it was successfully launched, and would credit its customer accounts with an equal amount of Bitcoin Cash.

The group behind Bitcoin Cash is copying bitcoin's software, adding a couple of new features, and releasing it to the public. It will be an almost identical copy, and anyone who has a bitcoin balance can automatically hold the exact same amount of Bitcoin Cash.

The balances from the original bitcoin to the cryptocurrency's new version will be copied on a 1:1 basis, and it will exist as of Aug. 1.

The main difference between bitcoin and Bitcoin Cash is how rapidly it trades and how many trades can happen in a short amount of time.

Copper prices rose to two-year highs Monday after an official gauge of manufacturing activity in China came in below expectations but remained in expansionary territory.

Futures for September delivery settled up 0.6% at \$2,8915 a pound on the Comex division of the New York Mercantile Exchange, closing at the highest level since May 2015.

China's manufacturing purchasing managers index, a gauge of factory activity, fell to 51.4 in

July, falling short of expectations for 51.6 but still signaling expansion. (Above, a construction site in Zhengzhou, China.)

The steady manufacturing data built on optimism from increased Chinese growth forecasts from the International Monetary Fund last week, as well as Chinese government remarks about the possible curtailment of scrap copper imports.

"Those gains are continuing across the board in metals... thanks to those solid Chinese

PMI figures and it falls into the same story as the IMF's adjusted Chinese [growth] forecasts last Monday," said Bjarne Schieldrop, SEB Markets' chief commodities analyst.

As long as the dollar continues to track lower and non-U.S. growth continues to revive, traders can expect to see increases in base-metals prices, Mr. Schieldrop said.

The WSJ Dollar Index, which gauges the dollar against a basket of other currencies, fell 2.3%

in July to 85.75.

Still, market participants were handed a note of caution when Commodity Futures Trading Commission data showed that last week's copper gains were driven by speculative activity rather than any grand fundamental shift in supply, Commerzbank said in a note.

Meanwhile, gold for December delivery settled down 0.2% at \$1,273.40 a troy ounce in New York.

—David Hodari

HSBC Prepares Regular Buybacks

By MARGOT PATRICK
AND JOANNE CHIU

LONDON—**HSBC Holdings** PLC said that it would regularly buy back shares if it has extra capital, its latest sign of strength.

HSBC said Monday it will buy back a further \$2 billion in shares, adding to the \$3.5 billion in stock it repurchased since last year. The transaction announced Monday is part of a new pledge by the bank to regularly buy back shares if it can, in contrast to the earlier purchases that were specifically linked to capital it freed up by

selling its large Brazilian unit. Chief Executive Stuart Gulliver said that HSBC will review potential buybacks every half year and go ahead with them if it has surplus equity and nothing more attractive to invest in.

The bank has been adding capital through profit as well as by shrinking in some areas, and analysts had expected more cash returns. Factors helping the bank in recent quarters include lower bad loans and rising interest rates on an expanding deposit base.

On Monday, the bank said net profit for the second quar-

ter rose 57% to \$3.87 billion from \$2.47 billion a year earlier. Profit before tax rose 47% to \$5.3 billion.

Mr. Gulliver, in an interview, said the bank is seeing the fruits of the strategy he laid out in June 2015, including getting more cross-unit business from its 38 million customers.

Revenue that can be attributed to cross-selling rose to \$5.9 billion in the second half from \$5 billion in the first half of 2016, he said.

Analysts covering banks such as HSBC Holdings, J.P. Morgan Chase & Co. and Citi-

group Inc. have sought proof that the universal banking model is suited for an industry hobbled by banking rules and capital charges since the financial crisis.

HSBC says its global reach should be a magnet for companies looking to trade or invest overseas.

For the first half, revenue fell 11% to \$26.2 billion from \$29.47 billion a year earlier.

Net profit in that period rose 10% to \$7 billion from \$6.36 billion a year earlier.

◆ Heard on the Street: More cash to come from HSBC. B12

Blackstone Energy to Buy Stake in Pipeline

By ALI STRATTON

Energy Transfer Partners LP said Blackstone Energy Partners will acquire a 32.4% stake in the Rover Pipeline project, which has faced environmental scrutiny due to spills of drilling mud in Ohio wetlands earlier this year.

Blackstone Group LP's energy-focused private-equity fund will pay \$1.57 billion for a 49.9% stake in ET Rover Pipeline LLC, which is a subsidiary of Energy Transfer and majority owner of the pipeline.

The transaction is expected to close in the fourth quarter. Energy Transfer Partners said it would use the deal's proceeds to pay down debt and fund growth projects.

The \$4.2 billion Rover Pipeline, which is still under construction, has been beset by multiple industrial spills and

other issues as crews work to prepare it for full service. The more-than-700-mile pipeline is expected to carry 3.25 billion cubic feet of natural gas a day across West Virginia, Eastern Ohio, Western Pennsylvania and Canada.

The Federal Energy Regulatory Commission has required that the pipeline's operator take steps to avoid future hazardous-waste contamination incidents, following the discharge of drilling mud in Ohio.

This year, Blackstone Energy Partners has also invested in oil and gas-shale assets in southern Texas and acquired EagleClaw, the largest closely held midstream operator in the Permian's Delaware Basin in western Texas.

Shares of Energy Transfer, which are down 14% so far this year, rose 1.3% Monday in after-hours trading to \$20.96.

Debt Ceiling Isn't Scaring Options Traders

By CHRIS DIETERICH

The bond market recently appeared jittery about a fight on Capitol Hill over raising the debt ceiling, but options traders don't seem all that worried.

A reading of the options market shows investors expect little uptick in S&P 500 volatility in October, after extraordinary steps taken to pay the U.S. government's bills are expected to run out.

Options prices can be seen as gauges of demand for portfolio insurance. For example, the widely quoted CBOE Volatility Index, or VIX, essentially measures demand for S&P 500 options insurance over the next 30 days.

U.S. stocks have been historically calm and, currently, demand to hedge is low. Tracking the expected volatility of the S&P 500 over different time frames—called the "term structure"—can shed

light on when investors expect the market to get choppy.

Right now, the curve of the S&P 500's implied volatility is relatively flat through the rest of the year.

"Term structure is showing no anxiety over [the] debt ceiling," wrote Mandy Xu, an equity derivatives strategist at Credit Suisse. "There is currently no event risk priced in October for the debt-ceiling catalyst."

That stands in contrast with the short-term Treasury market, which last week signaled worries that a protracted congressional debate might spill into financial markets.

Traders in VIX futures show little fear of turmoil in October. Futures on the VIX, the market's fear gauge, indicate little worry about the debt ceiling. VIX futures that expire in October and November are trading below where they did one and two months ago, according to FactSet.



REYNOLDS/EUROPEAN PRESSPHOTO AGENCY

Options show 'no anxiety' on any debt-limit turmoil in the Capitol.

MARKETS

Treasurys End July Where They Began

BY AKANE OTANI

U.S. government bonds were little changed Monday, ending the month roughly where they started.

The yield on the 10-year U.S. Treasury note settled at 2.292%, compared with 2.291% on Friday and 2.298% at the end of June. Yields fall as bond prices rise.

Government bonds have traded in a narrow range in July as investors have increasingly taken the view that global central banks won't rush to raise interest rates, given a recent streak of soft inflation data. Concerns that central banks would move away from highly accommodative monetary policy even as economic momentum was slowing had triggered a selloff in global bonds at the end of June.

2.292%

Yield of the 10-year U.S. Treasury note at the end of July

Bonds have recovered more recently, however, as central bank officials in the U.S. and Europe have highlighted a slowdown in inflation—leading investors to believe the Federal Reserve will be cautious in tightening monetary policy.

That should keep Treasurys range-bound for now, investors and analysts have said, especially if the chances of major fiscal stimulus from Washington, such as tax cuts, don't materially change.

The yield on the two-year Treasury note, which is especially sensitive to changes in Fed policy, settled Monday at 1.351%, unchanged from Friday and down from 1.385% at the end of June. That snapped nine consecutive monthly increases. Fed-funds futures showed investors see a 46% chance of another rate increase this year, down from 61% at the end of June, according to CME Group.

"There's only so much that yields can rise in the U.S. when you have a very low-inflation environment and a Fed that's not going to be aggressive," said John Briggs, head of strategy for the Americas at NatWest Markets.

Overseas, German government bonds recovered from early losses after data showed core inflation in the eurozone growing by 1.2% in July, slightly faster than analysts had expected. Inflation tends to weaken demand for government bonds since it chips away at the purchasing power of their fixed returns.

The yield on the 10-year German government bond reached 0.563% in intraday trading but settled at 0.541%, vs. 0.546% Friday, according to Tradeweb. —Sam Goldfarb contributed to this article.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$123,900,001,800	\$101,762,979,700
Accepted bids	\$39,000,406,800	\$23,000,379,700
*noncomp	\$509,530,400	\$427,081,700
*foreign noncomp	\$100,000,000	\$300,000,000
Auction price (rate)	99.295528	99.428722
Coupon equivalent	1.088%	1.152%
Bids at clearing yield accepted	84.46%	12.00%
Cusip number	912796M4A	912796L6J

Both issues are dated Aug. 3, 2017. The 13-week bills mature on Nov. 2, 2017; the 26-week bills mature on Feb. 1, 2018.

Venezuela Bonds Fall After Vote

U.S. sanctions don't target oil industry, but worries remain that future ones could

BY JULIE WERNAU
AND CAROLYN CUI

Venezuelan bonds slipped Monday after the U.S. announced additional sanctions on the country but stopped short of targeting its oil sector.

CREDIT MARKETS Some investors said the Treasury Department's move to freeze the Venezuelan president's assets in the U.S. didn't alleviate concerns that stricter sanctions may be in the offing that could affect one of the South American nation's most crucial sources of revenue: oil sales to the U.S.

State-owned oil producer **Petróleos de Venezuela** SA's bonds due in November were down 0.9% in late New York trading Monday, according to UBS Wealth Management. Prices for government bonds due in 2038 were down 1.1%.

Following an election Sunday spearheaded by President Nicolás Maduro that will give his administration broad powers to redraft the constitution, The Wall Street Journal reported that U.S. government officials were considering stepping up sanctions against Venezuela that could target its oil industry by making it harder for Venezuela to import refined products from the U.S., which it uses to dilute its extra heavy oil to make it suitable for export.

"This certainly qualifies as



Motorbikes burned after an explosion in Caracas on Sunday. Prices of Venezuelan government bonds fell more than 1% Monday.

'strong and swift' in the immediate aftermath of Sunday's constituent assembly, but not yet crossing over to cross-border trade or financial flows or even business-specific transactions," said Siobhan Morden, head of Latin America fixed-income strategy at Nomura Securities International. She said she thinks there is potential for further action from the U.S.

Investors and analysts are worried about whether Venezuela will be able to make a

wave of debt payments over the coming month amid the country's political and humanitarian crisis. Investment bank Caracas Capital Markets estimates roughly \$725 million in sovereign and PdVSA-related payments are due in August.

Venezuela's credit-default swap spreads spiked on Friday and remained steady Monday, with the probability of default within a year reaching 62%, the highest since February 2016, when oil fell below \$30 a

barrel, according to Victor Fu at Stifel Nicolaus & Co.

Last week, the U.S. levied sanctions on 13 high-ranking officials in the Venezuelan government.

A ban on Venezuelan crude imports, which is regarded as one of the boldest options, would essentially cut off the country's largest source of dollar revenue. About 95% of Venezuela's export revenue comes from the oil sector, according to S&P Global Ratings. In 2016,

Venezuela derived \$10.5 billion from its crude exports to the U.S., according to Stuart Culverhouse, chief economist at Exotix Partners.

The country appears to have little room to maneuver if it loses export revenues. Its international reserves briefly dipped below \$10 billion in recent days, the lowest in 15 years, according to Venezuela's central bank. But S&P analysts estimated that only about \$3 billion was liquid.



A Google Street View car at a press event in Vienna in July. Parent Alphabet's stock fell 1.3% on Monday, a day that saw weakness in technology stocks generally.

Dow Industrials Rose 2.5% in July to Record

BY RIVA GOLD
AND ALEXANDER OSIPOVICH

The Dow Jones Industrial Average rose to a fresh record Monday, with strong corporate earnings helping lift U.S. stocks to gains in July.

The blue-chip index, the S&P 500 and the Nasdaq Composite all posted their best month since February, despite a decline in technology stocks Monday that dragged down the Nasdaq.

The Dow industrials rose 60.81 points, or 0.3%, Monday

to 21891.12. The S&P 500 fell 1.80 points, or less than 0.1%, to 2470.30. The Nasdaq Composite slipped 26.55 points, or 0.4%, to 6348.12.

FACEBOOK fell \$3.20, or 1.9%, to \$169.25 after hitting a record last week. **Alphabet**, parent of Google, lost \$12.83, or 1.3%, to 945.50. Tech stocks in the S&P 500 shed 0.5%.

Still, the Nasdaq ended July 3.4% higher. The Dow was up 2.5% for the month, while the S&P 500 rose 1.9%; both have risen four consecutive months.

Improved earnings were

"the main driver" of July's

gains, said Michael Arone,

chief investment strategist at State Street Global Advisors. "A lot of other stuff is just noise: the turmoil in D.C., the political events that flare up from time to time," he said.

Of the 58% of S&P 500 constituents that reported second-quarter results through Monday morning, 72% beat analysts' expectations for earnings and sales, according to FactSet.

Coming earnings releases include **Apple**, which is set to report results on Tuesday.

Shares of **Charter Communications** rose 21.65, or 5.8%, to 391.91, making it the best

performer in the S&P 500, after it said it wasn't interested in acquiring Sprint.

Discovery Communications fell 2.20, or 8.2%, to 24.60 after it agreed to acquire Scripps Networks Interactive.

The Stoxx Europe 600 fell 0.1% Monday to its lowest level since April. European stocks largely stalled in July as the euro strengthened.

The common currency climbed 3.6% against the U.S. dollar in July, to \$1.1843 late Monday in New York, after

data showed the eurozone unemployment rate fell to its lowest in more than eight

years while the annual rate of inflation remained unchanged.

The dollar also weakened 1.9% against the Japanese yen for the month, ending at ¥110.26, helping send Japan's Nikkei Stock Average down 0.5% in July, its worst monthly performance since March. Early Tuesday, the Nikkei was up 0.4%.

Other major Asian stock markets climbed Monday. Hong Kong's Hang Seng Index rose 1.3% amid gains in technology companies and banks, ending the month around 6.1% higher. The index was up a further 0.4% early Tuesday.

Tobacco Stocks Tar Array of Investors

BY CHRIS DIETERICH

When stodgy tobacco stocks cough, lots of investors feel it.

Shares of cigarette makers are widely owned by mutual funds and passive, index-tracking exchange-traded funds, including those that promise low volatility, quality earnings or recurring dividend payments.

Tobacco stocks have been profit machines and regular dividend payers in recent years. Those strong, reliable results have lured in tens of billions of dollars of investments from funds that target

such characteristics, as the funds themselves have grown in popularity. Dividend ETFs have absorbed \$17 billion in new money since 2016, while low-volatility ETFs have taken in \$12.5 billion, according to Macro Risk Advisors.

Suddenly, these stocks are caught in a rare bout of volatility after the Food and Drug Administration said Friday that it wants tobacco companies to make all cigarettes with such low levels of nicotine that they are no longer addictive.

Marlboro maker **Altria Group** Inc. fell as much as 19%

before ending that session down 9.5%—its biggest decline since November 2008. Altria dropped a further 2.9% Monday to \$64.97.

Camel purveyor **British American Tobacco** PLC tumbled 6.8% on Friday and a further 5% Monday.

Imperial Brands PLC, which sells the Winston and Kool brands, fell 3.8% Friday and skidded 5.9% Monday. **Philip Morris International** doesn't sell products in the U.S. and hasn't been ruffled by the news. Its shares rose 0.3% Friday and fell 1.5% Monday.

A penchant for profitability

means that Altria is the top holding in the \$3.5 billion iShares Edge MSCI USA Quality Factor ETF, a "smart beta" strategy that seeks out companies with high returns on equity, low debt and stable earnings. This ETF fell 0.7% on Friday, far more than S&P 500's 0.1% decline and was unchanged Monday.

Altria, which has boosted its dividend four times over the past five years, is likewise a core component in an array of dividend-themed ETFs, including the \$5.7 billion Schwab US Dividend Equity ETF.



A Philip Morris cigarette assembly process in Medellin, Colombia

MARKETS

Dollar's Fall Threatens Foreign Stocks

Drop causes analysts to lower earnings forecasts for many overseas companies

By RIVA GOLD AND MIKE BIRD

A surprise fall in the U.S. dollar is taking the fizz out of international stock markets and prompting investors to damp overseas expectations for the months ahead.

European and Japanese benchmarks—which were among the world's best performers in the spring—have lagged behind the S&P 500 since the dollar fully erased its postelection rally two months ago. Analysts are cutting their earnings forecasts for companies in these regions as the dollar's unexpected drop has upended more optimistic projections.

The ICE Dollar Index, which measures the U.S. currency against a basket of six others, is down 9.2% so far this year, with the greenback shedding 11.2% against the euro, 6.6% against the British pound and 5.8% against the yen.

Overseas stock markets are already reflecting the trend. Despite a buoyant global economy, the Stoxx Europe 600 has fallen 3.4% in local-currency terms and the U.K.'s FTSE 100 has dropped 1.7% since the dollar fell back to its pre-election value on May 22. The S&P 500, meanwhile, has notched a 3.2% gain over that period.

"The biggest risks on European earnings are the currency," said Martin Moeller, head of global equities at Union Bancaire Privée. "The U.S. could benefit and Europe could suffer if the euro keeps being strong."

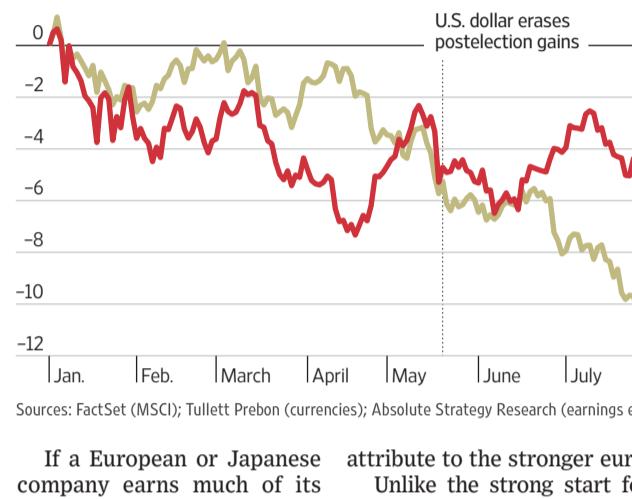
Export-oriented companies with high sales exposure abroad, which make up a large chunk of overseas stock-market benchmarks, are particularly affected by foreign-exchange movements.

Bucking the Trend

The U.S. stock market is once again outperforming global and European equity indexes, after matching or underperforming them earlier in the year.



Since the beginning of the year, the U.S. dollar has declined against the yen, and more sharply against the euro.



Sources: FactSet (MSCI); Tullett Prebon (currencies); Absolute Strategy Research (earnings expectations through July 20)

If a European or Japanese company earns much of its revenue in dollars, a weaker greenback is bad news for its euro- or yen-denominated earnings.

Bank analysts project a fall of roughly 4% to 5% in euro-zone profits for every 10% rise in the euro.

Although the dollar's latest drop won't have fully filtered through, earnings are already stuttering after the euro's strongest quarter against the dollar since 2010.

Analysts since the middle of May have downgraded European earnings forecasts for the second quarter and the year ahead, in a move many

attribute to the stronger euro. Unlike the strong start for second-quarter results in the U.S., Europe's reporting season has proven more muted so far, said analysts at Morgan Stanley.

Swings in the euro have historically been a key driver of earnings beats, with a weaker euro prompting better results.

Some companies hedge their overseas revenues, meaning the effects of the weaker dollar could take several quarters to fully materialize in earnings, according to Ankit Gheedia, strategist at BNP Paribas. He expects the impact of a stronger currency to be worst on Europe's large-cap automotive, technology,

food and beverage, and personal and household goods companies, which generate more than half of their revenues overseas.

For now, the effect on non-U.S. companies has primarily come from translating earnings into stronger local currencies. The euro was at \$1.1843 in late New York trading Monday.

But "if the euro's strength continues and you spend time around the mid one-twenty against the dollar, those are levels where you'd see a more meaningful impact on earnings," said Ronan Carr, European equity strategist at Bank of America Merrill Lynch. "Ex-

port sectors in some parts of Europe would start to become less competitive."

That is because a stronger local currency makes a company's products more expensive for foreign buyers, which tends to hurt demand.

The dollar has weakened against the yen in the past few months too, raising a perennial risk for the Japanese equity market, which is even more tightly linked to foreign-exchange markets than Europe's are.

Over the past five years, the dollar-yen exchange rate and the Nikkei 225 equity index have displayed a correlation coefficient of over 0.9, accord-

ing to FactSet data. A coefficient of zero means two series are unrelated, while a coefficient of one means they are perfectly correlated, moving in tandem.

"Japan is a market without a strong domestic narrative, very much being driven off the currency," said Zahra Ward-Murphy, equity strategist at Absolute Strategy Research. While earnings have been revised lower for most regions in recent weeks, Japan has fared worse.

The country's Nikkei Stock Average snapped a three-month winning streak in July.

To be sure, international stocks could do well despite currency headwinds as stronger local economies help push up profits just as valuations grow more compelling compared with the U.S. According to Bank of America Merrill Lynch's July fund manager survey, investors still remain positioned heavily in international stock markets.

Outside of advanced economies, some international stocks may also benefit from a weaker dollar, particularly in emerging markets.

"Commodity-sensitive regions—Russia, Brazil, South Africa—they tend to suffer most when the dollar starts rising, because of their external position with regards to dollar debt," said Gautam Batra, head of investments for Mediobanca Asset Management. "They breathe a sigh of relief when the dollar is weaker."

Meanwhile, it has certainly been a boon for U.S. multinational companies, many of which have stocks trading at record highs.

"For three years, strong dollar complaints were in every single earnings report," said Omar Aguilar, chief investment officer for equities at Charles Schwab Investment Management. "Now they seem to be benefiting a lot from the reverse effect."

Heineken vs. AB InBev: Pick Wisely

Big-beer investors seem to care more about cost savings than sales growth. That may not last.

Anheuser-Busch InBev and **Heineken** both sold more beer than expected in the second quarter. But investors were much more excited about AB InBev's results, sending the stock up 6% on the day they were unveiled last week. Heineken's shares barely moved when it reported Monday morning.

AB InBev completed its purchase of rival SABMiller last year and is now finding ways to share expenses. Chief Executive Carlos Brito's management team found an expectation-busting \$335 million of so-called synergies in the second quarter.

This and better margins also explain why AB InBev stock is more highly rated at 26 times earnings, compared with about 21 times for Heineken. Historically, the gap has been closer.

If investors focused on top-line growth, things might look different. Heineken grew at a faster pace in the first half, and arguably has the better geographic profile following the purchases of Mexican brewer FEMSA Cerveza in 2010 and Singapore-based Asia Pacific Breweries two years later. AB InBev still makes almost one-third of its profit in North America, mainly by selling Budweiser brands that continue to lose U.S. market share.

For now, it may be rational for investors to place more faith in cost-cutting than in sales. But AB InBev is already the world leader and has nothing transformative left to buy. Once integration work on SABMiller is complete, investors might shift their focus to growth—and Heineken. —Stephen Wilmot

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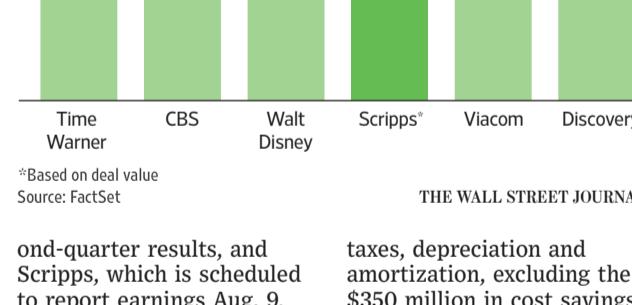
FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Reality Bites for This TV Merger

Channel Changing

Ratio of enterprise value to 2017 earnings before interest, taxes, depreciation and amortization



*Based on deal value

Source: FactSet

ond-quarter results, and Scripps, which is scheduled to report earnings Aug. 9, lowered its full-year revenue and profit guidance.

Indeed, Scripps, which was hurt by weaker-than-expected U.S. advertising, appears to have sold just as its business was taking a turn for the worse. And it got a 34% premium to boot, amounting to about 10 times 2017 consensus estimates for earnings before interest, and

taxes, depreciation and amortization, excluding the \$350 million in cost savings Discovery says it can wring from the deal. That compares with Discovery's own multiple of about 7 times.

Discovery's second-quarter results demonstrated the biggest risk to the combined company—that it owns lots of small networks, which have been losing subscribers at a faster rate than their larger, more "must-have"

peers.

Similar pressure could push other small cable-network owners such as **AMC Networks**, **MSG Networks** or even **Crown Media Holdings**, the closely held owner of the Hallmark Channel, to the deal table. **Lions Gate Entertainment**, which closed a deal for Starz in December 2016, also could participate in further industry consolidation. Liberty Media Chairman John Malone, who owned a stake in Starz and owns stakes in Lions Gate and Discovery, has pushed for a roll-up of these "free radicals."

For Discovery and Scripps, a deal can't reverse the overall slide in U.S. pay-TV subscribers. It may also not be enough to bolster some of the companies' less-watched networks, which are being squeezed out of the bundles of the future.

The combination makes strategic sense, but investors should see this deal as a sign that more pain is coming for smaller networks.

—Miriam Gottfried

OVERHEARD

Ohio's Armstrong Air and Space Museum is missing one of its key attractions.

Thieves made off with a solid-gold replica of the lunar lander given to the museum's namesake, Neil Armstrong, by jeweler Cartier shortly after he completed his mission. It is one of three created—one for each member of the Apollo 11 mission.

"The value of such an item cannot be determined," said the local police department in a statement.

Well, not really. While the museum's Apollo spacesuit, moon rocks or Gemini VIII capsule are irreplaceable artifacts, the gold replica never went to space.

For thieves, it is the weight, not the historic value that matters.

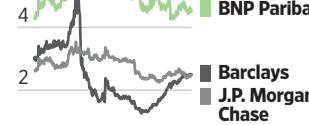
In fact, it is quite a bit more valuable than it was back in 1969 when Armstrong received it.

An ounce of gold back then was worth just \$41. Even adjusting for inflation, it is now worth nearly five times as much.

HSBC Looks Like a Cash Machine With Lots Left to Give

Paydays

Forecast dividend yields, 12 months ahead



5.2% now.

Return on equity, at 8.8% annualized in the first half, is still behind a target of more than 10%. But if U.S. interest rates continue to rise, that should lift revenue

from HSBC's huge deposits of U.S. and Hong Kong dollars and push the bank toward its goal.

And while that may be a slow burn, investors will keep getting rewards from management's balance-sheet restructuring and cost-cutting over the past two years.

Between 2017 and 2019, HSBC could buy back up to \$4 billion in stock a year, according to recent estimates from Morgan Stanley. That would be on top of more than \$10 billion a year in dividends.

Even then there might still be money left over. HSBC's investors usually take 20% to 30% of dividends in

the form of new shares, which lowers the cash cost of paying them and means the group retains more capital.

With this and current levels of profitability, the bank might end up with an extra \$1 billion a year of excess capital.

Mr. Gulliver pointed to a handful of things that may eat up capital. There are coming changes to global bank capital rules, which could increase HSBC's capital requirements. These are still years away.

There is also the potential cost of new international accounting rules, known as IFRS 9, which will increase

loan-loss provisions for many banks.

Big banks like HSBC are expected to feel less pain from this than smaller banks, because they are already doing what the accounting change is meant to achieve.

The bank will want to keep some extra capital, but even after the buyback announced Monday, HSBC has a common equity Tier 1 capital ratio of 14.5% compared with its target of 12% to 13%.

The main challenge for incoming chairman, Mark Tucker, will be in finding a CEO who can help him use this inheritance wisely.

—Paul J. Davies