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THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * * FRIDAY, FEBRUARY 2, 2018 ~ VOL. CCLXXI NO. 27 WSJ.com ★★★★ $4.00

DJIA 26186.71 ▲ 37.32 0.1% NASDAQ 7385.86 ▼ 0.3% STOXX 600 393.49 ▼ 0.5% 10-YR. TREAS. ▼ 14/32, yield 2.773% OIL $65.80 ▲ $1.07 GOLD $1,344.30 ▲ $5.30 EURO $1.2507 YEN 109.41

What's News

Business & Finance

Apple, Alphabet and Amazon reported record quarterly financial results as they extended their dominance over swaths of the global economy. **A1, B4**

◆ **Aramco and Alphabet** are in talks about building a tech hub in Saudi Arabia. **B4**

◆ **Americans poured** money into donor-advised funds late last year, a sign of how the new tax law could reshape charitable giving. **A1**

◆ **Airbnb's finance chief** is leaving, a move that raises concerns about the firm's progress toward an IPO. **B1**

◆ **CBS and Viacom said** their boards have formed special committees to evaluate a potential merger. **B1**

◆ **A lawsuit accused** six major investment banks of working together to prevent a startup from competing in the stock-lending market. **B1**

◆ **Sony CEO Hirai** is stepping down after a six-year stint that saw him nurse the company back to health. **B1**

◆ **Stocks swung** between gains and losses. The S&P 500 ended lower. The Dow rose 37.32 points to 26186.71. **B11**

◆ **Auto makers reported** underwhelming U.S. sales for January, signaling a muted start to the year. **B2**

◆ **U.S. worker productivity** grew below its long-run average for the seventh straight year in 2017. **A2**

◆ **Shell more than tripled** its profit in 2017 on a rebound in crude-oil prices. **B3**

◆ **UPS will spend** as much as $7 billion this year to upgrade its delivery network. **B3**

World-Wide

◆ **Trump is expected** to tell lawmakers he has approved the release of a classified memo that Republicans allege shows improper surveillance of ex-aide Carter Page. **A1, A4**

◆ **Pope Francis** has decided to accept the legitimacy of seven Catholic bishops appointed by the Chinese government, in a concession to Beijing. **A1**

◆ **The USOC failed** to act on reports of sex abuse by the gymnastics team doctor in 2015 even after executives learned of the allegations. **A3**

◆ **Trump said** he is willing to walk away from immigration talks if Democrats won't agree to his terms. **A5**

◆ **The president made** quick progress in building a re-election war chest during his first year in office. **A5**

◆ **Tillerson criticized** Chinese and Russian attempts to expand footholds in Latin America, as he prepared to visit the region. **A6**

◆ **Polish lawmakers** passed a bill imposing jail sentences for accusing the population of Holocaust collaboration. **A7**

◆ **The U.S. administration** warned Syria about an increase in the use of poison gas against civilians. **A8**

◆ **Asylum applications** in Europe dropped by nearly half last year. **A7**

◆ **Iranians are** deeply dissatisfied with their government's management of the economy, a survey found. **A8**

◆ **Hospitals have been** hit by an onslaught of flu visits, forcing them to devise new spaces to house patients. **A3**

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Olympic Diplomacy Slaloms Ahead for Two Koreas

YONHAP/ASSOCIATED PRESS

POLE POSITION: South and North Korean skiers trained together at the Masik Pass ski resort in North Korea on Thursday. North Korea's participation has lifted some fears that hung over the Games. **A16**

Tech Giants Power to New Heights

Three of the biggest tech companies reported record quarterly financial results on Thursday as they extended their dominance over swaths of the global economy.

Apple Inc., Alphabet Inc. and Amazon.com Inc.—with a combined market value of more than $2 trillion—all

By Laura Stevens, Tripp Mickle and Jack Nicas

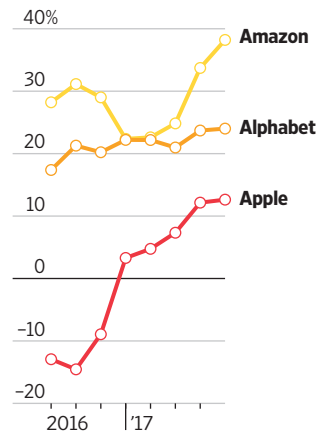
boosted growth by broadening their reach into new areas.

Apple's revenue rose 13% to $88.29 billion, fueled by its move to increase smartphone prices behind its new flagship iPhone X, released in November at $1,000. The company, whose profits topped $20 billion for the first time, is also increasingly benefiting from its services business, including App Store sales and music and payments services.

Google parent Alphabet recorded its 32nd consecutive quarter of revenue growth of 20% or more, continuing a dominant run as it handles more than 90% of internet searches and owns the world's most influential video site. Google is building in other areas, including cloud computing, a business that Google Chief Executive Sundar Pichai said brings in $1 billion a quarter.

Sales Surge

Quarterly revenue, change from a year earlier



Note: Amazon and Alphabet fiscal year ends Dec. 31; Apple fiscal year ends Sept. 30
Sources: the companies; S&P Capital IQ
THE WALL STREET JOURNAL.

Meanwhile, Amazon—long known for prioritizing growth over earnings—delivered a profit exceeding $1 billion for the first time as its revenue jumped 38% to $60.5 billion.

More than the other two companies, Amazon has

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◆ Apple results soar on pricey iPhones B4
◆ Amazon earnings surpass $1 billion B4
◆ Alphabet posts loss, but revenue climbs B4

Tax Law Spurred a Rush To Charitable-Giving Funds

By Richard Rubin

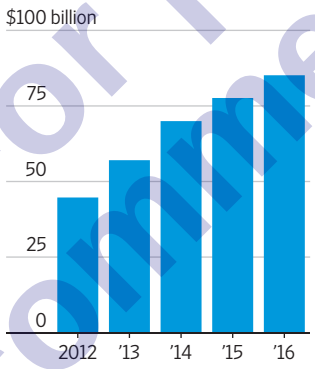
Americans late last year poured money into charitable-giving vehicles known as donor-advised funds, which allow immediate tax deductions but gradual distributions to nonprofits—a sign of ways the new tax law could reshape how Americans donate money for years to come.

The aim was to make donations before the new year, when, for tax purposes, giving became less advantageous for many households. People turned to donor-advised funds run by local nonprofits or those affiliated with big money-management firms. These funds allowed taxpayers to lock in deductions for 2017, then designate when and where to disburse the money.

Fidelity Charitable, the largest donor-advised fund, added 22,000 accounts last year, nearly double its goal, pushing its total to 105,000, said Pam Norley, its president.

Growing Assets

Even before the new tax law, total assets held by donor-advised charity funds were on the rise.



Source: National Philanthropic Trust
THE WALL STREET JOURNAL.

Donors created 3,200 new accounts at Vanguard Charitable in 2017, about double the 2016 total, while total contributions were up 16% for the year to $1.6 billion. More than 20% of Schwab Charitable's 45,000 accounts were started in the second half of 2017.

The boomlet extended to smaller community nonprofits that support local initiatives and also house donor-advised funds. Such funds at the Cleveland Foundation, for example, received $26.5 million in December, more than the previous three Decembers combined.

"It was a crazy month," said Kaye Ridolfi, the Ohio foundation's senior vice president of advancement. "The phone was ringing off the hook."

The new tax law's treatment of deductions gives people more reasons to concentrate giving in certain years, both inside and outside donor-advised funds. But widespread bunching of contributions could make it difficult for charities to plan from year to year.

"When you get people in the habit of saving for charity instead of giving to charity,

Please see DONORS page A2

Trump Is Expected to Clear Memo's Release

WASHINGTON—President Donald Trump is expected to tell lawmakers as early as Friday that he has approved the release of a classified memo that Republicans allege shows

By Rebecca Ballhaus, Siobhan Hughes and Peter Nicholas

improper surveillance of one of the president's former campaign aides, a White House official said Thursday.

The official said Mr. Trump made his decision after reviewing the memo and ensuring "it doesn't give away too much in terms of classification." The official said the White House doesn't expect the memo to include any redactions recommended by intelligence officials, but one person close to the president signaled there could ultimately be some redactions.

"It's in Congress's hands after that," the official said.

The memo has ignited a fierce debate in Washington, with many Republicans saying the document shows civil-liberties abuses by federal investigators. Members of both parties have raised concerns, with some saying it is misleading and its planned release represents an effort to discredit the probe into whether associates of Mr. Trump colluded with Russia during the 2016 presidential election. The FBI has

Please see MEMO page A4

◆ Trump aide was known to counterintelligence A4
◆ President makes fundraising quick work A5

Vatican to Bow to China on Bishops

Pope Francis has decided to accept the legitimacy of seven Catholic bishops appointed by the Chinese government, a concession that the Holy See hopes will lead Beijing to recognize his authority as head of the Catholic Church in China, according to a person familiar with the plan.

By Francis X. Rocca in Vatican City and Eva Dou in Beijing

For years, the Vatican didn't recognize the bishops' ordinations, which were carried out in defiance of the pope and considered illicit, part of a long-running standoff between the Catholic Church and China's officially atheist Communist Party.

The pope will lift the excommunications of the seven prelates and recognize them as the leaders of their dioceses, according to the person familiar with the situation. A Vatican spokesman declined to comment.

The decision reflects the Holy See's desire for better relations with China—where Christianity is growing fast, though mostly in the form of Protestantism—and for an end to the division between the government-controlled church and a larger so-called underground church loyal to Rome. Catholics are estimated to number from 9 million to 12 million, while Protestants run from 40 million in some studies to two or more times that number in the estimates of some missionary groups.

The pope's conciliatory approach stands out at a moment when China is tightening its grip on religious practice under the more assertive leadership of President Xi Jinping.

Many Catholic parishioners and priests in China have shunned state control and state-appointed bishops to keep faith with the Vatican. Believers have been imprisoned, harassed and otherwise persecuted.

Cardinal Joseph Zen, a former bishop of Hong Kong and a prominent champion of such Catholics, warned against any deal between China and the Holy See. "Winston Churchill said, 'How can we deal with a totalitarian re-

Please see POPE page A8

JEFF KOWALSKY/AGENCE FRANCE-PRESSE/GETTY IMAGES

Officials Didn't Act On Abuse Claims

LAG IN RESPONSE: The U.S. Olympic Committee didn't intervene after being informed in 2015 of sex-abuse allegations against the national gymnastics team's doctor, Larry Nassar, left. **A3**

Why Is America's Anxiety Rising? The Instant Pot

* * *

Under pressure, cooks can't figure out the latest appliance fad

By Ellen Byron

Deryl Gallant regrets only skimming the manual for his Instant Pot.

He first tried to make spaghetti, but he didn't use enough water and it burned. He looked online for ways to clean the scorched pot and followed the steps: Add four cups of water and turn the pressure-cooker function on high. "Then, like a fool," he

A distress signal

says, "I did the quick release."

Hot, watery sauce shot to the kitchen ceiling, splattering cupboards, his shirt, arms and the floor. "It was actually raining spaghetti sauce, like that movie my kids love," says Mr. Gallant, an IT specialist in Charlottetown, Prince Edward Island, Canada.

The Instant Pot—billed as an all-in-one device that sautés, steams, slow-cooks, pressure-cooks and makes yogurt, rice, cakes and preserves—was one of the biggest sellers of the holiday season, buoyed by enthusi-

Please see POTS page A6

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U.S. NEWS

Worker Productivity Remained Sluggish in 2017

By Eric Morath

WASHINGTON—U.S. worker productivity grew below its long-run average for the seventh straight year in 2017.

Nonfarm business-sector productivity, measured as the goods and services produced per hour worked, advanced 1.2% last year from 2016, the Labor Department said Thursday. That matched the average rate recorded from 2007 through 2017, and is well below the 2.1% annual rate averaged since 1947.

Productivity hasn't topped its long-run average since 2010, when the economy was first emerging from a deep recession.

In the fourth quarter, productivity decreased at a 0.1% seasonally adjusted annual rate. The first quarterly decline since early 2016 offset what had been solid gains in the middle of the year. Americans worked more hours in the final three months of 2017, while the pace of output gains cooled.

Soft productivity gains is an impediment to stronger wage gains, and ultimately better economic growth.

When workers don't become much more productive, it may be difficult for businesses to justify larger raises for workers. Firms may instead opt to add more employees rather than increase pay for current staff. That is consistent with recent solid hiring and sluggish wage gains.

Stronger productivity gains are likely needed to reach President Donald Trump's goal of sustaining better than a 3% economic growth rate. The recent period of sluggish productivity coincides with about 2% average growth in gross domestic product since the recession ended.

Output gains in recent years have largely been supported by firms adding more workers to increase production. But with the unemployment rate trending at a 17-year low and older Americans retiring in larger numbers, it is unlikely that the labor force will grow more quickly in coming years. That puts the burden on existing workers to produce more. New tax laws passed last year are intended to boost business investment. That could spark better productivity gains.

"With a very investment-friendly tax reform coming on stream, I would expect business investment to surge and productivity growth to pick up further, approaching what we think of as historically normal levels," said Stephen Stanley, chief economist at Amherst Pierpont Securities.

Productivity for the third quarter was revised down Thursday to an annualized pace of 2.7% growth from an earlier estimate of up 3%. Still, the gain was the best pace since early 2015. Economic growth during the quarter, 3.2%, matched the best rate since 2014. Last quarter, gross domestic product expanded at a 2.6% annual rate.

Thursday's report showed unit labor costs at nonfarm businesses rose at a 2% rate in the fourth quarter, primarily because of an increase in hourly compensation. Unit labor costs are the ratio of hourly pay to productivity. Unit labor costs rose 0.2% for the full year.

Productivity for manufacturing firms rose at a 5.7% pace in the fourth quarter from the third. That was the best quarterly gain since 2010. But for the full year, manufacturing productivity advanced just 0.7%.

Investment Fuels Factory Momentum

U.S. factories maintained momentum in January, buoyed by rising demand for equipment, in the latest sign companies are stepping up investment spending.

The Institute for Supply Management on Thursday said its index of factory activity settled at 59.1, down slightly from 59.3 in December but still ranking as the third highest since 2011. Any mark above 50 indicates expanding activity, as measured by factors such as product sales, raw-materials prices and industry employment.

One factor driving the latest growth: Higher demand for business equipment. Sales of such long-lasting goods indicates companies are investing to expand their production capacity. The lead time for filling those orders rose 8% over the month because factories are being flooded with new orders, said Tim Fiore, head of the ISM survey.

"We're still accelerating," Mr. Fiore said of the overall manufacturing outlook. "There are a lot of strong feelings 2018 is going to be a good year."

A measure of overall sales of goods, known as new orders, slipped from December but remained a robust 65.4. Production also held at a high level. Employment continued to grow, but more slowly.

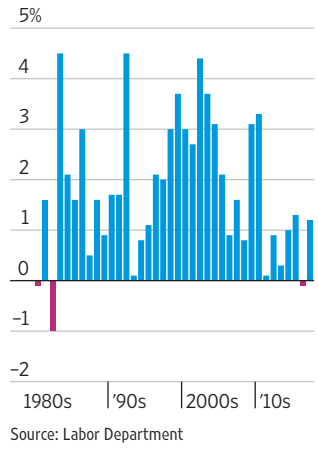
Prices for raw materials hit the highest level since 2011, indicating higher inflation pressures. Mr. Fiore said that was a sign of healthy demand rather than an overheating economy.

The factory sector has expanded for most of this decade, largely because of steady but slow economic growth in the U.S. Now, the sector appears to be picking up above recent trends, largely because of firming global growth and higher spending by businesses.

—*Josh Mitchell*

Slow Going

Change in worker productivity, from a year earlier



Source: Labor Department
THE WALL STREET JOURNAL.

Great Artwork Gets Careful Cleaning at the Museum

CJ GUNTHER/EPA/SHUTTERSTOCK

WORK IN PROGRESS: Head of Paintings Conservation Rhona McBeth examined Rembrandt's 'Portrait of a Woman Wearing a Gold Chain' at the Museum of Fine Arts in Boston on Thursday. Paintings will be cleaned in the view of museum visitors over the next year.

DONORS

Continued from Page One

there is a tendency for funds to be set aside, because that's what we do in savings accounts," said Ray Madoff, a Boston College law professor who specializes in taxes and philanthropy.

A donor-advised fund is an investment account held for charitable purposes. Donors take tax deductions when they put money in, then recommend grants to charities over time.

Donor-advised funds held $85 billion in total assets in 2016, according to the National Philanthropic Trust. Such funds affiliated with commercial money managers are now among the nation's largest charities.

The funds linked to investment firms such as Fidelity and Vanguard typically charge administrative fees to the funds to pay for the operations of the nonprofit organizations associated with the investment firms. The funds are often invested in vehicles managed by those firms and generate fees for the for-profit business.

The new tax law made these funds especially attractive. Congress nearly doubled the standard deduction to $24,000 for a married couple and limited the state-and-local-tax deduction to $10,000. As a result, more people will claim the standard deduction and far fewer will claim itemized deductions and get a direct benefit for their charitable contributions.

According to the Tax Policy Center, about 11% of households are projected to itemize deductions, down from 26% under the prior law.

More taxpayers had an incentive to bunch several years' worth of donations in 2017, before the higher standard deduction and lower tax rates took effect. Such bunching could now become a common charitable practice because people would concentrate donations to exceed the standard deduction only in some years.

"You could not have designed a tax bill that would have driven more money into donor-advised funds," said Ms. Madoff, of Boston College, who is critical of the funds.

Dalton Rushing and his wife, Stacey, both Methodist pastors in Decatur, Ga., created a donor-advised fund with their projected $18,700 tithing to their churches for 2018, plus other planned gifts. They set automatic withdrawals from the fund for their tithing.

Total assets in donor-advised funds totaled $85 billion in 2016.

"We knew what we wanted to give away in 2018 and so we started thinking, is there a creative way for us to do this?" Mr. Rushing said.

In California, accountant Dennis Young realized his own tax situation would change. He has no mortgage, so he doesn't take that interest deduction, and the $10,000 state-and-local tax deduction and his typical $10,000 charitable donations wouldn't exceed the new standard deduction.

Mr. Young, a partner of Young, Craig & Co. in Mountain View, Calif., said he added $30,000 to a donor-advised fund run by the Los Altos Community Foundation. His plan: alternate years between taking the standard deduction and donating to his fund and claiming itemized deductions.

The stock market's rise in 2017 amplified the rush to create donor-advised funds. Donors who give appreciated assets get an added benefit: They avoid paying capital-gains taxes when they make the donation, and they get a deduction against their income taxes for the full value of the asset.

"The tax reality plus the markets being strong made it a bit of a no-brainer," said Kim Laughton, president of Schwab Charitable, which holds about $13 billion of assets in its donor-advised funds. "Anyone who has one of these accounts realizes how useful it can be."

The National Philanthropic Trust, which holds about $6 billion in donor-advised funds, had its biggest December ever, with $1.2 billion in contributions, up 20% from 2016.

In November, donors weren't convinced that Congress would actually finish the tax bill, said Eileen Heisman, the group's president and chief executive officer. The House took the final vote Dec. 20.

"We had a huge spike in gifts in the last eight working days of the year. Just huge," Ms. Heisman said.

The Community Foundations of the Hudson Valley in New York sent an email to donors about the tax law. One donor printed it out and sent it back with a $10,000 check, said March Gallagher, the group's president and chief executive. December donations in newly created funds to the foundation went from about $122,000 in 2016 to $1.2 million in 2017.

"That was a really effective email," Ms. Gallagher said.

Most people in the top 5% of households will still itemize and therefore can still get the full charitable deduction. Many in the upper middle class now have a smaller incentive to give money away because they will be taking the standard deduction. Many of them would also have an incentive to concentrate donations only in some years.

Fund sponsors say most donors make regular distributions and say those payments to charities have been increasing, too. Vanguard Charitable has created an online tool to help donors find charities that fit their priorities. In 2017, Vanguard's funds distributed $874 million, up 28% from 2016. Fidelity has seen increasing use of a mobile application that lets donors distribute in increments as small as $50.

CORRECTIONS & AMPLIFICATIONS

Brenda Fitzgerald, the former director of the Centers for Disease Control and Prevention, and her husband said their equity investments in a tobacco company were made by an outside entity contracted by the Fitzgeralds' investment manager. In some editions Thursday, a U.S. News article about Dr. Fitzgerald's resignation incorrectly said an employee of her investment manager purchased the tobacco stock.

The first name of Emmerson Mnangagwa, the president of Zimbabwe, was incorrectly given as Ernest in a World News article Thursday about African tourism.

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

U.S. WATCH

LOS ANGELES

Shooting at School Is Called an Accident

A school shooting in Los Angeles on Thursday that injured five people was accidental, police said.

A 12-year-old girl was taken into custody after she allegedly fired a weapon at Salvador Castro Middle School near downtown Los Angeles, seriously injuring two students. A 15-year-old boy was shot in the head but survived, and a 15-year-old girl was hit in the wrist. The teens were hospitalized.

Investigators believe the shooting was an accident, a Los Angeles police spokesman said late Thursday. The girl was booked for negligently discharging a firearm.

A 13-year-old student told the Los Angeles Times that someone was playing with a gun they believed to be fake.

"As a parent, this is everyone's worst-case nightmare," said Robert Arcos, a deputy chief with the Los Angeles Police Department.

—*Zusha Elinson*

SLENDER MAN CASE

Girl, 15, Gets 40 Years In Mental Hospital

A Wisconsin girl who stabbed a classmate in an attack inspired by the fictional horror character Slender Man was sentenced Thursday to 40 years in a mental hospital.

Judge Michael Bohren granted the maximum penalty that prosecutors had sought, and discounted Morgan Geyser's youth. She was 12 years old at the time of the attack in 2014. "What we can't forget is this was an attempted murder," Judge Bohren said.

Ms. Geyser, now 15, spoke briefly before she was sentenced and apologized to the girl she stabbed, Payton Leutner.

Ms. Geyser and another girl, Anissa Weier, admitted that they lured Ms. Leutner into some woods near a suburban Milwaukee park. Ms. Geyser stabbed Ms. Leutner 19 times while Ms. Weier urged her on, according to investigators. Ms. Leutner was left for dead but she crawled out of the woods and got help. All three girls were 12 at the time.

Ms. Geyser pleaded guilty to attempted first-degree intentional homicide in October.

—*Associated Press*

VIRGINIA TRAIN CRASH

Drivers Noted Issues With Safety Arms

The safety arms at a railroad crossing where a train carrying Republican lawmakers slammed into a garbage truck appeared to be malfunctioning the day before Wednesday's deadly crash, drivers who regularly cross over the tracks at the crash scene said Thursday.

Gene Locke, who lives near the tracks in Crozet, Va., said he pulled up to the crossing between 8:30 a.m. and 9:30 a.m. Tuesday and saw that the safety arms were down and the signal light was flashing, but no train was approaching from either direction.

Jane Rogers, who lives about 2 miles from the crash site, also said that when she arrived at the crossing Tuesday, the gate was down, even though there were no trains approaching.

The National Transportation Safety Board, which is investigating, has said signal experts would be looking at the safety of the crossing.

Wednesday's crash happened at an intersection that crosses the tracks at the top of a hill where visibility is limited. The lawmakers were headed to a strategy retreat in West Virginia when the collision occurred about 11:20 a.m.

An employee of the trash company Time Disposal, was killed when the train struck the truck he was in. The company identified him as Christopher Foley, 28 years old, and said he was the father of a 1-year-old boy.

—*Associated Press*

TEXAS

Prison Staff Arrested In Misconduct Probe

Four current and former employees of the state's troubled youth prison system have been arrested as part of an investigation into allegations of abuse and misconduct in juvenile lockups.

The Texas Department of Public Safety said Thursday that the charges include excessive force, tampering with a government record and theft by a public servant.

Last year, at least four other Texas juvenile-corrections officers were arrested on charges of sexual misconduct with youths in lockup.

—*Associated Press*

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USOC Failed to Act on Reports of Abuse

Olympic Committee learned of allegations against gymnastics team doctor in 2015

By Rebecca Davis O'Brien

Gymnast Simone Biles, center, talking with fellow gymnasts before a training session in September 2015. Allegations against Dr. Larry Nassar became public a year later.

DAVID J. PHILLIP/ASSOCIATED PRESS; LEE JIN-MAN/ASSOCIATED PRESS (BLACKMUN)

The U.S. Olympic Committee didn't intervene in USA Gymnastics' handling of sexual-abuse allegations against longtime national-team doctor Larry Nassar in 2015, even after USA Gymnastics' then-president told two top USOC executives that an internal investigation had uncovered possible criminal behavior by the doctor against Olympic athletes.

The communications—a July 2015 phone call and a September 2015 email described to The Wall Street Journal by people familiar with the matter—shed new light on the Olympic Committee's knowledge of a scandal that has since engulfed American gymnastics.

The interactions also raise questions about why officials at USOC, which oversees USA Gymnastics and has criticized that organization's response to the Nassar scandal, didn't reach out to athletes, law enforcement or Dr. Nassar's other employers in the year before allegations against him became public in September 2016.

During that yearlong period, a federal investigation into the matter languished, and Dr. Nassar continued to see—and allegedly abuse—patients in Michigan.

The USOC declined to comment. USA Gymnastics didn't respond to requests for comment.

In a statement, USOC spokesman Mark Jones reiterated the committee's plan, announced last week, to launch an "independent investigation into the decades-long abuse by Larry Nassar to determine what complaints were made, when, to whom, and what was done in response."

The USOC has offered varying statements about when it first learned of the allegations against Dr. Nassar, and in what degree of detail. In December, in response to a gymnast's lawsuit, the organization said it was "first made aware of the possibility that a USA Gymnastics physician had sexually abused USA Gymnastics athletes in the summer of 2015, when we were informed by USA Gymnastics." At that time, "USA Gymnastics indicated they were in the process of contacting the appropriate law enforcement agencies."

In a June 2017 statement, USA Gymnastics' leaders expressed their "deepest regrets" to athletes who were abused in the sport. The organization's board of directors resigned in recent days, part of an overhaul prompted by the Nassar scandal.

Around July 25, 2015, USA Gymnastics then-President Steve Penny called USOC Chief Executive Scott Blackmun with a request for guidance, according to a person familiar with the call. An Olympic gymnast had described, in a July 24 conversation with an internal investigator, what appeared to amount to sexual assault by a team doctor. At the investigator's recommendation, Mr. Penny said he planned to report the matter to law enforcement, according to the person.

Mr. Blackmun told Mr. Penny to "do what he had to do," the person familiar with the call said. Mr. Blackmun provided no further guidance to USA Gymnastics on the matter in the months to come.

Two months later, Mr. Penny emailed the USOC's longtime chief security officer, Larry Buendorf, detailing three top gymnasts' allegations against Dr. Nassar, including a graphic description of a purported treatment Dr. Nassar used, which at least one gymnast said involved inserting his finger into her vagina. The email was described to the Journal by people who have reviewed the correspondence.

The email appears to be the first documented instance in which a USA Gymnastics official mentions Dr. Nassar by name to a USOC official.

Mr. Penny told Mr. Buendorf in the email that three national-team gymnasts described discomfort with Dr. Nassar's treatment—a technique that Dr. Nassar said had some basis in clinical practice but which was described by at least one of the gymnasts as "rougher," "aggressive," and perhaps solely for his sexual gratification, the people familiar with the email said.

Scott Blackmun of the USOC says the group plans to launch an independent review.

The USOC has previously said nobody at the organization knew Dr. Nassar was the alleged abuser until media reports in September 2016. Dr. Nassar was arrested in November 2016 on sexual-abuse charges in Michigan and was sentenced last week by a Michigan judge to up to 175 years in prison on some of those charges.

In an email Wednesday, Mr. Blackmun said he had encouraged Mr. Penny to turn the matter over to law enforcement, and he said the organization's coming independent investigation would address questions of who knew about Dr. Nassar and when. Mr. Buendorf couldn't be reached to comment.

Mr. Penny, who declined to comment, resigned from USA Gymnastics last year under pressure from USOC officials. At the time, Mr. Penny said he was leaving "to support the best interests of USA Gymnastics," adding that the allegations of abuse were "heartbreaking."

While USA Gymnastics and Michigan State University—where Dr. Nassar worked for two decades—have received the brunt of public criticism for the Nassar case, others have begun pointing fingers at the USOC.

Last week, following Dr. Nassar's sentencing, Mr. Blackmun apologized to the national team, conceding that the abuse detailed in the sentencing hearing "was worse than our own worst fears."

—Louise Radnofsky contributed to this article.

Bad Flu Season Reshapes Hospitals

By Sarah Toy

Emergency departments across the U.S. have been slammed in recent weeks by an onslaught of flu visits, forcing hospitals to devise new spaces to house patients, to restrict visitors and to postpone elective surgeries.

Visits to hospital emergency departments, urgent care centers and other outpatient clinics by people with flu symptoms have been skyrocketing for several weeks. As of mid-January, such visits had surpassed every flu season except 2009-10, when a new flu strain caused a global pandemic. The dominant strain this season, H3N2, is particularly virulent, and the vaccine isn't very effective against it.

NYC Health & Hospitals has seen a 40% increase in the number of people being tested for the flu compared with this time last year, according to Sean Studer, deputy chief medical officer of the group, which runs New York City's public hospitals, clinics and long-term care facilities.

To cope with greater traffic to the emergency department, hospitals in the network are opening up so-called flex spaces that aren't usually needed for routine care. Patients coming to the hospital reporting flu symptoms are also placed in a separate waiting area and given masks to help prevent transmission, Dr. Studer said. If they need to be admitted, patients are given a room with a single bed when possible.

Hospitalization rates are now similar to those of the 2014-15 flu season, when up to 56,000 people died from flu-related illnesses, the Centers for Disease Control and Prevention said at its latest briefing on Jan. 26.

In Atlanta, the emergency department at Grady Memorial Hospital is caring for up to 25% more patients than it did at this time last year. The department usually sees around 400 patients a day, but there have been times this month when that number shot up to 502, according to Hany Atallah, Grady Memorial Hospital's chief of emergency medicine.

"Our emergency department is full, and our inpatient services are full," he said. "Overfull, actually."

But people are still coming, so the hospital has set up a temporary mobile medical unit on its premises for 30 days. Fully equipped with medical supplies and 14 beds, it is essentially a second emergency room, Dr. Atallah said. Grady Memorial is also using "family waiting rooms, holding areas and literally some hall spots" for patient beds, he said.

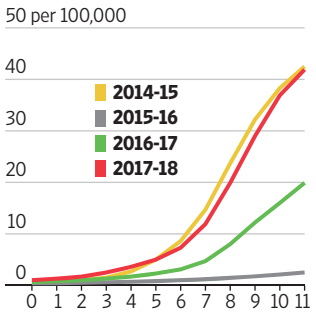
Not everyone who comes to the emergency department needs to be admitted to the hospital, Dr. Atallah said. A patient who is young and otherwise healthy will likely be treated for fever, muscle aches and dehydration and then sent home to rest. Those most at risk for complications are the elderly, very young children, or people who have other health issues that the flu can exacerbate.

Given the severity of the flu this season, the hospital isn't allowing children 14 years old and younger to visit hospitalized patients. Children tend to harbor more infections, Dr. Atallah said.

The surge in flu-related admissions will place pressure on hospital margins because reimbursement for flu admissions is often insufficient to cover the cost of treatment, Moody's Investors Service said in a report Monday. It can also crowd out elective procedures, which command higher reimbursement rates, Moody's said.

Feverish Activity

Cumulative flu hospitalization rate for each week since early November for the 2017-18 season compared with previous seasons.



Source: Centers for Disease Control and Prevention

THE WALL STREET JOURNAL.

Flu Patients Take Over Other Areas

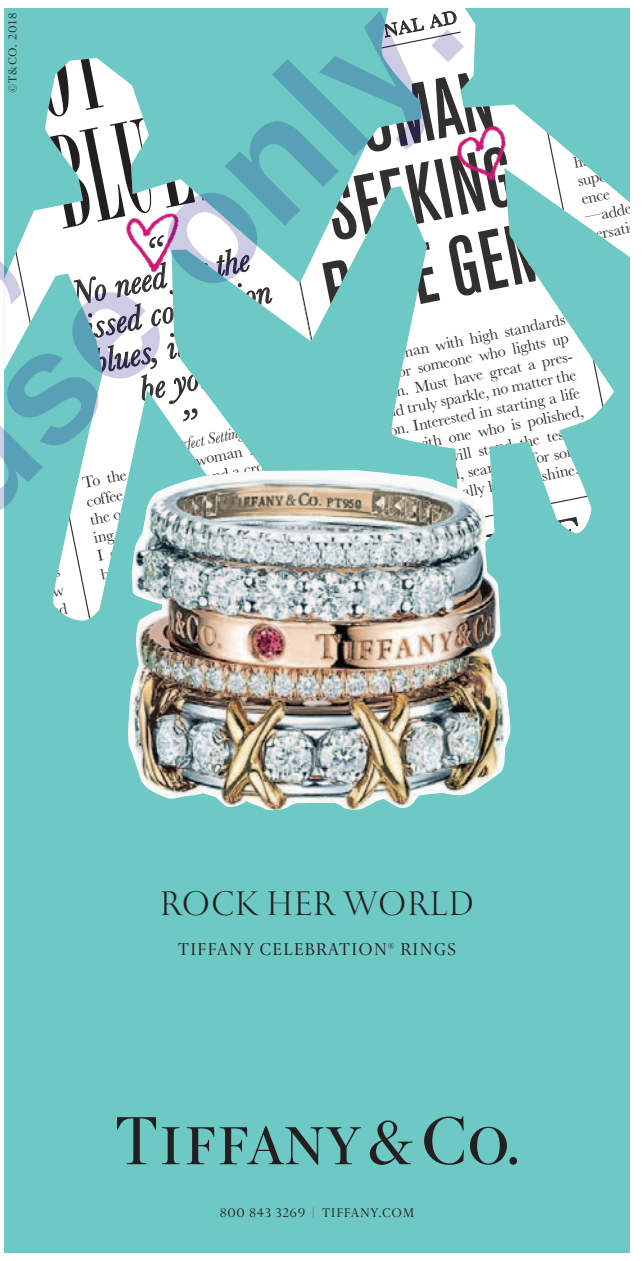
The emergency department at the University of Alabama at Birmingham Hospital, which sees an average of 250 to 300 patients each day, has experienced a jump in volume of about 10%, largely because of the flu.

"We've not only seen an increase in volume, but an increase in acuity," said Sarah Nafziger, physician adviser for the Center for Patient Flow at UAB Hospital. "People are sicker than they were in previous years.

"It's not just people with flu symptoms, but people who have chronic medical conditions that are exacerbated by the flu," she added.

To deal with the higher number of emergency department visits, UAB is placing patients in areas that would normally be used for postoperative patients, such as anesthesia recovery rooms. The hospital has also delayed some elective surgeries that would require an overnight stay to open up more beds.

"As you can imagine, that's a costly decision for the hospital because elective surgeries and nonelective surgeries are the way hospitals increase their revenue," said Dr. Nafziger. "But sometimes you have to make those decisions to make sure you can safely care for patients."



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Trump Aide Was on Authorities' Radar

Carter Page attracted attention of officials in counterintelligence years before 2016 race

By Rebecca Ballhaus And Byron Tau

J. SCOTT APPLEWHITE/ASSOCIATED PRESS

Carter Page, a former adviser to Donald Trump's campaign, spoke after testifying before the House Intelligence Committee in November.

Carter Page, who served as a foreign-policy adviser to Donald Trump's campaign, was known to U.S. counterintelligence officials for years before he became a prominent figure in a dossier of unverified research about the future president's ties to Russia.

The White House is expected to release as early as this week a memo detailing what Republicans allege were surveillance abuses during the 2016 campaign. Republicans say the memo, written by the GOP staff on the House Intelligence Committee, shows prosecutors used information gleaned from an ex-British spy—who was paid by a research firm hired by Democratic opponents of Mr. Trump—in their application for a secret court order to monitor Mr. Page. Mr. Page hasn't been accused of wrongdoing.

The Federal Bureau of Investigation on Wednesday urged the White House not to release the memo, citing "grave concerns about material omissions of fact that fundamentally impact the memo's accuracy." Democrats have also said the document is misleading and cherry-picked.

Yet a question persists: What prompted the FBI to suspect that Mr. Page was acting as an agent of Russia?

The full extent of the evidence regarding Mr. Page that the Justice Department submitted to the U.S. Foreign Intelligence Surveillance Court—a secret judicial panel that approves surveillance warrants against suspected agents of foreign powers—isn't clear. The Wall Street Journal has reported that the warrant included material beyond research compiled by Christopher Steele, the former British intelligence official.

What is known from court documents and testimony by Mr. Page before Congress is that he has been known to U.S. counterintelligence officials dating back to at least 2013, nearly three years before he joined the Trump campaign.

The dispute between the White House and the FBI comes against the backdrop of a federal inquiry led by Special Counsel Robert Mueller into whether Trump associates colluded in Russian efforts to interfere in the 2016 election. Mr. Trump has denied collusion. Moscow has denied meddling. Mr. Page has called the probe "baseless."

For three years, starting in 2004, Mr. Page lived in Moscow, where he opened an office for Merrill Lynch & Co. He also served as an adviser on "key transactions" involving the Russian state-owned energy company PAO Gazprom and RAO UES, the Russian state-controlled electricity monopoly, according to Mr. Page's biography.

In January 2013, Mr. Page met Victor Podobnyy, a junior attaché at the Russian consulate in New York, Mr. Page told the House Intelligence Committee last fall. They met again that March, he told the House panel.

That June, Mr. Page was interviewed by FBI counterintelligence agent Gregory Monaghan and another FBI agent, who were investigating whether Mr. Podobnyy was a Russian intelligence agent, according to a criminal complaint.

In 2015, Mr. Podobnyy was charged with posing as a U.N. attaché under diplomatic cover while trying to recruit Mr. Page as a Russian intelligence source. The complaint filed by U.S. prosecutors alleged Mr. Podobnyy was an agent for the SVR, Russia's foreign intelligence service. The complaint detailed Mr. Podobnyy's discussion in April 2013 with Igor Sporyshev, a second alleged SVR agent posing as a trade representative, about efforts to recruit "a male working as a consultant in New York City." Mr. Podobnyy was afforded diplomatic immunity and left the country.

Mr. Page last year confirmed that he was the consultant and said he helped U.S. federal investigators during the case.

Asked for comment Wednesday, Mr. Page forwarded a letter from May 2017 addressed to the House panel in which he said, the Justice Department under President Barack Obama was best described by the final scene in the movie "The Big Short," which shows that bankers went unpunished for their role in the financial crisis.

MEMO

Continued from Page One

questioned the memo's accuracy and opposed its release.

Mr. Trump's view is that the memo undermines the credibility of Rod Rosenstein, the deputy attorney general who is overseeing the Russia investigation, one person close to the president said Thursday. Mr. Rosenstein, who was nominated to his post by Mr. Trump, approved a renewal of surveillance of a Trump foreign policy campaign adviser, Carter Page, in the spring of 2017, The Wall Street Journal has reported.

A Justice Department spokeswoman declined to comment.

JIM BOURG/REUTERS

The FBI said in a statement it had 'grave concerns' about omissions that affect the memo's accuracy.

The document is a summary of classified information written by Republicans on the House Intelligence Committee. Republicans said the memo shows prosecutors used information gleaned from an ex-British spy—who was paid by a research firm hired by opponents of Mr. Trump—in their application for a secret court order to monitor Mr. Page's ties to Russia.

The Journal has previously reported that the warrant included material beyond research compiled by Christopher Steele, the former British intelligence official. Years before joining Mr. Trump's campaign and becoming a prominent figure in Mr. Steele's dossier, Mr. Page was known to U.S. counterintelligence officials, according to court records and Mr. Page's own testimony before Congress.

Mr. Trump has said privately that if Mr. Rosenstein signed off on the FISA warrant renewal based partly on an unverified dossier that Democrats helped underwrite, it raises questions about Mr. Rosenstein's impartiality and whether he is fit to oversee the Russia investigation, the person close to the president said.

"Trump sees [Mr. Rosenstein] as a guy who is out to get him from the beginning and maybe this gives Trump the ability to fire Rod Rosenstein for cause," this person said.

One person close to Mr. Trump said he has advised the president not to release the memo. But Mr. Trump is determined to make it public in the belief that the investigative machinery is "truly corrupt and flawed," this person said.

The Federal Bureau of Investigation issued a statement Wednesday saying it had "grave concerns about material omissions of fact that fundamentally impact the memo's accuracy." The statement came after FBI Director Christopher Wray tried privately to persuade the White House to keep the memo under wraps.

Democrats said the memo is misleading, cherry-picked and part of a continuing GOP effort to discredit special counsel Robert Mueller's probe into whether Mr. Trump or his associates colluded with Russia.

Mr. Mueller's team is also investigating whether the president obstructed justice last year when he fired then-FBI Director James Comey, who had been spearheading the Russia probe.

Mr. Trump has denied there was collusion and that he obstructed justice. Moscow has denied it meddled in the campaign.

Democratic leaders said Thursday that the GOP chairman of the House Intelligence Committee, Rep. Devin Nunes of California, had acted inappropriately and appealed to House Speaker Paul Ryan (R., Wis.) to remove him from his committee post.

Rep. Nancy Pelosi of California, the House Democratic leader, described Mr. Nunes's actions as "deliberately dishonest," and Sen. Chuck Schumer of New York, that chamber's Democratic leader, said House Republicans were "attack[ing] the integrity and credibility of federal law enforcement as a means to protect President Trump and undermine the work of special counsel Mueller."

Some Republicans also harbored concerns about releasing the memo. Sen. John Thune (R., S.D.), a member of the Senate leadership, said Republican lawmakers should proceed cautiously.

"They have to take into consideration what the FBI is saying and if there are things that need to be redacted, I think they need to pay careful attention to what our folks who protect us have to say about how this bears on our national security," Mr. Thune said.

He also said a memo from Democrats should be released at the same time as the GOP document. "I think if you're going to release one you have to release the other," Mr. Thune said.

Many top Republicans, including Mr. Ryan, have defended the GOP lawmakers' vote to release the memo.

"What this memo is, is Congress doing its job and conducting legitimate oversight over a very unique law, FISA," he said. "And if mistakes were made and if individuals did something wrong, then it is our job as the legislative branch of government to conduct oversight over the executive branch if abuses were made."

'They need to pay careful attention to what our folks who protect us have to say.'

Mr. Ryan said the memo is "not an indictment" of the FBI or the Justice Department.

Some House Republicans said they would go further than Mr. Nunes and release the actual documents that are footnoted in the memo.

"We should be releasing or be prepared to release the underlying documentation because the facts are really what's important here," Rep. Scott Perry (R., Pa.) said. "Otherwise, with good reason and predictably, the other side is going to say this memo is just political."

—Kristina Peterson and Natalie Andrews contributed to this article.

WASHINGTON WIRE

HOUSE

GOP Stopgap Bill May Extend Funding

House Republicans are considering voting next week on a stopgap spending bill that would keep the government funded through late March, lawmakers and aides said Thursday.

The government's current funding expires at 12:01 a.m. Feb. 9, and lawmakers have said they would need to pass another short-term spending bill to keep it running. Congress ended a three-day partial government shutdown last week with an agreement to keep it operating though Feb. 8 but have yet to reach a longer-term budget deal.

On Thursday, Republicans were discussing legislation that would fund the government through March 22 or 23.

House Speaker Paul Ryan (R., Wis.) said that even if congressional leaders struck a long-elusive deal on overall spending levels for the next two years before the Feb. 8 deadline, there wouldn't be enough time to write that into a detailed spending bill. That means a short-term spending bill is necessary next week, he said.

—Kristina Peterson

LEGAL

Firm Representing Kushner Hires PR Vet

The law firm representing senior White House adviser Jared Kushner has hired a veteran of prior White House investigations to handle press relations for the firm's clients.

Abbe Lowell of Norton Rose Fulbright, a lawyer representing Mr. Kushner and other high-profile clients, has hired Peter Mirijanian, who has run his own public-relations firm for more than 10 years, according to a person familiar with the matter. Mr. Mirijanian wasn't hired to work specifically on Mr. Kushner's case, the person said.

Mr. Mirijanian once handled media relations for Jack Quinn, a former White House chief of staff for President Bill Clinton who represented Marc Rich, the financier who was then seeking a pardon from the White House.

Mr. Lowell had been trying to hire someone to handle press calls regarding Mr. Kushner since late last year, and had been turned down by at least two other firms, according to people familiar with the matter.

—Rebecca Ballhaus and Brody Mullins

EPA Plans Cleanup for Superfund Site

By Timothy Puko

LAURIE SKRIVAN/ST. LOUIS POST-DISPATCH/ASSOCIATED PRESS

A warning sign at the West Lake landfill in Bridgeton, Mo.

The Environmental Protection Agency plans to try to remove radioactive waste from a Missouri dump as part of an effort to speed up the way the government deals with the country's most toxic sites.

The move, among the agency's most urgent priorities, would end years of dispute over how to deal with thousands of tons of factory waste from the nuclear-weapons program buried for decades at West Lake landfill near St. Louis.

Under the agency's proposal, most of the dump's radioactive waste would be removed and a permanent cap installed over the rest. It would take five years and cost $236 million, the EPA announced Thursday.

West Lake is one of more than 1,300 sites in the Superfund program, which manages areas highly contaminated by lead, asbestos, radiation and other pollutants that can cause cancer, birth defects and other health and environmental damage.

EPA Administrator Scott Pruitt has promised to focus new attention on resolving these threats, some of which have lingered for decades. He said the West Lake decision demonstrates his vision for the program.

"This sends a message that we're actually going to get results," Mr. Pruitt said in an interview with The Wall Street Journal. "Frankly it's just what we ought to be doing."

Major progress on that work could become a legacy-shifting achievement for a regulator now known largely for making friendlier relationships with industry and dismantling programs from the previous administration under President Barack Obama.

President Donald Trump has pushed to roll back Obama-era rules designed to fight climate change and water pollution, among others, to help the energy industry and other businesses.

Mr. Pruitt has argued the EPA could be more productive by focusing more on long-standing programs and problems, especially superfund cleanups.

The EPA first listed West Lake in 1990, but has been unable to find a solution for the site. It decided in 2008 to leave the waste in place and cover it with a protective cap. But residents protested, demanding the waste be hauled away, leading the EPA to reassess its plan. Some accused the agency of pressuring an independent review board to soften challenges to an EPA plan.

West Lake's owner, Republic Services Inc., along with Exelon Corp. and the Energy Department are responsible for the cost, though their shares have yet to be determined, the agency said.

A Republic subsidiary involved with the site said it "is pleased that the EPA has finally ended decades of study and again is issuing a proposed plan for the site." It said it plans to work with the EPA, but that it could be years before the proposal is completed and the cleanup starts. Exelon and the Energy Department didn't respond to requests for comment.

The agency's proposal suggests the best options are to put the excavated waste into a cell on site or ship it away to another site, Mr. Pruitt said. An off-site solution would be out of state. Mr. Pruitt noted another site about 20 miles away where similar waste is encased in a steel and concrete cell that can safely hold the waste for 1,000 years.

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Trump Makes Fundraising Quick Work

By Julie Bykowicz

The same week President Donald Trump was sworn into office, he applied for a trademark on "Keep America Great" for use on buttons, banners, clothing, advertising and more, according to the U.S. Patent and Trademark Office, and filed the paperwork to launch a re-election campaign earlier than any other president in modern history.

In the past year, Mr. Trump has appealed to supporters big and small to build up a re-election war chest, held nine political rallies in states he won in 2016, and aired campaign-sponsored television commercials to promote his policy agenda. He has also embraced the political action committees and major donors he once called a scourge on governing.

Mr. Trump's campaign and an outside group that backs him collected more than $73 million last year, according to Federal Election Commission filings and interviews with officials at America First, a part-super PAC, part-nonprofit group that routinely meets with Mr. Trump and top White House officials to discuss political strategy. The campaign's $43 million haul is four times what President Barack Obama raised in his first two years in office, a period when he wasn't actively fundraising.

Indeed, no president who has served under modern campaign finance laws that date back to President Jimmy Carter has held a re-election fundraiser before entering his third year in office, said Brendan Doherty, an associate professor of political science at the U.S. Naval Academy who has researched presidential campaigning. Mr. Trump had eight in his first year.

"The trend over a number of election cycles has been to begin the electioneering process earlier and more aggressively," said Michael Steel, a Republican strategist and former aide to past House Speaker John Boehner.

Mr. Trump began his re-election fundraising with a $10 million fete at his Trump International Hotel in Washington in June. His campaign's most recent event, timed to celebrate the anniversary of his inauguration, was Jan. 20 at Mar-a-Lago, another family business.

RHONA WISE/AGENCE FRANCE-PRESSE/GETTY IMAGES

President Trump has attended rallies in states he won in 2016, such as Florida, to shore up support for his re-election campaign.

For each donation at those events, the first $5,400—the legal maximum—goes to his re-election campaign, while the rest is divided among Republican Party committees, including the Republican National Committee and several state parties.

Mr. Trump's aides say they have studied former GOP rival Jeb Bush's approach to financing his failed 2016 presidential bid and see some merit to outsourcing pricey advertising buys to an independent group unrestricted by contribution limits. The former Florida governor's outside group raised more than $100 million and financed most of Mr. Bush's advertising.

America First's fundraising goal this year is $100 million, its officials said. It is raising most of its money through a nonprofit that doesn't have to disclose its donors but is limited in how much political work it can do. Of the $30 million America First reported raising last year, only $4 million is disclosed in FEC paperwork.

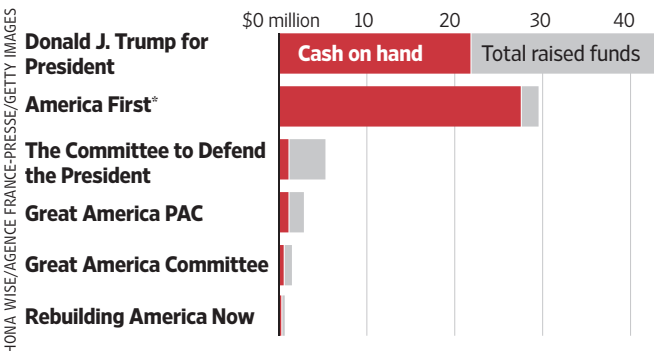
Mr. Trump's involvement with America First lets him put his stamp on the midterm elections. Vice President Mike Pence—whose leadership committee raised about $1.8 million last year to give to Senate and congressional candidates—is to travel Friday to Pittsburgh for an America First-sponsored event to promote the recent tax law.

The group's advisers include former Trump campaign manager Corey Lewandowski and data and digital director Brad Parscale, whose firm earned more than $1 million from the Trump campaign in the final three months of 2017, FEC records show. Mr. Parscale said his America First work focuses on political races apart from Mr. Trump's, to avoid running afoul of rules governing the separation of campaigns and independent groups.

Neither the White House nor campaign officials responded to requests to comment.

Off to the Races

President Donald Trump's re-election campaign has gotten off to a fast start after just one year in office.



*$26 million raised through its nonprofit arm
Sources: Federal Election Commission; America First ($26 million)

THE WALL STREET JOURNAL.

PACs, Friends Top List of Big Donors

The largest donors to President Donald Trump's re-election campaign include political committees for **CVS Health** Corp. and **LendingTree** Inc., a loan servicing company, Federal Election Commission reports show.

The largest donors to the America First super PAC were Geoffrey Palmer, a Los Angeles property developer and friend of Mr. Trump's who gave $2 million, and Ohio-based **Murray Energy** Corp., the largest privately held U.S. coal-mining company, which gave $1 million. The company's chief executive, Robert Murray, wrote an action plan on coal for the Trump administration and gave it to the Energy Department.

The campaign also has continued cultivating small donors, urging them just this week to give money and see their names displayed on a live stream of the State of the Union address.

The majority of his 2020 campaign money is coming from people giving $200 or less per election cycle, FEC records show.

"Never before has a president's campaign committee raised so much in his first year in office, and never has a president enjoyed so much support from small donors who continue to rally around him," Lara Trump, senior adviser to the re-election campaign and one of Mr. Trump's daughters-in-law, said in a statement.

—Julie Bykowicz

President Is Willing to Walk From Immigration Talks

By Laura Meckler
And Kristina Peterson

WHITE SULPHUR SPRINGS, W.Va.—President Donald Trump said Thursday that he is willing to walk away from immigration negotiations if Democrats won't agree to his terms, and many involved in the debate said the chances of a deal appear to be fading.

"We'll either have something that's fair and equitable and good and secure, or we're going to have nothing at all," Mr. Trump told Republican lawmakers at a retreat at the Greenbrier resort here.

On Capitol Hill, there was no sign of a breakthrough in the talks a week before the Senate was scheduled to begin debate. Mr. Trump used his State of the Union speech this week to cast many unauthorized immigrants as dangerous criminals. And people in both parties predicted the other side would suffer the greater political consequences if there is no deal, a dynamic that makes compromise less likely.

Mr. Trump sparked the immigration debate in September when he ended the Obama-era Deferred Action for Childhood Arrivals, or DACA, which now protects and gives work permits to about 690,000 young undocumented immigrants brought to the U.S. as children. Without an agreement by March 5, nearly 1,000 people will begin losing those protections each day.

ANDREW HARNIK/ASSOCIATED PRESS

President Donald Trump addressed GOP lawmakers in White Sulphur Springs, W.Va., on Thursday.

Mr. Trump's plan calls for $25 billion toward a southwest border wall and other security measures, an end to the diversity-visa lottery and limits on family-based migration in exchange for a path to citizenship for the approximately 1.8 million people who qualify under DACA rules.

He said on Thursday that his proposal was a balanced compromise, something that Democrats sharply dispute. Mr. Trump also preemptively tried to blame Democrats if the bipartisan talks fail. Democrats, he said, "talk a good game with DACA, but they don't produce."

Immigrant-rights advocates say they would prefer Democrats walk away rather than accept his terms, saying reductions in legal immigration, in particular, are beyond the scope of the current debate.

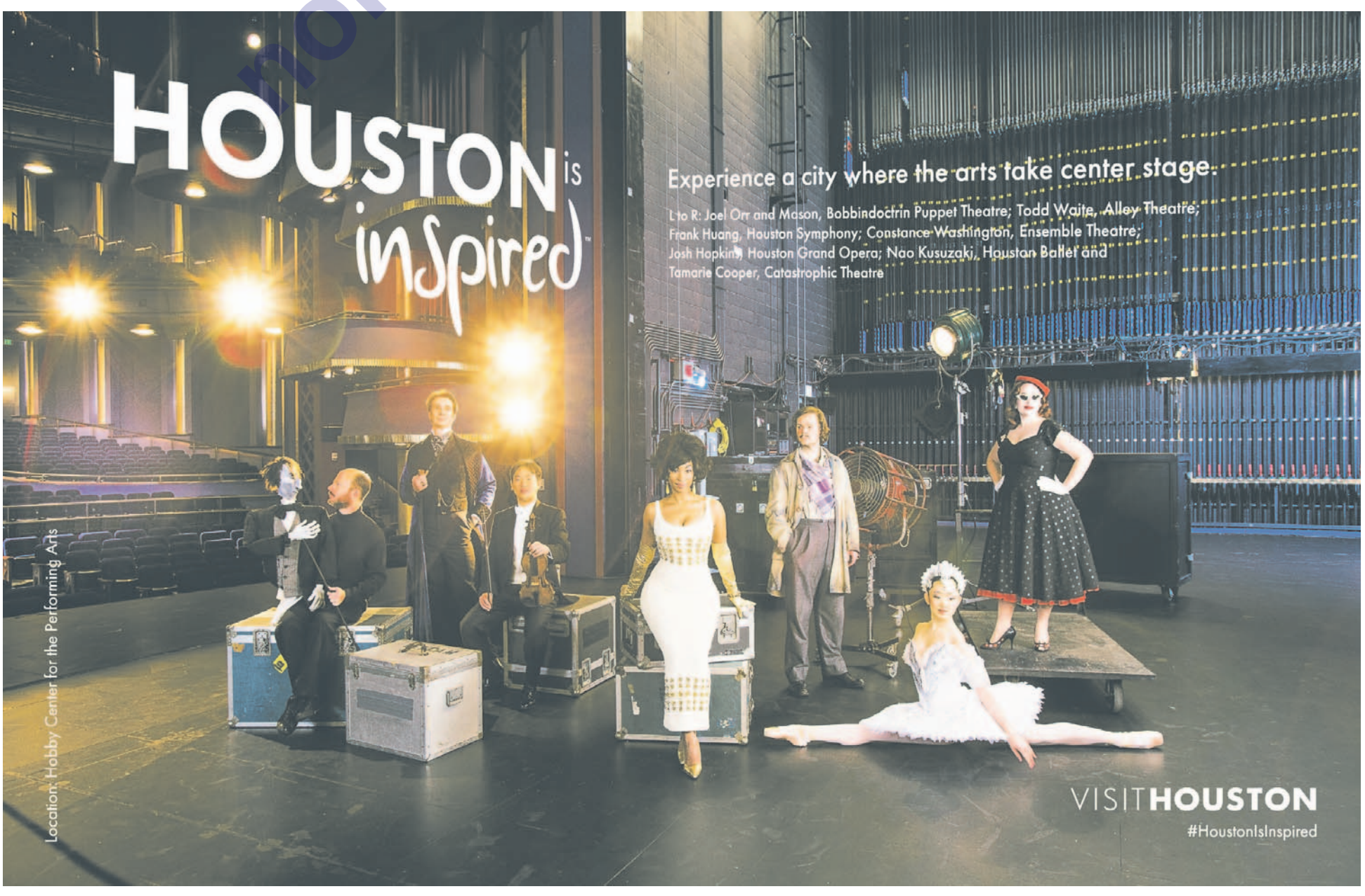
"I am still hopeful, but I don't see this Congress and this president coming to an agreement that prevents the deportation of the Dreamers," said Rep. Luis Gutierrez (D., Ill.), an immigrant advocate. "The Dreamers themselves have said they do not want legal status if it comes at the expense of others who will suffer more as part of the bargain."

On the other side, conservatives object to the pathway to citizenship the Trump plan would offer, saying it rewards illegal behavior. They say a legal status short of citizenship is the most they can swallow.

Democrats and some Republicans see a path forward with a less sweeping package combining Dreamer protections with border-security funding. Sen. John Thune (R., S.D.), a member of the GOP leadership, said Thursday that it might not be possible to combine DACA with the "much bigger broader debate about immigration."

A narrow agreement would mean jettisoning large planks of Mr. Trump's plan. It is unclear whether it could win support from either the GOP-controlled House or rally the 60 votes needed to clear legislation in the Senate, particularly if Mr. Trump is not on board.

—Siobhan Hughes and Louise Radnofsky contributed to this article.



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Guantanamo's Future Is Prolonged

By Felicia Schwartz And Gordon Lubold

President Donald Trump's order to keep open the Guantanamo Bay prison camp formalized a yearlong push to halt his predecessor's efforts to close the detention center, but raises tough questions about how to manage the costly facility and its inmates.

The State Department directed diplomats at its missions around the world to inform their host governments of Mr. Trump's decision, a U.S. official said, a signal the administration is bracing for criticism from allies who object to the prison. The directive, delivered Tuesday, said the move wasn't a significant policy shift on detentions, the official said.

State and Pentagon officials said there were no plans to send new detainees to Guantanamo. That appears to contradict Mr. Trump's statement in his State of the Union speech on Tuesday that the facility could accept new prisoners. No detainee has been sent to Guantanamo in nearly a decade.

Mr. Trump's policy reverses a 2009 order by former President Barack Obama to close the facility, which he called a recruitment tool for terrorists and a drag on the federal budget. Mr. Obama ultimately was unable to do so. That failure, the first U.S. official said, showed there is no good alternative to keeping the detainees at Guantanamo, a U.S. military base in Cuba that houses a prison camp for alleged terrorists.

"These are bad guys, and there is nothing you can do with them," the official said. Asked if there was an internal dispute over keeping Guantanamo open, the official said: "Everyone knows we have no choice."

Since Sept. 11, 2001, 779 men have been held at Guantanamo. The administration of President George W. Bush released 532 and Mr. Obama's released 197. Nine prisoners died while in custody.

Of the 41 detainees left, 23 are being held without charge but aren't cleared for release; 10 are in the midst of military-commission proceedings; three are in post-trial periods; and five have been approved for transfer elsewhere.

A State Department office in charge of negotiating prisoner transfers to other countries has been vacant for a year. Secretary of State Rex Tillerson has proposed eliminating it as part of a revamp, suggesting no clear resolution for most or all of the remaining detainees.

Experts said Mr. Trump's order doesn't direct individuals caught on the battlefield to be sent to Guantanamo; nor does it prevent detainees from being transferred out.

The new order requires the Defense secretary, who is now Jim Mattis, to recommend criteria for handling individuals caught on the battlefield, leaving him with discretion on the prison's future.

Mr. Trump's directive was criticized by lawyers, human-rights experts and lawmakers.

"Symbolically, it's disastrous, and substantively it's a nothing-burger," said Raha Wala, of the Washington advocacy group Human Rights First, of Mr. Trump's order

One hallmark of the Obama effort to close the facility remains in place under Mr. Trump's directive—periodic reviews of detainees being held without charges to see if they can be transferred. State and Pentagon officials said they continue to participate in that process, including in a hearing Tuesday.

But lawyers for detainees said the process has ground to a halt and that Mr. Trump's statements about keeping prisoners in the facility damped prospects that any cleared individual would leave.

During his presidential campaign, Mr. Trump had said he opposed efforts to close the detention facility and that he hoped to fill the prison with "bad dudes."

—Peter Nicholas contributed to this article.

BEN FOX/ASSOCIATED PRESS

President Trump's order to keep open the U.S. military-base prison in Cuba left its inmates in limbo and raised questions about cost.

Tillerson Levels Criticism At China, Russia

By Felicia Schwartz

WASHINGTON—Secretary of State Rex Tillerson criticized Chinese and Russian attempts to expand footholds in Latin America as the chief U.S. diplomat prepared to embark Thursday on a visit to the region.

"Latin America does not need new imperial powers that seek only to benefit their own people," Mr. Tillerson said to students at the University of Texas, his alma mater.

Mr. Tillerson took particular aim at China and criticized what he described as Beijing's unfair trading practices.

"China's offer always come at a price—usually in the form of state-led investments carried out by imported Chinese labor, onerous loans and unsustainable debt," he said. "The China model regularly includes extracting precious resources to feed its own economy, often with disregard for the laws of the land or human rights."

China is the largest trading partner of Chile, Argentina, Brazil and Peru, Mr. Tillerson said. His trip will include stops in both Argentina and Peru, along with Mexico, Colombia and Jamaica.

"While this trade has brought benefits, the unfair trading practices used by many Chinese have also harmed these countries' manufacturing sectors, generating unemployment and lowering wages for workers," he said.

Mr. Tillerson also had tough words for Moscow, saying Russia's growing presence in the region is "alarming as well." He faulted Russia for selling arms and military equipment to "unfriendly regimes who do not share or respect democratic values." Russian and Chinese officials didn't respond to requests to comment.

The Wall Street Journal reported this week that Russia under President Vladimir Putin has revitalized ties to Latin America.

Mr. Tillerson, marking a year on the job Thursday, also suggested that Venezuelan leader Nicolás Maduro could be ousted by the military there. But he said the Trump administration isn't promoting regime change and that it would be "easiest" if Mr. Maduro decided to leave on his own.

The Trump administration has sanctioned Venezuelan officials in a bid to pressure Mr. Maduro's government and, ahead of the trip, officials said the U.S. would weigh additional measures.

Mr. Tillerson said he wanted to see Mr. Maduro follow the constitution and predicted there will be "a change" in Venezuela's government, hopefully through peaceful means.

PROFIT

Continued from Page One

spread beyond its core market. The online-retail giant has built the largest cloud-computing business, created a major Hollywood studio and, more recently, become a big bricks-and-mortar retailer with the acquisition of Whole Foods, which accounted for roughly 7% of its sales.

Two of the other largest tech companies by market value—Microsoft Corp. and Facebook Inc.—reported record sales a day earlier. Revenue at Microsoft rose 12% to $28.92 billion as its cloud-computing division continued to grow, while Facebook's revenue jumped 47% to $12.97 billion.

Those companies are the five most valuable in the U.S. by market capitalization, the first time a single industry has occupied that position in several decades, according to S&P Capital Inc.

As the tech giants expand their clout across a widening band of commerce, they have increasingly drawn scrutiny from lawmakers and consumers over a range of issues, from their dominance of certain markets, to how they use their vast troves of consumer data, to the impact their products have on society.

The extraordinary runup in their share prices has helped fuel popular awareness of the companies' power, says Youssef Squali, an analyst with SunTrust Robinson Humphrey.

"It's a combination of the fact that these have become such huge behemoths that they bear responsibility to society, and on the other hand you have all this lack of control of personal data," Mr. Squali said.

Facebook is contending with claims that its massive social network has had harmful effects on mental health and is used to disseminate hate speech, violent live videos and fabricated news articles. Lawmakers have scrutinized Facebook and other social-media firms, saying they failed to take more steps to keep Russian-backed actors from sowing division during the U.S. presidential election.

Facebook says it is addressing the issues in a number of ways, including employing more people who handle safety and security issues and ranking publisher posts based on user evaluations of trustworthiness.

Apple is facing criticism from prominent investors over the way smartphones affect children, as well as federal probes over its disclosure that it issued software updates that slowed performance on iPhones with older batteries. Apple apologized and said it would never do anything to harm its customers.

Google's YouTube, meanwhile, is grappling with a backlash from marketers over the placement of their ads in front of undesirable videos, including YouTube's curated lineup of "preferred" content.

Google Chief Executive Sundar Pichai said on a call with analysts that new controls to review top videos on YouTube and set new limits on which content can run ads will make the site a safe place for advertisers. There have been concerns, he said, but "we're working really hard to address them and respond strongly."

Apple's results offered hope that it can sustain its solid performance even amid stagnating global demand for smartphones. Analysts and investors have worried the company is too dependent on the iPhone, which accounts for about two-thirds of its revenue, as customers hold onto their phones longer and therefore buy fewer new ones.

Sales of the iPhone X in the quarter lifted the average selling price for iPhones by nearly 15%, Apple said. The 1.3 billion iPhones and other Apple devices now in active use helped its services business report an 18% jump in revenue. Results also were buoyed by strong growth in the division that includes its smartwatch and AirPods wireless earbuds.

Alphabet's profit jumped 28% to $6.84 billion, excluding a giant $9.9 billion charge related to the new U.S. tax law which turned its bottom line into the red.

While the ad business at Google makes up nearly all of its profit, Alphabet is investing in a dozen businesses such as self-driving cars and cybersecurity in hopes they will drive future revenue.

Amazon's core retail business was the main producer of its revenue growth in the quarter, as holiday shoppers went online. It also benefited from the company's $13.5 billion acquisition of Whole Foods, which generated more than $4 billion in revenue.

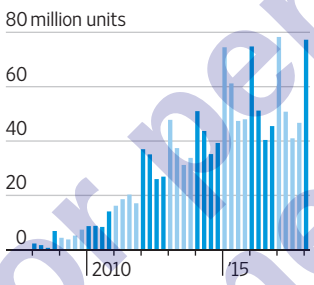
Amazon is known for reinvesting heavily in its business, and has said in recent quarters it is in an investment phase focusing on international expansion and building out its video content, among other initiatives.

Contributing its profitability in the fourth quarter was a tax benefit of $789 million, part of the tax overhaul. Still, Amazon's cloud-computing division put in a strong performance, as did its growing advertising business. And the company also worked on efficiency at its warehouses.

iPhone Pause

Apple announced Thursday that 77.3 million iPhones were shipped in the first quarter, down from a year ago.

Quarterly iPhone shipments



Note: Fiscal years ending in Sept.
Source: the company
THE WALL STREET JOURNAL.

POTS

Continued from Page One

asts known among themselves as PotHeads. By year-end, Amazon said it had delivered Instant Pots to 27,000 U.S. ZIP Codes in 2017.

Missing from the enclosed manual and recipe book is how to fix Instant Pot anxiety. Debbie Rochester, a school teacher in Atlanta, bought an Instant Pot months ago but returned it unopened. "It was too scary, too complicated," she says. "The front of the thing has so many buttons."

After Ms. Rochester's friends kept raving about their Instant Pot meals, she bought another one. Still afraid to even open the box, Ms. Rochester declared Jan. 17 to be "Open your IP Day," on a Facebook group for beginners and rallied others.

"I say today we set our IP free!" Ms. Rochester wrote. Taking deep breaths, she finally unpacked the device.

Days later, Ms. Rochester began her first beef stew. When it was time to release the pressure valve, the step she feared most, Ms. Rochester pulled a sweater over her hand, turned her back and twisted the knob without looking.

"I was praying that nothing would blow up," she says. Nothing did. And the stew tasted pretty good, she says: "My goal is to try it again, but I'm still overwhelmed."

Instant Pot can serve up humble pie to even experienced cooks. Karen Linton, a retired chef in Hampstead, N.C., has used pressure cookers for years. Last month, she set out with confidence to make Thai coconut shrimp bisque in her new Instant Pot—confident, that is, until it was done. "I couldn't believe my eyes," she says. "It resembled cheese curds."

Her husband asked for a taste, then for a bowlful. "It was edible but ugly," she says. "I would never have served it to guests."

Double Insight Inc., the company that makes Instant Pot, says common mishaps include overfilling the machine or releasing the pressure too quickly when cooking foods that expand.

Instant Pot has 10 safety mechanisms to protect users, the company says. Kitchen-appliance safety went viral following last week's episode of "This Is Us," the NBC TV family drama. A death of a major character may have happened in a fire triggered by a faulty Crock-Pot-style slow cooker. The mystery will be resolved in a special episode after Sunday's Super Bowl game.

Anna Di Meglio, Instant Pot's marketing manager, says Crock-Pots and Instant Pots are very different devices.

About 1.2 million Facebook users belong to the company's Instant Pot group, Ms. Di Meglio says, which is one of nearly 200 groups devoted to the device. "Newbies get more confident—they might have been making eggs, and the next thing you know they make a lava cake," she says. "Then those newbies will be helping the next group that comes."

First though, she advises, "Read the manual."

Linda Newell turned to her Instant Pot friends on Facebook for help after her yogurt boiled over into the machine and onto the stove. Sympathetic members advised removing the bottom of the device and cleaning the innards with Q-tips.

"I thought I'd come closer to being an Olympic champion than be able to fix this," says Ms. Newell, a high-school teacher in North Richland Hills, Texas.

She got her Instant Pot in order, though it smells like burned milk, she says.

Tina Shelley of Fort Myers, Fla., took her new Instant Pot out of the box but needed a few days to gather her courage. "You read the manual and get so intimidated," says Ms. Shelley, a regional manager for an investment firm.

There were triumphs: hard-boiled eggs, pork carnitas and chocolate cheesecake—as well as two pots of burned rice, an overcooked pork butt, a sour Key Lime cheesecake and a Christmas Day crème brûlée that looked more like a side of cottage cheese.

She posted the flubs to the relative anonymity of her Instant Pot Facebook group, punctuated with "UGG," "Help!!" and "Crap!" It is more comforting to post failures, she says, "with a group of people you'll probably never see in person."

On a chilly January day, Sharon Gebauer of San Diego set out to make beef and barley soup. "I filled it up, started it pressure cooking, and then I started to think, what happens when the barley expands?" she says. "I just said a prayer and stayed the hell away."

When Ms. Gebauer turned the quick-release valve, soup shot across her kitchen, hitting the cupboards, curtains and window.

The mishap persuaded Ms. Gebauer to return her Instant Pot. "I'm retired," she says. "A pressure cooker cooks it fast, but what's my hurry?"

Instant Pot offers safety tips to remember when the multipurpose cooker is working: Keep away from the steam release valve; don't move the device when it is in use; and don't try to force the lid off. Deryl Gallant says he learned the hard way how not to clean his, right, accidentally spraying his kitchen.

F. MARTIN RAMIN/THE WALL STREET JOURNAL; PHOTO ILLUSTRATION: WSJ (3); DERYL GALLANT

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WORLD NEWS

Poland Pushes Controversial Libel Law

Parliament passes bill imposing jail sentences for linking population to Holocaust collusion

By Drew Hinshaw And Rory Jones

Poland's parliament passed a libel bill imposing jail sentences for accusing the Polish population of collaborating in the Holocaust or other war crimes, sparking concerns from Israel and the U.S. that a close ally was limiting free expression and flirting with anti-Semitism.

American and Israeli diplomats condemned the legislation, passed by the upper house of the country's legislature on Thursday, which would set up to three years' imprisonment for blaming the wartime murder of roughly six million Jews on the Polish state or people.

The vote comes against a wider backdrop of rising nationalism and increasing state control over democratic institutions, including the media and the courts. Critics accused the government of turning a blind eye to a rising tide of xenophobia late last year after a march organized by a movement that seeks an ethnically pure Poland drew some 60,000 people.

Israeli Prime Minister Benjamin Netanyahu called his Polish counterpart this week to lobby against the law, according to Polish media, and Mr. Netanyahu's government has likened the law to state denial of the Holocaust.

"Israel opposes categorically the Polish Senate decision," said Emmanuel Nahshon, spokesman for Israel's foreign ministry. "Israel views with utmost gravity any attempt to challenge historical truth. No law will change the facts."

U.S. diplomats said it would impinge on free speech and called for Poland to reconsider the bill: "We all must be careful not to inhibit discussion and commentary on the Holocaust," the U.S. State Department said.

The bill, which requires the signature of President Andrzej Duda to become law, touches on a bedrock emotional and historical subject for both Poland and Israel. It doesn't mention the Holocaust, or World War II. But it criminalizes accusing the Polish state or population for responsibility or complicity in any crime against humanity.

The subtext was widely understood to be the Nazi-led genocide that took place largely on Polish soil in the 1940s. Nearly 90% of Poland's three million Jews—along with about three million non-Polish Jews and another three million non-Jewish Poles—were killed after Germany's 1939 invasion of its eastern neighbor.

Poland's government was in exile or hiding throughout the war. Unlike France, Belgium or Norway, there was no organized state effort by Polish people to deport Jews. As many as 400,000 Poles fought the Nazi soldiers occupying their country.

Polish authorities have accused foreign media of painting a picture in which the country helped carry out the Holocaust. The law would allow the government to jail or fine even non-Poles—speaking or writing inside or outside Poland—for suggesting that the Polish population helped Germany implement the genocide.

Mr. Duda has broadly suggested he will sign the bill: "There was no participation by Poland or the Polish people as a nation in the Holocaust," he said on a Monday visit to a grave of World War II-era resistance fighters.

Eight U.S. representatives wrote a letter on Wednesday encouraging him to veto it: "We must acknowledge the numerous documented instances of Poles aiding the Nazis," the mix of Democrats and Republicans wrote. "To criminalize anyone who acknowledges this reality would be an injustice."

CZAREK SOKOLOWSKI/ASSOCIATED PRESS

Members of the far-right National-Radical Camp marched in Warsaw on April 29 to mark the 83rd anniversary of their organization.

Applications for Asylum in Europe Tumble

By Ayla Albayrak

BERLIN—Asylum applications in Europe dropped by nearly half last year, easing pressure on a region whose politics were upended by record numbers of arrivals in recent years.

Some 707,000 migrants applied for asylum in Europe in 2017, the European Union's asylum agency, or EASO, said on Thursday. This marked a 43% fall from the 2016 level, which was itself slightly below the 2015 postwar record of 1.4 million applications.

The refugee crisis reached its peak that year, when hundreds of thousands of migrants mainly from the Middle East, Afghanistan and Africa landed on the continent's shores. The phenomenon drove deep divisions within Europe over how to tackle the crisis and boosted anti-immigration parties from Scandinavia to Germany and France.

Last year's sharp drop in asylum claims shows the barriers since put in place—the closure of a popular migrant route through the Balkans and political deals between Europe and transit countries such as Turkey and Libya encouraging them to crack down on smuggling—were holding.

"What looked like an unstoppable flow in 2015 has clearly slowed down," said Joel Millman, press officer of the International Organization for Migration, or IOM, in Geneva.

Last summer, Italy—which has seen more than 600,000 seaborne migrants land on its shores from Libya since the start of 2014—struck deals with Libyan officials to grant aid to local leaders to encourage them to suppress the lucrative people-smuggling business there. That helped contribute to a 33% drop in arrivals in Italy last year compared with 2016.

CHRIS MCGRATH/GETTY IMAGES

Migrants swam toward a rescue craft off Lampedusa, Italy, after a boat carrying more than 500 people capsized in May last year.

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Iranians Fault Economic Course

Poll shows deep dissatisfaction over government and rampant graft

By Asa Fitch

ALI MOHAMMEDI/BLOOMBERG NEWS

Iran's non-oil economy is struggling to grow. Above, rugs for sale at the bazaar in Tehran last month.

DUBAI—Iranians are deeply dissatisfied with their government's management of the economy and want it to do more to fight corruption, according to the first major gauge of public opinion since widespread protests rocked the country last month.

The survey, carried out by phone interviewers under the auspices of the University of Maryland, provides a rare glimpse of political and economic views in a country where reliable polling is scarce, and comes just weeks after the biggest bout of unrest in Iran this decade caught the ruling class by surprise. Those protests started as complaints against financial fraud and rising prices but very quickly turned into demonstrations against Iran's regime.

The poll found more than 41% of Iranians rated the country's economic situation as "very bad," up from 34% in a previous poll conducted by the same institution in June, and a further 28% said the economy was "somewhat bad." Responding to a different question, around 60% of those polled said Iran's economy was getting worse.

That discontent figured prominently in the recent unrest, and bodes poorly for moderates running the government led by President Hassan Rouhani. They have faced withering attacks in recent months from hard-liners over their economic management.

Iran's non-oil economy is struggling to grow, while inflation has soared and unemployment remains high.

"Rouhani has to put pedal to the metal on reforms. He's got to create jobs, fix the banking crisis, and go after corruption," said Cliff Kupchan, the chairman of Eurasia Group, a political-risk consulting firm.

The protests lost momentum in mid-January. But it a sign of continuing worry about discontent, Iran's parliament on Sunday rejected Mr. Rouhani's proposed budget bill and sent it back to the drawing board.

The president's proposal, put forward in December, would have removed cash subsidies from tens of millions of people and increased the price of gasoline by 50% in an effort to bolster the government's financial position.

Iranians rebuked Mr. Rouhani's fiscal balancing act in the survey results. About three-quarters of those polled said the government wasn't doing enough to help the poor, and even larger majorities said the government shouldn't raise the price of gasoline or cut cash subsidies—and should do more to keep food-price inflation in check.

An overwhelming majority said the government needs to do more to fight financial and bureaucratic corruption. Iranians have long complained not only about low-level official graft, but also about financial benefits enjoyed by people close to Iran's wealthy religious foundations and ruling establishment under Supreme Leader Ayatollah Ali Khamenei.

U.S. Says Syria Hid Chemical Weapons

By Dion Nissenbaum

WASHINGTON—The Trump administration warned Syria about an increase in the use of poison gas against civilians, despite last year's cruise-missile strike aimed at deterring the Assad regime from carrying out such attacks.

U.S. officials on Thursday said the Syrian military was shifting tactics to try to conceal its role in using such weapons. And they said the Trump administration wouldn't rule out another military strike against President Bashar al-Assad's military if he doesn't stop the attacks.

"Our policy is zero tolerance of chemical weapons, so we reserve the right to use military force to prevent or deter the use of weapons of mass destruction," a senior administration official said.

President Donald Trump ordered a cruise-missile strike in April 2017 on a Syrian airfield that had been used to carry out a sarin-gas attack that killed at least 70 men, women and children.

Since then, the Assad regime has carried out at least 10 attacks using chlorine gas, the Syrian American Medical Society said, including four in the past week, raising new concerns in Washington.

There were no deaths from the 10 attacks, the group said, adding that there were signs that the Assad regime had used sarin gas in one small attack in November.

The Trump administration has stepped up its pressure on Syria and Russia in an effort to get Mr. Assad to stop using chemical weapons. But those efforts have yet to yield results.

"What we really need to do is...restore that deterrent," a second senior administration official said. The officials said the administration's preference is a diplomatic solution, but that further military action remains an option.

Syrian officials didn't respond to requests to comment. The Russian Embassy referred to a statement issued by its Foreign Ministry two weeks ago that denounced U.S. allegations of Russian culpability in Syrian chemical-weapons use as propaganda designed to demonize Moscow.

Syria's continued use of chemical weapons could pose a dilemma for Mr. Trump, who castigated former President Barack Obama for not using military force against Mr. Assad after a sarin-gas attack in 2013 killed more than 1,300 people.

Mr. Obama called such use a "red line" for U.S. military action. But he changed tack after Syria agreed to destroy its chemical-weapons stocks.

While Syria got rid of much of the banned stocks, the U.S. officials said it was highly likely that the regime hid some from inspectors.

Israel, Saudi Arabia Can't Manage Closer Ties

MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

RIYADH, Saudi Arabia—Israel and Saudi Arabia share a common enemy, Iran, and a common friend, the Trump administration in Washington.

But despite mounting evidence of informal cooperation, any open rapprochement—a goal of the Trump White House—between these two American allies remains elusive. That is largely because both have too little to gain, and too much to lose, from any such breakthrough.

For the current Israeli government, the benefits of a diplomatic relationship with Saudi Arabia aren't worth the tangible concessions to the Palestinians that Riyadh expects Israel to make in exchange.

To Riyadh, the price of being seen as forfeiting the Palestinian cause remains simply too high compared with what Israeli security assistance and technology, such as missile defense, could provide.

That has become especially so after President Donald Trump in December recognized the contested city of Jerusalem as Israel's capital, galvanizing emotional protests across the Muslim world, reigniting support for the Palestinians—and prompting a rare rebuke from Riyadh.

Saudi Arabia's ambitions to lead the entire Muslim world, or at a minimum a Sunni alliance opposed to Iran, are rooted in its control of Islam's two holiest sites, in Mecca and Medina. As a standard-bearer of the faith, the Saudi kingdom can't afford to be seen cozying up to Israel at a time when passions run high over the future of Jerusalem—home to Islam's third-holiest shrine, the Al Aqsa mosque.

The protests haven't just been whipped up by Iran and its proxies, which seek to dismantle the Israeli state. Turkey's President Recep Tayyip Erdogan, who is seeking to challenge Saudi Arabia's pre-eminence in the Muslim world, has been just as vocal. In this environment, any Saudi opening to Israel is guaranteed to be exploited by the kingdom's rivals, and may even include a boycott of the hajj, or pilgrimage, to Mecca, a senior Saudi official cautioned.

JONATHAN ERNST/REUTERS

The U.S. under Donald Trump shares its allies' enmity with Iran.

"It's a scary thought. Palestine is not an easy issue," he said. "Saudi Arabia is expecting to hold Islamic leadership, and will not let it go easily. And, if you need Israel in anything, you can do it anyway, without having a relationship."

Indeed, Israel and Saudi Arabia have already been cooperating discreetly by sharing intelligence and coordinating lobbying efforts and military activities that seek to deter Iran's influence in the Red Sea.

Saudi Arabia is also making a public outreach to the American Jewish community. Senior cleric Mohammed al Issa, the kingdom's former justice minister and the head of its proselytizing arm, the Muslim World League, in January sent an unprecedented official Saudi letter to the U.S. Holocaust Memorial Museum.

"We consider any denial of the Holocaust or minimizing of its effect a crime to distort history and an insult to the dignity of those innocent souls who have perished," he wrote, offering a contrast to Iran's sponsorship of Holocaust denial and revisionism.

Public contacts between Saudi Arabia and Israel, however, have been limited to informal meetings between retired officials at conferences. Saudi Arabia has balked at American proposals to allow overflight rights to Israeli civilian aircraft heading to Asia and, in December, refused to let Israeli chess players attend an international tournament in Riyadh.

The official Saudi position remains that Israel must accept the 2002 Arab League peace initiative, proposed by Saudi Arabia's then-Crown Prince Abdullah, that calls for normalization of Arab states' relations with Israel in exchange for Israeli withdrawal from Palestinian territories occupied in 1967, establishment of a Palestinian state with east Jerusalem as its capital, and a solution to the Palestinian refugee problem.

With the government of Israeli Prime Minister Benjamin Netanyahu ruling out any compromise on Jerusalem and continuing to build settlements in the West Bank, Israeli acceptance of the 2002 plan looks highly unlikely in the near future.

POPE

Continued from Page One

gime? How can we trust a totalitarian regime?' They are simply not trustworthy," he said in an interview.

The bishops approved by the Beijing-backed Chinese Patriotic Catholic Association are seen as more willing to toe the government's line, or even to support a Chinese Catholic Church free of the Vatican's influence. Several of the bishops are members of a government advisory body controlled by the Communist Party.

Some in the church see a rapprochement with an increasingly powerful Beijing as necessary for maintaining influence in China. Cardinal John Tong, who until August was bishop of Hong Kong, called a rapprochement the "lesser of two evils" last year in an influential essay.

The Vatican has told Beijing informally of the pope's decision, which he has yet to sign into law, but which could be announced this spring, according to the person familiar with the situation.

It would be up to Beijing to accept a proposed agreement giving the pope veto power on future bishop candidates, whom he would approve or veto after their selection by the Chinese government. Beijing's major condition for that agreement has been that the pope recognize the seven bishops, the person said.

KEVIN FRAYER/GETTY IMAGES

Worshipers at a government-sanctioned Catholic church in Beijing.

The Communist Party keeps a tight grip on all religious practice, mandating that religious institutions be free of foreign control. New regulations that went into effect on Thursday require that religious institutions gain government approval for teaching plans, overseas pilgrimages and other activities.

The pope's recognition of the seven bishops would resolve a headache for Beijing, which has refrained from appointing bishops without Vatican approval in recent years, in part to show good will and avoid the negative publicity, said Anthony Lam, executive secretary at the Catholic Church-run Holy Spirit Study Centre in Hong Kong.

The Chinese Patriotic Catholic Association, the government body that oversees China's Catholics, referred requests for comment to the government's State Administration for Religious Affairs, which in turn didn't respond to faxed requests.

The Vatican secretary of state, Cardinal Pietro Parolin, told the Italian daily La Stampa this week that a deal on bishop appointments would remove the major impediment preventing Chinese Catholics "from living in communion with each other and with the pope."

Beijing broke diplomatic relations with the Vatican in 1951. Since the 1980s, they have cooperated informally to agree on most bishop appointments, but the government has periodically appointed bishops without Vatican approval.

Vatican officials fear that failure to reach an agreement will lead Beijing to appoint many more bishops on its own, widening the divide with Rome and with Chinese Catholics outside the government-backed church, the person familiar with the decision said.

On the other hand, a deal would represent a breakthrough: the first official recognition by the Communist government of the pope's jurisdiction as the head of the Catholic Church in China.

An agreement on bishop appointments would leave unresolved other major questions about the Catholic Church's status in China, including the position of more than 30 bishops recognized by Rome but not by Beijing. The re-establishment of diplomatic relations between Beijing and the Vatican would remain a distant goal.

In December, Vatican officials traveled to China to ask bishops in Shantou and Mindong who shun the government-controlled church to step down in favor of government-appointed bishops. They are the first "underground" bishops to be asked to take such a step.

The actions drew criticism from Cardinal Zen, who traveled to Rome last month to make a personal appeal to the pope over the two bishops being asked to step aside.

For Vatican, China a Bone of Contention

◆ **Status of Catholics:** China requires all Catholics to worship in places and ways approved by a state-controlled body that supervises the mainland Catholic community but isn't recognized by the Vatican. Catholics remain divided between approved and unregistered so-called underground communities.

◆ **Bilateral relations:** Beijing severed ties with the Vatican in 1951. The Vatican and China have engaged in quiet negotiations since the 1980s, and under John Paul II adopted an informal arrangement for the mutual recognition of bishops. But China has periodically violated that understanding by ordaining bishops without Rome's permission.

◆ **Importance of the bishops:** The pope's role as the highest authority in choosing bishops is a fundamental organizing principle of the Catholic Church.

◆ **What next?** The Vatican hopes the pope's concession will lead Beijing to sign an agreement that would give the pope veto power over bishops proposed by the government.

◆ **Could they restore ties?** The re-establishment of relations is a distant goal, with other problems remaining.

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- Lorillard, Altria, Philip Morris USA, and R.J. Reynolds Tobacco intentionally designed cigarettes to make them more addictive.

- Cigarette companies control the impact and delivery of nicotine in many ways, including designing filters and selecting cigarette paper to maximize the ingestion of nicotine, adding ammonia to make the cigarette taste less harsh, and controlling the physical and chemical make-up of the tobacco blend.

- When you smoke, the nicotine actually changes the brain – that's why quitting is so hard.

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GREATER NEW YORK

De Blasio Unveils $88.67 Billion Budget Proposal

The city's plan would boost spending by about 4% over this year's adopted budget

By Mara Gay

New York City Mayor Bill de Blasio laid out an $88.67 billion budget proposal Thursday, a bullish increase in spending amid lingering uncertainty about how sweeping changes to the U.S. tax code could impact the city's economy.

"We're not an island, but we need to think about what will strengthen our economy, and our stability and strength as a city," Mr. de Blasio said during a City Hall news conference.

The plan would boost spending by $2.68 billion over this year's adopted budget, or about a 4% increase. Most of the added spending would go toward the growing labor and pension costs from its large municipal workforce, as well as debt service, according to budget documents released by the city.

City revenues are projected to increase by about the same amount, ensuring the budget will be balanced, city officials said, noting that the revenues were driven by property taxes.

De Blasio administration officials said they were still analyzing the impact of the Republican-led tax plan on city revenues. The mayor has expressed concerns about possible funding cuts under a Republican-controlled Congress. City officials said they could see up to $700 million less in federal funding this year.

The mayor also has criticized state cuts to the city under New York Gov. Andrew Cuomo, a fellow Democrat with whom he publicly has feuded with for years.

The city's cash-strapped public-hospital system, officials said, could lose about $400 million in federal aid unless Congress reinstates funding linked to the Affordable Care Act that it allowed to lapse last year. Officials said they can no longer refinance using tax-exempt bonds under the new tax code, costing the city about $100 million a year. Moreover, they said changes to the tax code had made the Low-Income Housing Tax Credit less appealing to investors, leading to a loss of $200 million in revenues for the city's capital budget.

Mr. de Blasio also said he expected to see about $400 million less in state aid. Morris Peters, a spokesman for Mr. Cuomo, said that assertion is "disingenuous. The City should check its math." He said aid to the city in this year's state budget was "a half billion dollar increase over last year."

Mr. de Blasio said the city would work to find another $500 million in savings ahead of presenting the executive budget later this year.

The mayor, who was reelected in November, has increased spending every year, using strong revenues from a booming economy to roll out his prekindergarten program, build affordable housing and fight homelessness and poverty. Spending has increased by nearly 20% since he took office in 2014, and the city has added more than 25,000 employees.

Under the mayor's proposal, labor costs are projected to rise by about $2.2 billion next year, to slightly more than $49 billion from $46.8 billion in fiscal year 2018, which ends in June. That represents more than 55% of the city's overall budget. The figure is projected to increase to $52.5 billion in fiscal 2022.

The mayor has said the added investment is needed in a growing city. The city's population, currently about 8.5 million, could reach 9 million by 2030, a new projection, Mr. de Blasio said Thursday.

Spending on homelessness would increase under the plan, by about $150 million a year through 2022.

The mayor also has increased the city's reserve fund in recent years, which rose to $1 billion from about $300 million when former Mayor Michael Bloomberg, an independent, left office.

The preliminary budget proposal generally offers a glimpse at the mayor's priorities. In the coming months, the mayor will introduce an executive budget proposal, which must be approved by the City Council by June 30, the end of the city's fiscal year.

BEBETO MATTHEWS/ASSOCIATED PRESS

The plan offers a glimpse at the mayor's priorities. Spending has increased by nearly 20% since 2014.

GOP Rival Steps Up To Take on Gillibrand

By Mike Vilensky

A Republican Party fundraiser and private-equity executive, Chele Chiavacci Farley, on Thursday declared she is running against Sen. Kirsten Gillibrand, the first high-profile GOP challenger to the popular New York Democrat.

"New Yorkers won't be taken advantage of anymore," Ms. Farley said in a kickoff video. If elected, she said she would focus on investing in the state's roads and transit systems.

Ms. Farley, 51 years old, is a first-time candidate but has long been involved in Republican politics as the New York state GOP's finance chair. She is managing director of Mistral Capital International, a New York City-based investment firm. She previously worked at Goldman Sachs Group Inc. and UBS Capital.

The mother of three has an uphill climb in the 2018 race versus Ms. Gillibrand, a former congresswoman who has developed a national profile through her focus on sexual assault and battles with President Donald Trump. First appointed to the seat by Gov. David Paterson when Hillary Clinton joined the Obama administration, Ms. Gillibrand won her last race by more than 70%.

Chele Chiavacci Farley, left, is challenging Kirsten Gillibrand.

"Kirsten always encourages women to run for office, even when she doesn't agree with their pro-Trump or anti-choice views," Gillibrand spokesman Glen Caplin said Thursday.

In a Siena College poll in January, 50% of New Yorkers polled said they support Ms. Gillibrand's re-election. She has some $8 million in her campaign account for the 2018 race.

Ms. Farley opened her fundraising account Thursday and has raised $100,000, her spokesman said.

Despite her work for the GOP, Ms. Farley has some links to Democratic politics—her husband is a registered Democrat, and before declaring her candidacy Ms. Farley contacted Hank Sheinkopf, a Democratic strategist and former adviser to Gov. Andrew Cuomo. Ms. Farley's husband and Mr. Sheinkopf are acquintances.

"Conventional wisdom is rarely accurate," Mr. Sheinkopf said Thursday. "Can it be competitive? Absolutely."

Newark Regains Control of Its Public Schools

By Leslie Brody

Newark reclaimed control of its public schools Thursday with whoops, hugs and a "First-Day" hashtag, ending 23 years of state takeover aimed at fixing its long-troubled system.

Teenagers who had marched in rallies over the years demanding local control said they were relieved. Parents said they were happy to get a more direct say in their children's education. And Mayor Ras Baraka, a Democrat who campaigned in 2014 calling for an end to state intervention, took a victory lap just months before his re-election bid in May.

Parents and city leaders said the high-poverty district of about 36,000 students still needs to improve its academic achievement, teacher attendance and morale, among other hurdles. But they took the day to savor the New Jersey State Board of Education's decision last fall that the state's largest city had made enough progress to win back authority for its elected school board.

Tara Johnson, a ninth-grader at University High School, said Thursday marked a step forward for students who often felt "looked down on" by people outside Newark.

"We're used to not getting as many opportunities as everyone else," she said. "We have to do twice as much as everyone else to get to where everyone else is already."

During an assembly at Science Park High School that drew students and community leaders from across the city, the mayor honored the teenagers who staged sit-ins for local autonomy.

"We thank them for their effort, their valor, their risk," Mr. Baraka said.

Some residents worry that special-interest groups might gain too much clout and that nepotism could sway hiring and contracts in a district with a roughly $1 billion annual budget.

Under a two-year transition plan that some residents call "probation," the state will keep monitoring the district.

"We're not giving the keys back," the mayor said.

About 33% of Newark's students in grades three through eight passed state tests in English last spring, and 26% passed in math. About 78% of the students who started ninth grade in fall 2013 graduated on time last spring, a jump from a 54% graduation rate when the state took over.

Some residents worry that special-interest groups might gain too much clout.

Isthian Thomas, a 17-year-old at Technology High School, said he believed students' voices would be heard more now. In his view, some schools need more computers and higher expectations.

Peers in wealthier districts "definitely get more rigorous coursework and ultimately know more than people like us when we go out into the real world," he said. "If Newark students could get that same opportunity, college-readiness percentages would boost."

The Newark school board recently appointed Robert Gregory as interim superintendent, replacing state-appointed chief Christopher Cerf.

As a former student, teacher and administrator in the district, Mr. Gregory said he would apply for the permanent post. "I have no intention of just keeping the seat warm," he said. "We have a long way to go."

Interim Superintendent Robert Gregory attended an assembly at Science Park High School celebrating the return of local control.

LESLIE BRODY/THE WALL STREET JOURNAL (2)

Isthian Thomas, 17, spoke with Mayor Ras Baraka at the event.

EMT Recounts Moments Before Shooting

By Zolan Kanno-Youngs

JEFFERSON SIEGEL/PRESS POOL

NYPD Sgt. Hugh Barry

Moments before Deborah Danner was fatally shot by a New York Police Department sergeant in her Bronx apartment, she asked an emergency medical technician what officers were doing there, the EMT testified.

"Why so many people in my house?" Ms. Danner said, according to the EMT, Brittney Mullings, who testified Thursday for the prosecution during the murder trial of Sgt. Hugh Barry. "You don't have a right to be here."

"Someone called because they were concerned," Ms. Mullings said she responded. "We just want to take you to get checked out."

Ms. Danner, a 66-year-old woman who suffered from paranoid schizophrenia, turned her attention to two officers who had just entered the apartment, Ms. Mullings said. Ms. Danner retreated into her bedroom, followed by six police officers, including Sgt. Barry. Ms. Mullings said she heard a tussle and then a man say, "Get down, get the f— down." Then came two shots.

The testimony on Thursday in Bronx Supreme Court was the first public account of the incident on Oct. 18, 2016, from someone who was inside Ms. Danner's apartment at the time of the shooting. Sgt. Barry faces charges of second-degree murder, criminally negligent homicide and manslaughter in the case. He has pleaded not guilty and opted for a trial solely by a judge.

The death of Ms. Danner, an African-American, came at a time of heightened tension between law enforcement and minority communities across the country after police-involved killings in recent years. It also shined a spotlight on how the NYPD responds to incidents involving the mentally ill.

Sgt. Barry's attorney, Andrew Quinn, has argued that Sgt. Barry fired his weapon because Ms. Danner threatened his life with a baseball bat. The Bronx district attorney's office says Sgt. Barry escalated the situation and is responsible for Ms. Danner's death.

The head of security for Ms. Danner's building at the time, Jayquan Brown, testified on Thursday that the building manager told him to go to Ms. Danner's floor on that day because she was "having a moment" in the hallway.

Mr. Brown said he got off the elevator and heard Ms. Danner scream, "F— you, die, leave me alone!" Mr. Brown, accompanied by another security guard and a maintenance worker, said he saw her walk back into her apartment, wearing a nightgown and backpack. They called 911, noting that she had a psychiatric history.

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Turning Broadway Flops Into Hits on Bare Budgets

New revue of forgotten shows from the Great White Way takes center stage at New York City Center's 'Encores!' series

By Charles Passy

Broadway has given the world many a hit musical. "House of Flowers," "Cabin in the Sky" and the aptly titled "Pipe Dream" are not among them.

But these and dozens of other largely forgotten shows have found a second life at New York City Center through its "Encores!" series, which launches its 25th season next week.

FOOD & CULTURE

First up: "Hey, Look Me Over!," a revue-style production that opens Feb. 7 and features excerpts from more than a half-dozen musicals that fit the "Encores!" profile, including "Greenwillow," "Mack & Mabel" and "Wildcat."

In its quarter-century history, "Encores!" has become a mainstay, with such stars as Patti LuPone, Vanessa Williams and Lin-Manuel Miranda participating in productions that frequently attract sold-out crowds. It also has helped put City Center, a Midtown venue that often has stood in the shadow of others, back on the cultural map after a long period of decline.

And it has done this while keeping to a tight budget of about $1.3 million per show, a fraction of the $10 million-plus typically spent when launching a Broadway musical.

Then again, these aren't typical productions. An "Encores!" show is a stripped-down affair, done with minimal sets in a concert-style presentation with an orchestra. Actors have even been known to keep their scripts in their hands.

What's more, the "run" for each show is limited to seven performances. But therein lies part of the draw of "Encores!," said Jack Viertel, artistic director of the series. "We're creating these moments that if you blink, you'll miss them," he said.

Which isn't to say that some "Encores!" shows haven't had a post-City Center run. Most notably, a 1996 production of "Chicago" transferred to Broadway that same year and has stayed ever since. More recently, a 2016 production of "Sunday in the Park with George," presented as a special event separate from the series with a cast that included Jake Gyllenhall, moved to Broadway for a limited engagement in 2017.

But City Center officials said a Broadway run is never the goal. Instead, they said, the series is about honoring Broadway's heritage—even in the cases when a show might be of lesser quality or hopelessly dated. If anything, it is that aspect that makes the series so appealing, especially to a sizable New York theater-obsessed audience that traffics in the obscure, said Ken Davenport, a veteran Broadway producer.

City Center does take pains to give the musicals a proper second life, officials said. In some cases, that means doing a bit of detective or restoration work. With older shows, orchestra parts may be missing, for example, prompting the need to re-create them.

As a nonprofit organization with a $25 million annual budget, City Center doesn't make money from the "Encores!" series—at least not in the traditional sense. Ticket sales cover only 70% of the cost of the productions, officials note, with the rest coming from contributions.

At the same time, the series has boosted the profile of the venue, which will mark its 75th birthday next season. While City Center was once known for its full calendar of ballet and operatic productions, it struggled to find its niche in the years after Lincoln Center opened in the mid-1960s and became home to some of its former high-profile tenants, including New York City Ballet.

The decision to launch "Encores!" was, in effect, a way for City Center to regain its artistic footing.

Along the way, "Encores!" has become a somewhat slicker affair. These days, productions can include elaborate choreography. And performers are less likely to be seen clutching a script.

The point, said Bebe Neuwirth, the theater and television star who has been an "Encores!" regular, is that today's audiences look to the series for Broadway-level showmanship, even if it's still not quite Broadway. "There's now a different expectation," she said.

MATTHEW MURPHY; GERRY GOODSTEIN (2)

Stanley Wayne Mathis and Vanessa Williams in 'St. Louis Woman' at City Center in 1998. Jake Gyllenhaal in a production of 'Sunday in the Park with George' that began in 'Encores!' Bebe Neuwirth and Ann Reinking in 'Chicago' in 1996.

GREATER NEW YORK WATCH

SPENCER PLATT/GETTY IMAGES

REMEMBERING: An installation went on display Thursday at the National September 11 Memorial & Museum, part of a series of events marking the 25th anniversary of the World Trade Center bombing.

PUBLIC HEALTH

Flu Cases Rising At 'Alarming Levels'

State health officials say laboratory-confirmed influenza cases topped 11,000 over the past week, with another 2,200-plus New Yorkers requiring hospitalization because of the flu.

In releasing the latest flu statistics Thursday, Gov. Andrew Cuomo again urged people to get the flu vaccine. The Democrat said flu cases and hospitalizations "continue to rise at alarming levels."

Health officials say the total confirmed flu cases during the past week reached 11,683, with 2,221 people hospitalized with confirmed influenza. Overall, there have been nearly 37,000 lab-confirmed flu cases over the past eight weeks in New York state, with more than 9,300 people requiring hospitalization.

—Associated Press

NEW JERSEY

Governor Says State Will Oppose Fracking

Gov. Phil Murphy says New Jersey is joining Delaware, New York and Pennsylvania in support of a regional ban on hydraulic fracturing.

Mr. Murphy, a Democrat, announced the decision on the banks of the Delaware River in Phillipsburg on Thursday.

The decision comes after the Delaware River Basin Commission, a regional regulatory body, voted last year to begin considering a ban on hydraulic fracturing, or fracking. New Jersey under Republican Gov. Chris Christie abstained from the vote.

Mr. Murphy also sent a letter to Pennsylvania Gov. Tom Wolf, also a Democrat, saying that New Jersey wouldn't allow "dangerous exploratory activities."

Fracking uses pressurized water, along with sand and chemicals, to crack open gas-bearing shale rock deep underground.

—Associated Press

NEW YORK

State Could Lose Funding Over Signs

The hundreds of tourism signs the Cuomo administration installed along New York's highways could wind up costing the state $14 million in federal funding.

The U.S. Department of Transportation's Federal Highway Administration sent a letter Thursday to New York transportation officials saying the state stands to lose the funding for failing to remove the 500-plus signs.

The state spent more than $8 million to create and install the "I Love NY" signs in recent years. Federal officials told Democratic Gov. Andrew Cuomo to remove them because they were unsafe, but he refused.

State Department of Transportation officials say the signs are safe and they will continue to work with FHA on a resolution to the issue. FHA officials say the funding will be reinstated if the state complies with sign regulations by Sept. 30.

—Associated Press

IN THE COURTS

Judge Won't Delay Sheldon Silver Retrial

A judge says an April date for a retrial of New York's former assembly speaker will proceed on schedule after his appeal to the Supreme Court failed.

Manhattan federal court Judge Valerie Caproni refused Thursday to delay the April 16 trial for Sheldon Silver.

Mr. Silver said outside Manhattan federal court that justice will prevail. An appeals court last year reversed his 2015 conviction and his 12-year prison sentence, citing a Supreme Court case narrowing how public corruption law can be applied. The Supreme Court denied Mr. Silver further relief. The 73-year-old Mr. Silver remains free on bail.

—Associated Press

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LIFE & ARTS

AUCTIONS

Art Market Picks Up Speed

Cy Twombly's 'Leda and the Swan' sold for $52.9 million at a Christie's auction in May.

CHRISTIE'S IMAGES LTD.

BY KELLY CROW

AFTER RIDING THE BRAKES for the past two years, the art market gathered momentum last year, fueled by a surging stock market and new collectors willing to splurge on blue-chip art.

London-based auction house **Christie's International** PLC said Thursday that it sold £5.1 billion, or $6.6 billion, in art last year, up 21% from 2016 but still down from its $8.4 billion record in 2014.

Christie's total included $5.9 billion in auction sales, up a third from a year ago. Yet its privately brokered sales dropped 35%, to $612 million—a possible sign that sellers funneled more of their goods into public auctions rather than discreet selloffs. Overall, Christie's also achieved higher auction totals in the fall than the spring.

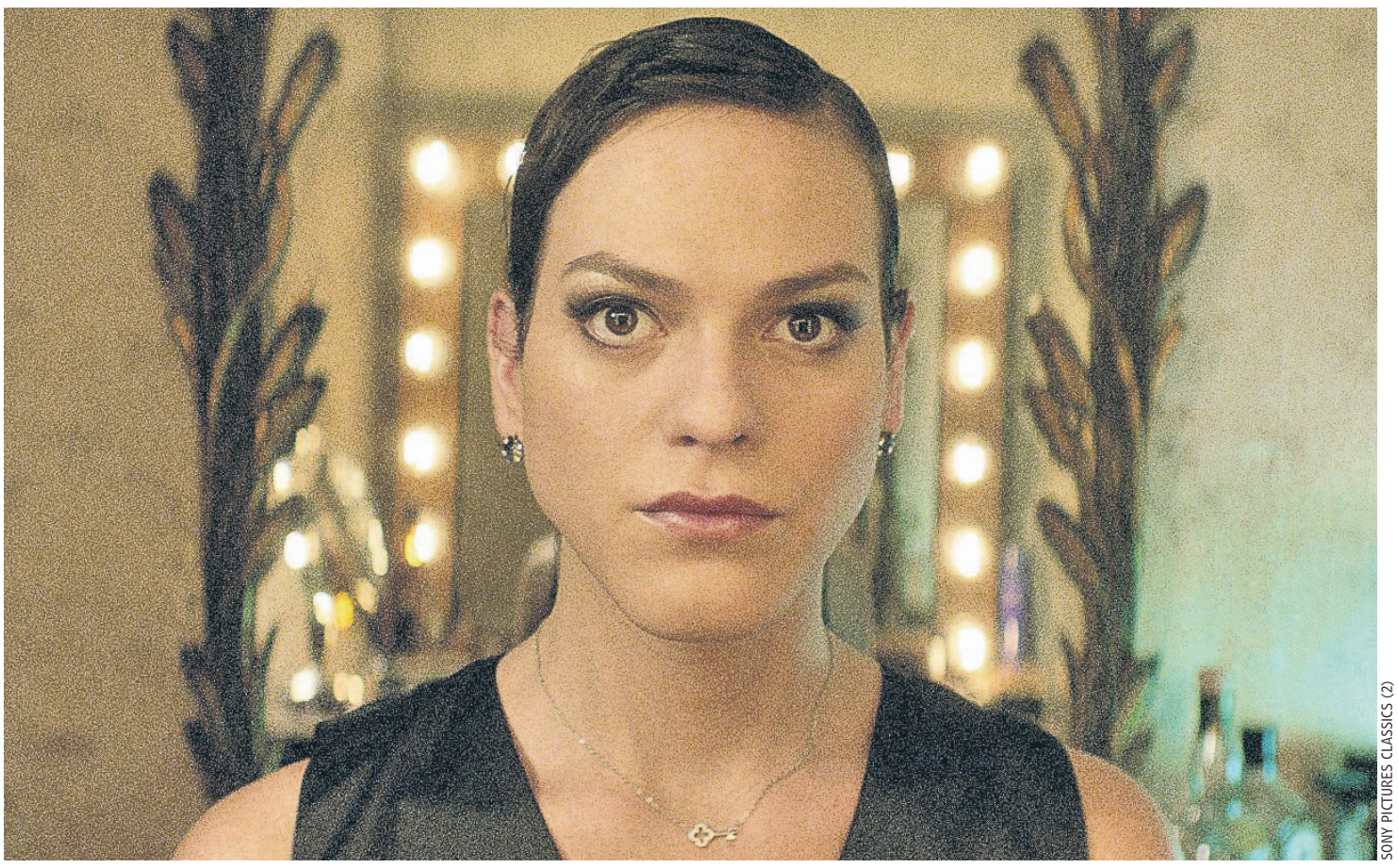
Its rival Sotheby's, based in New York, auctioned $4.7 billion last year, up 13% from the year before. Sotheby's is expected to release its consolidated sale totals later this month. Boutique house Phillips said it auctioned $625.4 million in art last year, up a quarter from 2016; it privately sold an additional $83.5 million of art.

The recovery may signal the start of a new market cycle, with 13 out of 20 major collecting areas seeing negative-to-positive growth last year, according to ArtTactic, a London firm that tracks auction performance. Collectors bid up everything from silver teapots to Chinese scroll paintings to Cy Twombly abstracts, a level of demand that could push auction sales another 25% higher this year, said Rob Weisberg, chief executive of Invaluable, a Boston firm that manages online auctions for more than 5,000 auction houses globally.

"We try not to base our confidence solely on the good signals we're getting from the stock exchanges, but our market does feel more balanced and stronger this year," Guillaume Cerutti, Christie's chief executive, said in an interview.

Christie's can also thank Leonardo da Vinci for redefining the price of a masterpiece. In November, the house sold the Renaissance master's portrait of Jesus Christ as "Savior of the World" for $450 million, the highest price ever paid for a single work of art. Christie's also sold an $81.3 million Vincent van Gogh, "Farmer in a Field,"

Please see ART page A11



SONY PICTURES CLASSICS (2)

FILM REVIEW | By Joe Morgenstern

'Woman': Blurred Lines, Deep Feelings

DURING A SURREAL stretch of a mostly realistic film—and a greatly affecting one—the heroine of "A Fantastic Woman" makes her way along a sidewalk, her body tilted at a 45-degree angle against a gale. In another context the image would be droll, a tip of the hat to Buster Keaton. Here it's eerily apt. Marina is a transgender woman, played with fierce eloquence by a transgender actress, Daniela Vega, and she is marching into the teeth of a gale that threatens to unmoor her.

Marina's life is calm when the story begins. (Sebastián Lelio's fifth feature, which he wrote with Gonzalo Maza, is Chile's entry for this year's foreign-language Oscar.) A waitress who moonlights as a nightclub singer, she's about to move in with Orlando (Francisco Reyes), a businessman 20 years her senior. However complex, or intricate, their relationship may be, it's abundantly clear that there's love between them. But her world is transformed in a flash when Orlando dies of an aneurysm. Suddenly she's the subject of a police investigation, and, more painfully still, the object of implacable hostility on the part of Orlando's family. "Complicated," his bewildered ex-wife, Sonia (Aline Küppenheim), says to Marina's face. "Complicated," Sonia repeats. "Total quantum physics." Then her bewilderment turns to disgust. "I really think this is perversion. When I look at you I don't know what I'm seeing."

Sonia does know her physics. According to quantum theory, objects can exist in two states at the same time. Mr. Lelio wants us to see the simultaneity of Marina's life. Look at her and you see some him, and not just the football-player legs, as someone scornfully calls them, or the "orangutan hands," as Marina herself describes them in the course of a manicure. There's also the anger she takes out on a couple of punching bags. Look at him and you see a blossoming her; she is still "in transit," we are told, between two genders, yet she's well along the way in her struggle to achieve a new state of being. And beyond the looking and seeing, this extraordinary film wants us to feel the coherence of Marina's life. She is, she insists with beautiful passion, flesh and blood, like everyone else.

Daniela Vega as Marina, above, and Ms. Vega's Marina with Francisco Reyes's Orlando in Sebastián Lelio's feature

The mystery of gender identity is, of course, the film's agenda, and in other hands the subject might amount to special pleading—why can't we all just get along, no matter how we identify? What lifts argument into art is Ms. Vega's performance in a role that's been written with restraint—the pace is measured, almost leisurely, except for one spasm of frightening violence—but still gives the actress everything she needs to get past issues of flesh and blood into matters of the heart and soul. Marina is persistent, rather than flamboyant. She knows what she wants—nothing more or less than love and acceptance, plus custody of Diabla, Orlando's dog—and she pursues it, in Ms. Vega's portrayal, with relentless intensity and disarming candor; Marina cannot fathom why people refuse to believe that she and Orlando were in love. She also pursues her right to bid her beloved goodbye during a descent into figurative catacombs that lead to a literal reunion.

This isn't the first time the filmmaker, Mr. Lelio, has given us a memorable heroine. His 2013 romantic comedy, "Gloria"—also Chile's nominee, that year, for a foreign-language Oscar—starred Paulina García as a middle-aged divorcée still looking for love, and willing to put herself out there on the dance floor in hopes of finding it. (He has an English-language version in the works, with Julianne Moore in the title role.) Music figures significantly in "A Fantastic Woman." Marina aspires to higher things, in higher registers, than singing pop tunes to nightclub audiences, and the haunting coloratura we hear from time to time is Ms. Vega's own. In the here and now, however, she aspires most insistently to being a part of Orlando's funeral ceremony, notwithstanding the opposition of his family. "Let us mourn as a family the way it's meant to be," an outraged Sonia tells her. But what, the movie asks, constitutes a family, and what way is anything meant to be?

THEATER REVIEW | By Terry Teachout

A FORGOTTEN PLAYWRIGHT, FRESHLY MINTED

Emma Geer, Brian Reddy, Jill Tanner, Jeremy Beck and Jonathan Hogan in Stanley Houghton's 'Hindle Wakes'

TODD CERVERIS

New York

OF ALL THE COUNTLESS off-Broadway troupes with which the side streets of Manhattan are dotted, none has a more distinctive mission—or a higher artistic batting average—than the Mint Theater Company, which "finds and produces worthwhile plays from the past that have been lost or forgotten." If that sounds dull to you, don't be fooled: I've never seen a production there that was a sliver less than superb. Rachel Crothers's "Susan and God," John Galsworthy's "The Skin Game," Harley Granville-Barker's "The Madras House," N.C. Hunter's "A Day by the Sea," Dawn Powell's "Walking Down Broadway," Jules Romains's "Doctor Knock," John Van Druten's "London Wall": All these fine plays and others just as good have been exhumed by the Mint to memorable effect in the 13 years that I've been reviewing the company, a tribute to the uncanny taste and unfailing resourcefulness of Jonathan Bank, the artistic director.

This time around, though, Mr. Bank has *really* pulled one out of his seemingly bottomless hat. I'd never even heard the name of Stanley Houghton, an English playwright who died in 1913 at the age of 32, before the Mint announced its latest revival, a Houghton play called "Hindle Wakes" that hasn't been staged in the U.S. since 1922. Were it being produced by any other company in New York, I'd probably have passed on so obscure an offering, but the Mint's infallible record of success led me to roll the dice. It was the right call, too: Not only was Houghton an artist of exceptional skill, but "Hindle Wakes," his last play, is a study of provincial hypocrisy in Vicwardian England that crackles with a biting candor fully worthy of George Bernard Shaw, on whose far better-known plays it was plainly modeled.

Fanny Hawthorn (Rebecca Noelle Brinkley), the sparky Lancashire lass at the center of "Hindle Wakes," lives with her working-class parents (Ken Marks and Sandra Shipley) and toils alongside

Please see FILM page A11

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MINDY TUCKER/HBO

Ms. Williams and Ms. Robinson serve as hosts on the show, which is based on their podcast of the same name.

TELEVISION REVIEW | By John Anderson

Polished Comedy That Feels Spontaneous

THE CASUALLY regal Jessica Williams was one of the better things about "The Daily Show" under the Jon Stewart administration, and with "2 Dope Queens" she and cohort Phoebe Robinson offer hope for cable comedy, currently a smorgasbord of the raw and the undercooked. Based on their almost-two-year-old podcast of the same name, the show poses the two comedians as ostensible hosts, warming up the crowd, introducing other comics, even doing interviews—Mr. Stewart is the first, engaging somewhat reluctantly in a pizza taste-off between pies from Queens and Brooklyn. Much of what they do feels improvised, and is supposed to; they aren't doing standup themselves, per se. But Ms. Williams and Ms. Robinson share an obvious comfort with each other and a confidence in their ability as performers. As a result, the show feels both spontaneous and polished like a ruby.

Recorded at the historic Kings Theater, which gets too many shout-outs to count, "2 Dope Queens" plays in front of what seems to be the biggest, whitest Brooklyn crowd since Jackie Robinson joined the Dodgers; to call them friendlies wouldn't do them justice; "ecstatic" might be more like it, so when an occasional joke goes south, it hardly disturbs the flow of the shows (four are on the schedule right now). It would seem to dictate some of the material, however: Comedian Mark Normand, in episode 1, does a routine about the musical inadequacies of DJs, which under different circumstances might get some blowback. In the same episode, Baron Vaughn does material about Jesus being black, or at least not being white, and the subject matter is so far from shocking it would seem stale under any conditions.

> Jessica Williams and Phoebe Robinson offer hope for cable comedy with their new show

Naturally, the two co-hosts deal with sex, race and boyfriends—when her white "bae" combs her hair, Ms. Williams says, "it feels like reparations." In episode 2, the "surprise" guest is Sarah Jessica Parker, who has nothing to promote except her very likable self and, maybe, Costco ("You go to Costo!?" the other two squeal). The very funny people include Rhea Butcher, podcast regular Aparna Nancherla and Sheng Wang, whose deadpan routine addresses the "miracle," and subsequent tragedy, of having too many ripe avocados: You can't go out to dinner; you have to stay home and eat those avocados. Of course, it won't be a joke that works if you live in California. But you'll get it if you food-shop in Brooklyn.

2 Dope Queens
Begins Friday, 11:30 p.m., HBO

THEATER

Continued from page A10

Christopher, her father, in Hindle's cotton mill. She's returned home much later than expected from what the Brits used to call a "dirty weekend" with Alan Jeffcote (Jeremy Beck), a hard-drinking young man about town. No sooner do the Hawthorns confront Fanny, demanding that she tell them where she went and what she did there, than Christopher pays an unscheduled call on Alan's father, Nathaniel (Jonathan Hogan), the owner of the mill and the richest man in town. The objective, naturally, is to force Alan to make an honest woman out of Fanny, but that's where the plot starts to thicken. Nathaniel, it seems, is a childhood friend of Christopher who clawed his way up the greasy pole of success. What's more, he's about to marry off his ne'er-do-well son to Beatrice (Emma Geer), the mayor's daughter, thereby securing for himself and his wife (Jill Tanner) a place in society that the money of a self-made businessman who "started life in a weaving shed" can't buy.

What we have here, in short, is a standard-issue clockwork melodrama—except that "Hindle Wakes" proves to be nothing of the kind. The difference is that save for Fanny's earnest, hapless father, all of the characters respond to her dilemma in unexpected ways, none more so than Nathaniel, a coolly sardonic businessman in the Trollopian mold: "Money's power. That's why I like money. Not for what it can buy....Why did I buy a motor-car? Not because I wanted to go motoring. I hate it. I bought it so that people could see Alan driving about in it, and say, 'There's Jeffcote's lad in his new car. It cost five hundred quid.'" Yet for all his chilly realism, Nathaniel has a second surprise up his sleeve. He, too, means to make his son do the right thing—whatever the cost.

Gus Kaikkonen, whose work with the Mint and his own Peterborough Players in New Hampshire long ago established him as one of the deftest directors on the East Coast, has staged "Hindle Wakes" with the same crisp understatement that he brought to his 2017 Peterborough Players revival of Shaw's "The Doctor's Dilemma," letting Houghton make his own stiletto-sharp points instead of ramming them home. His ensemble cast, led by the superlative Mr. Hogan, acts in the same unexaggerated spirit, aided by the dialect coaching of Amy Stoller, who has gone to enormous trouble to ensure that everyone in the company nails the savory "Lanky-sheer" accent specified in the script. I'm thrilled to discover at long last so unjustly forgotten a playwright, and eager to see more of his work.

Hindle Wakes
Mint Theater Company, Clurman Theatre, Theater Row, 410 W. 42nd St., New York ($65), 212-239-6200, closes Feb. 17

Mr. Teachout is the Journal's drama critic. He is directing a new production of "Satchmo at the Waldorf," his first play, which begins previews at Houston's Alley Theatre on Feb. 24. Write to him at tteachout@wsj.com.

TODD CERVERIS

Jeremy Beck and Rebecca Noelle Brinkley

ART

Continued from page A10

and a $70 million Fernand Léger, "Contrast of Forms."

Sotheby's top sales included a $110.5 million untitled Jean-Michel Basquiat painting and a 59.60-carat pink diamond ring that sold for $71.2 million—or nearly $1.2 million a carat. Phillips sold Peter Doig's 1991 "Rosedale" for $28.8 million and actor Paul Newman's Rolex for $17.8 million. The watch was only expected to sell for $1 million.

Christie's sales were up across most key categories, with the house selling $1.6 billion in contemporary art, up 20% from a year earlier. Its sales of impressionist and modern art—a category it now lumps in with modern British, American and Latin-American art—grew 53% to $1.6 billion. Asian art sales grew 44% to $912.4 million.

Sotheby's said its Asian buyers also proved a force, winning $1.6 billion worth of art last year.

Not everything soared: Sales of Christie's luxury goods such as jewelry, watches and wine fell 9% to $686.3 million.

Christie's sales of old master paintings, along with 19th-century art and Russian art, more than doubled to $709.2 million, but much of the credit goes to that record-setting da Vinci, revealing how one trophy can skew the outlook for an entire collecting category.

All the houses are battling to sell more art online. Christie's racked up $214.5 million in sales of art online, down slightly from the year before. Sotheby's sold $180 million of art online.

In terms of geography, Christie's sold $3.2 billion worth of art in the U.S., up 62% and a sign that New York remains the world's top hub for art shopping, both by U.S. buyers and foreigners. Christie's sold $2 billion worth of art across Europe, the Middle East, Russia and India last year, up 11%. The house also sold $755 million worth of art in Asia, up 7% from the year before.

The art market faces a major test with a series of sales in London that start Feb. 27.

SOTHEBY'S

A pink diamond ring sold at Sotheby's in April for $71.2 million.

Weather

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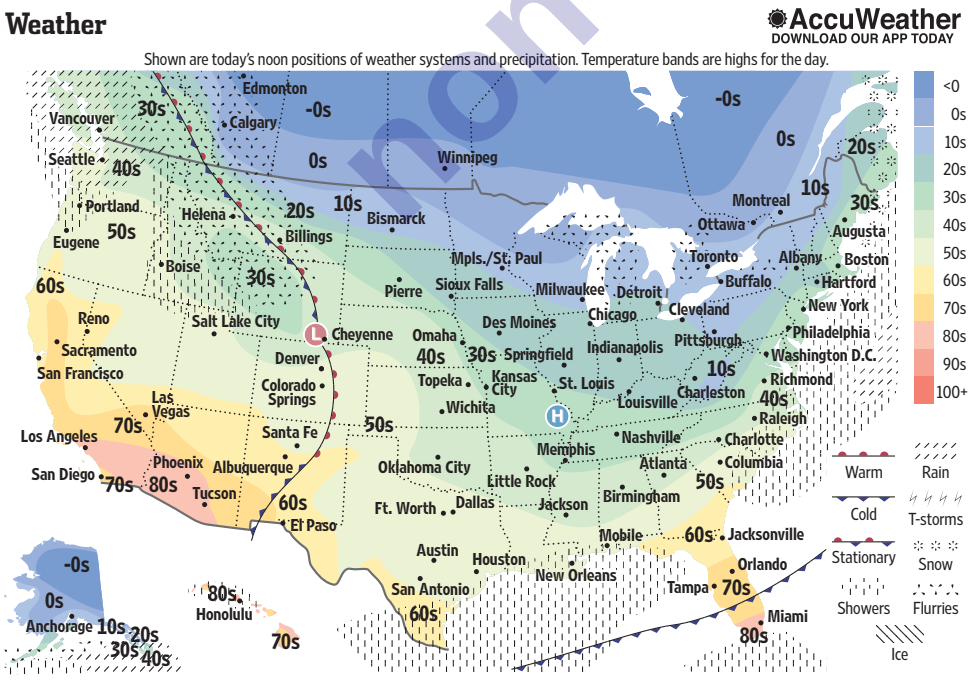
Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

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

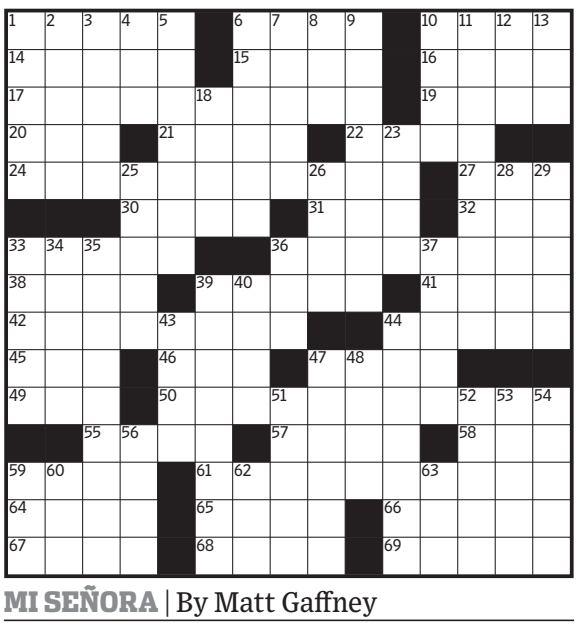
City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	12	2	s	16	6	c
Atlanta	45	28	pc	49	41	c
Austin	59	42	c	65	47	c
Baltimore	32	13	pc	37	28	s
Boise	56	38	c	55	43	c
Boston	34	12	sn	27	25	s
Burlington	17	4	c	23	21	pc
Charlotte	45	22	pc	45	32	s
Chicago	21	17	s	36	26	sn
Cleveland	21	16	pc	35	30	sn
Dallas	56	42	pc	66	48	c
Denver	55	34	pc	53	34	pc
Detroit	21	12	pc	33	27	sn
Honolulu	81	73	sh	83	72	c
Houston	56	47	c	59	56	r
Indianapolis	22	16	s	36	30	sn
Kansas City	36	29	pc	48	25	c
Las Vegas	75	52	s	76	53	s
Little Rock	41	24	pc	45	34	c
Los Angeles	81	57	s	79	56	s
Miami	81	65	pc	74	70	pc
Milwaukee	19	16	s	32	22	sn
Minneapolis	15	8	sf	16	1	sn
Nashville	34	21	s	47	41	c
New Orleans	58	46	c	62	58	r
New York City	33	16	pc	33	31	s
Oklahoma City	48	30	pc	56	33	c
Omaha	38	26	pc	42	15	c
Orlando	76	52	pc	68	58	pc
Philadelphia	34	17	pc	35	29	pc
Phoenix	80	52	s	79	53	s
Pittsburgh	18	9	c	32	28	sn
Portland, Maine	32	5	sn	23	20	s
Portland, Ore.	56	46	c	53	50	r
Sacramento	71	45	s	72	45	s
St. Louis	31	25	s	44	34	c
Salt Lake City	56	42	c	54	43	c
San Francisco	68	51	s	69	54	s
Santa Fe	59	29	s	57	28	s
Seattle	53	47	r	52	50	r
Sioux Falls	28	15	pc	22	4	sn
Wash., D.C.	32	19	pc	39	33	s

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	44	34	sh	40	30	sh
Athens	61	55	pc	62	55	c
Baghdad	67	42	s	68	42	pc
Bangkok	85	70	pc	83	64	s
Beijing	31	12	s	34	11	s
Berlin	40	32	c	39	29	sh
Brussels	42	32	sh	40	29	sh
Buenos Aires	89	64	s	85	66	s
Dubai	74	57	s	76	59	s
Dublin	44	36	pc	43	34	c
Edinburgh	43	33	c	40	31	r
Frankfurt	40	33	sn	40	29	sn
Geneva	39	31	sh	37	26	sn
Havana	80	68	pc	79	65	pc
Hong Kong	58	47	pc	56	44	s
Istanbul	58	53	c	61	53	c
Jakarta	87	75	t	87	74	c
Jerusalem	62	40	s	65	44	pc
Johannesburg	81	61	pc	78	60	t
London	45	35	pc	41	34	r
Madrid	47	27	s	50	33	s
Manila	88	73	s	87	73	c
Melbourne	74	56	c	81	57	s
Mexico City	74	46	pc	72	48	pc
Milan	49	33	c	49	29	s
Moscow	33	31	sn	36	34	sn
Mumbai	91	63	pc	91	63	pc
Paris	43	34	sh	41	33	sh
Rio de Janeiro	86	73	c	84	73	t
Riyadh	69	43	s	67	43	s
Rome	60	46	r	54	36	s
San Juan	82	72	pc	83	72	pc
Seoul	35	15	s	23	6	s
Shanghai	44	27	pc	34	25	pc
Singapore	84	77	c	84	76	t
Sydney	74	64	pc	73	66	sh
Taipei	59	50	r	53	48	r
Tokyo	42	38	sn	45	36	c
Toronto	17	12	pc	27	23	sn
Vancouver	48	42	sh	49	42	c
Warsaw	42	31	c	39	27	pc
Zurich	39	28	sn	37	26	sn

The WSJ Daily Crossword | Edited by Mike Shenk

PUZZLE CONTEST



MI SEÑORA | By Matt Gaffney

The answer to this week's contest crossword is a **12-letter proper noun starting with S that would complete this puzzle's theme.**

Across

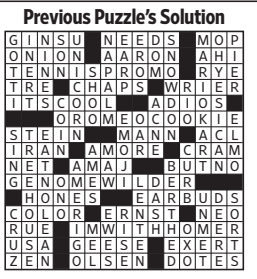
1 Judi Dench and Maggie Smith, e.g.
6 Present
10 Logan locale
14 Phrase on a candy valentine
15 Food with its name stamped on either side of it
16 Pixar movie set in Mexico
17 *At the age of six months, they were cast as Michelle Tanner
19 U.S. senator from 1989 to 2007
20 Turn
21 Seal the fate of
22 Hard wood
24 *Figure on blue-and-white flags
27 Phone fun
30 Chills and fever
31 George Thorogood song "That's ___ Quit"
32 It comes before upsilon
33 Attempts
36 *Word used for two different sports, either of which works for this contest
38 Catnip, e.g.
39 Sites of many water wheels
41 Sends packing
42 *Element used in batteries and bullets
44 Contemptuous
45 Smallest Canadian prov.
46 Dawn goddess
47 "Who is John ___?"
49 "I'll stop there"
50 *It's often filled with freshmen
55 ___ Kong
57 More than two, but not many more
58 Twisty swimmer
59 Fort with gold
61 *Clothing since 1873
64 Bogus
65 Encouraging words
66 Become evident
67 Julie of "Big Brother"
68 Desire
69 Stable females

Down

1 Pricey jackets
2 Set aside
3 "How many roads ___ man walk down..."
4 Garden figure
5 Optical phenomena in the sky
6 Miss to the left or right, as a field goal attempt
7 Model Shayk
8 Marshland
9 Round chips
10 Employer of mathematician Terence Tao
11 Decided not to hoof it
12 Pretense
13 Shower knob
18 Stir-fry staple
23 Polish prose
25 Sermon deliverer
26 It may have seven strings
28 Lost color
29 Neck check
33 Pentagon, e.g.
34 Core belief
35 Its heart doesn't beat
36 Tackle box item
37 Shona's language group
39 Light at night
40 Part of RPI
43 Chow ___
44 Marvin Gaye's "Let's Get It On," e.g.
47 Card table command
48 Tennis statistic
51 Stellar reviews
52 Show once more
53 Feeling
54 "Someone ___ Story" (song from the musical "Chess")
56 Field team
59 Seller of buckets
60 "Ain't gonna happen!"
62 Play-planning Manning
63 Pitching stat

▶ Email your answer—in the subject line—to **crosswordcontest@wsj.com** by 11:59 p.m. Eastern Time Sunday, Feb. 4. A solver selected at random will win a WSJ mug. Last week's winner: Maryann Burningham, Portland, OR. Complete contest rules at **WSJ.com/Puzzles**. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Previous Puzzle's Solution



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SPORTS

OLYMPICS

Doping Bans Lifted

BY JAMES MARSON AND DAVID GAUTHIER-VILLARS

AN INTERNATIONAL sports tribunal overturned the Olympic life bans of 28 Russian athletes, a boon for Russia a little over a week before the start of the Winter Olympics.

The Court of Arbitration for Sport, an appellate court for sports cases, said Thursday that evidence it reviewed in 28 appeals by Russian athletes were "insufficient" to support accusations of antidoping rule violation. The court said sanctions against them were annulled, and results they achieved during the 2014 Sochi Olympics, where Moscow is accused of having carried out the doping, reinstated.

The International Olympic Committee said it regretted the ruling, saying it "may have a serious impact on the future fight against doping." The IOC, which has suspended Russia's membership and allowed only "athletes from Russia" to compete in the Pyeongchang Games, complained the court had used a higher threshold on the necessary level of evidence than in previous decisions.

JIM YOUNG/REUTERS

Russian authorities hailed Thursday's news, saying it vindicated their repeated denials of systemic doping. "There was no system, no kind of manipulation at the Sochi Olympics," Russian Deputy Prime Minister Vitali Mutko said, according to the Interfax news agency.

The court said it only examined individual cases, adding its mandate wasn't to determine whether there was an organized doping scheme in Sochi.

The ruling sparked confusion as to whether any among the 28 athletes would be allowed to participate in the Olympic fortnight. "We will try to file applications for those who are ready and who meet the quotas and qualifications to participate in the Olympic Games," Mutko, a former sports minister, said.

The IOC said that since Russia was suspended as an Olympic nation, only it had authority to invite Russian athletes. "Not being sanctioned does not automatically confer the privilege of an invitation," the IOC said.

SCOTT POLLACK

SUPER BOWL LII | By Jason Gay

Patriots, Eagles: Hard to Cuddle

This may not be the most adorable Super Bowl, but the game remains a part of our culture

A LONG, long time ago, the New England Patriots were *adorable*. Adorable!

It's true. You have to believe me on this. The Patriots were once so hapless, you couldn't help but love them.

You know when the dog sticks his head in a grocery bag and can't shake it off, and ends up walking into the refrigerator door?

The Patriots were like that.

Bad players. Bad coaches. Bad ownership. Bad stadium. Even when they were good, they were bad. When the Patriots shockingly made their first Super Bowl, in the 1985 season, the Chicago Bears gave New England a historic wedgie, yanking their red, white and blue underwear right over their eyes.

The Pats lost 46-10, the second-worst Super Blowout ever.

It's different now. The Patriots play in their 10th Super Bowl this Sunday at 6:30 p.m. ET versus the Philadelphia Eagles, and the vibes are presumptive and dominant.

Of course New England is here. *Of course* they're favored to win. A whole generation has grown up in Boston expecting a Duck Boat parade the first week of February. They have a quarterback who looks like James Bond, eats like a yogi and is going for his sixth—sixth!—Super Bowl ring. They have a powerful owner with a velvet touch. They have a Grumpy Lobster Boat Captain for a coach, and the Grumpy Lobster Boat Captain might be the best coach of all time. In *any* sport. Ever.

It's truly amazing...but maybe not so adorable anymore.

Philadelphia sports and "adorable" don't exactly go together, either. But it's easier to cuddle these Eagles. They're the underdogs here, a role they embrace, down to wearing freaky latex dog masks to underline the point.

The contrast in quarterbacks is jarring. Philadelphia's QB, Nick Foles, is a back-up. The internet thinks he resembles the movie antihero Napoleon Dynamite. Tom Brady may want to play forever, but Foles—a former Eagles phenom who got traded away and kicked around the league—almost quit the sport out of frustration. The Journal sports department's Woodward & Bernstein, Andrew Beaton and Ben Cohen, had a front-page story this week about Eagles fans who tossed out their old Foles jerseys—and are now scrambling to get them back.

> Would the Eagles beating the Patriots be one of the great Super Bowl upsets? Maybe?

Eagles coach Doug Pederson? The most the casual sports fan knows about Doug Pederson is...his name is Doug Pederson.

The Eagles were predicted to lose in the Divisional round of the playoffs. They were predicted to lose in the Championship round of the playoffs. They're predicted to lose Sunday, too. This will be Philly's third Super Bowl—they've yet to win one.

Philadelphia fans—who have rabbit ears for disrespect—love these low expectations. Bring on that Patriots swagger. They'll put it right up there with the swagger of the Falcons and the swagger of the Vikings and everybody else who thought the Eagles would roll over when they lost starting quarterback Carson Wentz to a knee injury in early December.

So go ahead, mock Foles. Underestimate Pederson. Give short shrift to a defense that's one of the NFL's best, and may cause havoc in the pocket for that handsome 40-year-old.

Would the Eagles beating the Patriots be one of the great Super Bowl upsets? Eh, I don't know. Maybe? The Eagles were technically the No. 1 seed in the NFC, playing two home games to get here. New England is favored by 4.5 points, a far cry from the 18 points the Baltimore Colts got over the New York Jets in Super Bowl III.

An upset would certainly cap a strange year for the NFL. Do I need to remind you the President of the United States got into a Twitter war with the sport this past autumn? There have been frays about protests, politics, officiating, injuries to star players and, of course, the omnipresent worries over concussions. A good team (the Carolina Panthers) was put up for sale after allegations of workplace misconduct by its owner.

The biggest sports story during Super Bowl hype week was an NBA trade—Blake Griffin to Detroit.

It's fashionable to say that the NFL is doomed, and point to another year of TV ratings declines as evidence of its endangered mindshare.

And yet...it's still a pretty huge mindshare. This week, the NFL sold five years of Thursday Night Football to Fox for a reported $3 billion and change—the $660 million-a-season deal a significant jump from the $450 million that CBS and NBC forked over.

Three billion! For Thursday Night Football! The most maligned night of football in American history!

It's like someone handing you half a million bucks for a couch with a FREE sign in your front yard.

Important people still think it's worth it. This is why the NFL is the NFL—and why, despite all the clamoring, the Super Bowl will be the highest-rated television program in 2018; why a 30-second commercial during it cost a reported $5 million (don't you *dare* go to the bathroom when they're trying to sell you an ugly car); and why Justin Timberlake will walk out at halftime to midfield and yodel for *free*.

This crazy game remains an unshakable part of our culture. The Super Bowl is the reason why your neighbors bought that 70-inch TV you saw them lugging in the other day, why the supermarket is a zoo all weekend, and why, despite the diet you're allegedly on, you will eat more chicken wings than your age on Sunday night, and then three disgusting cupcakes with footballs on top. It's why you've read all the way to the bottom of yet another stupid Jason Gay column.

New England vs. Philadelphia may not be the most adorable Super Bowl we've ever had, but it's ours. Enjoy!

FOOTBALL

HOW SABAN CAN HELP THE PATS

BY ANDREW BEATON

Bloomington, Minn.

THE SUPER BOWL will come down to a scheme that has rankled college football coaches for years and capsized traditional NFL offenses more recently. When executed to perfection, it makes the best defenses look witless and the best coaches feel helpless.

Run-pass options have never been more important than in today's modern football. Now it could decide which team wins the Lombardi Trophy. The Eagles offense subsists of RPOs—especially lately. Which makes the pivotal question in this Super Bowl: Can Patriots coach Bill Belichick figure out how to stop them?

If he can't, there's one guy who would understand pretty well. This person can also claim he's the best football coach in the world. He has arguably lost two titles because of RPOs. He's also Belichick's former colleague and long-time friend: Alabama coach Nick Saban.

"There's value learning football from anybody—especially Alabama," said Steve Belichick, the Patriots safeties coach and the coach's son. He added that the Eagles' ability to execute them is why they're here for the Super Bowl. "We've faced a lot of teams that do it well. But this team does it better than anybody."

The RPO is exactly what it sounds like: The quarterback gauges the defense and decides after the ball is snapped whether to hand it off, run or pass.

As RPOs invaded the college game, Saban assailed these plays and the rules that enabled them. It isn't hard to figure out why. RPOs cost him a chance at the title when Auburn ran one to perfection to tie it up the game before the famous "Kick Six" in 2013. The team that beat Alabama for the championship a year ago, Clemson, relied heavily on them too. Meanwhile, the coach who was flummoxed by RPOs started to perfect how to defend them—and incorporated them into his offense, too.

Now the play that has determined college football champions will determine the professional football champion, too. Which means Belichick could probably benefit from a call to his old friend—they were once on staff with the Cleveland Browns together. Or, at least, Belichick has to adjust more rapidly than Saban did. The consequence for not mastering this concept, Saban learned, can be a crushing upset.

The reason this has never been more pivotal is the same reason the Eagles are playing in the Super Bowl. RPOs have been the key to their offense. And they have only grown more critical since Carson Wentz went down for the season. Before the playoffs, coach Doug Pederson had a solution for getting the most out of Nick Foles, Wentz's replacement. Pederson studied the types of plays the Eagles ran in 2013, when Foles had a career season under former coach Chip Kelly.

"We might just have to dust a few more off and get that ready to go," Pederson said in January.

That means more RPOs. The ensuing transformation has been the most astonishing piece of wizardry in these playoffs. In the Divisional round against the Falcons, Foles completed 23 of 30 passes for 246 yards. Then in the NFC Championship against the Vikings, he completed 26 of 33 passes for 352 yards and three touchdowns.

Essentially, Pederson transformed the offense by fully embracing the concepts of the coach who was run out of town before him. "I'm big about not force-feeding a certain scheme or play down anybody's throats," Pederson said. "I want to do what works."

GARY COSBY JR./THE TUSCALOOSA NEWS/ASSOCIATED PRESS

Alabama coach Nick Saban, left, chats with Patriots coach Bill Belichick.

What's clear is how effectively the Eagles can run RPOs. What isn't is how effectively the Patriots can defend them. This was a weak spot for New England during the AFC Championship against Jacksonville. It's a scheme so deceptive that it fooled the mighty Patriots versus a quarterback, Blake Bortles, who isn't exactly known for being a world beater.

It's entirely possible the Patriots can find an answer without Nick Saban's help. Bill Belichick has two weeks to prepare. Which is enough time for him to come up with a game plan, go vacation in Nantucket and cut the sleeves off a dozen sweatshirts. But Saban had plenty of time too. And he lost out on a couple titles before he had RPOs down cold.

"You always want to study and learn the game from all different angles," Steve Belichick said. "How Alabama does it, how any football team defends it."

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OPINION

Memo Reading for Nonpartisans

POTOMAC WATCH
By Kimberley A. Strassel

The White House looks set to release the House Intelligence Committee memo on 2016 government surveillance abuses, which means the attacks on the document by Democrats, the Federal Bureau of Investigation and the media are going to get wilder. To help navigate through the spin, here's a handy guide for what to look for, and what to ignore:

• *Rationale*. Did the FBI have cause to open a full-blown counterintelligence probe into an active presidential campaign? That's a breathtakingly consequential and unprecedented action and surely could not be justified without much more than an overheard drunken conversation or an unsourced dossier. What hard evidence did the FBI have?

• *Tools and evidence*. Government possesses few counterintelligence tools more powerful or frightening than the ability to spy on American citizens. If the FBI obtained permission from the Foreign Intelligence Surveillance Court to monitor Trump aide Carter Page based on information from the Christopher Steele dossier, that in itself is a monumental scandal. It means the FBI used a document commissioned by one presidential campaign as a justification to spy on another. Ignore any arguments that the dossier was not a "basis" for the warrant or only used "in part." If the FBI had to use it in its application, it means it didn't have enough other evidence to justify surveillance.

Look to see what *else* the FBI presented to the court as a justification for monitoring, and whether it was manufactured. Mr. Steele and his client, Fusion GPS, ginned up breathless news stories about the dossier's unverified accusations in September 2016 in order to influence the election. The FBI sometimes presents news articles to the court, but primarily for corroboration of other facts. If the FBI used the conspiracy stories Mr. Steele was spinning as actual justification—evidence—to the court, that's out of bounds.

• *Omissions and misdirection*. What else did the FBI tell the court? One would presume the bureau did its due diligence and knew Mr. Steele ultimately worked for the Hillary Clinton campaign and the Democratic National Committee. The FISA court puts considerable emphasis on the credibility of sources. Did the FBI inform the court of the Clinton connection? Or did it lean on the claim that the Fusion project was originally funded by Republicans? Such a claim might diminish the partisan stench. But it would also be a falsehood, since the dossier portion of the project was purely funded by Clinton allies. And if the FBI didn't bother to ask who hired Mr. Steele or Fusion, that's a scandal all its own.

Also, look to see whether the FBI informed the court that Mr. Steele was blabbing to the press. When he first approached the bureau in July, he hadn't yet briefed the media. But by September he and Fusion were publicly spinning the dossier for their Democratic client, and the FBI would have known who was generating the stories. Did the FBI continue to attest something that clearly was no longer true?

Ignore the spin. When the document goes public, here's what to look for.

• *Duration of surveillance*. The FBI may argue it had good cause to look into Mr. Page. But if months of wiretaps didn't turn up anything (and surely we'd have heard if they did), the FBI also had a duty to cease such a liberty-busting intrusion. Ask how long this probe went on and whether it was justified, or if the FBI was simply giving itself an open-ended license to spy on a campaign.

Expect Trump critics to renew their effort to turn Mr. Page into a Manchurian aide, seizing on his every action or word while ignoring the small role he played in the campaign, not to mention his obvious oddness. This will be designed to make people forget that for all the focus on Mr. Page, he was and remains a private citizen, who apparently was subject to months of government monitoring based on what may prove nothing more than the gossip of a rival campaign.

• *Team Obama*. Somewhat lost in this narrative is what role if any the broader Obama administration might have played with regard to the dossier. What actions were taken by former CIA Director John Brennan, or former Director of National Intelligence James Clapper? Also don't forget Bruce Ohr, the Justice Department official whose wife worked for Fusion GPS, and who himself met with Fusion cofounder Glenn Simpson. Or the Justice Department officials who approved court filings. If there was surveillance abuse, accountability shouldn't stop with the FBI.

Mostly, ignore what is certain to be a nonstop shriek that this memo is out of context, that it omits facts or cherry-picks data or makes unfair allegations. You know, sort of like what Democrats and the media did this past year in their "Russia investigation." The difference here is that the memo only needs to provide a few facts for the country to understand if there was FISA abuse.

The rest is noise.

Write to kim@wsj.com.

'Evangelical' Isn't a Dirty Word

HOUSES OF WORSHIP
By David Skeel

Many evangelical Christians today face an identity crisis. They regularly see their leaders on cable television clumsily defending politicians who have flouted traditional sexual norms. Droves of their fellow congregants supported Donald Trump for president and Roy Moore for Senate. Is modern evangelicalism morally bankrupt? While it's too soon to know how widespread the trend is, many are beginning to renounce the "evangelical" label.

"The term feels irreversibly tainted," evangelical writer Jen Hatmaker told the Washington Post in December. "And those of us who don't align with the currently understood description are distancing ourselves to protect our consciences." Other prominent evangelicals—progressive and conservative—have made similar comments.

I believe this is a terrible mistake. Evangelicals' support for candidates of questionable character is often exaggerated. It also ignores important context: Many voters strongly preferred other candidates but felt forced to choose the lesser of two evils. Regardless, there are compelling apolitical reasons to keep the evangelical label.

"Evangelical" is derived from the Greek word *euángelos*, which means "bringing good news." It comes straight from the Gospels, which identify Jesus as the "good news" that had been prophesied in the Hebrew Bible. The word also has a lovely ring to it.

Although there is no single definition of evangelicalism, the British historian David Bebbington has described its key features well. Evangelicals are mostly Protestants. They believe in the authority of the Bible and the cross. They emphasize the need for conversion, for believers to be "born again." And they share a commitment to activism: evangelism, missions and social work. I suspect an unhappy former evangelical would read this description and recognize himself, as I do.

Evangelicals have a storied history in American public life. They figured prominently in the movement to end slavery, and institutions such as Wheaton College in Illinois were established on Abolitionist grounds. Jonathan Blanchard, who later became Wheaton's first president, serving from 1860-82, insisted during a debate that opposition to slavery "blazes from every page of God's Book which is a wall of fire around the rights of the poor."

A century ago, the nation's best-known evangelical was William Jennings Bryan, who ran unsuccessfully as the Democratic nominee for president in 1896, 1900 and 1908. Bryan was often ridiculed by the intellectual elites of his era, who especially picked on his opposition to the theory of evolution. "There was something peculiarly fitting in the fact that his last days were spent in a one-horse Tennessee village, beating off the flies and gnats," H.L. Mencken wrote in a scathing obituary.

Bryan did contribute to a strain of anti-intellectualism that has not yet fully disappeared from American evangelicalism. But many of his positions, such as opposition to imperialism, tariffs and gambling, have aged well. The common theme of Bryan's politics, which came straight from his evangelicalism, was that every person is made in the image of God and is therefore precious.

Justified revulsion over politics is no reason to renounce a religious identity.

In the current era, evangelicals' insistence that sexual intimacy is appropriate only in the context of marriage has often been greeted with derision similar to what Bryan faced. Yet in the light of the #MeToo movement, as rampant sexual misbehavior is revealed from Hollywood and Washington, the biblical view might soon start to seem a little less crazy.

I don't mean to discount the concerns of my disgruntled fellow evangelicals. One of the more depressing political conversations I've had in the past year came after a chance meeting with a prominent constitutional law professor. He said he was surprised by recent voting patterns, because he had thought that evangelicals might be the one group in American society who would vote based on principle rather than expediency.

On the bright side, evangelicals are now an increasingly familiar presence in American intellectual life, having shed the anti-intellectualism of the early 20th century. Evangelicals also are much less anti-Catholic than in the past—so much so that even a few Catholics now call themselves evangelical. I believe that Christianity is self-correcting. And because evangelicalism is a faithful understanding of Christianity's essence, I believe it is self-correcting, too.

Rarely have evangelicals been so divided and uncertain of the way forward. But the problem is with us, not with evangelicalism or the Christian principles it represents. The label and the history are important. For those who have recently renounced evangelicalism, I have a simple plea: Please reconsider.

Mr. Skeel is author of "True Paradox: How Christianity Makes Sense of Our Complex World" (IVP Books, 2014).

Trump Manages to Unify My Country

By Rondi Adamson

The undefended border between the U.S. and Canada is porous. People pass freely, but so do infectious agents and syndromes. I've seen many in my time, mostly during Republican administrations. Few match the power or breadth of the Canadianized strain of Trump derangement syndrome. Whatever Mr. Trump does, Canadians are against it.

Take the North American Free Trade Agreement. Back in the early 1990s, Canadian unions, academics and "celebrities," as well as Canada's Liberal and New Democratic Parties, passionately argued against Nafta. It would destroy us, they said. We would lose our sovereignty. We would lose our social programs. We would become the 51st state!

Now President Trump has called Nafta into question, and many former detractors are suddenly defending the deal. The dubious have become believers. True, some of this is because time has shown Nafta to be good for Canada, but most of it is reflexive. Canadian liberals are defending Nafta because Mr. Trump is against it. The more he hates it, the more they like it. Prime Minister Justin Trudeau's government approached the Nafta negotiations as if it were dealing with Saudi Arabia or North Korea, making a show of bringing issues like gender equality and the environment to the table.

Almost every fellow Canadian I know can't stand the man.

Actually, Mr. Trump is right about supply management and Canada's dairy industry. Getting rid of our 270% tariff on imported dairy goods would be a positive development for Canadian consumers tired of paying $12 for a wee bit of cheese.

But try telling someone struggling with Trump derangement syndrome that the current American president could be right about anything. Try pointing out to a Canadian who binges on Netflix that the programs he loves come courtesy of an American company.

Or try pointing out that every sufferer of Canadian TDS watches far more American cinema and television than the homegrown variety. Most probably own an Apple product or three. Painful as it is to admit, Canadians are actually quite fond of American stuff.

Odd, then, that another mutation of TDS causes some self-righteous Canadians to refuse to set foot in the U.S. for as long as Mr. Trump is president. I know people who, recently returned from living in China, proudly promise never to visit "Trump's America." I can't keep up with the number of friends, relatives and colleagues who have chosen to go to Cuba this winter rather than their usual Florida or South Carolina, giving the occupant of the White House as their reason.

Evidently vacationing in an island prison with no civil liberties is fine but a getaway to the land of the free is not.

The one cure for TDS, apparently, is extreme cold. After about three weeks of below-zero weather here in Toronto, a TDS carrier I know managed to shed his principles when the opportunity of an inexpensive week in a sunny Southern state appeared. Note to Mr. Trump: A few more weeks of winter and Canada might give you what you want on Nafta.

Ms. Adamson is a Canadian writer.

BOOKSHELF | By Matthew Rees

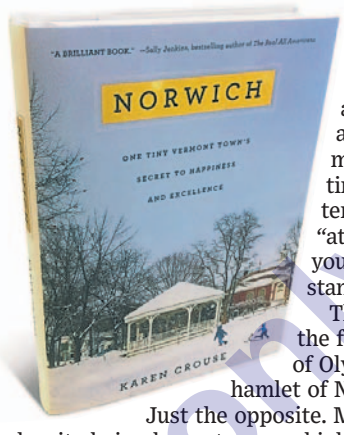
Chariots Of Snow

Norwich

By Karen Crouse
(Simon & Schuster, 276 pages, $26)

In the popular mind, Vermont is a hotbed of trendy liberalism, producing countercultural icons that stretch from a socialist senator (Bernie Sanders) to politically committed ice cream (Ben & Jerry's). The state seems proud of the image: "Vermont Remains a Hippie Epicenter" was the headline for a 2015 article in the Burlington Free Press. Conversely, sports are rarely associated with Vermont—other than maybe ultimate frisbee. But one of the state's tiny towns has proved to be about brawn more than Birkenstocks. It has produced 11 Olympians, all but one since 1984. Such an achievement takes on renewed interest with the Winter Olympics kicking off next week, and it's at the center of "Norwich," Karen Crouse's splendid portrait of the town and its Olympian performance.

To become an elite athlete—the kind who qualifies for the Olympics—would seem to require thousands of hours of single-minded devotion. Michael Phelps, for example, trained close to 365 days a year for 10 years amid his quest to win multiple gold medals in swimming. It's common to hear of Olympian prospects withdrawing from rival sports at an early age, sacrificing childhood activities and attending special schools—all in pursuit of scholarships, medals or riches, and sometimes all three. It can be a terrible grind, and many such "athletes"—who are kids or young adults, after all—lack the stamina to persevere.



That has not, however, been the formula for the vast majority of Olympians who come from the hamlet of Norwich, Vt. (pop. 3,400).

Just the opposite. Ms. Crouse writes that, despite being home to many high-achieving types, including doctors and professors—Dartmouth College is a few miles away—Norwich "has largely opted out of the athletic and academic arms races being waged elsewhere."

So what's the secret? Ms. Crouse says that sports success is a byproduct of how Norwich "collectively rears its children, helping them succeed without causing burnout or compromising their future happiness." Parents are supportive, she says, but it's largely left up to the kids whether they want to train for the highest levels of competition. When they choose to do so, they can draw inspiration from the locals who have preceded them, and possibly instruction too: Most of the Olympians continued to live in Norwich for several years after the Olympics; many have never left.

The town's aspiring athletes have some other advantages: There's infrastructure that nurtures athletes in some far-flung sports that don't attract a lot of competition. How many communities offer elite-level ski jumps? And while most of the Norwich Olympians have been winter athletes—ski jumpers and free-style skiers, in particular—the roster includes a kayaker and a runner.

A hamlet in Vermont has nurtured an unusual number of Olympic athletes. What is its secret? What lessons can be drawn from their success?

The runner, Andrew Wheating, is emblematic of Norwich's unorthodox ways. He was passionate about soccer for much of his childhood and played in high school, where he also competed in basketball (he's 6-foot-6). He was a decent cross-country runner and hoped to run for a small-college team but had no goals beyond that. During his senior year, a meeting with the coach of the University of Oregon's celebrated track program, who happened to be in the area, led him to enroll there. Less than two years later he did the unthinkable and qualified for the Olympics in the 800-meter run. Four years later, he qualified in the 1,500-meter run.

Yes, Mr. Wheating was blessed with good genes (his father and grandmother had been stand-out athletes). But Ms. Crouse observes that, because he was never obsessively devoted to running in his childhood—his parents didn't force him into any sports—he avoided so-called overuse injuries and burnout. "By playing soccer and basketball deep into high school," she writes, "Andrew had essentially enjoyed a generalized training program that provided a solid foundation for the specialized work he would commit to in college."

"Norwich" includes a cautionary tale—an extended account of a father who pushed his two Norwich-raised daughters to pursue excellence in downhill skiing. One made it to the Olympics twice and won a silver medal in 1960, but both had considerable trouble adapting to everyday life once they stopped competing. (Ms. Crouse cites a 1997 study of 57 U.S. Olympians showing that 40% experienced severe challenges once they'd ended their athletic careers.) The family's quest is presented as a contrast to the town's more balanced approach to athletics.

Ms. Crouse is a veteran sports reporter for the New York Times, where she offers sterling coverage of swimming and other sports. She is also a gifted storyteller and willing to do the legwork that is needed to collect material. To capture the mystique of Norwich, she didn't drop in occasionally—she lived there for five months. As a result, her account is imbued with local color and detail. She notes that Norwich "is not a place that is tightly tethered to technology," given the spotty connectivity, so residents gather in physical spaces, like the community center. The book's insights into the challenges that athletes face are informed by Ms. Crouse's own experience as a varsity swimmer at USC.

This year's crop of U.S. Olympians includes 13 athletes from Vermont, though none from Norwich. But Ms. Crouse's message applies beyond a particular town or state: Rather than micromanage their children, parents should "act as their guides to charity, well-roundedness, curiosity, perspective, and a healthy life anchored by physical activity." While Cherry Garcia ice cream is probably not required, it's probably not forbidden either.

Mr. Rees is president of Geonomica, a speechwriting firm in McLean, Va., and a senior fellow at Dartmouth's Tuck School of Business.

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OPINION

REVIEW & OUTLOOK

Drilled, Baby, Drilled

A decade ago Barack Obama mocked Sarah Palin. Who was right?

Readers of pre-millennial vintage may recall the 2008 presidential campaign when Republicans and especially Sarah Palin picked up the chant "drill, baby, drill" as a response to soaring oil prices. The theme was much derided, not least by Barack Obama, who as late as 2012 called it "a slogan, a gimmick, and a bumper sticker" but "not a strategy." Ten years later, who was right?

The U.S. Energy Information Administration (EIA) reported Thursday that U.S. crude oil production exceeded 10 million barrels a day for the first time since 1970. That's double the five million barrels produced in 2008, thanks to the boom in, well, drilling, baby.

The EIA summary puts it this way: "U.S. crude oil production has increased significantly over the past 10 years, driven mainly by production from tighter rock formations including shale and other fine-grained rock using horizontal drilling and hydraulic fracturing to improve efficiency." This is the "fracking" boom our readers know well that has been driven by innovation in the private oil and gas industry.

The magnitude of the boom is remarkable. The gusher has pushed the U.S. close to overtaking Saudi Arabia and Russia as the world's leading oil producer. In 2006 the U.S. imported 12.9 million barrels a day of crude and petroleum products. By last October that was down to 2.5 million a day. Some gimmick.

This translates into greater energy security as the U.S. is less dependent on foreign oil sources. Donald Trump calls it "energy dominance," which implies that the U.S. wants to husband its supplies like gold at Fort Knox. The reality is we want to produce and sell what the market will bear, including exports to willing buyers around the world.

Thanks to Congress's deal with Mr. Obama in 2015 when Republicans extended wind and solar subsidies in return for lifting the oil export ban, the U.S. exported some 1.5 million barrels of oil a day in November. Some readers may recall that Heritage Action instructed Congress to vote no, and Breitbart called the bill "a total and complete sell-out of the American people." Perhaps even they can now see that trading temporary subsidies for a permanent change in export law was shrewd and good for the country.

Also striking is how quickly the oil and gas industry has recovered from the oil price plunge of 2015-2016. Previous price declines led to multiple bankruptcies and bank failures. This time drillers adapted quickly, took the rig count down fast, and cut costs. America's flexible private capital markets helped the companies ride out the price trough, and now producers, investors and lenders are reaping the benefits of the oil price rebound to $69 a barrel.

And don't forget the fracking boom in natural gas. EIA says U.S. gas production increased by some 50% from January 2010 to November 2017, reducing carbon emissions and heating prices. Thanks to new export terminals, the U.S. is now selling liquefied natural gas around the world. This has the potential to compete with Russian gas so Western Europe doesn't have to succumb to Vladimir Putin's periodic energy blackmail. Unleashing U.S. energy is Donald Trump's best Russia containment strategy.

It's worth stressing some of the policy lessons in all this. The first is that the best response to energy shocks is to let the market adjust to the price signals. As oil prices soared in the latter half of the last decade, politicians panicked and rushed to ban certain light bulbs, and subsidize and mandate cellulosic ethanol and other energy fads. The media fed the panic and cheered the politicians on. We were back at "peak oil" and the end of fossil fuels.

Yet American ingenuity was already discovering the solution for high prices in the shale plays of North Dakota, Pennsylvania, Texas and elsewhere. These drillers could move fast because they had the support of private capital and could lease private land. The frackers were also largely regulated by the states, which meant even the Obama Administration couldn't stop them.

This is a familiar American story of invention and wealth creation that benefits everyone, but it never would have happened if central planners in Washington had to approve it. That's the most important lesson.

Columbia vs. United Auto Workers

Graduate assistants of the Ivy League, unite!

University administrators are getting a splendid little education in labor politics. Behold Columbia University's battle with the United Auto Workers, which is trying to unionize graduate students who are also teaching assistants. Columbia this week declared that it is taking the fight to court.

The National Labor Relation Board in 2016 overturned a Bush-era ruling and allowed Columbia teaching and research assistants to unionize. Grad students voted 1,602 to 623 in favor of the UAW. Columbia responded that the lack of a voter ID requirement should invalidate the election.

The NLRB, which was intermittently under Democratic control last year due to Republican vacancies, disagreed. After grad students in December demanded to collectively bargain, administrators told the union to shove off. Hmmm. Is Columbia President Lee Bollinger a closet Republican?

On Tuesday Columbia announced it would challenge the union's certification in federal court. Some "among us are deeply concerned about what it means to have an outside party involved in what are ultimately academic and intellectual judgments by faculty members," wrote Provost John Coatsworth.

The union denounced Mr. Coatsworth's "audacious proclamation, showing that the University would rather break the law than to recognize us as workers." Like Wisconsin Gov. Scott Walker, Mr. Bollinger stands accused of stripping workers of their collective-bargaining rights.

We sympathize with Columbia's concern that unions could disrupt education and research, not to mention raise costs. For instance, a collective-bargaining agreement could limit the number of hours that teaching assistants may spend grading assignments. Professors might also have to do more work if assistants go on strike.

But universities get the unions they deserve, and some exploit grad students who are compensated with "tuition waivers" that probably don't cover the cost of their labor. These in-kind payments encourage universities to enroll more graduate students even if there is little demand in the job market for their degrees.

The NLRB reversed course on whether grad students can unionize during both the Bush and Obama Administrations, and a new Republican majority may do so again. Yale, Harvard and the University of Chicago are also fighting unions. As the legal fight continues, perhaps university administrators will unite in solidarity to endorse state right-to-work legislation that forbids forced unionization.

The Bishops of Xi Jinping

Pope Francis gives in to Beijing's demands on the Catholic Church.

Few prelates have ever been as blunt in criticizing the Holy See as Joseph Cardinal Zen, the retired bishop of Hong Kong. In an open letter earlier this week, the cardinal put it this way: "Do I think that the Vatican is selling out the Catholic Church in China? Yes, definitely."

Cardinal Zen was speaking about the Vatican's bid to force two underground Catholic bishops faithful to the church to resign—and be replaced by government-backed bishops who were excommunicated when they were illicitly appointed. So concerned was the 86-year-old cardinal that he flew to Rome and asked for an urgent meeting with Pope Francis to persuade him of the damage he would be inflicting.

The Pope ignored him. On Thursday news broke that the Vatican will accept the legitimacy of seven bishops chosen by the Chinese government. As head of the Catholic Church and sovereign of his own state, the pope is free to chart whatever course with China he wishes. Even so, it's astounding that Rome would to defer to Beijing to dictate one of the most important duties of any pope: Choosing the bishops who will lead his flock.

Many of the Catholic faithful, especially in China, have been dispirited by the concession. Though Rome has a legitimate interest in trying to get Beijing to normalize the church's legal status and make it easier to minister to the faithful, it's not as if President Xi Jinping is showing any interest in liberalizing. To the contrary, he's an atheist who said in October that religion poses a threat to the Communist state.

Human rights in China are worsening, particularly for believers. The government is starting to enforce anti-religion laws long honored in the breach, such as restricting Mass attendance at underground churches. Christians continue to be arrested. And the government continues to tear down churches, most recently an evangelical megachurch built with $3 million in contributions from local worshippers in one of China's poorest regions.

Some suspect that this Vatican accommodation is about paving the way for a papal visit to China, or a historic deal normalizing relations between Rome and Beijing. If so the damage will carry an even higher price, because it is difficult to imagine such a rapprochement without the Vatican's first agreeing to break relations with Taiwan and abandon its Catholics there. The history of China shows it is adept at exploiting foreigners too eager for a deal.

Perhaps Pope Francis will be vindicated. But it's telling that in pursuit of this accommodation he has had to shut out Cardinal Zen, who has had long, hard experience dealing with Beijing. Perhaps someone ought to remind the Vatican that the Lord's advice was to "render unto Caesar" not surrender to Caesar.

LETTERS TO THE EDITOR

Weak Case to 'Repeal and Replace' Tax Bill

Jason Furman's advice to "'Repeal and Replace' the Trump Tax Cuts" (op-ed, Jan. 26) as soon as Democrats take back power in Washington is a rehashed formula to Europeanize America that would be a foolish step back economically but a progressive step toward statism that would delight the party's base. Mr. Furman's rationale for tax increases is that the Trump tax cuts will starve Washington of revenues and produce enormous deficits. He gives no credence to the argument that lower taxes spur economic growth that eventually will generate higher-than-projected tax revenue. He also makes no mention of the escalating entitlement obligations that are at the heart of America's potential long-term deficit disaster.

Mr. Furman doesn't observe that the U.S. generally has been at the low end of the tax-revenue range of its peer group for the better part of two centuries, while becoming the most prosperous nation in history. Does it ever occur to Democrats that lower-than-average taxes may be a key driver of America's well-above-average economic results? Bottom-of-the-barrel tax revenue is consistent with greater freedom, less government infringement and more individual initiative and responsibility.

Does he truly believe that higher taxes are a free lunch when it comes to economic growth? As a general rule, the more resources commandeered by powerful central governments, the weaker the private sector's economic performance. An alternative approach to deficit reduction is entitlement reform, but each time the GOP raises that possibility, Democrats demagogue the proposal to death and Republicans pay a steep political price. When Democrats own the revenue side, as they did when Mr. Furman was an adviser to President Obama, economic growth stays low and deficits stay high.

PAUL ROBERTS
Jacksonville, Fla.

Mr. Furman's call for the replacement of the Trump tax cuts seems premature. With animal spirits being reported as unleashed and abounding, Mr. Furman advocates the perennial Democratic narrative about divvying up the pie more equitably. But what if this new tax plan grows the pie even larger? Rather than dismissing a plan seemingly due to origin rather than merit, we might all hope that John Kennedy's analogy of a rising tide lifting all boats will prove prescient.

MATT MORGAN
Frisco, Texas

It is heartening to see the newfound religion Mr. Furman has acquired on deficits. If only he had done so while his former boss was allowing the national debt to almost double in only eight years.

JACK WOODRUFF
Vail, Colo.

Candy and SNAPs, Nanny or Nutritionalist?

Maine Gov. Paul R. LePage's "Get Food Stamps Out of the Candy Store" (op-ed, Jan. 24) leaves out important information for consideration as the conversation related to the Supplemental Nutrition Assistance Program (SNAP) begins to unfold nationally.

Americans who are on SNAP (food stamps) and those who are not both consume chocolate and candy in a manner that fits with the recommendations in the federal government's Dietary Guidelines for Americans, including the limits on added sugars. According to the most recent National Health and Nutrition Examination Survey data, most people in the U.S. enjoy chocolate and candy two to three times a week, averaging about 40 calories and just one teaspoon of added sugar a day from confectionery items. Consumers understand the unique role that chocolate, candy, gum and mints can play in a happy, balanced lifestyle—and consumers recognize that they contain sugar. People continue to view these treats as honest, transparent and fun; and that's part of what makes chocolate and candy so exceptional.

In May 2017, America's leading chocolate and candy companies announced that they would come together with the Partnership for a Healthier America to provide consumers with more information, options and support as they enjoy their favorite treats. As we focus and leverage the companies' expertise in marketing, innovation and distribution, our goal is to reinforce for consumers that chocolate and candy are treats. The companies are dedicated to helping consumers manage their sugar intake and empowering them to make informed choices.

JOHN DOWNS
President and CEO
National Confectioners Association
Washington

Kudos to Gov. LePage on his effort to "get food stamps out of the candy store." Especially notable is his mention of the Obama administration's denial of Maine's waiver request, at the same time that Michelle Obama was touting her White House vegetable garden and efforts to improve nutrition for low-income Americans.

I owned some convenience stores several years back, and by my computation at the time over 80% of my sales from food stamps were for candy, chips and soft drinks. Even worse, some of these candy sales were for "penny candy," for which the buyers received "real money" in change (those were the days of paper food stamps) and then used that change later in the day to buy alcohol at my stores.

T. MCKINNON
Savannah, Ga.

All Immigration Brings Obligations With It

It may be a bit overgenerous for Walter Russell Mead to attribute the elites' support for immigration to economic and moral grounds ("Immigration Is Still Radioactive," op-ed, Jan. 23). The fact is the Democrats are motivated by the quest for voters and are not too fussy about their legality. They caused the shutdown to benefit the Dreamers at the expense of the military and legal citizens. Those who are not unquestioningly supportive of immigration are described as "ugly nativists," and it's implied they are far less virtuous in their motives than the progressive elites. One doesn't need to be an ugly nativist in Germany to be concerned with the widespread and well-documented sexual assaults on women by immigrants. And fear of Muslim immigrants isn't necessarily due to terrorism concerns.

Mr. Mead doesn't address wealthy countries' moral and ethical obligations to take in the tired, poor and huddled masses of the world. Who, how many and from where are reasonable questions to ask. What requirements should be imposed for entry? How might their ability to navigate the transition to a new culture be determined? In this country, should there be some expectation that they will speak or quickly learn English, be self-sufficient, become productive members of society and live peacefully with their neighbors?

The wealth of North American and European Union countries doesn't diminish their right and responsibilities to their own citizens to assure that newcomers will be responsible citizens in exchange for the privilege of being welcomed to their new homes.

RANDAL S. SCOTT
Fairfax, Va.

There's a Reason Hillary's Emails Are Relevant Again

Regarding Holman W. Jenkins, Jr.'s "Why It's Hillary's Emails Again" (Business World, Jan 27): If any member of my law firm told a client to destroy documents that had been subpoenaed by opposing counsel, I would tell him to prepare his résumé hoping this would minimize potential damage to the firm. If 33,000 documents were involved, I would fire him immediately. Do any other lawyers agree with me?

BARRY KING
Birmingham, Mich.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"We're finished with hunting and gathering. Let's invent the vacation."

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OPINION

The IRS Campaign Against Israel—and Us

By Lori Lowenthal Marcus

The first IRS viewpoint discrimination case to be filed, *Z Street v. IRS,* has been settled, with disturbing revelations about how the Internal Revenue Service treated pro-Israel organizations applying for tax-exempt status.

I founded Z Street in 2009 to educate Americans about the Middle East and Israel's defense against terror. We applied for tax-exempt status under Section 501(c)(3) of the tax code in December 2009—a process that usually takes three to six months.

It took seven years for Z Street to learn the truth about why our tax-exempt status was delayed.

Instead, the application languished. In late July 2010, an IRS agent truthfully responded to our lawyer's query about why processing was taking so long: Z Street's application was getting special scrutiny, the agent said, because it was related to Israel. Some applications for tax-exempt status were being sent to a special office in Washington for review of whether the applicants' policy positions conflicted with those of the Obama administration.

So in August 2010 we sued the IRS for violating Z Street's constitutional rights, including the First Amendment right to be free from viewpoint discrimination—government treatment that differs depending on one's political position.

Now we know the truth, and it's exactly as bad as we thought. IRS documents—those they didn't "lose" or otherwise fail to produce—reveal the following:

• Our application was flagged because Z Street's mission related to Israel, a country with terrorism. Therefore, an IRS manager in our case said in sworn testimony, the IRS needed to investigate whether Z Street was funding terror.

• Some applications for tax-exempt status were indeed being sent to IRS headquarters in Washington for more intense scrutiny. They were selected because of the applicants' viewpoint.

• In August 2010, three other Jewish organizations applying for tax-exempt status were asked by the IRS to "explain their religious beliefs about the Land of Israel."

Our own investigation disclosed that between 2009 and 2016, while Z Street's application was stalled, the IRS needed no special scrutiny to grant numerous applications for tax-exempt status that explicitly proclaimed donations would be spent in Gaza—a territory formally under the jurisdiction of Hamas, which the U.S. State Department designates as a terror organization.

While claiming to be investigating Z Street's funding of terror, the IRS never asked how or where Z Street spent its money. The IRS ultimately granted Z Street's application, in October 2016, without asking anything about terror, or money, or anything else it hadn't known in 2010.

BARBARA KELLEY

As the IRS knew within six weeks of our case being filed, Z Street was sent for special scrutiny by an IRS employee using an outdated list of countries affected by terror. The new list didn't include Israel. The IRS didn't resume processing our application after it discovered this error, and it didn't disclose the error for six years. Because we sued, the IRS froze Z Street's application. It stayed on ice until August 2016, when a court held the IRS couldn't get our case thrown out until it processed our application. Two months later we got our exemption.

The "terror" error turns out to have been a pretext. Within weeks of President Obama's inauguration, IRS and State Department officials began considering whether they could deny or revoke tax-exempt status for organizations that provided material support to Jews living across the Green Line—the nonborder that delineates pre-1967 Israel from the territories Israel acquired in the Six Day War. The theory was that a Jewish presence in those areas is inconsistent with U.S. policy. The IRS drew up lists of such organizations based on information from anti-Israel websites such as Electronic Intifada and MondoWeiss.

The New York Times and the Washington Post ran articles that advanced the policy espoused by the Obama administration and its nonprofit ally, J Street. Unnamed "senior State Department officials" were quoted as saying that Jewish activity over the Green Line isn't "helpful" to peace efforts.

While no formal policy was released barring U.S. tax-exempt entities from supporting Jewish activity over the Green Line, Obama IRS officials tried three times between 2009 and 2012 to create such a policy, and IRS employees made sure the effort wasn't documented. One emailed her supervisor saying that she would answer his questions about IRS policy relating to Israeli settlements only orally. "Not doing email on this," she explained.

Even if the IRS could legitimately institute such a policy, it should not have applied to Z Street. We believe Jews should be allowed to live beyond the Green Line, but we have never spent a penny outside the U.S.

To learn the truth, we fought in the courts for seven lonely years—defeating IRS arguments that it didn't have to obey the First Amendment, that it was immune from the suit, and that it wasn't obliged to produce in discovery any documents revealing why its employees did what they did. During the seven years Z Street's application was frozen, it couldn't raise funds. If my husband and I weren't lawyers, able to pursue justice without getting paid, there's no way we could have succeeded.

When Z Street's creation was announced, thousands sought to join. Then the IRS attempted to kill us. No lawsuit can remedy that assault, as the IRS knew. The settlement gives us the truth, but we can't get back our seven years.

Ms. Marcus is the founder of Z Street.

Amid an Investment Bust, Britain May Be Turning Japanese

POLITICAL ECONOMICS
By Joseph C. Sternberg

This week's palaver in Britain over the economic effects of Brexit is a sideshow. While politicians, pundits and voters stage a largely meaningless freakout over precisely how many percentage points leaving the European Union will shave off gross domestic product a decade from now, a worrying transformation is already under way: Britain is steadily turning into Japan.

Careful observers have noticed warning signs of Japanification for some time. Rapid and illogical currency devaluation—check. Rising protectionism—check. Hostility to immigration and an attendant trend toward demographic decline—check. Deficit-financed infrastructure and industrial policies—check.

And now, ballooning corporate cash balances amid anemic domestic investment—check. Bank deposits held by British companies have increased nearly 17% since the first quarter of 2016, before the Brexit referendum, an increase of some £95 billion to a total of £670 billion.

Some of that rise is a result of the pound's post-Brexit fall, which has increased the pound-denominated value of deposits held in foreign currencies. But around £69 billion represents new cash that companies have earned and are sitting on, according to Samuel Tombs of Pantheon Macroeconomics.

Optimists might argue that this is a sign Britain is doing something right. In a very limited sense they're correct. The post-Brexit depreciation of the pound is "working" to support the British economy, in that British companies have been able to boost profits. They simply haven't done so in the way economic theory predicts, by cutting prices denominated in foreign currencies to gobble up global market share. Instead they're doing it the Japanese way: holding foreign-currency prices more or less stable and booking higher pound-denominated earnings on the same volume of sales.

Still, profits are profits, and British firms seem to have a lot of them. Both gross operating surpluses and gross trading profits are increasing steadily relative to GDP. And then, well, what?

Theory again predicts that companies should sooner rather than later use their newfound profits to increase wages, invest or both. But Japan and Britain are finding that this theory doesn't hold true. Lagging wage growth is an enormous mystery in both countries, given that each boasts an extremely tight labor market.

The U.K.'s saving grace may be an electorate with less tolerance for sluggish economic growth.

More Brits are employed now than at any time since records began, both as an absolute number and as a proportion of the working-age population, and many employers complain about skill shortages. In Japan there are now more jobs available than there are job seekers: The ratio of full-time openings to applicants is 1.01.

What's missing is investment, which had long lagged in Japan and now is underperforming in Britain. Brexit enthusiasts say that healthy business investment since the referendum proves British companies aren't all that skittish about life outside the EU.

Yet there's less to those numbers than meets the eye. Business investment grew around 2% in 2017. Investment would have been one-quarter higher since early 2016, however, if companies had invested the surplus cash they've been stockpiling, Pantheon estimates. Contrasting ample cash with modest investment, it starts to look like a boom in noninvestment.

This is similar to what's happened in Japan since Shinzo Abe became prime minister in 2013. Currency depreciation and generally improving global economic growth have combined to lift corporate profits. Yet Mr. Abe has failed to entice companies to pour more of those profits into the domestic economy, not least because executives ask why they would want to invest in a highly regulated place with deteriorating demographics and limited trade options.

That should start to sound worryingly familiar in Britain. Britain is more open than Japan, but not as open as leading Brexiteers seem to think, and it won't long survive an intensive crackdown on immigration. Britain and Japan have both hit the limits of exchange-rate gimmicks to boost corporate profits or anything else. They still seem uncertain about how to stimulate investment.

Luckily, the U.K. has tools not available to Tokyo in reversing its noninvestment boom. Those include a less-conservative corporate culture, greater openness to immigration, and greater political hostility to slow economic growth. British voters will punish bad policy decisions much faster than Japanese.

Change, when it comes, can come quickly. Witness France, an unaccustomed economic role model. Data released this week showed the country has notched its strongest economic growth since 2011 on the back of an investment explosion. Businesses have yet to digest fully President Emmanuel Macron's labor-law overhaul and capital-gains tax cut, and already they're pouring more capital into boosting productivity and job creation.

Britain needs a boom like that—in terms both of supply-side cause and capital-expenditure effect. Brexit's success depends on it.

A Dubious Narrative Contributed to the NFL Protests

By Jillian Kay Melchior

When the University of Missouri's football team vowed to stay off the field until administrators met the demands of student protesters, defensive end Charles Harris grasped the national implications earlier than most. Wearing a shirt with the anti-police-brutality slogan "I can't breathe," he told reporters in 2015, "Let this be a testament to all other athletes across the country that you do have power."

Mr. Harris, who now plays for the Miami Dolphins, heeded his own call. Last September he locked arms with other players in a show of support for four teammates who knelt during the national anthem.

But public records obtained through the Missouri Freedom of Information Act suggest that the Mizzou protests, like the riots in Ferguson a year earlier, might have been inspired in part by a false narrative. Graduate student Jonathan Butler had started a hunger strike, claiming the administration had failed to address racist acts on campus, including incidents in which Mr. Butler, who is black, was himself the purported victim. Football players were "very concerned about his life," Coach Gary Pinkel said at the time.

On Martin Luther King Day in 2016, Mr. Butler delivered a keynote address at Kansas City's Metropolitan Missionary Baptist Church, in which he described two instances in which he claimed he had been personally targeted at Mizzou because of his race.

"Being on campus, I've seen the N-word spray-painted on my door," Mr. Butler said. "I've experienced white students who have jumped me during the President Obama's election night. . . . I was jumped by three white students on campus." Mr. Butler said such behavior "allowed to be going on, on campus—let me make that very clear, was *allowed* to be going on, on campus."

But an exhaustive review of law-enforcement records showed no sign of the incidents Mr. Butler described.

Vandalism on campus is reported to university police, both a residence-life staffer and a university police spokesman told me. Neither the university police department nor the Columbia, Mo., city police received any report of an incident where Mr. Butler's door, residence or property was vandalized. Furthermore, neither police department has any record of Mr. Butler being jumped, assaulted, attacked or otherwise physically harmed by students as he described at any time between January 2008 and May 2016, when he departed the university.

To make sure I wasn't missing anything, I reviewed all incident reports from both the campus and city police mentioning any physical assault or harm caused to any individual on, directly before or directly after Election Day in 2008 and 2012. I also worked with authorities at both departments to double-check all such reports possibly matching the incident Mr. Butler described in which victim names had been redacted. Finally, although it would be unusual for an incident involving a student to be reported only to the Boone County Sheriff, the department also performed a search under Mr. Butler's name.

An exhaustive search of public records finds no evidence of the racial crimes alleged at Missouri.

There was no record of the racist assault or vandalism Mr. Butler described. It's possible that the incidents happened and he didn't report them—but in that case there is no basis for his claim that the university "allowed" the incidents to occur.

Meanwhile, internal Mizzou emails raise questions about whether Mr. Butler's hunger strike was genuine.

On Nov. 3, 2015, the day Mr. Butler claimed to launch his hunger strike, the university president's chief of staff, Zora Mulligan, sent an email to several administrators. "I heard through the grapevine that [Mr. Butler] has agreed to take one meal a day," she wrote. "True?" Ms. Mulligan later told me she was never able to determine for sure whether Mr. Butler was eating during his hunger strike.

Administrators also received reports of food going into the tent where Mr. Butler camped out on the quad alongside other student protesters, as well as rumors that he was eating. They struggled to substantiate them.

A source who had direct contact with Mr. Butler throughout the hunger strike told me: "He was wearing sweatshirts, so very loose-fitting. He had water there, had a hoarse voice, but wasn't noticeably weak or falling down or dizzy. During the week, I didn't think he was on a hunger strike. People who were in meetings with him and saw him during the week weren't sure he was actually on a hunger strike."

Maxwell Little, a member of the protest group Concerned Student 1950, dismissed questions about whether Mr. Butler had been dishonest about the hunger strike. "He's a good guy," Mr. Little told me. "He proved that through physical demonstration and putting his body and his reputation on the line to improve the university community. What more do you want?"

The Mizzou protests drew to an end only after the resignation of the chancellor and president. Mr. Butler's hunger strike won him national prominence and a Ford Freedom Award. But his credibility matters because his actions have had repercussions far beyond Columbia. The athletes who have drawn inspiration from Mizzou would be justified in questioning whether the famed protests were built on lies. Mr. Butler could answer that question, but he did not respond to repeated requests for comment.

Ms. Melchior is a Journal editorial page writer.

Notable & Quotable

From the abstract of a paper in the scholarly journal Qualitative Inquiry, Jan. 28:

Discussion has occurred around what constitutes quality research poetry, with some direction on how a researcher, who is a novice poet, might go about writing good enough research poetry. . . . The authors interrupt the prose text throughout with poetic interludes and quotes from poets. The conversation is framed by the conception of *ish* and *poemish* which is drawn directly from Reynolds's powerful book *ish*. Poemish representations may be said to be research representations characterized by features of poetry and an effort to blend the aesthetics of poetry and science of research into something which may be said to be poem-like, ish, or *poemish.*

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WORLD NEWS

North Korea Refocuses Olympic Security

South's concerns at Pyeongchang Games shift with volatile neighbor participating

By John Lyons

PYEONGCHANG, South Korea—When Ken Douglas told his parents he planned to spend part of his honeymoon in this ski resort hosting the 2018 Winter Olympics, they offered to pay the newlyweds' way to somewhere else. They feared North Korea's nuclear standoff with the U.S. would escalate around the Games.

Their worries eased when North Korea in early January announced it would send a delegation to the competition. "If North Korea was planning to do anything, they wouldn't send all these athletes," said Mr. Douglas, a 28-year-old martial-arts instructor from Melbourne, Australia, during a break from skiing.

Professional analysts gauging the security risks for the Games, which begin next week, largely agree. After a year of missile tests and nuclear threats by North Korea's mercurial leader Kim Jong Un, the most important security measure in place at the Games may be simply having the North Koreans in town, said Go Myong-Hyun, a security expert at the Asan Institute for Policy Studies in Seoul.

But the presence of 22 North Korean athletes and a troupe of performers in Pyeongchang raises its own set of complications for the Olympics' South Korean hosts. They are determined to avoid mishaps that could derail a tentative thaw between the two Koreas that Seoul hopes will lead to talks on denuclearization.

Flag-burning South Korean protesters hounded a North Korean singer who visited Seoul in January to inspect possible performance venues. South Korean officials are expected to take care that anti-Pyongyang demonstrations not get out of hand and turn into international incidents.

A major potential flashpoint would be any attempted defection by a North Korean during the Olympics. Such an incident could plunge North and South Korea into a diplomatic crisis, potentially prompting North Korea to pull out of the Games and likely squelching recent North-South talks.

North Koreans shot and severely wounded a soldier as he ran across the border in November. North Koreans traveling abroad, meantime, are generally closely supervised by minders from their own government and kept relatively isolated from outsiders.

SEONGJOON CHO/BLOOMBERG NEWS

A South Korean SWAT team on a terrorism drill before next week's Pyeongchang Olympic Games.

Senior South Korean officials say they haven't been asked by the North to make any guarantees to return possible defectors. However, if North Korea asks for isolated housing for its performers, ostensibly to prevent defections, South Korea would likely agree, security experts agree. Seoul would accept defectors but likely ask them to keep a low media profile to avoid inflaming the North.

A senior government official said North Korea has participated in past international events, such as the 2014 Asia Games in South Korea, without defections. One reason for that, security experts say, is that potential high-level defectors know their families back in North Korea could be sent to prison camps or even executed as a result.

Olympic organizers say North Korean athletes will live in the athletes' village with other competitors.

South Korean officials have declined to give details on security preparations for the North Korean participants, but say the country has readied some 60,000 security personnel for the Games, including troops, police and private contractors. In the last week of January, some 740 personnel were out conducting a security sweep of the venues. SUVs bristling with antennas and other electronic equipment could be seen on patrol.

South Korea, a mountainous nation of 50 million people, has very little street crime and boasts a dense network of closed-circuit cameras with facial-recognition technology. Its geography—bound by water on three sides and a militarized border to the north—makes it difficult for terrorists to enter undetected. For those reasons, Seoul's central Olympic security concern from the start was North Korea, the nuclear-armed state founded by Kim Jong Un's grandfather.

Seoul's main worry was that the North might conduct missile tests during the Games, security experts say, spreading fear and potentially prompting a U.S. military response. Another fear was that North Korea might disrupt the Games with cyberattacks.

The last time South Korea hosted the Olympics, in 1988, the North was so enraged that it boycotted the Games and blew up a South Korean airliner in the lead-up, killing all 115 aboard.

—Andrew Jeong and Kwanwoo Jun contributed to this article.

Indonesian Islamists Pursue Wider Sex Ban

By Ben Otto And Anita Rachman

JAKARTA, Indonesia—Sex outside marriage, gay sex and cohabitation of unmarried couples would become illegal in Indonesia and punishable with prison terms under proposals from Islamist political parties whose influence has grown with the popularity of their conservative agenda.

The proposals are part of a draft of a revised criminal code that has been the subject of debate this week between Islamists who seek heavier penalties and more moderate lawmakers who want to restrict the scope and severity of such punishments.

The revisions cover a wide range of rules including those on freedom of speech, in what would be the most significant changes to the code since its adoption from a Dutch colonial-era law in the 1940s.

"This is one of the biggest Shariah-inspired shifts by revision of a law since the fall of Suharto," said Andreas Harsono, Indonesia researcher for Human Rights Watch, referring to the longtime dictator whose ouster in 1998 launched a democratic era in Indonesia.

Mr. Harsono said the new code would encourage hardline groups to take the law into their own hands.

In recent years, such groups have gone beyond sweeps of bars to organizing protests, at times numbering hundreds of thousands of people.

"We respect private rights, but we must not let private rights undermine the public's rights," said Nasir Djamil, a member of Islamic Prosperous Justice Party.

The revision is moving forward now partly because of regional elections this year and a presidential election in 2019, leaving mainstream parties less willing to oppose the conservative Islamist parties that have gained ground in recent years in this country of 250 million people, the largest Muslim-majority nation.

ULET IFANSASTI/GETTY IMAGES

Protesters demonstrated against rights for lesbian, gay, bisexual and transgender people at a rally in Yogyakarta, Indonesia, in 2016.

"While the secular-nationalist parties are not driving this, I can't see any of them risking their Islamic credentials ahead of elections by opposing," said Hugo Brennan, Asia politics analyst with risk consultancy Verisk Maplecroft.

The new code, a recent draft of which was seen by The Wall Street Journal, would expand the definition of adultery from marital infidelity to include sex between unmarried people and make the offense punishable by up to five years in prison, up from nine months currently.

The debate comes as lesbian, gay, bisexual and transgender rights face increasing opposition, particularly from conservative Islamist and right-wing groups. Same-sex relations are currently banned only in the province of Aceh, while same-sex marriage isn't allowed anywhere in Indonesia.

Islamist activists in December appealed to the Constitutional Court to criminalize all sex out of wedlock and cohabitation, defined as living together as a married couple outside marriage. The court rejected their petition in a 5-4 vote as being beyond its mandate.

Other articles in the new code would ban people from criticizing the president. The draft also expands an article on blasphemy—increasingly used to jail adherents of minority faiths, including Jakarta's Christian governor last year—and increased the severity of punishment for the crime.

One participant in the discussions on behalf of the government said talks were focused on toning down some of the articles, such as reducing punishments or by punishing singles for having sex only if reported by parents of the couple. Another participant said one goal of the adultery provisions was to better protect women and children.

Lawmakers have tried to revise Indonesia's criminal code for decades, arguing it is out of step with a modern country.

India's Budget Offers Aid To Poor

By Anant Vijay Kala And Rajesh Roy

NEW DELHI—India unveiled annual budget plans aimed at helping poor people through farming subsidies and a massive health-care program.

Finance Minister Arun Jaitley on Thursday said New Delhi would guarantee farmers are paid at least 1.5 times the cost of their crops as part of a program to double incomes in the sector by 2022.

Mr. Jaitley also announced a new insurance plan for the poor, under which the government would shoulder as much as 500,000 rupees (about $8,000) a year in medical expenses for 100 million poor families, or about 500 million people, out of a total population of 1.2 billion.

"My government has now decided to take health protection to a more aspirational level," Mr. Jaitley said while outlining the budget in Parliament. "This will be the world's largest government-funded health-care program."

Some analysts and health-industry executives said the level of aid to the poor and the medical industry would depend on how quickly and efficiently it is implemented, as well as how easy it will be to make claims.

Preetha Reddy, vice chairman at Apollo Hospitals, said the plan "is nothing short of path breaking" and "if implemented correctly, it can transform India's health map."

Even though much of the country lives near the poverty line and can afford only the least-expensive and state-subsidized health care, the state-run medical system is overburdened.

Should the plan trigger a surge in demand, India would need to radically upgrade its health infrastructure as well.

The budget also set out plans to set up 150,000 wellness centers across the country to make health care more available, particularly in the rural regions.

Opposition leaders said they weren't convinced the government has the money to fund the massive plan.

P. Chidambaram, a member of the opposition Congress party and former finance minister, called the insurance plan a farce, saying the government's financial health didn't allow for paying the huge insurance costs that would be involved.

The government also announced other measures to support development in rural areas, such as requiring banks to lend more to farming businesses and increased spending on building homes and improving roads in rural areas.

WORLD WATCH

JAPAN

Police Raid Offices With Korean Contact

Police searched the Tokyo municipal headquarters of a North Korea-affiliated organization on Thursday, after arresting a former official in the group on suspicion of raising money through illegal sales of language-study materials.

A police spokesman said 45-year-old Chon Ju Hyok was arrested Wednesday for allegedly buying and selling secondhand English-language textbooks and other materials without a license, an offense in Japan. He said police believed Mr. Chon bought and sold the materials in a six-month period last year.

Mr. Chon is a former head of a regional chapter of Chongryon, an organization that represents the pro-North Korean members of Japan's ethnic Korean minority.

The police spokesman declined to comment on the raid of the association's Tokyo headquarters, which was broadcast on national television.

Japan's Kyodo News reported that police suspect Mr. Chon sent proceeds from the language-material sales to Chongryon's headquarters.

—Alastair Gale.

HALDEN KROG/ASSOCIATED PRESS

DROUGHT: Residents fill water jugs at a spring in parched Cape Town, South Africa. The city is restricting the use of piped water in an effort to avoid having to turn the taps off altogether.

CUBA

Fidel Castro's Eldest Son Dies at Age 68

The oldest son of late Cuban leader Fidel Castro killed himself on Thursday after months of treatment for depression, state media reported. He was 68.

Fidel Castro Diaz-Balart was known for his resemblance to his father, earning him the nickname Fidelito or Little Fidel. Mr. Castro Diaz-Balart had served as scientific adviser to the Council of State and was vice president of the Cuban Academy of Sciences. He studied nuclear physics in the former Soviet Union and preferred to stay away from political issues.

—Associated Press

HONG KONG

Activists Nominated For the Peace Prize

Joshua Wong, the university student who became the face of Hong Kong's democracy movement, has been nominated with other local activists for the Nobel Peace Prize by a group of U.S. lawmakers, a move that risks a rebuke from China.

The 12 politicians, led by Sen. Marco Rubio (R., Fla.) and Rep. Christopher Smith (R., N.J.), wrote in a letter to the Norwegian Nobel Committee that the entire pro-democracy movement should receive the honor "in recognition of their peaceful efforts to bring political reform" to Hong Kong, where many have decried Beijing's increasing control.

—Natasha Khan

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Airbnb CFO Quits After Split Over IPO

By Greg Bensinger

Airbnb Inc. said its chief financial officer is stepping down, an unexpected move that raises concerns about its progress toward a highly anticipated initial public offering, which the home-sharing company said won't come until 2019 at the earliest.

Laurence Tosi, CFO since July 2015 after holding that role at Blackstone Group LP, will leave this month to work on his investment fund, Airbnb said Thursday.

Mr. Tosi and Airbnb Chief Executive Brian Chesky disagreed on the speed at which Airbnb should go public and other financial matters, according to people familiar with the matter. Mr. Chesky, who co-founded Airbnb, has advocated more deliberate growth and a longer timeline to an IPO than did Mr. Tosi, the people said.

Airbnb also said it chief business affairs and legal officer, Belinda Johnson, will become operating chief, a new position.

Airbnb said it has retained search firm **Crist|Kolder Associates** to help find a new CFO and said that Ellie Mertz, head of financial planning and analysis, will be in that role on an interim basis.

Valued at $31 billion in its latest funding round, Airbnb is expected to eventually forge ahead with one of the biggest tech IPOs in recent memory. It is among the biggest of a number of startups that have achieved huge valuations in private markets, fueling anticipation of public listings. Uber Technologies Inc. has said it plans to seek an IPO in 2019.

Landing Mr. Tosi was viewed as a coup for Airbnb, which connects travelers primarily with private homeowners willing to rent their dwellings for short periods. Airbnb has expanded more recently to offering experiences like city tours and pottery classes.

Mr. Tosi last year oversaw the acquisition of Luxury Retreats, a high-end rental site, for about $300 million. But his tenure has been largely marked by fundraising and expansion into new geographic markets. The company has brought in more than $3 billion in venture funding.

Airbnb in 2017 earned about $100 million in operating income, a person familiar with the matter said.

Mr. Chesky last month penned a public letter that laid out a vague but expansive vision for Airbnb, promising that it would have an "infinite time horizon" in contrast to most companies that "are designed to be finite." He also announced in the letter that Kenneth Chenault, the outgoing American Express Co. CEO, was being appointed as Airbnb's first independent director.

Luring Laurence Tosi from Blackstone was considered a coup.

Airbnbhas grappled with regulators who, fearing the effects on housing prices, have sought to limit the number of days hosts can rent their units. In 2016, the company hired former U.S. Attorney General Eric Holder to help it battle charges that hosts discriminated against guests based on race or other factors.

—Maureen Farrell contributed to this article.

STREETWISE

By James Mackintosh

This Trust Makes Bet On Next 100 Years

Everything is expensive in the markets these days, but some things are more expensive than others. Shares are, historically, very highly valued, but not nearly as pricey as bonds, especially very long-dated bonds. The result is a lot of reluctant buyers of stocks—and one investor willing to put on what is literally the trade of the century. The next century.

The trade goes like this: Borrow £750 million ($1 billion) for 100 years at a time when money is basically free. Invest it in shares. Pocket the difference.

There are a few teensy tricks along the way, but essentially this is what **Wellcome Trust**, a London-based biomedical research charity that spends more than any other besides the Gates Foundation, has just done.

Wellcome Chief Investment Officer Nick Moakes says ultralong bonds are distorted by rules forcing insurance companies and pension funds to buy them at any price, creating an uneconomic demand he is happy to satisfy with a bond issue. The scale of that demand was shown Wednesday when Wellcome's 100-year bond was more than four times oversubscribed with a coupon of just 2.517%, the lowest ever paid on a corporate century bond.

Wellcome isn't the first to this idea. The endowment of Clare College, part of Cambridge University, decided to borrow for 40 years and invest the proceeds in the stock market in 2008.

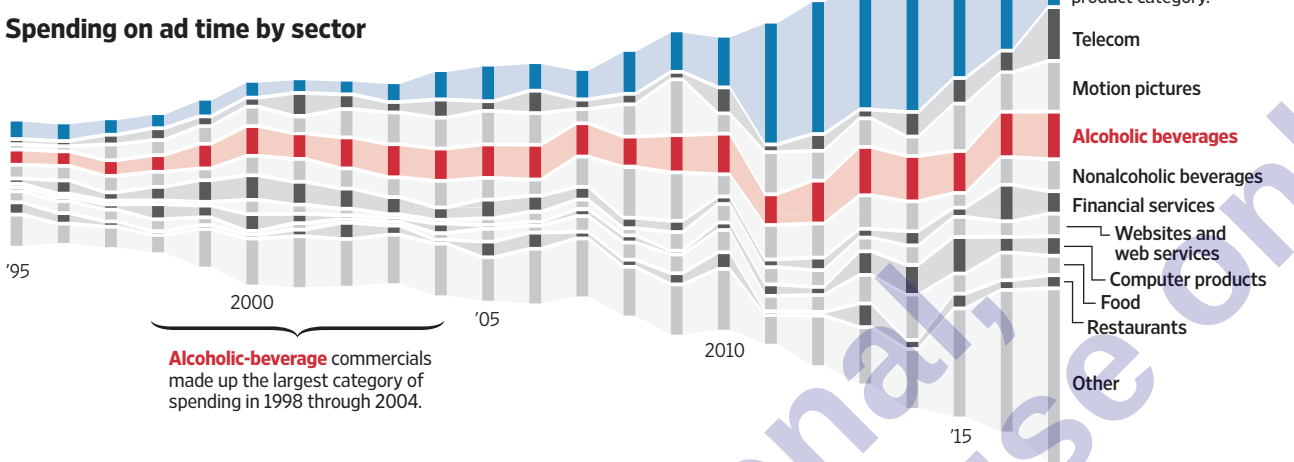
Few investors have the history to be able to borrow for 100 years, let alone the confidence to borrow to buy stocks. But on a small scale many of us are doing something similar, by having both

Please see STREET page B2

When It Comes to Super Bowl Ads, Companies Keep Piling On

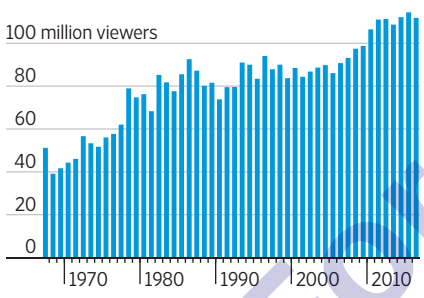
Total spending on Super Bowl ad slots is five times larger than it was in 1995, and the average price paid for 30 seconds of airtime is now over $5 million. That doesn't include production costs, which can be anywhere from $1 million to $5 million. **B4**

Spending on ad time by sector



While the audience has shrunk slightly, it still tops 100 million viewers...

Average number of Super Bowl viewers

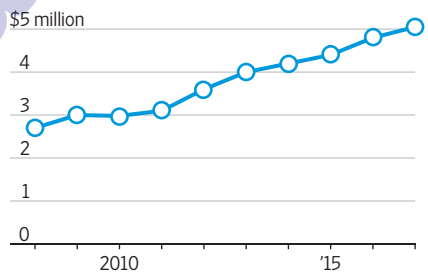


...and delivers a U.S. audience nearly double the next-biggest event.

Average number of viewers of live TV broadcasts in 2017*

The game's consistently high ratings help TV networks charge advertisers more each year.

Average price of a 30-second Super Bowl commercial



*As of Nov. 18, 2017. Includes time-shifted viewing within seven days. Sources: Kantar Media (ad spending); Nielsen (viewership)

Elliot Bentley/THE WALL STREET JOURNAL.

Viacom, CBS Again Explore A Merger

By Joe Flint And Keach Hagey

CBS Corp. and **Viacom** Inc. said their boards have formed special committees to evaluate a potential merger, a deal that would reunite the two big pieces of the Redstone family's media empire.

Shari Redstone, vice chairman of both companies, is pushing for a merger, people close to the discussions said. She, along with her 94-year-old father, Sumner Redstone, controls CBS and Viacom, with a roughly 80% controlling stake in each company through their holding company, **National Amusements** Inc.

This is the second time in less than two years that Ms. Redstone has tried to get CBS and Viacom back together, after they split up in 2006.

Ms. Redstone believes both companies need greater scale to better compete against bigger rivals, people familiar with

Please see DEAL page B2

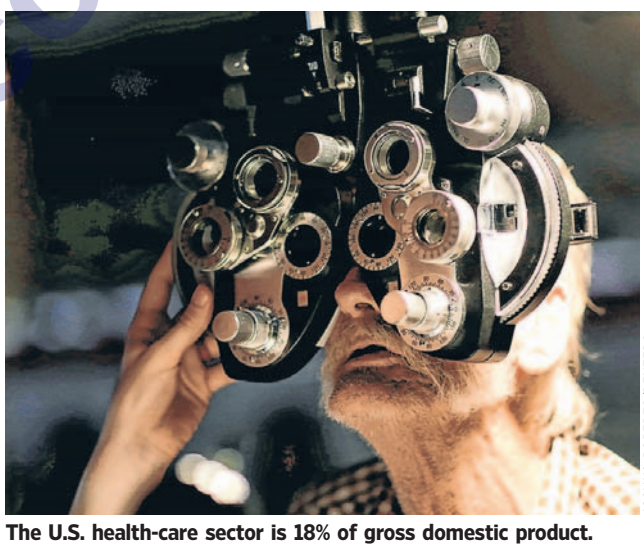
Health Alliance Faces Tough Task

By Anna Wilde Mathews And Joseph Walker

The planned venture by **Amazon.com** Inc., **Berkshire Hathaway** Inc. and **JPMorgan Chase** & Co. to overhaul their workers' health care follows years of similar efforts by employers to change a complex and entrenched industry, with mixed success.

The three big companies shook up health-care firms' shares Tuesday by saying they will form a not-for-profit company to reduce costs and improve the health-care experience of hundreds of thousands of U.S. employees. People with knowledge of the matter said nothing had been decided beyond creating the new company, but worries about the potential threat pushed down shares of insurers and pharmacy-benefit managers.

Yet even with its high-profile backers, the project will face many of the same barriers as did previous employer efforts to come together to overhaul the U.S. health-care sector, which represents 18% of the gross domestic product.



JOSHUA ROBERTS/REUTERS

The U.S. health-care sector is 18% of gross domestic product.

"This is not a new idea," said Lonny Reisman, a former executive at **Aetna** Inc. who helped create an employer coalition in the 1990s that crafted deals with health-maintenance organizations. Do employer groups "have enough clout to actually change the nature of health-care delivery and pricing?" he said. "I don't think they've been very successful."

Earlier employer alliances have mostly been able to point to incremental gains, such as cheaper pharmacy-benefit rates for members or improvements in public quality measures of health-care providers and health insurers. They haven't managed "in a wholesale way to transform an industry, which is what these guys are trying to do," said Jim Winkler, a senior vice president at consulting firm **Aon** PLC. "It is really hard to do."

The Health Transformation Alliance, founded in 2016, is perhaps the highest-profile existing employer effort, with 46 members including **American Express** Co., **Johnson & Johnson** and **Macy's** Inc.—as well as JPMorgan and Berkshire's

Please see HEALTH page B2

Sony CEO Cedes Post To Finance Official

By Peter Landers

TOKYO—**Sony** Corp. said Chief Executive Kazuo Hirai is stepping down after a six-year stint that saw him nurse the electronics and entertainment conglomerate back to health by trimming losses and boosting its profitable videogame unit.

Mr. Hirai, 57 years old, will become chairman, and Kenichiro Yoshida, currently chief financial officer, will take over the CEO job effective April 1, Sony said Friday.

Sony suffered years of losses and ended in the red as recently as three years ago as competition from South Korean and Chinese makers ate into its traditional electronics business. Mr. Hirai cut costs at Sony's television and smartphone units, while expanding businesses such as components for Apple Inc.'s smartphones and videogames.

For the current fiscal year, ending March 31, Sony anticipates operating profit of nearly $6 billion on revenue of about $77 billion, and the company's stock has surged in recent months. It was up 1.8% in Tokyo trading early Friday, while the overall stock average was lower, as investors welcomed the promotion of Mr. Yoshida, who led the cost cutting and had been seen as a likely successor to Mr. Hirai.

Sony said Hiroki Totoki would be become CFO in Mr. Yoshida's place, another move in line with expectations. Andrew House, who had led Sony's PlayStation videogame unit, left at year-end.

Suit Accuses Big Banks of Collusion

By Gretchen Morgenson

A newly filed lawsuit against six major investment banks contends they worked together to prevent a startup company from competing in the vast and lucrative stock-lending market.

The complaint, filed Tuesday in a New York federal court, follows a suit brought last summer against the same institutions by three pension funds that accused the banks of conspiring to keep their stranglehold on the roughly $1 trillion market.

The litigation brings increased scrutiny on the stock-loan business, an opaque, over-the-counter market that is a crucial but behind-the-scenes cog in Wall Street's trading machinery.

At issue are stock-lending transactions, in which pension funds, insurance companies and other investors lend their shares to brokerage firms whose customers, such as hedge funds, borrow stock to offset other positions or make bets against companies in trades known as short sales. Asset managers receive a fee for the stock they lend depending on borrower interest.

The suit was filed by **QS Holdings**, the parent of Quadriserv, which was formed in 2001 and built an electronic trading platform. Called AQS, the platform gave stock-loan participants access to real-time prices on trades that reflected actual bids and offers.

Transactions on AQS were executed anonymously and centrally settled; the system was registered with the Financial Industry Regulatory Authority and the Securities and Exchange Commission. But it never gained traction and was sold in a distressed sale in 2016.

Representatives of the six firms—**Bank of America** Corp., **Credit Suisse Group** AG, **Goldman Sachs Group** Inc., **JPMorgan Chase** & Co., **Morgan Stanley** and **UBS Group** AG—declined to comment. On Jan. 26, the six firms filed a motion to dismiss the lawsuit filed last summer by the pension funds. In that filing, the firms said the allegations were meritless, noting that "none of the plaintiffs' allegations identified 'direct evidence' of conspiracy."

In the stock-loan business, investors borrowing shares from brokerage firms also pay, sometimes steeply, for the service. When many traders want to borrow a company's shares, its stock is known as "hard-to-borrow" and fees associated with the transaction are far higher.

The middlemen in these

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BUSINESS & FINANCE

Car Sales Start Year at Uneven Pace

By Adrienne Roberts And Mike Colias

Auto makers on Thursday reported underwhelming U.S. sales for January, signaling a muted start to the year for the industry despite economic tailwinds.

U.S. vehicle sales rose 1% in January, to 1.2 million, according to Autodata Corp. The tally was padded by an extra selling day compared to January 2017. The seasonally adjusted pace of sales slipped to 17.1 million on an annualized basis, from 17.4 million a year earlier.

Analysts expect sales to cool in the year's early going after the strong pace set in the final months of last year. Still, sales of trucks and sport-utility vehicles remain historically robust—a welcome trend for domestic auto makers that generally pursue high-margin sales over market share.

General Motors Co. sold 198,548 vehicles in January, a 1.3% increase from the same period in 2017. **Ford Motor** Co. reported a 6.3% decrease, selling 160,411 vehicles during the month. Each reported higher selling prices and growth in truck sales, factors that bode well for the bottom line.

Fiat Chrysler Automobiles NV continued to report sales declines, the result of reducing deliveries to rental-car companies. Its sales declined 13% to 132,803.

Toyota Motor Corp. reported a 17% increase to 167,056 vehicles, driven by sales of the auto maker's popular RAV4 crossover and the redesigned Camry sedan. The company's numbers compare with a weak January 2017 and included an increase in sales to rental-car customers.

Honda Motor Co.'s sales slipped 1.7%, to 104,542 vehicles, as the auto maker struggled to produce enough crossovers over SUVs. **Nissan Motor** Co. posted a 10% increase in sales to 123,538 units, a January record for the Japanese auto maker. The gain reflected a double-digit increase in sales of Nissan's SUVs and trucks and a jump in rental sales.

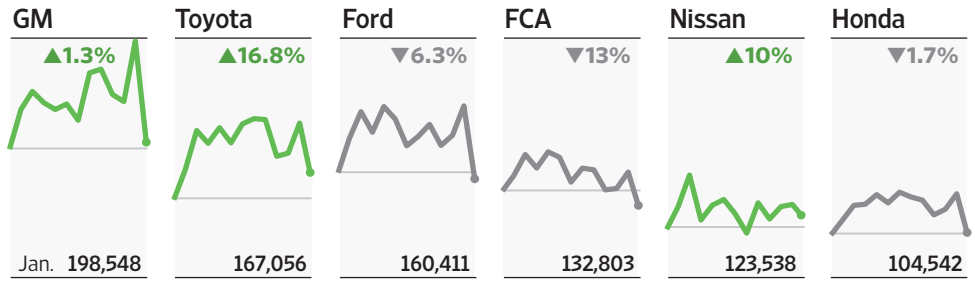
Most car companies are trimming production in the first quarter, according to Wards-Auto.com, in anticipation of a softer marketplace, a move that curbs inventories without having to resort to ever-richer sales incentives.

AutoNation Inc., the nation's biggest dealership chain, forecast 16.8 million sales for the U.S. market in 2018, a decline of about 2.3% from the prior year.

Car sales have fared well since the financial crisis, increasing for seven consecutive years before hitting a speed bump in 2017. Much of the pent-up demand for vehicles has been absorbed, while higher interest rates could sway some shoppers to settle for a used vehicle instead of buying new, analysts predict.

Still, strong economic underpinnings that typically bolster car sales, such as low unemployment and wage growth, should keep sales at historically high levels, analysts forecast. They will also be tracking the effect of the recent tax cuts on spending by businesses and consumers.

Monthly Vehicle Sales Over the Past Year



Note: Percentage change is from January 2017 Sources: the companies THE WALL STREET JOURNAL.

Tesla Finds Strong Demand for Sale of $546 Million in Debt

Tesla Inc. sold $546 million of bonds backed by lease payments on Model X and Model S vehicles on Thursday, the latest sign of how yield-hungry investors continue to soak up corporate debt of all flavors.

The electric-car company's inaugural visit to the asset-backed-securities market came roughly six months after it sold traditional corporate bonds for the first time. Once again, Tesla found eager buyers, allowing it cut interest rates on the multipart deal from the levels initially floated to investors.

Buyers are betting on continued strength in the auto leasing business, where securitization has picked up in recent years. Bondholders are repaid from lease payments on the Tesla vehicles, as well as the resale value of the cars once those leases are up.

While that insulates investors from some of the challenges facing Tesla at the moment, it still exposes them to the risk those cars can't be resold for as much as expected, analysts say. Battery-powered vehicles don't have as long a track record for resale value as traditional vehicles whose leases are commonly securitized. Investors could take losses if resale values are substantially below expectations or if the economy turns south, causing a sell-off across asset classes.

But with rates still low by historical standards and the economy humming along at the moment, investors continue to dig into esoteric corners of the bond market.

Tesla's largest tranche sold Thursday, a $422.6 million slice of debt assigned the highest possible credit rating by Moody's Investors Service, came with a 0.3 percentage point yield premium, or spread, above the benchmark swap rate, down from earlier guidance of around 0.4-0.43 percentage point. The lowest-rated slice sold at a 2.65 percentage points yield premium, down from around 2.8-2.9 percentage points.

Citigroup Inc. and Deutsche Bank AG were lead underwriters on the deal.

—Sam Goldfarb and Ben Eisen

STEVE MARCUS/REUTERS

A Tesla Model X was on display early last month in Las Vegas.

HEALTH

Continued from the prior page

BNSF Railway Co.

A spokesman for JPMorgan said that the bank, after joining weeks ago, hasn't yet joined any of the alliance's initiatives. A BNSF spokesman didn't respond to a request for comment.

The alliance this year began contracting with two pharmacy-benefit managers, or PBMs, to provide lower prices and more transparency on fees and rebates. This year, 21 companies are participating in the contracts, and four more are slated to join next year, alliance Chief Executive Robert Andrews said in an interview. The PBM contracts will save the 21 current participants a total of at least $600 million over three years compared with their previous deals, he estimated.

The alliance is also contracting with health-care providers in certain markets to care for employees with diabetes, hip and knee replacements and lower back pain. The contracts are supposed to pay doctors based on how well they meet targets such as quick recovery times.

In June, the alliance began an effort to meld member companies' health-claims data into **International Business Machines** Corp.'s Watson software.

It might take more radical steps in the future, such as forming its own PBM if its current pharmacy-benefits contracts don't meet its goals. "Who can deliver that is still an open question, whether it's our own PBM or another existing organization," Mr. Andrews said.

"We're looking at every option on the table," he added.

Many large employers have joined purchasing coalitions focused on pharmacy benefits, some formed by big consultants such as Aon and **Willis Towers Watson**. These coalitions typically negotiate deals with PBMs on behalf of their members.

The members get "better pricing and a packaged set of services," said Julie Stone, a practice leader at Willis Towers Watson, partly due to "the size the coalition has grown to and the leverage" it generates with suppliers.

One challenge for employers seeking to make large-scale changes is that health-care markets are fractured and vary widely by market. Even large national employers often have limited populations in a particular location.

"You need critical mass locally to leverage a pricing advantage," said Brian Marcotte, chief executive of the National Business Group on Health, which provides advice and research for employers but doesn't seek to purchase services for its members. "You still need the delivery system to provide the care."

Health-care vendors can fight back against employers' cooperative work. An employer group, the Pharmaceutical Coalition, in 2015 dissolved a drug-pricing transparency initiative after PBMs started requiring the employers to sign "very tight nondisclosure agreements," said Amanda H. Beck, a spokeswoman for the HR Policy Association, an umbrella group that led the coalition. The group's members, which included **Caterpillar** Inc., had aimed to create stricter standards for pharmacy-benefit contracting.

One challenge is that health-care markets are fractured and vary widely.

Employers themselves also might struggle to unite, because they often have far different cultures, employee populations and geographies. "Employers have a very hard time coming to agreement on the exact same contract terms," said Suzanne Delbanco, executive director of Catalyst for Payment Reform, which is backed by employers but doesn't negotiate contracts on their behalf.

—Emily Glazer and Nicole Friedman contributed to this article.

STREET

Continued from the prior page

a mortgage and an investment portfolio. The difference in Wellcome's case is the explicit decision to borrow to invest, but the outcome is the same: lots of shares and lots of debt.

It isn't enough to make money on shares, of course. Borrowing to invest means making money even after the cost of borrowing, which in effect is a bet that shares will beat bonds. Again, that has been true in the long run almost everywhere, but there can be long periods when it doesn't work out.

Most recently, the S&P 500 lagged behind a 10-year U.S. Treasury note, rolled over into the latest issue each month and reinvesting income, from 2000 until November last year. Investors who bought British stocks just before the 1987 crash are still very slightly behind an equivalent investment in 10-year gilts, with a lot more heartache along the way.

Still, we have been living through a golden age for bonds since the 1980s, with prices soaring and yields collapsing to multicentury lows. It is hard to see how that can be repeated, and many stock markets look attractive in comparison.

The question is just how attractive, given the uncertainties around stocks. Mr. Moakes assumes global stocks and real estate return 4% above inflation, which, assuming no fall into deflation, will be far above the 2.5% nominal cost of the bonds Wellcome has issued. Compound it over 100 years and the profit if he is right would be more than £20 billion above inflation of 2%.

For those of us with shorter investment horizons, it is harder to apply the logic, because actual returns are often a very long way from the best guess of future returns even over a decade.

Wall Street's favorite way to assess future real returns is the inverse of the forward price/earnings ratio, known as the earnings yield. At 5% for the S&P 500, it is well below its longer-run average, and 10-year returns have in the past come in below what was indicated, too. Still, just 2 or 3 percentage points above inflation would be welcome when 10-year U.S. Treasury yields are only just above inflation, and in most of the developed world are well below inflation.

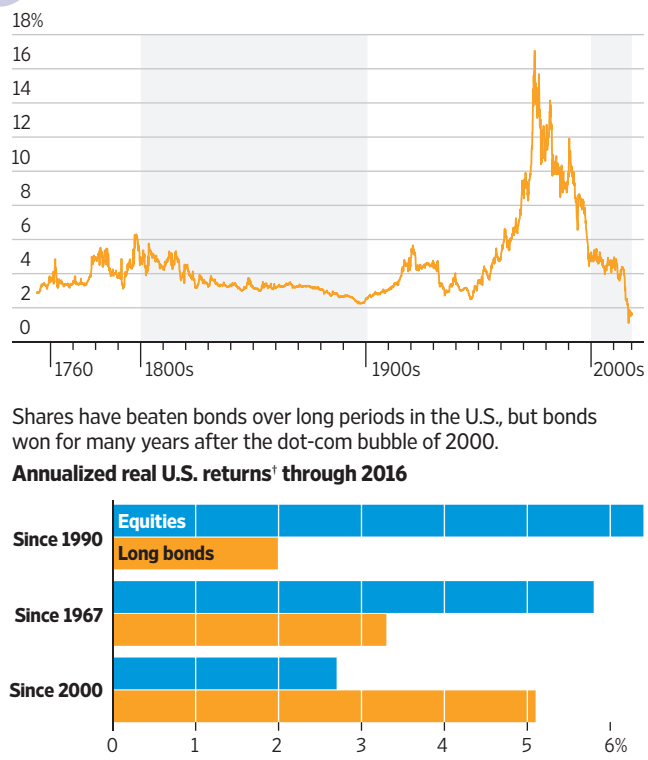
Long-term investors often use Yale Professor Robert Shiller's cyclically adjusted price/earnings ratio, known as CAPE, instead. When valuations are high, future returns on average have been lower, and vice versa, but with a wide spread around the average. Prof. Shiller's calculations for the U.S. suggest bonds are expected to beat stocks over the next decade—even though when CAPE hit its current level in early 1998, equities went on to beat inflation by 2 percentage points annually for the next 10 years.

A more cautious approach assumes that both valuations and profit margins fall back to long-run averages, which leads Boston fund manager Grantham, Mayo, Van Otterloo & Co. to expect losses from U.S. stocks over the next seven years.

Over 100 years it is reasonable to think that if stocks don't beat bonds, capitalism will have died and charitable foundations be a thing of the past anyway, so Mr. Moakes might as well make the bet. For the rest of us, stocks look like a somewhat better bet than bonds for those who can stomach the volatility, but the margin of safety is narrower than it has been since before the great financial crisis.

Money for Nothing

Yields on the longest-dated government bond are near 300-year lows in Britain.*



*Yield on consols until 2015, then 50-year gilts †Income reinvested, adjusted for inflation

Sources: Bank of England (yields); Thomson Reuters Datastream (yields after June 2015); Dimson, Marsh & Staunton, Credit Suisse (returns) THE WALL STREET JOURNAL.

DEAL

Continued from the prior page

her thinking said. The new push comes as **AT&T** Inc. tries to acquire **Time Warner** Inc. and **Walt Disney** Co. has a pending deal to purchase the majority of **21st Century Fox**'s entertainment assets.

CBS Chief Executive Leslie Moonves has previously resisted attempts to merge with Viacom, and people close to him said he is wary of the combination.

National Amusements said Thursday that it supports the moves by CBS and Viacom to explore the deal, "which we believe has the potential to drive significant, long-term shareholder value."

CBS and Viacom said they wouldn't comment further on the matter.

Merging Viacom with CBS would help shore up Viacom's balance sheet and combine its channels with a valuable portfolio. Ms. Redstone reached out to Mr. Moonves last month to make the case for restarting merger talks, people familiar with the situation said.

SUIT

Continued from the prior page

trades often are Goldman, JPMorgan and Morgan Stanley. They make trades in an over-the-counter market in which prices are typically given privately to customers.

The middlemen typically keep most of the fees collected on the most lucrative trades, and critics say that amount would be far lower if borrowers and lenders met in a centralized market in which pricing was transparent.

In 2016, the AQS suit said, the six banks received over 65% of the $9.15 billion generated in stock-lending revenue across the industry.

The suit said the AQS system initially received support from some hedge-fund and venture-capital firms and a European stock exchange.

But in 2009, AQS alleged that brokers, fearing their profits would be pinched, conspired to "boycott AQS and starve it of liquidity," the suit said, which added that Goldman and Morgan Stanley had the most to lose because together they controlled 45% of the business in such prime-brokerage services.

Top officials in the stock-lending units of the six investment banks collectively refused to participate on the AQS platform, keeping their trades and data off the new electronic mark, the suit alleges. Hedge funds and asset managers that wanted to use the platform then had less access to stock-lending shares.

The suit also said that hedge funds using AQS received threats from the investment banks that they wouldn't assist them in raising capital if the funds continued to trade on the platform. Citing contemporaneous conversations among the bank officials, the suit said they characterized their firms as "the five families" of stock lending, a reference to the organized-crime consortium that once dominated New York City.

Amid mounting losses, QS Holdings sold AQS in August 2016 to Equilend, a consortium whose owners included the investment banks, for less than $5 million, the suit said.

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Unilever Shows Unrivaled Gains

By Saabira Chaudhuri

LONDON—**Unilever** PLC bucked a trend roiling its American rivals by selling more products at higher prices during last year's final quarter.

Consumer-goods giants Procter & Gamble Co., Kimberly Clark Corp. and Colgate-Palmolive Co. have reported weak sales as brick-and-mortar retailers such as Walmart Inc. push for steep discounts as they compete with Amazon.com Inc. and as input costs rise. P&G, the maker of Tide detergent and Pampers diapers, said last week that average prices on its products fell in the most recent quarter for the first time since 2011.

Unilever reported 0.7% growth in prices for the fourth quarter on the back of volume growth of 3.2%. Overall, sales increased 4% on an underlying basis—which excludes acquisitions and disposals and the effect of currency moves—to €12.8 billion ($15.9 billion).

"This is a much-improved performance from Unilever," said RBC analyst James Edwardes Jones.

Unilever's focus on emerging markets, coupled with a portfolio that includes high-end skin-care products and fancy mustard, means the company has more of a buffer from price pressures than its rivals, Unilever finance chief Graeme Pitkethly said in an interview.

"We have less reliance than our rivals like P&G on categories under pressure like razor blades and diapers," he said. "We see the same trends but we don't see the same impact."

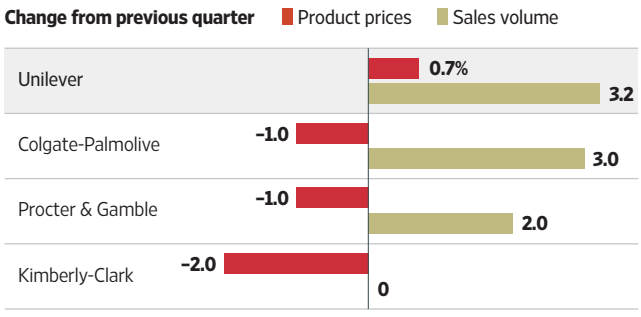
Mr. Pitkethly said he thinks Unilever will continue to push through higher prices in North America in 2018, but warned that as the company's e-commerce sales grow, price pressures will mount. Unilever currently makes about 5% of its North America sales online, and that segment is growing at 50%.

For the year, Unilever said its sales rose 1.9% to €53.72 billion, or up 4.9% on a constant-currency basis. Net profit increased 17% to €6.05 billion.

Last year Kraft Heinz Co. approached Unilever with an unwelcome $143 billion acquisition bid. Since then, Unilever has agreed to sell its spreads arm. It also has launched a share buyback, set a new operating margin target of 20% by 2020 and sought ways to simplify its dual-listed structure, which holds it back from making big acquisitions.

Price Power

Unilever was able to raise prices, unlike its biggest competitors.



Source: the company THE WALL STREET JOURNAL.

RICHARD B. LEVINE/NEWSCOM/ZUMA PRESS

The holiday season put pressure on UPS, which incurred extra costs as it scrambled to lease planes and trucks to handle high volume.

UPS Acts to Fix Delivery Network

By Paul Ziobro

United Parcel Service Inc. will spend as much as $7 billion this year to upgrade its delivery network, adding jumbo jets and automating facilities, as it tries to fix service issues that hurt profits during its latest quarter.

The network came under pressure during the past holiday season, as UPS delivered 762 million packages during the peak period, more than its initial forecast of 750 million. The company said Thursday it incurred an extra $125 million in costs as it scrambled to lease planes and trucks to handle the extra volume and clear backlogs that hit the network during the week after Thanksgiving.

The added costs caused UPS operating profit to fall 5.5% in its large domestic segment during the fourth quarter, even as the extra business and higher prices boosted revenue 8.4%. Overall for the period, UPS operating profit, excluding a pension accounting charge, rose 3.2% while revenue surged 11% to $18.83 billion.

UPS did try a new pricing strategy during the period, hitting shippers with additional surcharges for residential deliveries during the busiest shipping weeks. UPS said the extra fees, which also applied to oversize packages, helped increase revenue and shifted some deliveries to less-congested weeks, but not enough to avoid problems early on.

"We didn't have quite the success that we thought we would in shaping [demand] and we're going to look into that," Chief Executive David Abney said Thursday on the earnings call.

In an interview, Mr. Abney said UPS's volume in the week after Thanksgiving rose 20% compared with the prior year, much more than the 9% increase it expected. UPS also had to cap its volume on certain days, adding to shipping times.

UPS needs to work closer with its shippers to anticipate the higher demand, which was widespread among shippers of all sizes, he said. "It's not just the big ones you can think of. It was the small ones, the medium ones and the big ones," Mr. Abney said.

As much as $7 billion will be spent to add jumbo jets and automate facilities.

FedEx Corp., which devotes a smaller portion of its business to home deliveries, didn't appear to suffer similar setbacks during the holidays. In a research note Thursday, Citi analysts said FedEx didn't incur "meaningful disruptions" during the holiday period and also seemed to avoid "elevated costs." A FedEx spokesman declined to comment.

UPS's capital spending plans this year are a significant step up from 2017, when the company spent $5.2 billion on capital projects. Executives said that benefits from the new corporate tax law as well as plans for increasing demand caused the company to move up its spending budgets.

The added spending, however, worried investors, as the company's recent upgrades to its network haven't been able to keep up with demand, and margins have decreased. UPS shares fell 6.1% Thursday.

—Imani Moise contributed to this article.

Shell Profit Jumps on Cost Cuts, Higher Oil Prices

By Sarah Kent

LONDON—**Royal Dutch Shell** PLC more than tripled its profit in 2017 on a rebound in crude-oil prices, demonstrating how deep cost cuts are making energy companies almost as profitable as they were during the boom years of $100 a barrel.

The British-Dutch oil giant said Thursday its 2017 profit on a current cost-of-supplies basis—a number similar to the net income that U.S. oil companies report—was $12.1 billion, its highest level since oil prices slumped in 2014. The company said it generated about as much cash last year, when international oil prices averaged $54 a barrel, as it did in 2014, when they averaged $99 a barrel.

"We are able to do the same for less," Shell Chief Financial Officer Jessica Uhl said. Investors were less impressed, reacting to a 21% drop in Shell's cash flow from operations in the fourth quarter compared with a year earlier. The company's share price fell 2.5% in London on Thursday.

But Shell's results overall were another signal of financial confidence in an oil industry emerging from a long downturn as Brent crude, the international benchmark for oil prices, has hovered close to $70 a barrel. **Exxon Mobil** Corp. and **Chevron** Corp. are set to announce their earnings on Friday, and **BP** PLC on Tuesday, with all expected to show healthier profits.

The oil industry's return as a cash machine represents a shift that goes beyond buoyant crude prices and reflects success in companies' yearslong efforts to restructure. Energy companies that once struggled to generate a profit at $100 a barrel have cut costs to a level that they could cover their spending and dividend commitments at a price of $60 a barrel or lower.

Across the industry, companies have simplified project plans, slashed thousands of jobs and worked to boost production from existing assets. At Shell, the company says it has fundamentally revamped the way it designs and executes projects and is working to deliver another $9 billion to $10 billion of savings in the coming years.

Shell said it is on track to pay down its debt load and commence a $25 billion share buyback program by the end of the decade. The company declined to reveal the program's timing, suggesting it wants to build financial strength further before it begins repurchasing stock, but said it viewed the matter with "a tremendous sense of urgency."

Shell already has removed a 2½-year-old program that had allowed shareholders the option to take a portion of their dividend in stock—a popular choice among bullish investors but largely disliked because it diluted shareholder stock.

The results show how the company's $50 billion acquisition of natural-gas giant **BG Group** in 2016 is paying off, part of the company's bet on lower-carbon gas taking a lead role in efforts to tackle climate change. Profit in integrated gas doubled in 2017 to $5.1 billion.

Shell also is pushing ahead in early-stage investments in alternative energy such as electric-vehicle charging and offshore wind power, committing to spending $1 billion to $2 billion a year to the end of the decade.

The company also has moved to bolster its traditional oil-and-gas businesses. Shell recently announced a redevelopment project in the North Sea, and on Tuesday was the biggest winner in a major auction for offshore oil blocs near Mexico.

Though the company said it remains committed to keeping a tight lid on spending, the moves demonstrate how the industry is beginning to look once more at the need to make long-term investments in future production—a metric that received little attention while oil prices were plummeting.

◆ Heard on the Street: Big Oil finds going green is hard... B12

Chemical Giant Sees Big Savings From Split

By Allison Prang

DowDuPont Inc. raised its forecast for cost savings from its push to divide itself into three companies and updated its timeline to complete the process.

The chemical giant, formed from the late August merger of DuPont Co. and Dow Chemical Co., said Thursday that it expects moves to cut jobs and change its facility footprint to save $3.3 billion in annual costs, up from its previous guidance of $3 billion.

Its plan to split into three different companies—which will be focused on specialty-chemical products, materials and agriculture—was supposed to take up to two years. On Thursday, the company said the process will take from 14 to 16 months.

For its fourth quarter, DowDuPont reported a pro forma loss of $1.21 billion, or 52 cents a share, compared with a pro forma loss of $81 million, or 4 cents a share, in the year-earlier period.

DowDuPont recorded a $1.1 billion benefit from recent U.S. tax law changes, but it also had $3.11 billion of restructuring and goodwill impairment items in the quarter.

The new tax law is expected to reduce its 2018 tax rate by 1 to 2 percentage points compared with prior expectations.

On a pro forma adjusted basis, the company earned $1.96 billion, or 83 cents a share, up from $1.34 billion, or 59 cents a share. Analysts polled by Thomson Reuters were expecting earnings of 67 cents a share.

Net sales rose 13% on a pro forma basis to $20.07 billion, helped by increases in most divisions and geographic sectors. Industrial intermediates and infrastructure pro forma net sales rose 27% to $3.55 billion. Packaging and special products rose 17% on a pro forma basis to $6.09 billion. Electronics and imaging sales rose less than 1%.

BUSINESS WATCH

HERSHEY

Chocolate Sales Sag In North America

Hershey Co. said sales volume fell 2.3% globally in the fourth quarter, hurt by a drop in its core North American chocolate business.

The maker of chocolate Kisses, Reese's peanut butter cups and Twizzlers licorice has been reaching beyond candy in recent years to become a broader snacking company, but most of its earnings still come from its indulgent brands.

Overall, Hershey's revenue inched down to $1.94 billion, from $1.97 billion a year ago in the quarter. For 2018, Hershey anticipates sales will improve in the second half, with comparable sales up by as much as 2%.

Hershey logged earnings of $181.1 million, or $1.03 a share when adjusted to exclude one-time events.

—Annie Gasparro

LENOVO GROUP

PC Maker Takes $400 Million Charge

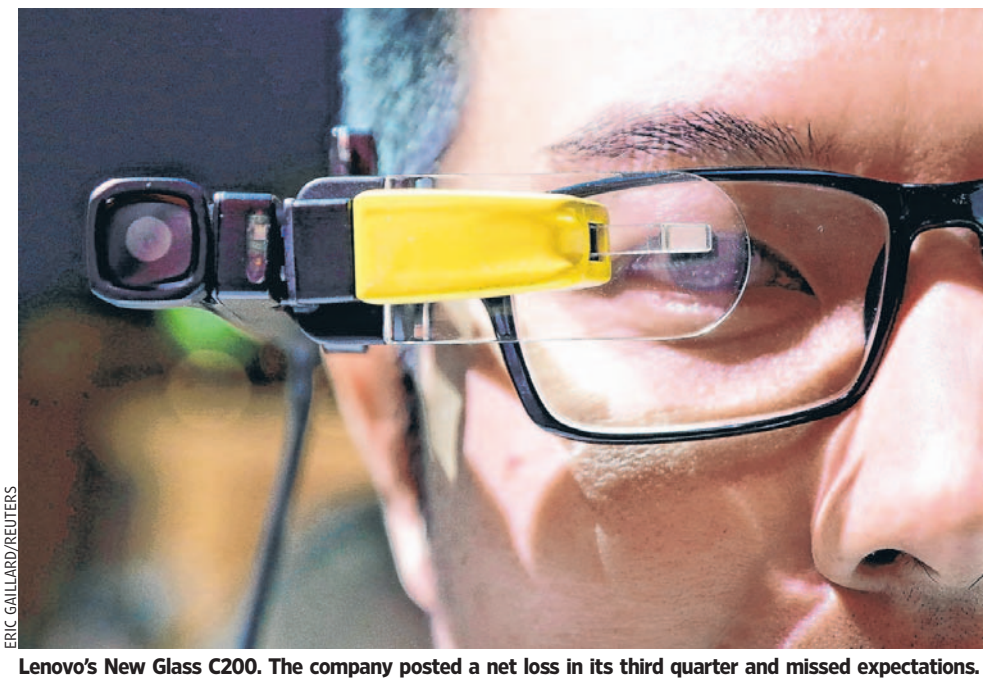
Lenovo Group Ltd. took a $400 million charge following the U.S. tax overhaul, pushing it to a net loss in the third quarter and missing analyst expectations as its mobile unit continued to struggle.

The Chinese PC maker said Thursday that its third-quarter net loss was $289 million, compared with a net profit of $98 million a year earlier. A poll by S&P Global Market Intelligence had forecast a net profit of $128 million for the period, which ended in December.

Revenue rose 6% to $12.94 billion. The mobile-phone business struggled, with revenue falling 5% to $2.1 billion. Lenovo faces slowing growth in the smartphone market, tougher competition and higher component prices. PC sales rose 7.6% to $9.3 billion.

Technology companies have been dealing with the impact of the new tax code. Lenovo said its $400 million write-off was due to charges on noncash assets in the U.S. The company said it still expects the tax overhaul to benefit its U.S. operations over time.

—Dan Strumpf and Joanne Chiu



ERIC GAILLARD/REUTERS

Lenovo's New Glass C200. The company posted a net loss in its third quarter and missed expectations.

UNITED AIRLINES

Carrier Tightens Rules for Animals

United Airlines is tightening its requirements for passengers flying with emotional support animals following a surge in numbers and onboard incidents across the industry.

The move, announced Thursday, mirrors steps taken by **Delta Air Lines** Inc. last month. Other carriers are reviewing their policies after an effort by the Transportation Department to create new industrywide rules stalled last year.

United said the number of animals brought on for emotional support jumped 75% over the past year. Starting March 1, United will require passengers to certify that their animal will behave, and provide documentation from a veterinarian that it is fit and safe to fly.

The carrier already bans animals including hedgehogs, ferrets and nonhousehold birds from the cabin, and said it would continue to review that list. The airline last weekend barred a passenger from bringing a peacock on board a flight at Newark Liberty International Airport.

The unit of **United Continental Holdings** Inc. already requires passengers to notify the airline 48 hours in advance of plans to bring animals onboard. United said it would maintain its policy for service animals, which don't require advance notice or special documentation.

Critics said airlines are trying to boost revenue with fees for flying animals in the hold, a charge the airlines deny.

—Doug Cameron

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Apple Results Soar on Pricey iPhones

Quarterly earnings hit record even as customers bought fewer devices

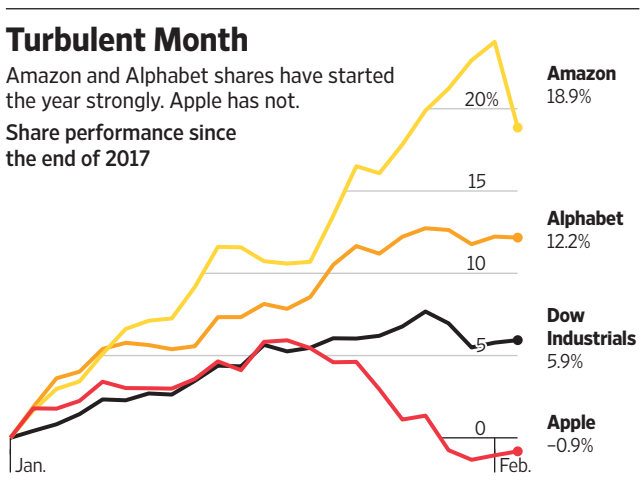
By Tripp Mickle

Apple Inc.'s move to jack up prices on the iPhone paid off with record quarterly revenue and profit even though the world's most valuable company sold fewer of its most important product.

Sales of the iPhone X—released in November at a starting price of $1,000—lifted the average selling price for iPhones by nearly 15%, Apple said on Thursday. That helped propel total revenue up 13% to an all-time high of $88.29 billion in the quarter, which was a week shorter than the same period a year earlier, even though the number of iPhones sold actually fell 1% to 77.3 million units. Apple's profit rose 12% to $20.07 billion, also a record.

Apple tempered the positive news with a weaker-than-expected revenue forecast for the current quarter of between $60 billion and $62 billion. That would represent a healthy rise from a year earlier, but was well below analysts' recent consensus estimate of $66.54 billion, a number that had fallen over the past several weeks on concerns about demand for the iPhone X and uncertainty around the new iPhone 8 and 8 Plus launched in September.

Still, the results offered hope that Apple can sustain its solid performance even amid stagnating global demand for smartphones. Analysts and investors have worried the company is too dependent on the iPhone, which accounts for about two-thirds of its sales, in part because many customers are holding on to phones longer. Annual sales of iPhones in Apple's latest fiscal year, through September, were still well below their peak two years ago.



Source: WSJ Market Data Group THE WALL STREET JOURNAL.

But Apple is showing steady progress in growing other lines of business—especially its services arm, which includes the App Store and its music and payment services. Results also were buoyed by strong growth in the division that includes its smartwatch and AirPods wireless earbuds.

Shares gained more than 3% in after-hours trading Thursday, after falling over the past two weeks.

Apple's share price soared more than 45% last year as many investors bet that the feature-rich X model would reignite the kind of boom in sales that recent models have failed to deliver.

In an interview, Chief Financial Officer Luca Maestri said the X model has been the best-selling of Apple's iPhones since its release. "We're really, really happy with the way it's going," he said.

Apple doesn't break out for shipments by model, but analysts have said sales of the X are softer than the company anticipated. Canalys, a market-research firm, estimated before Thursday's results that Apple shipped 29 million units of the iPhone X in the three months through December, about 6 million fewer than it says the company targeted for production during the period. It said shipments were generally lower than the company's projections because some consumers are choosing less-expensive iPhones.

"They have to figure out how to get recurring revenue streams so they're not holding their breath on each new product launch," said Tom Plumb, president of SVA Plumb Financial, a Madison, Wis.-based wealth-management firm with $2.7 billion in assets that counts Apple among its top holdings.

Apple has more than tripled spending on research and development under Mr. Cook to $11.58 billion last year but its products like smartwatches and wireless earbuds haven't delivered enough revenue to reduce its iPhone dependency.

The sheer number of devices it has sold, though, already is helping its efforts to diversify. Apple now has 1.3 billion iPhones and other devices in active use, Mr. Maestri said, a 30% increase over the past two years.

◆ Heard on the Street: Apple dodges iPhone concerns..... B12

Alphabet Posts Loss, but Revenue Climbs

By Jack Nicas

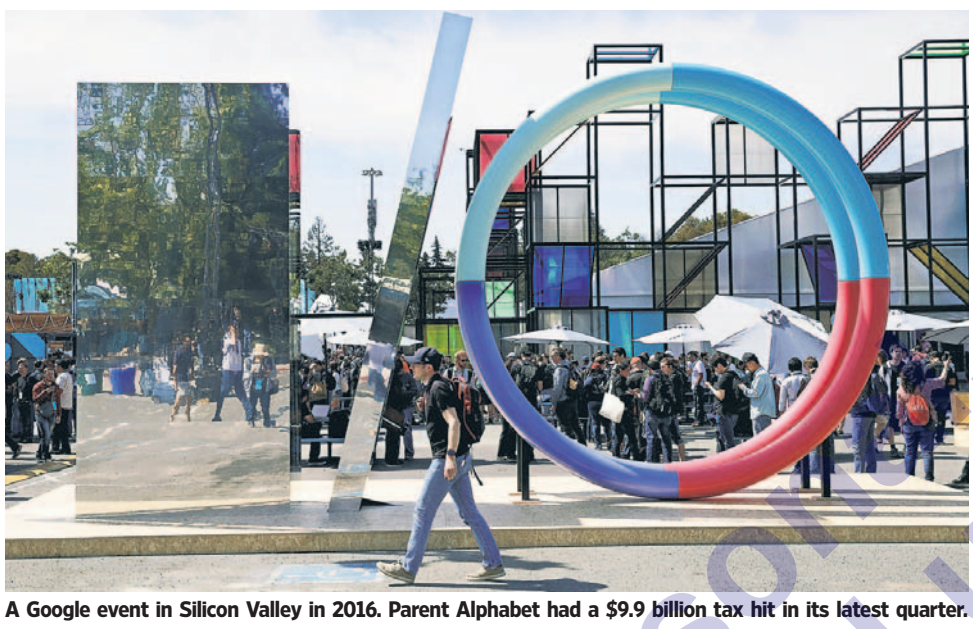
Google parent **Alphabet** Inc. swung to a loss after taking a $9.9 billion charge related to the new U.S. tax law, though its core advertising business continued its strong run even as criticism grows over how the company monitors its clout and content.

Alphabet said the one-time tax hit caused a $3.02 billion loss in the fourth quarter. Revenue rose 24% to $32.32 billion from a year earlier.

The company keeps most of its $101 billion cash pile overseas, but it didn't say Thursday when or if it would bring that cash to the U.S. On a call with analysts, Chief Financial Officer Ruth Porat said the company's spending plans are "unchanged from our prior discussions."

Separately, Alphabet said its board had appointed director John Hennessy, the former president of Stanford University, as its chairman. Longtime Executive Chairman Eric Schmidt stepped down from the post in December but remains on the board.

Excluding the impact of the tax charge, Alphabet reported a 28% increase in profit to $6.84 billion. Without the tax charge, its profit of $9.70 a share missed estimates of $9.98 a share, according to analysts polled by FactSet.



STEPHEN LAM/REUTERS

A Google event in Silicon Valley in 2016. Parent Alphabet had a $9.9 billion tax hit in its latest quarter.

RBC Capital Markets analyst Mark Mahaney attributed the earnings miss to higher expenses related to so-called traffic-acquisition costs, or fees Alphabet pays to such partners as **Apple** Inc. to put its services front and center on their devices. Those fees rose 33% to $6.45 billion from a year earlier. That amounts to 24% of Google's overall ad revenue, up from 23% in the prior quarter.

"The negative is expenses came in heavier than expected," he said. "That raises a question: How much revenue is this company having to give away to maintain these growth rates?"

Ms. Porat blamed the rise in traffic-acquisition costs on the company's highest-growth areas—mobile search and so-called programmatic ads where Google places ads on partners' content—which carry higher fees. Ms. Porat said some of these costs would ease after the first quarter.

Alphabet also increased sales and marketing spending by 38% to $4.31 billion, reflecting marketing around Google's new line of hardware devices during the holidays.

Alphabet has been able to sustain such growth because its core Google unit handles nearly 92% of internet searches, according to tech-data firm StatCounter. Google also owns the world's dominant video site, YouTube, which the company said has helped drive growth in recent years.

Google makes most of its money when users click on the ads it serves across the web. Google said clicks on its ads rose 43% in the fourth quarter after having 47% growth in the third quarter.

Yet the amount of money Google rakes in for each ad click has fallen steadily in recent years. It earns less from mobile-search and YouTube ads, which are rapidly growing, than from traditional desktop search ads. Google said its revenue per click fell 14% in the quarter from a year earlier, after an 18% decline in the third quarter.

Alphabet also said Thursday its board authorized $8.59 billion in share repurchases, its first since a $7 billion buyback that began in late 2016.

Aramco In Talks For Tech Venture

Saudi Arabia's state-owned oil giant and Google parent **Alphabet** Inc., two of the world's biggest companies, are in talks about building a large technology hub inside the kingdom, people familiar with the potential deal said.

*By **Maureen Farrell** in New York, **Benoit Faucon** in London and **Summer Said** in Dubai*

As part of a joint venture, Alphabet would help **Saudi Arabian Oil** Co., known as Aramco, build data centers around Saudi Arabia, the people said. It isn't clear specifically whose data the centers would house or who would control them.

Senior executives at Aramco and Alphabet have been discussing the potential venture for months, these people said. The talks have included Alphabet Chief Executive Larry Page and have been encouraged by Crown Prince Mohammed bin Salman, who is enamored with Silicon Valley and wants to bring more tech expertise to the kingdom, some of the people said. Prince Mohammed has been leading the kingdom's plan to take Aramco public.

Still, there are many details to work out, and it is unclear when such a deal might be finalized, the people said. The size of the potential venture is unclear, although it could be big enough to be listed on Saudi Arabia's stock exchange, one of the people said.

An alliance would help bolster the development of the technology sector in Saudi Arabia, a goal Prince Mohammed has cited as a key part of his plan to wean the kingdom off its reliance on oil.

Amazon.com Inc. is also close to finalizing a $1 billion deal to build three data centers in Saudi Arabia, people familiar with that deal said. The move is expected to be announced during a trip to the U.S. by Prince Mohammed early this year.

Alphabet's Google is chasing both Amazon and Microsoft Corp. in the business of renting computing power and storage online, and a joint venture with Aramco would give it a foothold in Saudi Arabia as it rushes to develop its tech sector. None of the three U.S. firms has massive data-center complexes, known as "regions," in the area. A data-center region in Saudi Arabia could help Google win business from oil-industry customers that are looking to shift their computing operations to the cloud.

Most internet data for the Middle East is piped from Europe, slowly surfacing on the most-trafficked websites, according to a person familiar with the Alphabet-Aramco talks. Local data servers would speed up access and help the country be more competitive in the digital economy.

—Jay Greene and Nicolas Parasie contributed to this article.

Amazon Earnings Surpass $1 Billion

By Laura Stevens

Amazon.com Inc.'s quarterly profit topped $1 billion for the first time, reflecting the company's push to exhibit stronger fiscal discipline while simultaneously broadening its ambitions beyond online retailing.

The Seattle company's profit more than doubled to $1.9 billion during the holiday quarter, extending its streak of profitability over 2½ years. The company has long plowed most of the money it makes to build products, roll out services and construct warehouses, but it is no longer racking up a string of losses.

Its profit was helped by a tax benefit of $789 million as part of the new tax overhaul. Amazon also attributed the black ink to strong performances by its cloud-computing division, growth in advertising services such as product placement in search results and better efficiency at its warehouses amid record holiday sales.

"There's certainly constant cost reduction and productivity efforts under way in many areas of the company, but specifically in our warehouses," said Brian Olsavsky, Amazon's chief financial officer.

Amazon's revenue during the fourth quarter rose 38% to $60.5 billion, at the top end of the company's own forecast and above analysts' expectations of $59.83 billion.

In after-hours trading on Thursday, the company's shares rose more than 6% to $1,476. The stock is up about 65% over the past 12 months.

Some Super Bowl Ads Play It Safe

By Suzanne Vranica

This year's Super Bowl ads will feature **Amazon.com** Inc.'s Alexa losing her voice, actors Morgan Freeman and Peter Dinklage having a lip-sync battle, and factory workers bottling water for people in disaster areas.

Humor, nostalgia and humanitarianism will be among the main themes, as many marketers look to play it safe and steer clear of controversy.

That is somewhat of a reversal from a year ago when companies waded into sensitive political and social issues only to be greeted with a backlash on social media. Audi's spot promoted gender pay equality and Budweiser's highlighted the immigration story of its co-founder at a moment when immigration was a hot-button issue in Washington.

"The fear of a Twitter attack is fueling the play-it-safe approach," said Susan Cantor, chief executive of branding firm Red Peak.

Pepsi will appeal to nostalgia with a spot that riffs off its 1992 Super Bowl commercial featuring model Cindy Crawford. The ad will also include some celebrities who have appeared in past big-game ads for the soda brand.

"People are looking to smile a little bit" nowadays, said Greg Lyons, chief marketing officer of **PepsiCo** Inc.'s North America Beverage division.

The cost of entry this year for advertisers topped $5 million for 30 seconds of ad time. Some brands are using the expensive real estate to highlight their philanthropic endeavors.

Anheuser-Busch InBev's Budweiser will air a spot that shows employees halting beer production to produce cans of drinking water for victims of natural disasters.

AMAZON

Chef Gordon Ramsay is among the celebrities in a humorous Amazon spot. Several marketers are shying away from ads centered on sensitive topics, which caused a social-media backlash last year.

AB InBev said this year's Bud spot is a continuation of its approach from last year of showing "real stories" about the company and telling them through the "lens of our employees," said Ricardo Marques, vice president of Budweiser marketing.

Among the several funny spots is Amazon's, in which Chief Executive Jeff Bezos, in his first appearance in a company ad, is told of the celebrities who are filling in for voice-assistant Alexa while she is sick—including a shouting chef Gordon Ramsay. Meanwhile, Messrs. Freeman and Dinklage face off in a rap battle to promote PepsiCo's Mountain Dew and Doritos.

Marketers are in a tough position. Consumers nowadays expect brands to make a difference in society and take a stance on important issues, ad executives say. However, a recent survey found that the Super Bowl might not be the right place for those topics.

Almost 65% of Americans say the Super Bowl isn't the appropriate place for political messages, according to an online study conducted by Burson-Marsteller, a unit of ad firm **WPP** PLC. Some 67% of those surveyed say funny ads should be the priority, and almost half want to learn something new about a product.

For some marketers, associating with the National Football League itself comes with risks now, after controversies in the past two years over domestic-violence allegations, head injuries and players' protests during the national anthem. Pizza chain **Papa John's International** Inc., for example, raised concerns last year over the anthem issue.

The approach stems from 'the fear of a Twitter attack,' says a branding expert.

Not everyone will be shying away from tackling social or political issues. **WeatherTech**, which makes mats for car floors, will promote domestic manufacturing, noting that it just opened a factory in the U.S. "Isn't that the way it's supposed to be?" reads the text at the end of the ad.

Meanwhile, **Coca-Cola** Co.'s 60-second spot titled "The Wonder of Us" will highlight diversity and inclusion—themes the company's marketing has emphasized for decades—by showing people from different backgrounds reciting a poem about diversity and talking about how there is a different Coke for everyone.

Such themes can generate debate, as Coke found out last year. Its pregame ad, which featured people of different nationalities and lifestyles singing "America the Beautiful" in multiple languages, was criticized by some in social media for showing the patriotic song being sung in languages other than English.

Coke isn't concerned about drawing complaints, pointing out that last year's backlash didn't affect sales. "You are always going to have the haters out there as Taylor [Swift] says," said Jennifer Healan, group director of integrated marketing communication for Coca-Cola. "I think that negativity does get squashed because good does prevail."

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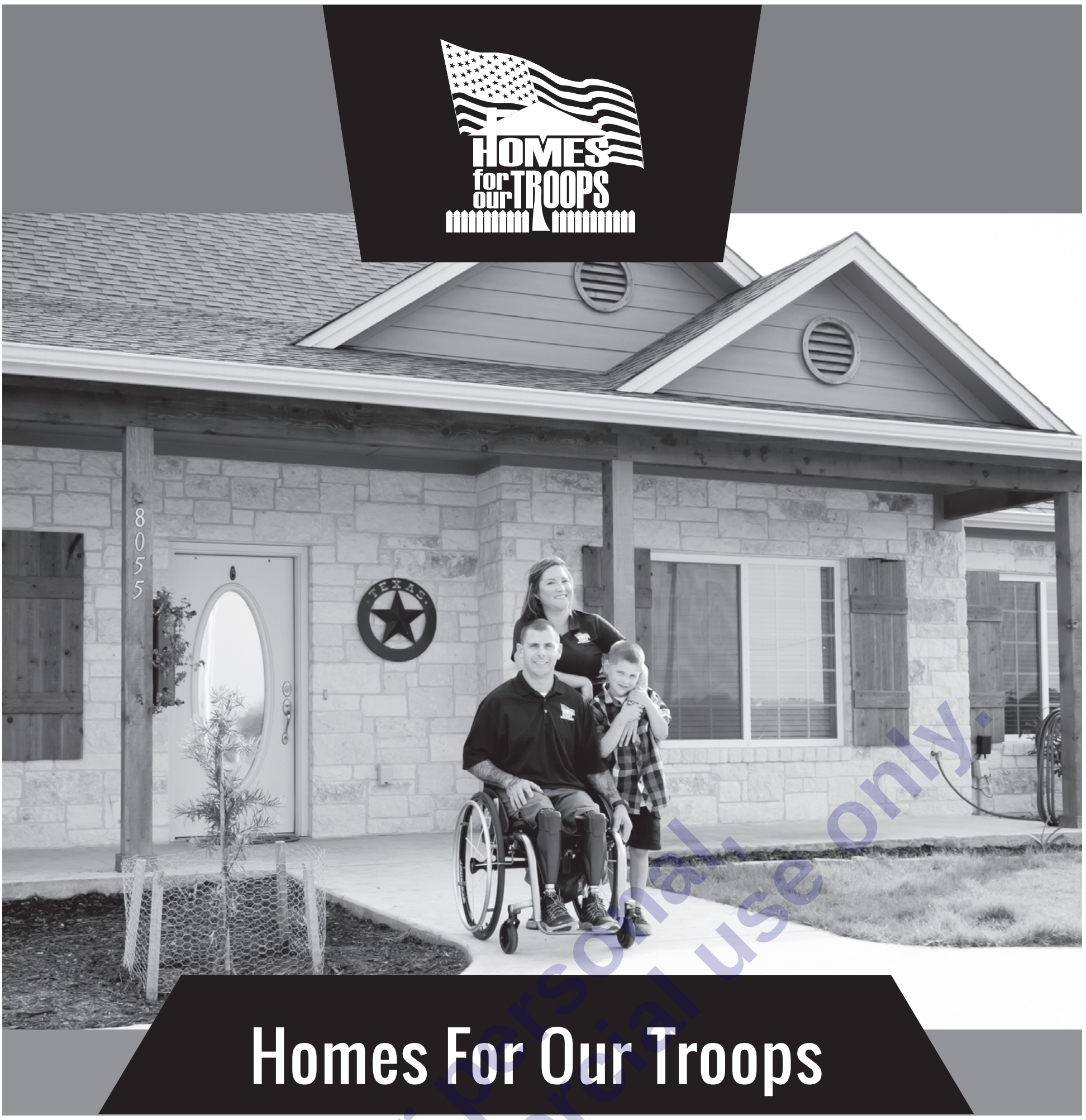

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Adding Numbers to Compensation Debate

As U.S. firms prepare to disclose pay comparisons, a look at the lay of the land

By Vanessa Fuhrmans And Theo Francis

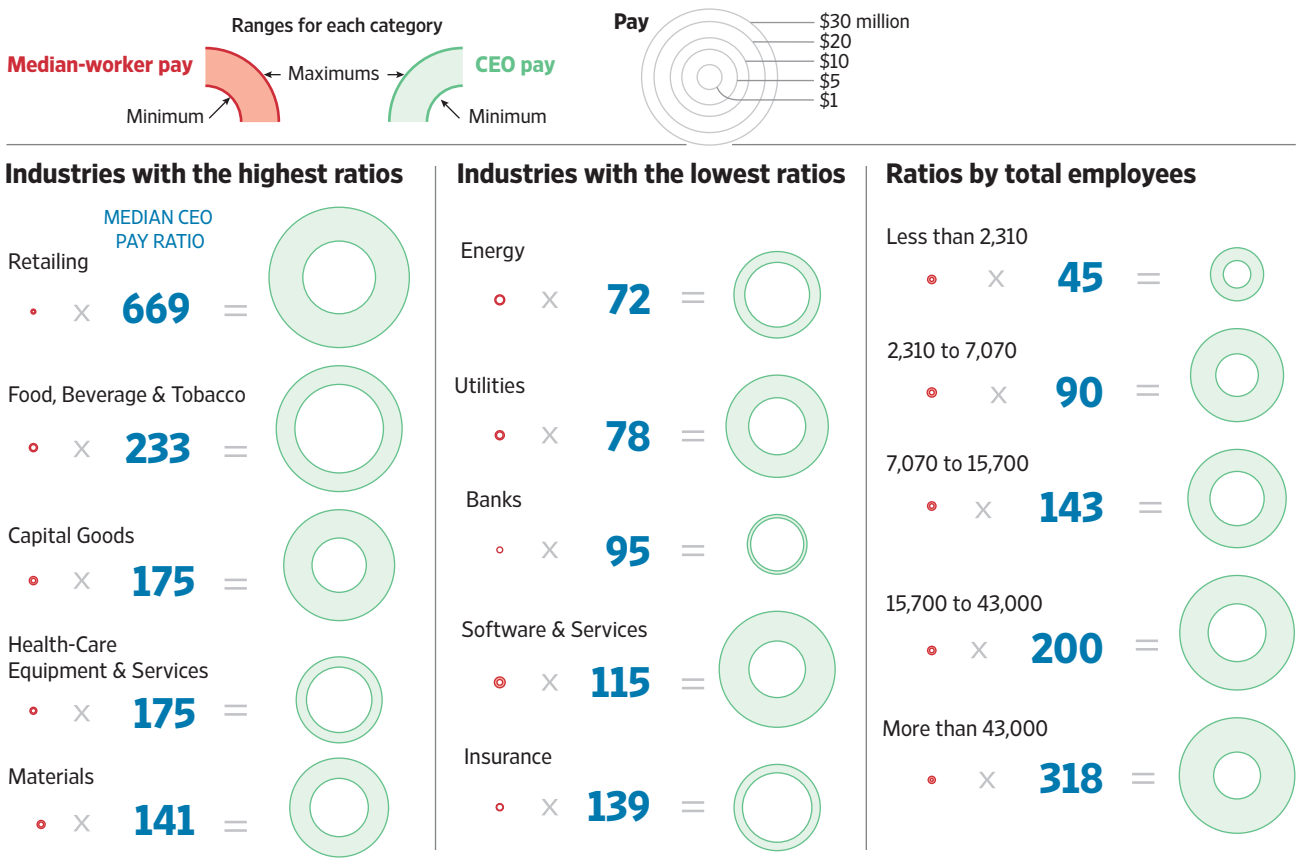
America's biggest companies are about to tell the world for the first time how compensation for their chief executives compares with what they pay their rank-and-file workers.

The disclosure, a requirement of the postcrisis Dodd-Frank law, is causing trepidation among top executives and corporate boards, and for good reason: The pay ratio, which is calculated by dividing a CEO's annual compensation by the median employee's pay, is likely to be a new lightning rod in the debate over executive pay.

A survey of more than 350 companies conducted by compensation-data firm Equilar Inc. offers one of the first glimpses of the size and variation of CEO pay ratios and the underlying employee pay figures. On Thursday, Equilar released an overview of its findings, without company specifics. Here's a peek at what to expect as companies start to disclose their official ratios in the coming weeks and months:

Comparing Executive Pay to Median Employee Pay

The Dodd-Frank law requires companies to disclose how CEO pay compares to that of their rank-and-file workers by dividing a CEO's annual compensation by the median employee's pay. Here's how the ratios may compare, based on a survey of 350-plus companies by Equilar Inc.



Source: Equilar

THE WALL STREET JOURNAL.

Industries

Pay ratios will vary greatly—even dramatically—across broad swaths of the economy, driven in large part by differences in worker pay.

In the energy sector, most CEOs make less than 100 times what their median workers do, partly because the sector generates many high-paying jobs in engineering, on oil rigs and in renewable-energy fields. By contrast, in health-care equipment and services, where many firms employ large numbers of low-paid workers, CEO pay is typically 175 times that of a company's median employee.

Expect big swings in median-worker pay figures even within an industry, depending on whether companies choose to exclude international or contract workers when identifying medians. In determining median pay, companies must include part-time, temporary and seasonal workers, but have some leeway in accounting for independent contractors. They may exclude up to 5% of the workforce, but only non-U.S. workers.

Market Cap

Bigger companies tend to have bigger pay gaps, the Equilar data suggest. At firms with market capitalizations of less than $700 million, the median CEO pay ratio was 45. In contrast, at companies with $25 billion-plus market values, the pay ratio was around 250.

That disparity is largely a function of CEO pay: Larger companies tend to reward their chief executives with bigger salary, bonus and stock-award packages than smaller firms. Company size, on the other hand, makes less of a difference in pay for the median worker.

Workforce

Companies with larger workforces reported lower median pay for workers—and the highest CEO pay ratios. That is likely because companies with big workforces tend to have more low-wage workers, and their CEOs command bigger paychecks.

Retailers stand out for their low median pay—at just over $13,000, the lowest among the 24 industries in the Equilar survey—and high pay ratio of 669. Chalk it up to the industry's many part-timers, as well as low hourly wages.

And the larger the workforce, the more likely a company has significant overseas operations, where workers tend to earn less than their U.S. counterparts. For companies with sizable international workforces, that is likely to push up CEO pay ratios.

Region

Where companies are based also helps determine CEO pay ratios. Firms based on the West Coast claimed the highest median pay in the U.S.—and the lowest CEO pay ratio—because of the region's many high-tech firms and the high cost of living across swaths of California and Washington state.

In the Southeast, where living costs are lower and labor unions have less influence than they do in other manufacturing hubs, median-worker pay was lowest—and pay ratios were highest.

HBO Subscriber Growth Bolsters Time Warner

By Joe Flint

HBO posted its best year of subscriber growth as streaming customers more than doubled, helping to drive revenue and profit increases at parent company **Time Warner** Inc.

Strong gains at both HBO and the Turner cable networks helped Time Warner boost revenue and income more than analysts predicted. The company's revenue rose 9% to $8.6 billion and operating income gained 13% to $1.9 billion for the quarter ended Dec. 31.

The fourth-quarter results point to strong operating performances as **AT&T** Inc. prepares for a court battle over its proposed acquisition of the media giant, which also owns cable channels like TNT and TBS and the movie-and-television production studio Warner Bros.

HBO's direct-to-consumer subscriptions, which include HBO Now sign-ups through internet-based distributors like Amazon and DirecTV Now, have topped five million in the U.S., according to an HBO executive. That is a jump from the more than two million domestic streaming customers that Time Warner disclosed in February 2017. Across all of its offerings, HBO added five million domestic subscribers in 2017, its biggest year ever, and subscriber revenue climbed 11%, the strongest growth in 20 years.

The subscriber gains are reflective of a strategy shift at HBO in new deals with major distributors including **Comcast** Corp., Charter Communications Inc. and satellite broadcaster DirecTV. Instead of rate increases, the new pacts rely on financial incentives to the distributors that, among other things, encouraged them to put more marketing behind HBO. "Traditionally much of our revenue growth had come from rate increases," HBO Chief Executive Richard Plepler said in a recent interview. "It was pretty obvious to us this was not a sustainable strategy going forward. Instead, we designated distribution deals with incentives that emphasize volume growth over price increases."

For HBO, fourth-quarter revenue jumped 13% to $1.7 billion, including a 16% gain in subscriber revenue. Operating income grew 13% to $486 million.

Turner, whose holdings include the networks CNN, TNT and TBS, also had a solid quarter as revenue grew 10% to $3.1 billion, including a 14% gain in subscriber revenue and 32% rise in content revenue stemming from licensing deals. Ad revenue, however, was only up 2%, as lower ad sales at CNN due to the prior year's presidential election offset higher revenue from postseason baseball games. Operating income was up 22% to $1 billion.

At Warner Bros., higher videogame revenue helped increase revenue 5%, while theatrical revenue declined. Operating income fell 11%.

Time Warner's overall net income for the quarter was $1.4 billion, up from $293 million for the same period a year ago.

JUSTIN M. LUBIN/HBO/ASSOCIATED PRESS

Julia Louis-Dreyfus in a scene from the HBO series 'Veep.'

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BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: RAND LOGISTICS, INC., *et al.*,[1]) Chapter 11, Case No. 18-10175 (BLS)
Debtors.) (Jointly Administered)

NOTICE OF COMMENCEMENT OF PREPACKAGED CHAPTER 11 BANKRUPTCY CASES AND COMBINED HEARING ON DISCLOSURE STATEMENT AND CONFIRMATION OF JOINT PREPACKAGED CHAPTER 11 PLAN

TO: ALL HOLDERS OF CLAIMS, HOLDERS OF INTERESTS, AND PARTIES IN INTEREST IN THE ABOVE-CAPTIONED CHAPTER 11 CASES

PLEASE TAKE NOTICE THAT on January 30, 2018, Rand Logistics, Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors"), filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") a proposed joint prepackaged chapter 11 plan [Docket No. [13] (the "Plan") and proposed disclosure statement [Docket No. [14] (the "Disclosure Statement") pursuant to sections 1125 and 1126(b) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"). Copies of the Plan and the Disclosure Statement may be obtained upon request of the Debtors' proposed counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, where they are available for review between the hours of 8:00 a.m. to 4:00 p.m., prevailing Eastern Time. The Plan and Disclosure Statement also are available for inspection on the Bankruptcy Court's website at http://www.deb.uscourts.gov, or free of charge on the Debtors' restructuring website at http://www.kccllc.net/Rand.

PLEASE TAKE FURTHER NOTICE THAT a hearing (the "Combined Hearing") will be held before the Honorable Brendan L. Shannon, Chief United States Bankruptcy Judge, in Courtroom No. 1 of the United States Bankruptcy Court, 824 North Market Street, 6th Floor, Wilmington, Delaware, 19801, on **February 27, 2018, at 2:30 p.m.,** Eastern Time, to consider the adequacy of the Disclosure Statement, any objections to the Disclosure Statement, confirmation of the Plan, any objections thereto, and any other matter that may properly come before the Court. Please be advised that the Combined Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on other parties entitled to notice.

PLEASE TAKE FURTHER NOTICE THAT objections (each, an "Objection"), if any, to the Plan or the Disclosure Statement must: (a) be in writing; (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware; (c) state the name and address of the objecting party and the amount and nature of the claim or interest beneficially owned by such entity or individual; (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan that would resolve such objections; and (e) be filed with the Bankruptcy Court (contemporaneously with a proof of service) and served so as to be **actually received** no later than **February 20, 2018, at 4:00 p.m.,** Eastern Time, by each of the following parties: (i) **Debtors: Rand Logistics, Inc.,** 333 Washington Street, Suite 201, Jersey City, NJ 07302, Attn: Mark Hiltwein, mark.hiltwein@randlog.com; (ii) **Proposed Counsel to the Debtors: Akin Gump Strauss Hauer & Feld LLP,** One Bryant Park, New York, NY 10036, Attn: Meredith A. Lahaie, Esq., mlahaie@akingump.com, Kevin Zuzolo, Esq., kzuzolo@akingump.com, Zach Lanier, Esq., zlanier@akingump.com -and- **Akin Gump Strauss Hauer & Feld LLP,** 1333 New Hampshire Avenue, N.W., Washington, District of Columbia 20036, Attn: Joanna F. Newdeck, Esq., jnewdeck@akingump.com -and- **Pepper Hamilton LLP,** Hercules Plaza, Suite 5100, 1313 Market Street, P.O. Box 1709, Wilmington, DE 19899, Attn: David B. Stratton, Esq., strattod@pepperlaw.com, David M. Fournier, Esq., fournied@pepperlaw.com, Evelyn J. Meltzer, Esq., meltzere@pepperlaw.com; (iii) **Counsel to the First Lien Agent: Otterbourg P.C.,** 230 Park Avenue, New York, NY 10169, Attn: Daniel F. Fiorillo, Esq., dfiorillo@otterbourg.com, Chad B. Simon, Esq., csimon@otterbourg.com -and- **Womble Bond Dickinson (US) LLP,** 222 Delaware Avenue, 15th Floor, Wilmington, DE 19801, Attn: Matthew P. Ward, Esq., matthew.ward@wbd-us.com; (iv) **Counsel to the Second Lien Agent and Second Lien Lender: White & Case LLP,** Southeast Financial Center, 200 Biscayne Blvd., Suite 4900, Miami, FL 33131, Attn: Thomas E Lauria, Esq., tlauria@whitecase.com -and- **White & Case LLP,** 1221 6th Avenue, New York, NY 10020, Attn: Andrew Zatz, Esq., azatz@whitecase.com -and- **Fox Rothschild LLP,** 919 North Market St., Suite 300, P.O. BOX 2323, WILMINGTON, DE 19899, Attn: Jeffrey M. Schlerf, Esq., jschlerf@foxrothschild.com; and (v) **United States Trustee: Office of the United States Trustee,** 844 King Street, Suite 2207, Wilmington, DE 19801, Attn: Hannah M. McCollum, Esq., hannah.mccollum@usdoj.gov.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE RELEASE PROVISIONS IN ARTICLE VI OF THE PLAN, AS YOUR RIGHTS MIGHT BE AFFECTED.

BY ORDER OF THE BANKRUPTCY COURT.

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Rand Logistics, Inc. (5343); Lower Lakes Transportation Company (5364); Grand River Navigation Company, Inc. (5146); Black Creek Shipping Company, Inc. (5474); Rand LL Holdings Corp. (6352); Rand Finance Corp. (1847); and Black Creek Shipping Holding Company, Inc. (5313). The service address for each of the above Debtors is 333 Washington Street, Suite 201, Jersey City, NJ 07302.

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NOTICE OF SALE

NOTICE OF PUBLIC SALE • Property to be Sold

Public Sale No. 1: Wednesday, February 7, 2018, 10:00 a.m. EST
The Asset Type for Lots 1-6 is: Prime / Alt-A
The Asset Type for Lots 7-10 is: Subprime

Lot #	Cusip	Issue	Original Face (US)
1	22545UAD1	CSSLT 2006-1 M1	1,725,000
2	41161PSW4	HVMLT 2005-9 B2	3,732,000
3	41161PSX2	HVMLT 2005-9 B3	4,740,000
4	41161PTA1	HVMLT 2005-9 B6	10,000,000
5	655356JJ3	NASC 1998-D6 PS1	338,700,000
6	92922F2T4	WAMU 2005-AR11 B3	4,000,000
7	073877AD4	BSABS 2005-SD1 1M1	2,157,000
8	225458M54	CSFB 2005-CF1 M1	5,500,000
9	288547AT9	ELAT 2007-2 M1B	4,000,000
10	76112B2V1	RAAC 2006-RP1 M1	2,500,000

Public Sale No. 2: Wednesday, February 7, 2018, 1:00 p.m. EST
The Asset Type for all Lots is: Zero Factor - RMBS

Lot #	Cusip	Issue	Original Face (US)
1	04541GVQ2	ABSHE 2006-HE1 M5	14,282,000
2	04544TAL5	ABSHE 2007-HE2 M6	950,000
3	04544TAM3	ABSHE 2007-HE2 M7	1,740,000
4	004421ZC0	ACE 2006-HE2 M7	5,000,000
5	004421XY4	ACE 2006-SD1 M3	3,300,000
6	02660WAH9	AHMA 2006-1 M3	3,446,000
7	02660WAJ5	AHMA 2006-1 M4	6,757,000
8	02660WAK2	AHMA 2006-1 M5	6,757,000
9	00252GAK5	AMIT 2006-1 M6	5,000,000
10	00252GAL3	AMIT 2006-1 M7	11,594,000
11	007034AW1	ARMT 2006-2 B1	22,285,000
12	040104TM3	ARSI 2006-W4 M4	6,160,000
13	05946XZJ5	BAFC 2005-F CB1	24,614,000
14	05946XZK2	BAFC 2005-F CB2	7,940,000
15	07386HYR6	BALTA 2005-9 2B2	4,400,000
16	06983NAE7	BASIC 2006-1 M2	7,085,000
17	06983NAF4	BASIC 2006-1 M3	3,464,000
18	105667AJ8	BMAT 2006-1A M6	1,000,000
19	073879N38	BSABS 2005-AC6 2B1	11,581,000
20	073879N46	BSABS 2005-AC6 2B2	8,112,000
21	0738792C1	BSABS 2005-AC8 B1	15,194,000
22	0738792D9	BSABS 2005-AC8 B2	6,647,000
23	07400TAG2	BSABS 2007-2 M4	6,188,000
24	07387LAB7	BSABS 2007-SD3 M1	2,000,000
25	07387LAC5	BSABS 2007-SD3 M2	10,872,000
26	07387LAD3	BSABS 2007-SD3 M3	6,321,000
27	144531FB1	CARR 2006-NC1 M4	26,660,000
28	144539AM5	CARR 2006-NC5 M7	1,500,000
29	12465MAK0	CBASS 2006-CB9 M6	5,000,000
30	17307G2A5	CMLTI 2006-WMC1 M5	5,400,000
31	17307G2C1	CMLTI 2006-WMC1 M7	3,500,000
32	225470GB3	CSFB 2005-10 DB1	16,792,889
33	2254W0PX7	CSFB 2005-11 DB1	6,883,791
34	2254W0PY5	CSFB 2005-11 DB2	4,463,646
35	225470SG9	CSFB 2005-12 DB1	10,871,000
36	2254586P8	CSFB 2005-9 DB1	8,315,349
37	225470WM1	CSMC 2006-1 DB1	14,215,000
38	225470WN9	CSMC 2006-1 DB2	6,797,000
39	12667GGV9	CWALT 2005-22T1 B1	2,385,000
40	12667GS61	CWALT 2005-41 B1	9,591,000
41	12667GS53	CWALT 2005-41 M	7,000,000
42	12668ADD4	CWALT 2005-51 M	6,500,000
43	12668AMA0	CWALT 2005-56 M3	16,698,000
44	12668AS97	CWALT 2005-67CB B1	1,581,000
45	12668AS89	CWALT 2005-67CB M	3,690,000
46	12668BDQ3	CWALT 2005-76 M3	17,412,000
47	12668AR72	CWALT 2005-J14 B1	5,111,000
48	12668AR64	CWALT 2005-J14 M	12,011,200
49	12667GV34	CWALT 2005-J9 M	4,763,800
50	12668BWM1	CWALT 2006-11CB M	21,282,900
51	12668BXL2	CWALT 2006-12CB M	13,904,000
52	12668BSX2	CWALT 2006-6CB M	28,679,900
53	12668EAP2	CWALT 2006-J5 M	1,000,000
54	126694T24	CWALT 2006-OA2 M4	3,503,000
55	12668BF40	CWALT 2006-OA6 M3	3,250,000
56	02149MCE7	CWALT 2007-J1 M	2,244,500
57	126685CM6	CWHEL 2006-A M6	5,200,000
58	126694UY2	CWHL 2005-31 B1	5,648,000
59	126694VX3	CWHL 2005-HY10 B1	17,009,000
60	126694YU6	CWHL 2006-3 1M1	3,498,000
61	126694YX0	CWHL 2006-3 1M4	2,833,000
62	126694ZJ0	CWHL 2006-3 3M1	2,000,000
63	126694ZK7	CWHL 2006-3 3M2	1,723,000
64	126694ZL5	CWHL 2006-3 3M3	3,332,000
65	126694ZM3	CWHL 2006-3 3M4	2,528,000
66	126694WT1	CWHL 2006-HYB1 B1	5,800,000
67	126694WS3	CWHL 2006-HYB1 M	8,700,000
68	126694E20	CWHL 2006-HYB2 M	2,796,000
69	126694Q08	CWHL 2006-HYB3 B1	3,300,000
70	1266944P0	CWHL 2006-HYB3 M	4,250,000
71	125431AR7	CWHL 2006-HYB4 B1	5,699,000
72	125431AQ9	CWHL 2006-HYB4 M	6,001,000
73	126694P93	CWHL 2006-OA5 2M1	5,631,000
74	126694Q27	CWHL 2006-OA5 2M2	3,090,000
75	126694Q35	CWHL 2006-OA5 2M3	1,561,000
76	126694Q43	CWHL 2006-OA5 2M4	1,089,000
77	126670TL2	CWL 2006-1 MF3	1,824,000
78	126670TM0	CWL 2006-1 MF4	1,602,000
79	126670VR6	CWL 2006-SD1 M3	4,336,000
80	126670VS4	CWL 2006-SD1 M4	3,159,000
81	23332UFJ8	DSLA 2005-AR5 B2	6,000,000
82	35729PPH7	FHLT 2006-1 M6	5,000,000
83	35729P0B9	FHLT 2006-2 M3	10,000,000
84	35729P0E3	FHLT 2006-2 M6	7,306,000
85	36185MDG4	GMACM 2005-AF2 M1	9,351,000
86	36185MDU3	GMACM 2006-AR1 M1	3,475,000
87	36185MDV1	GMACM 2006-AR1 M2	3,178,500
88	3623412A6	GSAA 2006-1 B1	850,000
89	362334LM4	GSAMP 2006-HE2 M4	3,764,000
90	362334LN2	GSAMP 2006-HE2 M5	3,900,000
91	362334LP7	GSAMP 2006-HE2 M6	10,377,000
92	362341WM7	GSR 2005-8F B1	13,573,000
93	362341U98	GSR 2005-9F 1B1	14,397,000
94	362341V48	GSR 2005-9F 2B1	2,552,000
95	362341XH7	GSR 2005-AR7 1B1	16,464,000
96	3623418Q5	GSR 2006-1F 1B1	9,315,000
97	3623418T9	GSR 2006-1F 2B1	6,470,000
98	362334DU5	GSR 2006-2F B1	9,228,000
99	36297TAQ5	GSR 2006-AR2 2B1	4,000,000
100	36297TAR3	GSR 2006-AR2 2B2	3,754,000
101	437084VU7	HEAT 2006-4 M4	8,000,000
102	41161PTW3	HVMLT 2005-10 B2	6,050,000
103	41161PUS0	HVMLT 2005-11 B1	5,848,000
104	41161PRE5	HVMLT 2005-8 1B5	2,125,000
105	41161PRF2	HVMLT 2005-8 1B6	2,325,000
106	41161PC84	HVMLT 2006-1 B1	7,000,000
107	41162NAN7	HVMLT 2006-14 B5	2,000,000
108	41161PN41	HVMLT 2006-4 B4	4,000,000
109	456606KM3	INABS 2006-A M4	5,000,000
110	456606KN1	INABS 2006-A M5	5,000,000
111	456606KP6	INABS 2006-A M6	3,500,000
112	456606KQ4	INABS 2006-A M7	5,500,000
113	45660LZR3	INDA 2005-AR1 B2	2,301,000
114	45660LR84	INDX 2005-AR25 B2	5,000,000
115	45660LGX1	INDX 2005-AR5 B1	2,606,000
116	45661KAN0	INDX 2006-AR11 B1	15,808,000
117	45661KAP5	INDX 2006-AR11 B2	13,644,000
118	45661EAL8	INDX 2006-AR2 M4	2,250,000
119	45660L6A2	INDX 2006-AR3 B1	10,000,000
120	45660L6B0	INDX 2006-AR3 B2	4,719,000
121	456612AG5	INDX 2006-AR6 M2	13,125,000
122	456612AM2	INDX 2006-AR6 M7	1,500,000
123	542514UQ5	LBMLT 2006-3 M4	15,100,000
124	52521DAS1	LMT 2007-2 B1	3,900,000
125	525221KY2	LXS 2006-4N M4	2,250,000
126	525221KZ9	LXS 2006-4N M5	5,289,000
127	525221LA3	LXS 2006-4N M6	2,359,000
128	52522RAL4	LXS 2006-GP1 M4	2,500,000
129	57643LQN9	MABS 2006-AM1 M5	7,628,000
130	57643LQP4	MABS 2006-AM1 M6	6,569,000
131	57643LQQ2	MABS 2006-AM1 M7	6,145,000
132	57643LRA6	MABS 2006-HE1 M6	3,000,000
133	57643LRB4	MABS 2006-HE1 M7	4,000,000
134	576457AL9	MABS 2007-HE1 M7	3,890,000
135	576434Z49	MALT 2006-1 B1	8,006,000
136	5764342R4	MALT 2006-2 B1	3,000,000
137	669884AH1	NHEL 2006-1 M3	3,125,000
138	669884AJ7	NHEL 2006-1 M4	5,000,000
139	66989EAL9	NHEL 2007-2 M6	6,700,000
140	638728AH8	NTIX 2007-HE2 M4	8,013,000
141	69121PEC3	OWNIT 2006-3 M4	2,850,000
142	69121PED1	OWNIT 2006-3 M5	3,780,000
143	69121PEJ8	OWNIT 2006-3 M6	3,500,000
144	73316QAH1	POPLR 2006-D M5	940,000
145	74160MLD2	PRIME 2005-4 2B2	2,112,995
146	748351AT0	QUEST 2006-X1 M1	1,000,000
147	748351AU7	QUEST 2006-X1 M2	2,734,000
148	761118WV6	RALI 2006-Q03 M4	815,000
149	761118WW4	RALI 2006-Q03 M5	815,000
150	761118WX2	RALI 2006-Q03 M6	815,000
151	75114GAJ8	RALI 2006-Q04 M4	1,062,500
152	75114GAM1	RALI 2006-Q04 M7	1,410,000
153	75156UAG2	RAMP 2006-RZ2 M4	2,063,000
154	75156UAH0	RAMP 2006-RZ2 M5	2,063,000
155	75405KAK4	RASC 2006-EMX1 M7	2,000,000
156	76113ACE9	RASC 2006-EMX3 M4	7,000,000
157	76113ACH2	RASC 2006-EMX3 M7	5,700,000
158	45660LCB3	RAST 2004-A10 B2	2,341,000
159	45660LXT1	RAST 2005-A10 B1	7,884,000
160	45661EFS8	RAST 2006-A3CB B1	12,487,000
161	81378PAH1	SABR 2007-BR2 M6	11,645,000
162	81379EAG7	SABR 2007-BR5 M4	1,900,000
163	785778QC8	SACO 2006-1 M2	1,550,000
164	86358EB54	SAIL 2006-1 M4	8,000,000
165	86360KAN8	SAMI 2006-AR3 1B4	7,450,000
166	863579UX4	SARM 2005-15 B2	11,992,000
167	863579UZ9	SARM 2005-15 B4	6,255,000
168	863579VA3	SARM 2005-15 B5	2,085,000
169	86360BAR9	SARM 2006-4 B11	10,000,000
170	86360BAV0	SARM 2006-4 B12	5,000,000
171	863619AL6	SASC 2007-OSI M6	5,925,000
172	83611MNP9	SVHE 2006-2 M7	4,000,000
173	225470V26	TBW 2006-1 CB1	5,452,000
174	92922F3S5	WAMU 2005-AR12 B1	11,140,000
175	92922F4H8	WAMU 2005-AR14 B1	8,700,000
176	92922FE46	WAMU 2005-AR2 B4	8,336,000
177	92922FK49	WAMU 2005-AR6 B6	4,502,000
178	92925CDJ8	WAMU 2006-AR3 B4	1,000,000
179	92925CDL3	WAMU 2006-AR3 B6	750,000
180	93934FQA3	WAMU 2006-AR4 B4	1,200,000
181	93934FLH3	WMALT 2006-1 B1	19,857,000
182	93934FLJ9	WMALT 2006-1 B2	11,680,000
183	93934FJV5	WMALT 2006-AR1 B1	3,575,000
184	93934FQX3	WMALT 2006-AR3 B3	3,400,000
185	939345AN4	WMALT 2006-AR4 B3	6,884,000

Dock Street Capital Management LLC, on behalf of The Bank of New York Mellon Trust Company, National Association, in its capacity as trustee (the "Trustee"), will be conducting sales of certain collateral pledged to the Trustee. The Collateral (as defined herein) will be offered and sold by the Trustee without recourse, representations or covenants, express or implied, being made by the Trustee with respect to the Collateral (except as to title to the Collateral) or with respect to any other information then in the Trustee's possession, including without limitation any offering circular or other financial information. **Location of Sale.** The sales will be held at 575-B Riverside Avenue, Westport, CT 06880. **Additional Information.** Please be advised that the sale of the securities listed above may be made only to the best bidder who is also a qualified bidder and will be subject to a reserve level. For additional information, including with respect to qualified bidder status, and to obtain copies of an Investor Representation and Confidentiality Agreement, contact David Crowle or Jeffrey Holtman by email at dcrowle@dockstreetcap.com or jholtman@dockstreetcap.com, respectively, by phone at (212) 457-8258, by facsimile at (212) 457-8269 or by mail addressed to 575-B Riverside Avenue, Westport, CT 06880. **Disclaimer.** The Trustee is authorized at such sales, if the Trustee deems it advisable or is required by applicable law to do so: (i) to restrict the prospective bidders on or purchasers of the above identified security (the "Collateral") to be sold to those who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of any of such assets, (ii) to verify that each certificate for the security to be sold bears a legend substantially to the effect that such security has not been registered under the Securities Act of 1933, as amended, and may not be disposed of in violation of the provisions of said Act, (iii) to disclaim and to refuse to give any warranty (other than as to title), and (iv) to impose such other limitations or conditions in connection with any such sale as the Trustee deems necessary or advisable.

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The New York Times

WSJ WEEKDAY	1,097,838
NYT WEEKDAY	526,432

Circulation data for WSJ as filed with AAM subject to audit; NYT Dec 2017 Quarterly Data Report. Calculations made by WSJ based on the quarterly data. Pew Research Center: Political Polarization & Media Habits, 2014.

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

26186.71 ▲37.32, or 0.14%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	27.69	20.15
P/E estimate *	19.09	17.50
Dividend yield	2.00	2.42
All-time high	26616.71, 01/26/18	

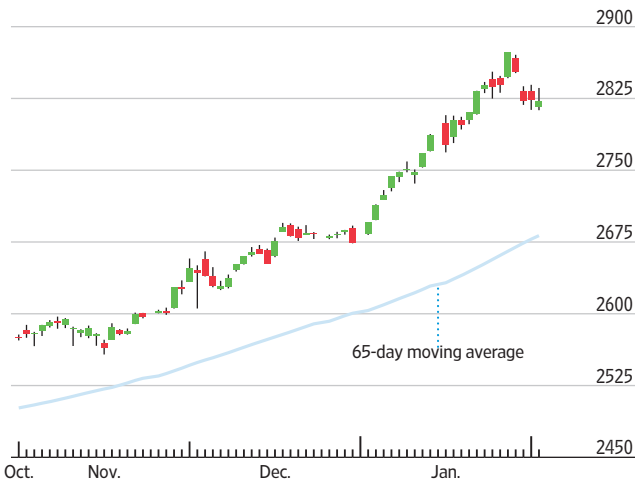
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2821.98 ▼1.83, or 0.06%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.34	24.74
P/E estimate *	18.67	17.52
Dividend yield	1.79	2.12
All-time high:	2872.87, 01/26/18	



Nasdaq Composite Index

7385.86 ▼25.62, or 0.35%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	27.82	20.10
P/E estimate *	21.25	19.15
Dividend yield	0.98	1.16
All-time high:	7505.77, 01/26/18	

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	26306.70	26014.44	**26186.71**	37.32	0.14	26616.71	19884.91	31.7	5.9	15.1
Transportation Avg	10999.25	10856.37	**10920.06**	-52.00	-0.47	11373.38	8783.74	20.0	2.9	8.1
Utility Average	703.46	687.33	**689.24**	-10.01	-1.43	774.47	661.50	4.1	-4.7	2.7
Total Stock Market	29237.23	29014.50	**29107.55**	-7.07	-0.02	29630.47	23716.32	22.7	5.2	11.8
Barron's 400	743.27	736.76	**741.35**	1.36	0.18	757.37	606.11	22.3	4.3	12.2
Nasdaq Stock Market										
Nasdaq Composite	7441.09	7362.28	**7385.86**	-25.62	-0.35	7505.77	5636.20	31.0	7.0	16.8
Nasdaq 100	6970.76	6879.02	**6901.50**	-48.48	-0.70	7022.97	5147.70	34.1	7.9	18.5
S&P										
500 Index	2835.96	2812.70	**2821.98**	-1.83	-0.06	2872.87	2280.85	23.7	5.5	12.3
MidCap 400	1960.71	1946.07	**1957.25**	3.28	0.17	1995.23	1681.04	16.2	3.0	10.9
SmallCap 600	964.73	955.29	**963.92**	4.53	0.47	979.57	815.62	16.4	3.0	12.9
Other Indexes										
Russell 2000	1582.28	1568.85	**1579.87**	4.88	0.31	1610.71	1345.24	16.4	2.9	10.7
NYSE Composite	13414.78	13324.32	**13381.97**	14.01	0.10	13637.02	11215.39	19.3	4.5	8.3
Value Line	578.49	574.48	**576.98**	0.09	0.02	589.69	503.24	12.7	2.6	5.9
NYSE Arca Biotech	4824.66	4768.04	**4807.69**	36.01	0.75	4939.86	3263.99	47.3	13.9	9.1
NYSE Arca Pharma	568.94	560.47	**566.41**	1.92	0.34	593.12	482.37	17.4	3.9	1.5
KBW Bank	116.52	114.99	**116.52**	1.22	1.06	116.52	88.02	27.9	9.2	20.4
PHLX§ Gold/Silver	88.34	86.60	**87.60**	-0.06	-0.07	96.72	76.42	-5.9	2.7	3.3
PHLX§ Oil Service	159.33	155.29	**158.44**	3.23	2.08	183.12	117.79	-11.6	5.9	-5.4
PHLX§ Semiconductor	1374.87	1349.90	**1355.07**	-6.43	-0.47	1392.86	959.08	41.3	8.1	27.5
Cboe Volatility	14.30	12.50	**13.47**	-0.07	-0.52	16.04	9.14	12.9	22.0	-13.7

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	14,144.8	282.38	0.80	0.28	282.47	281.18
Apple	AAPL	9,662.7	173.60	5.82	3.47	174.27	162.54
Enterprise Pdts Partners	EPD	7,831.5	28.08	...	unch.	28.09	28.00
Energy Transfer Partners	ETP	6,871.8	20.15	0.03	0.15	20.27	20.10
Energy Transfer Equity	ETE	6,294.8	18.18	...	unch.	18.35	18.18
iShares MSCI Emg Markets	EEM	4,699.2	50.47	0.13	0.26	50.55	50.33
PwrShrs QQQ Tr Series 1	QQQ	4,243.5	169.23	1.27	0.76	169.31	167.51
SPDR Bloomberg HY Bd	JNK	3,895.1	36.50	0.05	0.14	36.50	36.45

Percentage gainers...

Tableau Software	DATA	94.3	87.00	9.91	12.86	87.08	73.00
Trinity Place Holdings	TPHS	7.5	7.44	0.64	9.35	7.44	6.80
Credit Suisse S&P MLP Idx	MLPO	440.0	15.43	1.16	8.13	15.43	15.43
Viavi Solutions	VIAV	24.2	9.31	0.64	7.38	9.50	8.67
athenahealth	ATHN	50.3	134.12	9.21	7.37	146.79	124.91

...And losers

Impinj	PI	128.4	16.70	-6.16	-26.95	23.50	16.40
Natural Grocers	NGVC	19.5	7.20	-1.83	-20.27	9.55	6.00
OSI Systems	OSIS	49.9	56.00	-10.60	-15.92	68.25	53.31
Atara Biotherapeutics	ATRA	6.1	33.20	-2.75	-7.65	36.00	33.00
Mattel Inc	MAT	542.9	14.15	-1.17	-7.64	15.55	13.95

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	900,331,147	15,598,078
Adv. volume*	457,516,895	9,256,889
Decl. volume*	434,326,447	5,562,191
Issues traded	3,090	336
Advances	1,322	141
Declines	1,662	170
Unchanged	106	25
New highs	88	1
New lows	131	20
Closing tick	208	15
Closing Arms†	0.76	0.40
Block trades*	7,049	168

	Nasdaq	NYSE Arca
Total volume*	2,260,833,286	313,561,048
Adv. volume*	989,114,590	120,045,686
Decl. volume*	1,214,966,554	191,866,231
Issues traded	3,081	1,381
Advances	1,475	581
Declines	1,462	777
Unchanged	144	23
New highs	89	26
New lows	88	57
Closing tick	129	27
Closing Arms†	1.24	1.16
Block trades*	8,791	1,601

* Primary market NYSE, NYSE American NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	Latest % chg	YTD % chg
World	**The Global Dow**	**3269.69**	0.96	0.03	5.9
	DJ Global Index	**418.55**	–0.19	–0.04	5.4
	DJ Global ex U.S.	**281.14**	–0.14	–0.05	5.4
Americas	**DJ Americas**	**675.87**	–0.30	–0.04	5.2
Brazil	**Sao Paulo Bovespa**	**85495.24**	582.54	0.69	11.9
Canada	**S&P/TSX Comp**	**15860.92**	–90.75	–0.57	–2.1
Mexico	**S&P/BMV IPC**	**50591.15**	134.98	0.27	2.5
Chile	**Santiago IPSA**	**4429.03**	5.44	0.12	5.2
EMEA	**Stoxx Europe 600**	**393.49**	–1.97	–0.50	1.1
Eurozone	**Euro Stoxx**	**395.67**	–2.16	–0.54	2.6
Belgium	**Bel-20**	**4103.63**	–8.02	–0.20	3.2
France	**CAC 40**	**5454.55**	–27.38	–0.50	2.7
Germany	**DAX**	**13003.90**	–185.58	–1.41	0.7
Israel	**Tel Aviv**	**1540.28**	–7.27	–0.47	2.0
Italy	**FTSE MIB**	**23541.46**	34.40	0.15	7.7
Netherlands	**AEX**	**556.87**	–3.65	–0.65	2.3
Russia	**RTS Index**	**1293.10**	10.74	0.84	12.0
Spain	**IBEX 35**	**10399.00**	–52.50	–0.50	3.5
Sweden	**SX All Share**	**581.12**	2.83	0.49	2.2
Switzerland	**Swiss Market**	**9290.92**	–44.48	–0.48	–1.0
U.K.	**FTSE 100**	**7490.39**	–43.16	–0.57	–2.6
Asia-Pacific					
Australia	**S&P/ASX 200**	**6090.10**	52.40	0.87	0.4
China	**Shanghai Composite**	**3446.98**	–33.85	–0.97	4.2
Hong Kong	**Hang Seng**	**32642.09**	–245.18	–0.75	9.1
India	**S&P BSE Sensex**	**35906.66**	–58.36	–0.16	5.4
Japan	**Nikkei Stock Avg**	**23486.11**	387.82	1.68	3.2
Singapore	**Straits Times**	**3547.23**	13.24	0.37	4.2
South Korea	**Kospi**	**2568.54**	2.08	0.08	4.1
Taiwan	**Weighted**	**11160.25**	56.46	0.51	4.9

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
QuinStreet	QNST	12.96	3.63	38.91	13.15	2.96	282.3
Liquidity Services	LQDT	6.50	1.70	35.42	9.95	4.34	-32.6
Zion Oil Gas	ZN	2.69	0.58	27.49	6.90	1.07	106.9
Biostar Pharmaceuticals	BSPM	3.60	0.70	24.14	5.97	1.18	24.1
Intellicheck	IDN	2.56	0.43	20.37	4.55	1.80	-10.0
Cimpress	CMPR	153.01	25.60	20.09	155.08	78.80	83.1
Revolution Lighting Techs	RVLT	4.19	0.64	18.03	9.17	2.95	-37.2
Qorvo	QRVO	83.34	11.57	16.12	85.24	61.12	31.6
Ezcorp Cl A	EZPW	13.50	1.70	14.41	13.55	7.55	36.4
eBay	EBAY	46.19	5.61	13.82	46.99	31.80	44.5
Sol-Gel Technologies	SLGL	13.64	1.64	13.67	...	...	...
Erin Energy	ERN	3.40	0.40	13.33	4.00	1.15	-2.9
Open Text	OTEX	38.60	4.35	12.70	40.31	30.88	15.9
China Internet Nationwide	CIFS	43.66	4.87	12.55	66.10	10.81	...
Nokia ADR	NOK	5.40	0.59	12.27	6.65	4.51	12.0

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Proteostasis Therapeutics	PTI	3.20	-1.43	-30.89	16.67	1.41	-77.7
Resolute Forest Products	RFP	8.15	-3.35	-29.13	12.15	4.10	83.1
NIC	EGOV	13.30	-3.30	-19.88	22.68	12.95	-39.1
iPic Entertainment	IPIC	15.14	-3.36	-18.16	...	...	...
Guess	GES	15.11	-3.26	-17.75	19.62	9.56	18.0
Electro Scientific Inds	ESIO	19.56	-3.86	-16.48	27.72	6.17	183.1
Rada Electronic Inds	RADA	1.94	-0.38	-16.38	3.86	1.00	54.0
Owens Minor	OMI	17.78	-3.28	-15.57	36.73	17.18	-50.3
Ossen Innovation ADR	OSN	3.92	-0.72	-15.52	8.90	1.50	56.8
Civitas Solutions	CIVI	15.00	-2.55	-14.53	19.95	13.45	-18.5
Meredith Corp	MDP	56.65	-9.49	-14.35	72.25	50.63	-7.4
DPW Holdings	DPW	1.95	-0.31	-13.72	5.95	0.40	219.7
Akari Therapeutics ADR	AKTX	2.48	-0.38	-13.29	22.20	2.36	-64.6
China Recycling Energy	CREG	2.32	-0.35	-13.10	9.39	0.95	34.9
Eastman Kodak	KODK	6.95	-1.00	-12.58	15.30	2.95	-47.3

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
SPDR S&P 500	SPY	75,814	-6.6	281.58	-0.11	286.63	226.82
iPath S&P 500 VIX ST Fut	VXX	68,186	82.4	29.01	-3.17	77.64	25.59
Nokia ADR	NOK	67,859	366.4	5.40	12.27	6.65	4.51
iShares MSCI Emg Markets	EEM	67,440	23.6	50.34	-1.35	52.08	37.39
Advanced Micro Devices	AMD	65,415	21.4	13.25	-3.57	15.65	9.70
Bank of America	BAC	61,288	-9.9	32.50	1.56	32.50	22.07
AT&T	T	58,960	71.0	39.16	4.57	42.70	32.55
Finl Select Sector SPDR	XLF	58,885	0.9	30.02	0.94	30.33	22.00
Akers Biosciences	AKER	56,593	888.1	0.36	28.33	2.90	0.12
ProSharesUltVIXST	UVXY	54,553	77.4	10.80	-6.49	99.80	8.52

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Hunter Maritime Acqn	HUNT	500	8262	9.80	0.00	10.50	7.99
VICI Properties	VICI	24,444	5785	20.89	-5.05	...	...
iShares Core 1-5Y USD Bd	ISTB	5,976	3472	49.45	-0.28	50.47	49.44
GS ActiveBeta Europe	GSEU	201	3286	33.63	0.50	33.94	26.07
Guggenheim S&P 500 EW Con	RCD	187	3050	104.68	-0.75	108.68	89.01
VanEck NDR CMG Long/Flat	LFEQ	204	2360	27.66	-0.28	28.49	25.13
Fidelity MSCI Real Est	FREL	3,702	2227	23.58	-1.63	25.36	23.12
ProShrs Ultra 7-10 Yr Tr	UST	371	2194	54.19	-0.99	60.83	54.14
PwrShs S&P SmCp Matrls	PSCM	127	1958	53.26	-0.52	55.75	43.76
First Trust Emg Mkt Local	FEMB	206	1743	43.95	0.34	51.08	39.91

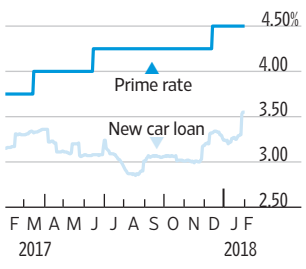
* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS & CURRENCIES

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

New car loan

Bankrate.com avg†:	**3.55%**
Lake Elmo Bank	**1.99%**
Lake Elmo, MN	651-777-8365
UniBank for Savings	**2.24%**
Whitinsville, MA	800-578-4270
TrustCo Bank	**2.37%**
Albany, NY	518-436-9043
Broadway National Bank	**2.50%**
San Antonio, TX	210-283-6500
Cambridge Savings Bank	**2.69%**
Cambridge, MA	888-418-5626

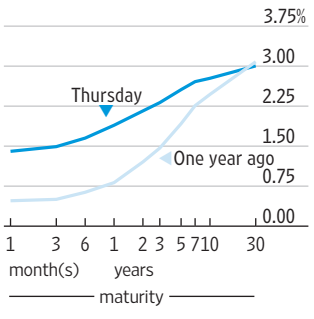
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**1.25-1.50**	1.25-1.50	0.50	1.50	**1.25**
Prime rate*	**4.50**	4.50	3.75	4.50	**1.25**
Libor, 3-month	**1.79**	1.76	1.03	1.79	**1.53**
Money market, annual yield	**0.30**	0.35	0.25	0.36	**-0.12**
Five-year CD, annual yield	**1.55**	1.54	1.20	1.55	**0.09**
30-year mortgage, fixed†	**4.27**	4.16	3.73	4.33	**0.55**
15-year mortgage, fixed†	**3.68**	3.62	2.99	3.68	**0.67**
Jumbo mortgages, $424,100-plus†	**4.83**	4.47	4.21	4.87	**0.37**
Five-year adj mortgage (ARM)†	**4.32**	4.20	3.20	4.32	**0.82**
New-car loan, 48-month	**3.55**	3.29	2.85	3.55	**0.61**

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

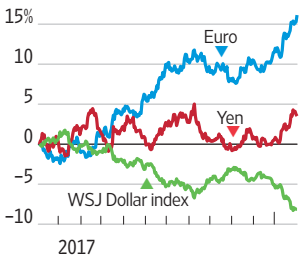
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1432.683	**2.587**	2.467	2.587	1.818	**0.565**	–0.387
10-yr Treasury, Ryan ALM	1679.707	**2.773**	2.628	2.773	2.058	**–0.407**	–1.299
DJ Corporate	376.873	**3.419**	3.294	3.419	2.879	**4.473**	2.275
Aggregate, Barclays Capital	1917.420	**3.000**	2.890	3.000	2.380	**2.004**	1.053
High Yield 100, Merrill Lynch	2872.442	**5.711**	5.463	5.890	4.948	**5.399**	4.677
Fixed-Rate MBS, Barclays	1960.050	**3.200**	3.100	3.200	2.660	**1.193**	1.114
Muni Master, Merrill	516.742	**2.362**	2.250	2.362	1.736	**2.967**	1.581
EMBI Global, J.P. Morgan	805.759	**5.650**	5.598	5.934	5.279	**7.016**	6.617

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Thurs in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0517	19.3555	4.0
Brazil real	.3158	3.1669	–4.4
Canada dollar	.8152	1.2267	–2.4
Chile peso	.001673	597.60	–2.9
Ecuador US dollar	1	1	unch
Mexico peso	.0545	18.3450	–6.7
Uruguay peso	.03515	28.4500	–1.2
Venezuela b. fuerte	.099843	10.0158	–3.2
Asia-Pacific			
Australian dollar	.8040	1.2438	–2.9
China yuan	.1587	6.3031	–3.1
Hong Kong dollar	.1279	7.8189	0.1
India rupee	.01565	63.890	0.03
Indonesia rupiah	.0000746	13397	–0.6
Japan yen	.009140	109.41	–2.9
Kazakhstan tenge	.003102	322.36	–3.1
Macau pataca	.1242	8.0530	0.1
Malaysia ringgit	.2563	3.9010	–3.9
New Zealand dollar	.7396	1.3521	–4.1
Pakistan rupee	.00904	110.570	–0.1
Philippines peso	.0194	51.611	3.3
Singapore dollar	.7645	1.3080	–2.2
South Korea won	.0009338	1070.94	0.4
Sri Lanka rupee	.0064885	154.12	0.4
Taiwan dollar	.03428	29.170	–1.7
Thailand baht	.03195	31.300	–4.0
Vietnam dong	.00004403	22710	...

Country/currency	Thurs in US$	per US$	US$ vs, YTD chg (%)
Europe			
Czech Rep. koruna	.04966	20.138	–5.4
Denmark krone	.1680	5.9515	–4.1
Euro area euro	1.2507	.7996	–4.0
Hungary forint	.004047	247.08	–4.6
Iceland krona	.010016	99.84	–3.6
Norway krone	.1308	7.6432	–6.9
Poland zloty	.3010	3.3218	–4.5
Russia ruble	.01789	55.894	–3.1
Sweden krona	.1275	7.8426	–4.2
Switzerland franc	1.0794	.9264	–4.9
Turkey lira	.2680	3.7315	–1.7
Ukraine hryvnia	.0360	27.7719	–1.3
UK pound	1.4261	.7012	–5.2
Middle East/Africa			
Bahrain dinar	2.6540	.3768	–0.1
Egypt pound	.0567	17.6480	–0.7
Israel shekel	.2917	3.4283	–1.5
Kuwait dinar	3.3377	.2996	–0.6
Oman sul rial	2.5973	.3850	0.02
Qatar rial	.2745	3.643	–0.2
Saudi Arabia riyal	.2666	3.7503	...
South Africa rand	.0844	11.8528	–4.1

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	82.97	–0.25	–0.30	**–3.50**

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Thursday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	**640.19**	0.66	**0.10**	645.87	532.01	**10.72**	2.37
TR/CC CRB Index	**198.35**	0.97	**0.49**	200.52	166.50	**2.49**	2.31
Crude oil, $ per barrel	**65.80**	1.07	**1.65**	66.14	42.53	**22.90**	8.90
Natural gas, $/MMBtu	**2.856**	-0.139	**-4.64**	3.63	2.56	**-10.39**	-3.28
Gold, $ per troy oz.	**1344.30**	5.30	**0.40**	1362.40	1200.10	**10.49**	2.91

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COMMODITIES

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Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Feb	3.1800	3.2075		3.1775	**3.1970**	0.0130	1,216
March	3.1980	3.2225		3.1830	**3.2090**	0.0135	137,068
Gold (CMX)-100 troy oz.; $ per troy oz.							
Feb	1343.80	1350.60		1336.80	**1344.30**	5.30	3,634
April	1348.20	1354.30		1340.20	**1347.90**	4.80	398,709
June	1352.50	1359.40		1345.70	**1353.10**	4.70	74,116
Aug	1356.30	1364.40		1351.50	**1358.60**	4.70	25,304
Oct	1360.80	1368.70		1360.00	**1364.00**	4.70	4,925
Dec	1371.70	1375.80		1362.40	**1369.60**	4.50	34,385
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
March	1027.55	1038.00	▼	1012.35	**1024.70**	1.15	31,039
June	1023.35	1034.40	▼	1007.45	**1020.80**	2.65	4,320
Sept	1012.70	1012.70		1012.70	**1015.05**	2.25	320
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Feb	...	...		...	**1004.80**	3.50	9
April	1006.00	1013.40		995.90	**1007.80**	3.50	85,770
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Feb	...	...		...	**17.118**	–0.086	11
March	17.295	17.375		17.070	**17.155**	–0.086	126,497
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
March	64.76	66.25		64.63	**65.80**	1.07	578,697
April	64.53	65.96		64.43	**65.55**	0.99	248,405
May	64.23	65.61		64.15	**65.21**	0.90	193,079
June	63.86	65.18		63.80	**64.80**	0.84	294,147
July	63.50	64.67		63.37	**64.32**	0.79	122,000
Dec	60.86	61.86		60.83	**61.61**	0.60	253,382
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
March	2.0664	2.0981		2.0653	**2.0904**	.0240	175,139
April	2.0535	2.0853		2.0535	**2.0783**	.0236	79,479
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
March	1.8947	1.9099		1.8781	**1.8958**	.0021	167,292
April	2.0653	2.0824		2.0562	**2.0736**	.0090	81,383
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
March	2.956	2.978		2.837	**2.856**	–.139	350,376
April	2.840	2.849		2.771	**2.793**	–.067	161,021
May	2.833	2.844		2.777	**2.796**	–.058	183,896
June	2.868	2.874		2.812	**2.831**	–.055	65,584
July	2.908	2.910		2.852	**2.872**	–.052	94,203
Oct	2.907	2.915		2.858	**2.877**	–.047	117,875

Agriculture Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
March	360.75	362.00		358.50	**361.75**	.25	747,339
May	369.00	370.25	▲	366.50	**370.00**	.50	310,512
Oats (CBT)-5,000 bu.; cents per bu.							
March	265.75	270.00		265.50	**267.25**	1.75	2,994
May	266.00	269.00		264.75	**267.25**	1.50	2,827
Soybeans (CBT)-5,000 bu.; cents per bu.							
March	995.25	995.50		977.50	**985.00**	–10.75	322,889
May	1006.75	1006.75		989.00	**996.50**	–10.50	202,319
Soybean Meal (CBT)-100 tons; $ per ton.							
March	337.80	337.90		330.70	**334.00**	–3.80	154,112
May	341.60	341.70		334.40	**337.70**	–3.80	125,156
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
March	33.00	33.20		32.83	**32.90**	–.17	203,634
May	33.28	33.41		33.03	**33.10**	–.18	128,413
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
March	1241.50	1245.00		1235.00	**1240.50**	–3.50	6,830
May	1271.00	1271.00		1262.00	**1268.00**	–3.00	1,708
Wheat (CBT)-5,000 bu.; cents per bu.							
March	451.00	451.50		443.25	**451.00**	–.75	250,969
May	464.50	464.75		456.50	**464.25**	–1.25	121,046
Wheat (KC)-5,000 bu.; cents per bu.							
March	465.75	469.00	▲	457.50	**467.00**	–.25	131,128
May	480.50	483.75		472.25	**481.75**	–.25	74,927
Wheat (MPLS)-5,000 bu.; cents per bu.							
March	607.50	612.50		605.50	**611.75**	4.50	29,831
May	618.75	623.25		616.75	**622.50**	4.25	15,100
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
March	145.825	149.550	▲	145.425	**149.550**	4.500	27,344
April	146.725	150.325	▲	146.300	**150.125**	4.275	9,085
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Feb	124.600	126.825	▲	124.250	**126.425**	2.575	31,031
April	123.500	125.925		123.250	**125.925**	3.000	149,612
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Feb	73.750	74.950	▲	73.700	**74.825**	1.600	15,961
April	72.400	73.300		72.225	**72.825**	.575	101,998
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
March	474.20	479.90		472.90	**475.10**	4.20	5,513
May	470.20	474.20		469.60	**470.30**	3.10	1,404
Milk (CME)-200,000 lbs., cents per lb.							
Feb	13.42	13.59		13.40	**13.54**	.14	3,672
March	13.56	13.74		13.56	**13.72**	.15	4,256
Cocoa (ICE-US)-10 metric tons; $ per ton.							
March	1,997	2,037	▲	1,986	**2,017**	21	103,227
May	2,017	2,061	▲	2,010	**2,040**	20	80,641
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
March	121.70	122.30		120.35	**121.40**	–.45	107,870
May	124.20	124.60		122.70	**123.75**	–.45	67,034
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
March	13.23	13.44		13.23	**13.37**	.14	386,510
May	13.37	13.53		13.37	**13.49**	.12	241,656
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
March	25.86	25.86		25.80	**25.85**	.15	2,537
May	26.51	26.51		26.50	**26.50**	–.10	2,804
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
March	77.30	79.93		77.16	**78.35**	1.07	130,871
May	78.33	80.82		78.30	**79.45**	1.09	90,806
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
March	147.25	150.50		146.05	**149.00**	.30	7,107
May	147.05	151.10		147.05	**149.75**	.05	2,230

Interest Rate Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
March	148-010	148-020		146-030	**146-180**	–1-08.0	802,571
June	146-160	146-250		145-040	**145-170**	–1-08.0	2,548
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	121-215	121-215		121-025	**121-070**	–11.5	3,574,512
June	121-025	121-025		120-180	**120-230**	–12.0	44,492
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	114-237	114-237		114-155	**114-175**	–5.2	3,399,915
June	114-122	114-145		114-067	**114-085**	–5.7	23,597
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
March	106-195	106-202		106-180	**106-187**	–1.0	1,979,870
June	106-107	106-127		106-105	**106-112**	–1.0	18,153
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Feb	98.583	98.583		98.578	**98.580**	...	235,038
April	98.355	98.360	▼	98.350	**98.355**	...	236,024
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
March	94.891	95.094	▼	94.422	**94.703**	–.484	28,185
1 Month Libor (CME)-$3,000,000; pts of 100%							
March	98.2225	98.2225	▼	98.2225	**98.2200**	–.0075	102
April	98.2025	98.2025	▼	98.2025	**98.2050**	–.0050	125
Eurodollar (CME)-$1,000,000; pts of 100%							
Feb	98.1875	98.1875	▼	98.1775	**98.1800**	–.0075	181,589
June	97.9050	97.9050	▼	97.8850	**97.8900**	–.0100	1,448,240
Dec	97.6150	97.6200	▼	97.5900	**97.6050**	–.0100	1,840,940
Dec'19	97.3100	97.3100		97.2500	**97.2650**	–.0400	1,653,250

Currency Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Feb	.9170	.9172		.9120	**.9148**	–.0027	587
March	.9181	.9189		.9134	**.9162**	–.0027	256,348
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Feb	.8134	.8155		.8116	**.8151**	.0020	545
March	.8128	.8163		.8114	**.8153**	.0021	173,248
British Pound (CME)-£62,500; $ per £							
Feb	1.4214	1.4283		1.4181	**1.4273**	.0087	1,643
March	1.4222	1.4302		1.4181	**1.4287**	.0087	222,420
Swiss Franc (CME)-CHF 125,000; $ per CHF							
March	1.0774	1.0839	▲	1.0740	**1.0816**	.0040	70,925
June	1.0856	1.0926	▲	1.0822	**1.0897**	.0040	297
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Feb	.8066	.8066		.7988	**.8034**	–.0015	1,365
March	.8059	.8066		.7986	**.8034**	–.0015	140,830
April	.8045	.8065		.7992	**.8034**	–.0016	553
May	.8017	.8065		.7993	**.8034**	–.0015	145
June	.8064	.8064		.7989	**.8035**	–.0015	1,872
Dec	.8085	.8097	▲	.8085	**.8043**	–.0015	285
Mexican Peso (CME)-MXN 500,000; $ per MXN							
March	.05338	.05424	▲	.05320	**.05413**	.00080	188,915
June	.05252	.05334	▲	.05239	**.05332**	.00080	1,262
Euro (CME)-€125,000; $ per €							
Feb	1.2439	1.2532		1.2408	**1.2516**	.0090	3,151
March	1.2448	1.2558		1.2419	**1.2538**	.0090	568,011

Index Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
March	26162	26280		25922	**26172**	36	153,288
June	26214	26314		25966	**26211**	32	663
S&P 500 Index (CME)-$250 x index							
March	2832.20	2837.10		2810.20	**2822.40**	–3.40	77,110
Mini S&P 500 (CME)-$50 x index							
March	2828.75	2837.25		2809.50	**2822.50**	–3.25	3,295,548
June	2834.00	2841.75		2814.25	**2827.00**	–3.25	87,846
Mini S&P Midcap 400 (CME)-$100 x index							
March	1957.40	1963.70		1946.40	**1958.20**	4.00	90,006
Mini Nasdaq 100 (CME)-$20 x index							
March	6973.0	6987.8		6884.8	**6898.5**	–64.0	256,844
June	7000.5	7011.5		6910.5	**6923.5**	–64.3	2,279
Mini Russell 2000 (ICE-US)-$100 x index							
March	1579.70	1584.90		1565.60	**1582.40**	6.30	23,075
June	1580.20	1583.30		1579.80	**1585.90**	6.30	19
Mini Russell 1000 (ICE-US)-$100 x index							
March	1554.00	1568.30		1554.00	**1561.00**	–1.40	256
U.S. Dollar Index (ICE-US)-$1,000 x index							
March	88.94	89.17		88.39	**88.51**	–.45	43,564
June	88.64	88.85		88.10	**88.19**	–.44	1,608

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Thursday, February 01, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Thursday
Energy	
Propane,tet,Mont Belvieu-g	0.8829
Butane,normal,Mont Belvieu-g	0.9846
NaturalGas,HenryHub-i	3.020
NaturalGas,TranscoZone3-i	3.010
NaturalGas,TranscoZone6NY-i	7.870
NaturalGas,PanhandleEast-i	2.410
NaturalGas,Opal-i	2.250
NaturalGas,MarcellusNE PA-i	2.770
NaturalGas,HaynesvilleN.LA-i	2.900
Coal,C.Aplc,12500Btu,1.2SO2-r,w	60.100
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	12.250
Metals	
Gold, per troy oz	
Engelhard industrial	1343.43
Engelhard fabricated	1444.19
Handy & Harman base	1341.35
Handy & Harman fabricated	1488.89
LBMA Gold Price AM	*1343.35
LBMA Gold Price PM	*1345.05
Krugerrand,wholesale-e	1398.70
Maple Leaf-e	1412.15
American Eagle-e	1412.15
Mexican peso-e	1629.55
Austria crown-e	1321.27
Austria phil-e	1412.15
Silver, troy oz.	
Engelhard industrial	17.1500
Engelhard fabricated	20.5800
Handy & Harman base	17.1250
Handy & Harman fabricated	21.4060
LBMA spot price	£12.0900
(U.S.$ equivalent)	17.1900
Coins,wholesale $1,000 face-a	12684
Other metals	
LBMA Platinum Price PM	*1003.0
Platinum,Engelhard industrial	999.0
Platinum,Engelhard fabricated	1099.0
Palladium,Engelhard industrial	1044.0
Palladium,Engelhard fabricated	1144.0
Aluminum, LME, $ per metric ton	*2224.5
Copper,Comex spot	3.1970
Iron Ore, 62% Fe CFR China-s	72.7
Shredded Scrap, US Midwest-s,m	339
Steel, HRC USA, FOB Midwest Mill-s	717
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.6500
Cotton,11/16 std lw-mdMphs-u	0.7735
Cotlook 'A' Index-t	*87.60
Hides,hvy native steers piece fob-u	65.750
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	4.85
Bran,wheat middlings, KC-u	125
Corn,No. 2 yellow,Cent IL-bp,u	3.4100
Corn gluten feed,Midwest-u,w	103.7
Corn gluten meal,Midwest-u,w	470.4
Cottonseed meal-u,w	298
Hominy feed,Cent IL-u,w	98
Meat-bonemeal,50% pro Mnpls-u,w	218
Oats,No.2 milling,Mnpls-u	2.9725
Rice, Long Grain Milled, No. 2 AR-u,w	25.00
Sorghum,(Milo) No.2 Gulf-u	8.4238
SoybeanMeal,Cent IL,rail,ton48%-u	329.50
Soybeans,No.1 yllw IL-bp,u	9.5000
Wheat,Spring14%-pro Mnpls-u	7.1925
Wheat,No.2 soft red,St.Louis-bp,u	4.5850
Wheat - Hard - KC (USDA) $ per bu-u	4.5700
Wheat,No.1soft white,Portld,OR-u	5.3700
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	193.27
select 1-3,600-900 lbs.-u	187.58
Broilers, National comp wghtd-u,w	0.9272
Butter,AA Chicago	2.1225
Cheddar cheese,bbl,Chicago	132.25
Cheddar cheese,blk,Chicago	146.25
Milk,Nonfat dry,Chicago lb.	71.00
Cocoa,Ivory Coast-w	2253
Coffee,Brazilian,Comp	1.2218
Coffee,Colombian, NY	1.4303
Eggs,large white,Chicago-u	1.5150
Flour,hard winter KC	15.30
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	71.39
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.8241
Steers,Tex.-Okla. Choice-u	126.00
Steers,feeder,Okla. City-u,w	169.25
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	28.5000
Grease,choice white,Chicago-h	0.2250
Lard,Chicago-u	0.3250
Soybean oil,crude;Centl IL-u	0.3150
Tallow,bleach;Chicago-h	0.2500
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 1/31

Source: WSJ Market Data Group

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1917.42	-1.4	U.S. Aggregate	3.000	2.380	3.000
U.S. Corporate Indexes Bloomberg Barclays					
2765.67	-1.2	U.S. Corporate	3.490	3.030	3.500
2596.41	-0.9	Intermediate	3.170	2.530	3.170
3865.07	-1.9	Long term	4.180	3.990	4.680
561.55	-1.3	Double-A-rated	3.000	2.470	3.000
716.65	-0.9	Triple-B-rated	3.750	3.340	3.830
High Yield Bonds Merrill Lynch					
419.86	0.5	High Yield Constrained	5.849	5.373	6.189
429.98	2.3	Triple-C-rated	10.012	9.584	11.091
2872.44	0.4	High Yield 100	5.711	4.948	5.890
381.06	0.6	Global High Yield Constrained	5.211	4.934	5.738
307.67	0.4	Europe High Yield Constrained	2.431	1.897	3.196
U.S Agency Bloomberg Barclays					
1623.35	-0.9	U.S Agency	2.470	1.690	2.470
1454.37	-0.5	10-20 years	2.340	1.490	2.340
3292.76	-2.8	20-plus years	3.220	2.730	3.410
2442.86	-0.9	Yankee	3.200	2.610	3.200
Mortgage-Backed Bloomberg Barclays					
1960.05	-1.4	Mortgage-Backed	3.200	2.660	3.200
1927.68	-1.3	Ginnie Mae (GNMA)	3.160	2.630	3.170
1149.00	-1.5	Fannie mae (FNMA)	3.210	2.670	3.210
1770.00	-1.5	Freddie Mac (FHLMC)	3.220	2.680	3.220
516.74	-1.1	Muni Master	2.362	1.736	2.362
359.38	-1.7	7-12 year	2.478	1.744	2.478
405.57	-1.6	12-22 year	2.756	2.213	2.872
393.63	-1.7	22-plus year	3.136	2.716	3.449
Global Government J.P. Morgan†					
538.55	-1.0	Global Government	1.590	1.300	1.590
745.19	-1.3	Canada	2.310	1.570	2.310
369.46	-0.3	EMU§	1.216	0.956	1.363
703.67	-1.0	France	1.000	0.690	1.210
501.21	-1.2	Germany	0.690	0.210	0.690
287.87	-0.3	Japan	0.430	0.340	0.460
553.97	-1.2	Netherlands	0.780	0.390	0.790
909.81	-2.3	U.K.	1.720	1.340	1.720
805.76	-0.3	Emerging Markets**	5.650	5.279	5.934

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds

** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.000	**U.S.** 2	**2.161** ▲	2.149	1.887	1.217			
2.250	10	**2.776** ▲	2.705	2.410	2.472			
4.500	**Australia** 2	**2.006** ▼	2.035	1.970	1.806	**-15.5**	-11.4	**58.9**
2.750	10	**2.792** ▼	2.801	2.643	2.742	**1.6**	9.6	**27.0**
0.000	**France** 2	**-0.404** ▼	-0.397	-0.468	-0.483	**-256.5**	-254.6	**-169.9**
0.750	10	**0.975** ▲	0.971	0.779	1.087	**-180.1**	-173.4	**-138.5**
0.000	**Germany** 2	**-0.540** ▼	-0.521	-0.616	-0.714	**-270.1**	-266.9	**-193.0**
0.500	10	**0.724** ▲	0.698	0.430	0.469	**-205.2**	-200.8	**-200.3**
0.050	**Italy** 2	**-0.209** ▼	-0.172	-0.134	0.036	**-237.0**	-232.0	**-118.0**
2.050	10	**1.959** ▼	2.020	1.989	2.320	**-81.7**	-68.6	**-15.2**
0.100	**Japan** 2	**-0.127** ▲	-0.134	-0.138	-0.225	**-228.8**	-228.3	**-144.2**
0.100	10	**0.095** ▲	0.086	0.050	0.095	**-268.1**	-261.9	**-237.7**
2.750	**Spain** 2	**-0.379** ▼	-0.364	-0.365	-0.252	**-254.0**	-251.3	**-146.8**
1.450	10	**1.399** ▼	1.429	1.541	1.679	**-137.7**	-127.7	**-79.4**
1.750	**U.K.** 2	**0.668** ▼	0.671	0.435	0.144	**-149.3**	-147.7	**-107.2**
4.250	10	**1.534** ▲	1.515	1.191	1.555	**-124.**	-119.1	**-91.8**

Source: Tullett Prebon

Corporate Debt

in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Nippon Life Insurance	NIPLIF	5.000	Oct. 18, '42	53	-35	89	...	...
Societe Generale	SOCGEN	7.875	Dec. 18, '49	194	-33	218	...	...
Dai-Ichi Life Holdings	DAIL	7.250	July 25, '49	42	-21	n.a.	...	...
Viacom	VIA	5.875	Feb. 28, '57	225	-17	246	38.95	...
XLIT	XL	4.450	March 31, '25	141	-17	n.a.	36.79	-0.14
Australia & New Zealand Banking	ANZ	2.300	June 1, '21	44	-13	57	...	...
Microsoft	MSFT	2.400	Aug. 8, '26	32	-13	45	94.26	-0.79
AT&T	T	4.550	March 9, '49	185	-13	203	39.16	4.57

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Royal Bank of Scotland	RBS	7.500	Aug. 10, '49	212	12	173	8.39	0.72
International Business Machines	IBM	1.625	May 15, '20	32	7	29	162.40	-0.79
Qualcomm	QCOM	3.000	May 20, '22	72	7	70	66.80	-2.12
Broadcom	AVGO	3.500	Jan. 15, '28	158	5	151	238.79	-3.73
Credit Suisse Funding	CS	3.125	Dec. 10, '20	77	5	77	...	...
Enel SpA*	ENELIM	8.750	Sept. 24, '73	105	5	100	...	...
Allergan Funding Scs	AGN	3.000	March 12, '20	65	4	63	...	...

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
Iheartcommunications	IHRT	11.250	March 1, '21	77.250	4.25	70.938	...	...
Revlon Consumer Products	REV	5.750	Feb. 15, '21	78.625	2.50	71.800	...	...
Petroleum Geo Services ASA*	PGSNO	7.375	Dec. 15, '20	101.000	2.25	96.000	...	...
California Resources	CRC	8.000	Dec. 15, '22	84.750	1.06	87.000	22.95	8.61
Lennar	LEN	4.500	June 15, '19	102.919	1.04	n.a.	62.84	0.29
Athabasca Oil	ATHCN	9.875	Feb. 24, '22	101.500	0.88	102.250	...	...
Stena International S.A.	STENA	5.750	March 1, '24	94.625	0.88	n.a.	...	...
VICI Properties 1	VICIPR	8.000	Oct. 15, '23	113.125	0.88	112.250	...	...

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Mattel	MAT	6.750	Dec. 31, '25	98.000	-3.50	102.500	15.32	-3.28
Resolute Forest Products	RFP	5.875	May 15, '23	101.550	-2.45	103.875	8.15	-29.13
Southwestern Energy	SWN	7.500	April 1, '26	102.500	-2.25	106.252	4.22	-0.47
Ultra Resources	UPL	7.125	April 15, '25	97.750	-2.13	n.a.	...	...
MGM Grwth Properties Oprtng Prtnrshp	MGMGPO	4.500	Sept. 1, '26	97.625	-1.75	99.625	...	...
IQVIA	RX	4.875	May 15, '23	101.840	-1.66	103.875	...	...
Gulfport Energy	GPOR	6.375	May 15, '25	100.000	-1.50	103.000	9.78	-3.83
Mallinckrodt International Finance S.A.	MNK	5.625	Oct. 15, '23	84.000	-1.50	87.500	...	...

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.

Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

February 1, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Dec. index level	Chg From (%) Nov. '17	Dec. '16
U.S. consumer price index			
All items	246.524	–0.06	2.1
Core	253.558	0.03	1.8

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	4.50	4.50	4.50	3.75
Canada	3.45	3.45	3.45	2.70
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.50	0.50	0.50	0.25
Australia	1.50	1.50	1.50	1.50
Overnight repurchase				
U.S.	1.43	1.51	1.62	0.48

U.S. government rates

	Latest	Week ago	52-Week High	Low
Discount				
	2.00	2.00	2.00	1.25
Federal funds				
Effective rate	1.4300	1.4200	1.4400	0.6000
High	1.5625	1.6500	1.6500	0.8125
Low	1.4000	1.3000	1.4100	0.4500
Bid	1.4200	1.4100	1.4300	0.5600
Offer	1.4400	1.4300	1.4400	0.6700
Treasury bill auction				
4 weeks	1.440	1.230	1

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:

i-New 52-week high.
l-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, February 1, 2018

Stock	Sym	Close	Net Chg
A B C			
ABB	ABB	28.06	0.19
AECOM	ACM	38.94	-0.17
AES	AES	11.51	-0.05
Aflac	AFL	89.69	1.49
AGNC Invt	AGNC	18.81	0.02
ANGl Homesvcs	ANGI	13.41	0.05
Ansys	ANSS	163.40	1.75
ASML	ASML	201.42	-1.54
AT&T	T	39.16	1.71
AbbottLabs	ABT	62.18	0.02
AbbVie	ABBV	116.34	4.12
i **Abiomed**	ABMD	**253.13**	**18.13**
Accenture	ACN	160.46	-0.24
ActivisionBliz	ATVI	73.35	-0.78
t AcuityBrands	AYI	153.66	-0.78
Adient	ADNT	64.70	-0.10
AdobeSystems	ADBE	199.38	-0.38
AdvanceAuto	AAP	117.29	0.30
AdvMicroDevices	AMD	13.25	-0.49
AdvSemiEngg	ASX	7.06	-0.09
Aegon	AEG	6.88	0.09
AerCap	AER	53.95	-0.15
Aetna	AET	187.39	0.57
AffiliatedMgrs	AMG	201.76	2.13
AgilentTechs	A	72.83	-0.60
AgnicoEagle	AEM	47.14	-0.14
AirProducts	APD	166.79	-1.58
AkamaiTech	AKAM	67.56	0.57
AlaskaAir	ALK	64.08	-1.65
Albemarle	ALB	109.20	-2.39
Alcoa	AA	52.42	0.40
AlexandriaRlEst	ARE	125.22	-4.48
AlexionPharm	ALXN	118.09	-1.23
Alibaba	BABA	**192.22**	**-12.07**
AlignTech	ALGN	255.57	-6.43
Alkermes	ALKS	58.33	1.16
Alleghany	Y	630.38	2.68
Allegion	ALLE	85.17	-0.94
Allergan	AGN	178.54	-1.72
AllianceData	ADS	257.11	0.45
AlliantEnergy	LNT	39.08	-0.67
AllisonTransm	ALSN	45.13	0.89
Allstate	ALL	98.72	-0.05
AllyFinancial	ALLY	30.14	0.37
AlnylamPharm	ALNY	129.43	-0.55
Alphabet C	GOOG	1167.70	-2.24
Alphabet A	GOOGL	1181.59	-0.63
Altaba	AABA	76.01	-3.87
AlticeUSA	ATUS	21.55	0.08
Altria	MO	69.93	-0.41
AlumofChina	ACH	16.39	-0.48
Amazon.com	AMZN	1390.00	-60.89
i Ambev	ABEV	6.95	0.10
Amdocs	DOX	68.15	-0.25
Amerco	UHAL	365.19	0.11
Ameren	AEE	55.21	-1.42
AmericaMovil	AMX	19.20	0.50
i AmericaMovil A	AMOV	19.11	0.58
AmerAirlines	AAL	53.88	-0.44
AEP	AEP	67.84	-0.94
AmerExpress	AXP	100.00	0.60
i **AmericanFin**	AFG	**120.49**	**7.15**
AIG	AIG	64.17	0.25
AmerTowerREIT	AMT	147.06	-0.64
AmerWaterWorks	AWK	81.84	-1.33
Ameriprise	AMP	171.08	2.38
AmerisourceBrgn	ABC	99.29	-0.38
i Ametek	AME	77.91	1.61
Amgen	AMGN	185.56	-0.49
Amphenol	APH	92.82	0.05
AnadarkoPetrol	APC	61.37	1.32
AnalogDevices	ADI	91.65	-0.23
Andeavor	ANDV	106.81	-1.35
AndeavorLog	ANDX	51.99	0.29
AB InBev	BUD	114.10	0.62
AnnalyCap	NLY	10.50	-0.04
AnteroResources	AR	19.46	0.03
Anthem	ANTM	243.93	-3.92
Aon	AON	144.48	2.31
Apache	APA	44.69	-0.18
ApartmtInv	AIV	40.80	-1.04
i ApolloGlbMgmt	APO	36.78	1.03
Apple	AAPL	167.78	0.35
ApplMaterials	AMAT	53.28	-0.35
i Aptiv	APTV	96.02	1.14
AquaAmerica	WTR	35.53	-0.68
Aramark	ARMK	45.71	-0.10
ArcelorMittal	MT	36.12	-0.27
ArchCapital	ACGL	91.24	0.30
ArcherDaniels	ADM	42.46	-0.49
Arconic	ARNC	30.11	0.11
AristaNetworks	ANET	275.00	-0.82
ArrowElec	ARW	82.04	0.70
AstraZeneca	AZN	35.14	0.08
Athene	ATH	51.31	1.15
Atlassian	TEAM	53.26	-0.73
AtmosEnergy	ATO	82.29	-0.61
Autodesk	ADSK	115.57	-0.05
Autohome	ATHM	79.70	-3.58
Autoliv	ALV	148.66	-3.55
ADP	ADP	120.42	-3.21
AutoZone	AZO	764.38	-1.06
t Avalonbay	AVB	164.11	-6.29
Avangrid	AGR	48.56	-0.16
AveryDennison	AVY	120.36	-2.32
AxaltaCoating	AXTA	31.31	-0.19
BB&T	BBT	55.70	0.51
BCE	BCE	46.55	-0.20
BHPBilliton	BHP	49.31	0.29
BHPBilliton	BBL	44.72	0.20
BOK Fin	BOKF	97.61	0.92
BP	BP	43.36	0.57
BRF	BRFS	11.38	0.25
BT Group	BT	18.73	-0.03
BWX Tech	BWXT	64.49	1.05
Baidu	BIDU	240.53	-6.39
BakerHughes	BHGE	32.45	0.30
Ball	BLL	38.35	0.07
BancoBilbaoViz	BBVA	9.35	-0.04
BancodeChile	BCH	104.06	2.51
BancoMacro	BMA	104.60	-3.94
BcoSantChile	BSAC	33.80	-0.25
BcoSantMex	BSMX	7.85	0.03
BancoSantander	SAN	7.42	0.01
BanColombia	CIB	46.71	0.76
i BankofAmerica	BAC	32.50	0.50
BankofMontreal	BMO	82.45	0.14
BankNY Mellon	BK	57.50	0.80
BkNovaScotia	BNS	65.83	-0.66
BankofOzarks	OZRK	50.56	0.61
Barclays	BCS	11.36	-0.01
BarrickGold	ABX	14.42	0.04
BaxterIntl	BAX	69.95	-2.08
BectonDicknsn	BDX	241.52	-1.42
i BeiGene	BGNE	138.92	3.17
Berkley	WRB	73.43	0.45
BerkHathwy B	BRK.B	217.25	2.87
BerkHathwy A	BRK.A	325900	2524.95
BerryGlobal	BERY	58.94	-0.25
BestBuy	BBY	73.10	0.04
Bio-RadLab A	BIO	258.75	0.22
Biogen	BIIB	346.00	-1.81
BioMarinPharm	BMRN	92.63	2.40
Bioverativ	BIVV	103.52	0.46
BlackKnight	BKI	49.55	0.05
BlackBerry	BB	12.90	0.24
BlackRock	BLK	565.19	3.39
i Blackstone	BX	36.35	-0.20
BlueBuffaloPet	BUFF	34.16	0.18
bluebirdbio	BLUE	205.25	0.35
i Boeing	BA	356.94	2.57
BorgWarner	BWA	56.39	0.13
BostonProps	BXP	119.19	-4.52
BostonSci	BSX	27.63	-0.33
Braskem	BAK	30.80	-0.32
i BrightHorizons	BFAM	98.75	0.55
BrighthouseFin	BHF	64.09	-0.17
Bristol-Myers	BMY	62.80	0.20
BritishAmTob	BTI	68.49	0.39
Broadcom	AVGO	238.79	-9.24
BroadridgeFinl	BR	96.18	-0.23
BrookfieldMgt	BAM	41.74	-0.13
BrookfieldInfr	BIP	42.26	-0.66
Brown&Brown	BRO	53.19	0.86
Brown-Forman B	BF.B	68.78	-0.52
Brown-Forman A	BF.A	68.63	-0.37
BuckeyePtrs	BPL	53.99	0.07
Bunge	BG	79.66	0.23
BurlingtonStrs	BURL	121.45	-0.26
CA	CA	35.38	-0.47
CBD Pao	CBD	23.36	-0.21
CBRE Group	CBG	45.81	0.12
CBS B	CBS	58.93	1.32
CBS A	CBS.A	59.40	1.77
CDK Global	CDK	71.54	0.25
i CDW	CDW	76.50	1.71
CF Industries	CF	41.57	-0.87
CGI Group	GIB	58.27	1.13
CH Robinson	CHRW	91.98	0.52
CIT Group	CIT	52.10	1.41
i CME Group	CME	158.91	5.43
CMS Energy	CMS	44.16	-0.59
CNA Fin	CNA	54.10	-0.06
CNOOC	CEO	158.06	0.86
CPFLEnergia	CPL	13.60	0.19
CRH	CRH	36.88	-0.51
CSX	CSX	56.58	-0.19
CVS Health	CVS	78.79	0.10
CabotOil	COG	26.20	-0.15
CadenceDesign	CDNS	**42.23**	**-2.63**
i CaesarsEnt	CZR	14.35	0.40
CalAtlantic	CAA	56.34	0.21
CamdenProperty	CPT	84.50	-2.06
CampbellSoup	CPB	46.78	0.23
CIBC	CM	98.66	-0.36
CanNtlRlwy	CNI	79.82	-0.30
CanNaturalRes	CNQ	34.64	0.49
CanPacRlwy	CP	184.68	-0.36
Canon	CAJ	39.81	-0.41
CapitalOne	COF	104.72	0.76
CardinalHealth	CAH	69.06	-2.73
Carlisle	CSL	116.13	1.92
Carlyle	CG	25.85	0.65
CarMax	KMX	70.81	-0.56
Carnival	CCL	71.11	-0.50
Carnival	CUK	71.19	-0.14
Catalent	CTLT	47.06	0.52
Caterpillar	CAT	162.24	-0.54
Cavium	CAVM	87.10	-1.68
CboeGlobalMkts	CBOE	136.56	2.17
Celanese A	CE	106.81	-1.35
Celgene	CELG	100.34	-0.82
Cemex	CX	8.32	0.03
CenovusEnergy	CVE	9.45	-0.10
Centene	CNC	106.73	-0.51
CenterPointEnr	CNP	27.72	-0.46
CentraisElBras	EBR	6.35	-0.10
CenturyLink	CTL	17.95	0.14
Cerner	CERN	68.29	-0.84
CharterComms	CHTR	371.18	-6.07
CheckPoint	CHKP	103.04	-0.37
Chemours	CC	51.62	...
CheniereEnergy	LNG	57.86	1.30
CheniereEnerPtrs	CQP	30.65	0.43
CheniereEnHldgs	CQH	29.16	0.69
Chevron	CVX	125.57	0.22
ChinaEastrnAir	CEA	43.48	-1.44
ChinaLifeIns	LFC	16.65	-0.11
ChinaLodging	HTHT	143.45	-6.04
ChinaMobile	CHL	52.32	-0.34
ChinaPetrol	SNP	86.67	-0.18
ChinaSoAirlines	ZNH	62.60	-2.10
ChinaTelecom	CHA	49.02	-0.62
ChinaUnicom	CHU	14.93	-0.11
Chipotle	CMG	314.72	-10.04
Chubb	CB	155.48	-0.67
ChunghwaTel	CHT	37.31	0.26
Church&Dwight	CHD	48.49	-0.36
Cigna	CI	205.01	-3.34
CimarexEnergy	XEC	113.41	1.21
CincinnatiFin	CINF	77.17	0.27
Cintas	CTAS	165.18	-3.27
CiscoSystems	CSCO	41.70	0.16
Citigroup	C	79.20	0.72
CitizensFin	CFG	46.81	0.91
CitrixSystems	CTXS	93.43	0.67
Clorox	CLX	140.33	-1.36
Coca-Cola	KO	47.45	-0.14
Coca-Cola Euro	CCE	39.35	-0.81
Coca-Cola Femsa	KOF	78.65	2.45
Cognex	CGNX	63.10	0.73
CognizantTech	CTSH	77.50	-0.48
Coherent	COHR	254.93	-4.59
ColgatePalm	CL	73.33	-0.91
Comcast A	CMCSA	41.89	-0.64
i Comerica	CMA	97.03	1.81
CommerceBcshrs	CBSH	59.02	0.51
CommScope	COMM	39.77	1.14
i SABESP	SBS	11.38	0.04
ConagraBrands	CAG	37.61	-0.39
ConchoRscs	CXO	159.26	1.82
ConocoPhillips	COP	59.35	0.54
ConEd	ED	78.75	-1.61
ConstBrands A	STZ	220.69	1.22
ConstBrands B	STZ.B	220.52	1.67
ContinentalRscs	CLR	56.61	1.08
Cooper	COO	243.61	-1.06
Copart	CPRT	43.62	-0.45
Corning	GLW	31.69	0.47
CoStar	CSGP	350.02	3.91
Costco	COST	193.47	-1.40
Coty	COTY	18.86	-0.75
Credicorp	BAP	231.41	-0.22
CreditAcceptance	CACC	326.23	-3.48
CreditSuisse	CS	19.71	0.37
CrownCastle	CCI	113.07	0.30
CrownHoldings	CCK	58.30	0.25
Ctrip.com	CTRP	47.25	0.47
Cullen/Frost	CFR	106.90	0.49
Cummins	CMI	189.17	1.17
D E F			
DISH Network	DISH	47.16	0.26
DTE Energy	DTE	104.22	-1.42
DXC Tech	DXC	99.49	-0.06
Danaher	DHR	101.86	0.58
Darden	DRI	97.51	1.66
DaVita	DVA	77.55	-0.49
Deere	DE	167.85	1.43
DellTechs	DVMT	70.25	-1.45
DeltaAir	DAL	56.42	-0.35
DentsplySirona	XRAY	60.73	-0.08
DeutscheBank	DB	18.65	0.31
DevonEnergy	DVN	42.22	0.85
Diageo	DEO	143.40	-0.56
DiamondbkEner	FANG	126.64	1.14
DigitalRealty	DLR	107.98	-3.97
DiscoverFinSvcs	DFS	80.62	0.82
DiscovComm C	DISCK	24.17	0.31
DiscovComm B	DISCB	32.33	0.58
DiscovComm A	DISCA	25.28	0.21
Disney	DIS	110.49	1.82
DolbyLab	DLB	64.08	-0.26
DollarGeneral	DG	102.28	-0.84
DollarTree	DLTR	113.87	-1.13
DominionEner	D	75.90	-0.54
Domino's	DPZ	218.67	1.82
Donaldson	DCI	50.24	-0.42
DouglasEmmett	DEI	38.00	-0.67
Dover	DOV	105.34	-0.87
DowDuPont	DWDP	73.50	-2.08
DrPepperSnap	DPS	120.10	0.75
DukeEnergy	DUK	76.84	-1.66
DukeRealty	DRE	26.97	0.56
ENI	E	36.83	0.61
EOG Rscs	EOG	116.52	1.52
EPAM Systems	EPAM	115.70	-1.78
EQT	EQT	53.32	-0.97
EQT Midstream	EQM	74.54	1.18
E*TRADE	ETFC	54.10	1.40
EastWestBncp	EWBC	66.89	0.98
EastmanChem	EMN	98.42	-0.76
i Eaton	ETN	87.86	3.89
EatonVance	EV	58.19	0.39
i **eBay**	EBAY	**46.19**	**5.61**
Ecolab	ECL	138.49	0.81
Ecopetrol	EC	19.78	0.91
EdisonInt	EIX	61.74	-0.79
EdwardsLife	EW	126.98	0.40
ElbitSystems	ESLT	149.56	-0.23
ElectronicArts	EA	128.18	1.22
EmersonElec	EMR	72.58	0.35
EnbridgeEnPtrs	EEP	14.48	0.02
Enbridge	ENB	35.86	-0.77
Encana	ECA	12.27	-0.11
EnelAmericas	ENIA	11.79	0.01
EnelChile	ENIC	6.34	0.04
EnelGenChile	EOCC	29.04	0.27
EnergyTransferEq	ETE	18.18	-0.12
EnergyTransfer	ETP	20.12	0.08
EnLinkMidPtrs	ENLK	17.63	0.15
Entergy	ETR	77.12	-1.57
EnterpriseProd	EPD	28.08	0.46
Equifax	EFX	124.15	-0.78
Equinix	EQIX	444.54	-10.65
EquityLife	ELS	84.65	-1.67
EquityResdntl	EQR	60.33	-1.28
Ericsson	ERIC	6.64	0.20
EssexProp	ESS	227.17	-5.81
EsteeLauder	EL	134.56	-0.40
EverestRe	RE	230.14	0.34
EversourceEner	ES	60.16	-2.93
Exelixis	EXEL	30.66	0.35
Exelon	EXC	37.84	-0.67
Expedia	EXPE	129.11	1.10
ExpeditorsIntl	EXPD	64.57	-0.38
ExpressScripts	ESRX	78.10	-1.08
ExtraSpaceSt	EXR	82.06	-1.42
ExxonMobil	XOM	89.07	1.77
F5Networks	FFIV	145.03	0.49
FMC	FMC	89.22	-2.11
i Facebook	FB	193.09	6.20
FactSet	FDS	204.30	3.61
Fastenal	FAST	54.50	-0.46
t FederalRealty	FRT	117.75	-3.05
FedEx	FDX	261.83	-0.65
i **Ferrari**	RACE	**128.19**	**8.69**
FiatChrysler	FCAU	24.02	-0.15
FibriaCelulose	FBR	17.18	-0.02
FidNatlFin	FNF	37.80	-1.18
FidNatlInfo	FIS	102.11	-0.25
i FifthThirdBncp	FITB	33.66	0.56
58.com	WUBA	76.84	-3.04
FirstAmerFin	FAF	58.92	-0.15
FirstData	FDC	17.66	-0.04
FirstHorizonNatl	FHN	20.13	0.27
FirstRepBank	FRC	90.55	1.00
FirstSolar	FSLR	67.55	0.38
FirstEnergy	FE	32.62	-0.28
Fiserv	FISV	140.10	-0.74
FleetCorTech	FLT	211.25	-1.25
Flex	FLEX	18.15	0.14
FlirSystems	FLIR	51.42	0.21
Fluor	FLR	60.44	-0.26
FomentoEconMex	FMX	98.76	1.22
FordMotor	F	10.92	-0.05
ForestCity A	FCE.A	23.09	-0.38
Fortinet	FTNT	45.87	-0.17
Fortis	FTS	34.79	-0.55
Fortive	FTV	75.55	-0.47
FortBrandsHome	FBHS	69.82	-1.11
Franco-Nevada	FNV	76.11	-0.28
FranklinRscs	BEN	42.07	-0.34
FreeportMcM	FCX	19.45	-0.05
FreseniusMed	FMS	56.68	-0.83
G H I			
GGP	GGP	22.84	-0.19
Galapagos	GLPG	118.50	0.28
Gallagher	AJG	69.19	0.87
Gaming&Leisure	GLPI	36.50	0.06
Gap	GPS	32.88	-0.36
GardnerDenver	GDI	35.04	0.46
Garmin	GRMN	62.68	-0.26
Gartner	IT	138.83	0.09
Gazit-Globe	GZT	10.37	-0.01
GeneralDynamics	GD	225.21	2.73
GeneralElec	GE	16.02	-0.15
GeneralMills	GIS	57.88	-0.61
GeneralMotors	GM	42.43	0.02
Genpact	G	34.18	0.24
Gentex	GNTX	23.65	-0.03
GenuineParts	GPC	103.21	-0.86
Gerdau	GGB	4.54	0.06
Gildan	GIL	33.59	-0.38
GileadSciences	GILD	83.49	-0.31
GSK	GSK	37.59	0.08
GlobalPayments	GPN	111.59	-0.19
i GoDaddy	GDDY	56.01	0.78
Goldcorp	GG	14.29	-0.03
GoldmanSachs	GS	272.23	4.34
Goodyear	GT	34.51	-0.31
Graco	GGG	46.41	-0.39
Grainger	GWW	266.13	-3.53
GreatPlainsEner	GXP	30.45	-0.67
Grifols	GRFS	24.57	-0.28
GrubHub	GRUB	72.86	0.61
GpoAvalAcc	AVAL	9.23	0.13
GpoFinGalicia	GGAL	68.44	-1.36
GrupoTelevisa	TV	20.95	0.25
HCA Healthcare	HCA	102.24	1.08
HCP	HCP	23.57	-0.51
HDFC Bank	HDB	110.16	1.57
HD Supply	HDS	37.92	-0.97
HP	HPQ	23.30	-0.02
HSBC	HSBC	54.13	0.22
Halliburton	HAL	54.51	0.81
Hanesbrands	HBI	21.45	-0.27
HarleyDavidson	HOG	48.68	0.22
i Harris	HRS	157.68	-1.70
HartfordFinl	HIG	58.77	0.01
Hasbro	HAS	95.74	1.17
Heico A	HEI.A	68.05	2.20
Heico	HEI	81.79	1.47
Helm&Payne	HP	72.95	0.92
HenrySchein	HSIC	75.28	-0.40
i Herbalife	HLF	83.81	0.82
Hershey	HSY	**103.77**	**-6.56**
Hess	HES	50.59	0.08
HewlettPackard	HPE	16.79	0.39
Hexcel	HXL	68.70	0.35
Hilton	HLT	85.76	0.11
HollyFrontier	HFC	47.62	-0.34
Hologic	HOLX	42.58	-0.12
HomeDepot	HD	199.90	-1.00
HondaMotor	HMC	35.17	-0.12
Honeywell	HON	159.65	-0.02
HormelFoods	HRL	34.08	-0.25
DR Horton	DHI	48.08	-0.97
HostHotels	HST	20.57	-0.19
HuanengPower	HNP	25.18	-0.58
Hubbell	HUBB	137.21	1.26
Humana	HUM	279.77	-2.06
JBHunt	JBHT	120.79	-0.04
i HuntingtonBcshs	HBAN	16.34	0.16
HuntingIngalls	HII	241.47	3.93
Huntsman	HUN	33.92	-0.65
HyattHotels	H	81.50	0.20
IAC/InterActive	IAC	145.09	0.12
ICICI Bank	IBN	10.78	-0.20
i IdexxLab	IDXX	193.95	6.91
IHSMarkit	INFO	47.60	-0.13
ING Groep	ING	19.68	-0.02
Invesco	IVZ	36.03	-0.10
IPG Photonics	IPGP	252.08	0.13
IQVIA	IQV	104.12	1.93
IRSA Prop	IRCP	54.00	0.01
IcahnEnterprises	IEP	58.75	0.10
IDEX	IEX	144.55	1.07
IllinoisToolWks	ITW	173.08	-0.59
Illumina	ILMN	230.29	-2.35
ImperialOil	IMO	31.53	0.09
Incyte	INCY	89.67	-0.62
Infosys	INFY	17.93	-0.08
i Ingersoll-Rand	IR	96.60	1.97
Ingredion	INGR	137.44	-6.20
Intel	INTC	47.65	-0.49
i InteractiveBrkrs	IBKR	66.80	2.81
ICE	ICE	74.80	0.96
InterContinentl	IHG	67.34	0.27
IBM	IBM	162.40	-1.30
IntlFlavors	IFF	147.99	-2.31
IntlPaper	IP	61.67	-1.19
Interpublic	IPG	21.77	-0.12
Intuit	INTU	165.65	-2.25
IntuitiveSurgical	ISRG	425.92	-5.75
InvitatHomes	INVH	22.05	-0.44
IonisPharma	IONS	52.69	0.17
IronMountain	IRM	34.62	-0.41
IsraelChemicals	ICL	4.15	-0.08
ItauUnibanco	ITUB	16.59	0.19
J K L			
JD.com	JD	47.55	-1.68
JPMorganChase	JPM	116.87	1.20
JackHenry	JKHY	124.66	...
JacobsEngg	JEC	70.02	0.56
JamesHardie	JHX	17.86	0.19
JanusHenderson	JHG	39.41	0.03
JazzPharma	JAZZ	146.35	0.61
JetBlue	JBLU	20.94	0.08
J&J	JNJ	140.02	1.83
JohnsonControls	JCI	39.81	0.68
JonesLang	JLL	157.41	1.06
JuniperNetworks	JNPR	26.55	0.40
JunoTherap	JUNO	85.57	-0.24
KAR Auction	KAR	54.60	0.06
KB Fin	KB	62.07	-0.60
KKR	KKR	24.31	0.23
KLA Tencor	KLAC	111.15	1.35
KT	KT	15.13	0.18
KSCitySouthern	KSU	112.87	-0.26
Kellogg	K	68.32	0.21
KeyCorp	KEY	21.93	0.53
KeysightTechs	KEYS	47.15	0.43
KilroyRealty	KRC	69.86	-1.46
KimberlyClark	KMB	117.90	0.90
i KimcoRealty	KIM	15.36	-0.55
KinderMorgan	KMI	18.06	0.08
Knight-Swift	KNX	49.31	-0.48
Kohl's	KSS	65.09	0.32
KoninklijkePhil	PHG	40.85	0.09
KoreaElcPwr	KEP	16.58	-0.04
KraftHeinz	KHC	78.57	0.18
Kroger	KR	30.21	-0.15
Kyocera	KYO	66.25	-0.93
LATAMAirlines	LTM	17.13	0.05
L Brands	LB	49.35	-0.74
LG Display	LPL	14.74	-0.17
LINE	LN	45.05	0.66
LKQ	LKQ	41.79	-0.24
L3 Tech	LLL	214.08	1.62
LabCpAm	LH	173.04	-1.46
LamResearch	LRCX	189.11	-2.41
LamarAdv	LAMR	71.50	-0.50
LambWeston	LW	57.40	-1.01
LasVegasSands	LVS	78.21	0.69
i Lazard	LAZ	59.40	0.83
Lear	LEA	192.66	-0.48
Leggett&Platt	LEG	45.64	-0.87
i Leidos	LDOS	67.95	1.35
Lennar B	LEN.B	50.53	-0.11
Lennar A	LEN	62.84	0.18
LennoxIntl	LII	214.17	-3.74
LeucadiaNatl	LUK	27.03	-0.04
LibertyBroadbandC	LBRDK	95.04	-0.51
LibertyBroadbandA	LBRDA	93.90	-0.74
LibertyGlobal C	LBTYK	35.75	-0.01
LibertyGlobal A	LBTYA	37.19	-0.19
i LibertyQVC B	QVCB	28.27	0.28
i LibertyQVC A	QVCA	28.14	0.05
LibertyVenturesA	LVNTA	58.65	-0.28
LibertyFormOne A	FWONA	36.54	0.86
LibertyFormOne C	FWONK	38.82	1.13
LibertyBraves A	BATRA	23.77	0.17
LibertyBraves C	BATRK	23.69	0.18
LibertySirius C	LSXMK	44.48	-0.33
LibertySirius A	LSXMA	44.65	-0.36
LibertyProperty	LPT	40.74	-0.67
EliLilly	LLY	82.41	0.96
LincolnElectric	LECO	97.86	0.29
LincolnNational	LNC	85.91	3.11
LionsGate A	LGF.A	34.66	0.82
LionsGate B	LGF.B	32.34	0.34
LiveNationEnt	LYV	45.97	0.91
LloydsBanking	LYG	4.04	0.01
i LockheedMartin	LMT	357.38	2.53
Loews	L	51.59	-0.06
LogitechIntl	LOGI	42.34	0.04
LogMeIn	LOGM	126.45	0.65
Lowe's	LOW	103.86	-0.87
lululemon	LULU	78.81	0.60
LyondellBasell	LYB	117.56	-2.28
M N			
i M&T Bank	MTB	192.85	2.07
MGM Resorts	MGM	36.83	0.38
MPLX	MPLX	37.95	0.75
i **MSCI**	MSCI	**146.32**	**7.09**
Macerich	MAC	62.73	-1.84
Macy's	M	25.62	-0.33
MagellanMid	MMP	71.57	0.18
MagnaIntl	MGA	56.71	-0.44
Manpower	MAN	132.23	0.84
ManulifeFin	MFC	21.10	-0.13
MarathonOil	MRO	18.43	0.24
MarathonPetrol	MPC	68.69	-0.58
Markel	MKL	1148.51	0.82
MarketAxess	MKTX	195.60	-0.61
Marriott	MAR	147.52	0.18
Marsh&McLen	MMC	85.05	1.53
MartinMarietta	MLM	224.08	-4.09
MarvellTech	MRVL	22.60	-0.73
Masco	MAS	44.07	-0.59
i Mastercard	MA	172.93	3.93
MatchGroup	MTCH	35.26	0.32
MaximIntProducts	MXIM	61.14	0.14
McCormickVtg	MKC.V	107.63	-1.43
McCormick	MKC	107.52	-1.25
McDonalds	MCD	171.90	0.76
McKesson	MCK	166.27	-2.61
Medtronic	MDT	84.98	-0.91
i MelcoResorts	MLCO	30.06	0

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Revamp Aids Short-Term Lenders

By Yuka Hayashi

WASHINGTON—The Trump administration's overhaul of a consumer-finance regulator is reaping dividends for high-interest lenders: The agency is easing its oversight of the industry after closely scrutinizing it during the Obama era.

Under its new Trump-appointed leadership, the Consumer Financial Protection Bureau recently called off a four-year investigation into **World Acceptance** Corp., a South Carolina-based lender that targets subprime borrowers with short-term, small-dollar loans carrying annual interest rates of as much as 100%.

The company's shares have nearly tripled since President Donald Trump's election victory in November 2016. Other high-interest lenders, including **Enova International** Inc. and **EZCorp** Inc., have also seen their stocks jump.

The lenders' reviving fortunes are an example of how the regulatory pendulum is swinging toward less oversight of the industry. CFPB acting Director Mick Mulvaney, put in place by Mr. Trump in November, also is reviewing the agency's Obama-era effort to introduce the first federal regulation to crack down on payday lenders, among other broad changes.

A Democratic-controlled Congress created the CFPB in 2011 after the housing crisis. A federal appeals court on Wednesday upheld the CFPB's single-director structure, which Republican lawmakers and others have criticized.

GOP opponents of the CFPB have long accused the agency of being too harsh on lenders. Mr. Mulvaney, a longtime CFPB critic, is starting to put those ideas into practice, reining in rule making and enforcement strategies.

On Thursday, the Trump administration revamped the CFPB's lending-discrimination operations, placing the bureau's Office of Fair Lending and Equal Opportunity under the direct control of Mr. Mulvaney. Consumer advocates said they worry the shift will result in a pullback from the bureau's work to identify and punish discrimination against minority borrowers.

"The days of aggressively 'pushing the envelope' are over," Mr. Mulvaney wrote in a Jan. 23 Wall Street Journal opinion column. "I intend to execute the statutory mandate of the bureau to protect consumers. But we will no longer go beyond that mandate."

That declaration capped a busy two months for Mr. Mulvaney. He tweaked the agency's mission statement to emphasize its role in addressing "outdated, unnecessary, or unduly burdensome regulations." He also requested no money to fund the bureau for the current quarter, saying the CFPB would instead tap its reserve fund.

'The days of aggressively 'pushing the envelope' are over,' says Mr. Mulvaney.

Particularly concerning to consumer advocates have been policy changes toward high-interest lenders. In addition to reviewing the payday rule, Mr. Mulvaney also dropped a lawsuit against a group of payday lenders that had alleged the companies engaged in usurious lending practices in tie-ups with Native American tribes. Mr. Mulvaney says the agency's enforcement work will focus on areas in which it receives the most complaints, such as debt collection.

"What it says is consumers are on their own," said Makada Henry-Nickie, a fellow in governance studies at the Brookings Institution and a former CFPB policy analyst. "He laid out a really clear case here for why he should be protecting financial institutions, as opposed to the bureau's mission to protect the well-being of consumers and to make the markets work for them."

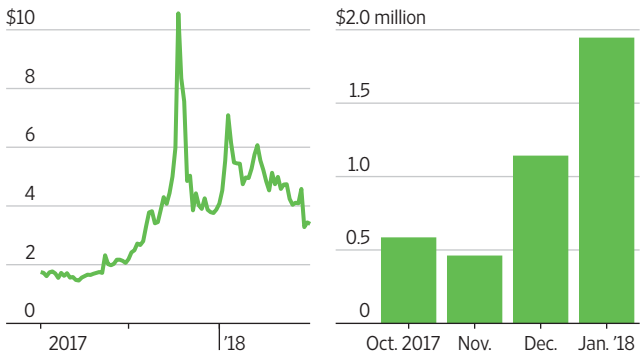
The CFPB said the decision to complete the World Acceptance investigations was made by career enforcement staff. "Any suggestion that acting Director Mulvaney had any role in the decision is simply inaccurate," a spokesman said.

BRENDAN SMIALOWSKI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Mick Mulvaney says enforcement will focus on areas in which the CFPB gets the most complaints.

Coin Flip

The value of Tezos is down sharply from a peak in December, but trading volume surged in January.



Note: Pre-launch trading
Source: Coinmarketcap.com

THE WALL STREET JOURNAL.

Cryptocurrency Deal Is Stalled as Investors Seek to Oust Board

By Paul Vigna

Angry investors in a high-profile coin offering stalled by infighting are taking a page out of activists' playbook—proposing a new board of directors—to get the project back on track.

The cryptocurrency deal, called Tezos, was designed last year using the technology behind bitcoin to develop software to automate complex transactions. But after raising $232 million, Tezos became embroiled in a power struggle between its creators and the chairman of a nonprofit foundation overseeing the project.

Initial coin offerings like Tezos's have surged in popularity in the past 12 months among tech-minded investors who want to back early-stage companies involved with cryptocurrencies such as bitcoin and the blockchain technologies that underpin them. They have also spawned a flurry of warnings from regulators across the world who say coin offerings are rife with fraud and bad governance.

Tezos has generated its own share of controversy, as well as lawsuits. Now, supporters of the project's creators, Arthur and Kathleen Breitman, have formed a new nonprofit, called the T2 Foundation, to shake up the project and wrest control from the current foundation.

"There has been a totally inadequate deployment of resources" by the current foundation, said Olaf Carlson-Wee, the founder and CEO of the cryptocurrency investing fund Polychain Capital, which signed on to be one of the new foundation's seven directors. Polychain invested an undisclosed amount in last summer's Tezos offering.

Mr. Carlson-Wee, who will be the most high-profile member of T2's board, said the Tezos Foundation has "drastically mismanaged" the capital raised last summer—which he estimated is now valued at more than $1 billion given last year's rally in cryptocurrencies. Investors in Tezos coins "needed to take action, to ensure there is a better governance model," he said.

Whether the gambit will prove effective remains an open question. The Tezos Foundation, run by Switzerland-based entrepreneur Johann Gevers, still has control of the $232 million raised in the offering. The board of the foundation announced a new member Wednesday, after the departure of a director in December left it hobbled with only two members.

Mr. Gevers, who didn't respond to requests to comment, has complained that the Breitmans, a husband-and-wife team, have meddled in the foundation's business of managing the coin offering's money.

The problems date back to last summer, when a dispute arose over Mr. Gevers's compensation. The Breitmans raised objections to a compensation contract Mr. Gevers created for himself. A lawyer representing their company wrote in a letter that the contract was excessive and not properly disclosed.

The stalemate has delayed the software project. None of the developers have been paid by the foundation, said Ms. Breitman, who is CEO of Dynamic Ledger Solutions Inc., which owns the intellectual-property rights to Tezos. "A beta launch could be ready in the next five weeks," she said, "if problems at the foundation could be resolved."

Mastercard Lands Cabela's Business

By AnnaMaria Andriotis

Mastercard Inc. said it would become the credit-card network for outdoor-goods retailer **Cabela's**, following the company's sale last year to **Bass Pro Shops**.

Large credit-card networks have been competing for high spenders, pouring marketing dollars into travel co-brand programs as well as partnerships with sporting-goods retailers that attract loyal shoppers by offering access to exclusive events and other perks.

Cabela's was the 15th largest credit-card issuer in the U.S. as of June 2017, about three months before it completed its sale to Bass Pro, according to trade publication The Nilson Report. Purchase volume on the Cabela's card totaled roughly $10.7 billion during the first half of last year, based on the Nilson data.

Mastercard says Cabela's transition to its network is expected before year-end. Cabela's-branded cards have run on the larger **Visa** Inc. network, while Bass Pro Shops' cards run on Mastercard's.

"It's an affluent base of customers," said Linda Kirkpatrick, Mastercard's executive vice president of merchants and acceptance for the U.S. "Certainly from a dollar perspective that very much helps us."

It is the latest in a series of wins for Mastercard. The company, which has the second-largest U.S. credit-card network, said last summer that **Kroger** Co. would convert its co-brand credit-card program from Visa to Mastercard. In September, it said **Bank of America** Corp.'s cash-rewards credit card would switch to Mastercard from Visa for new cardholders beginning in 2018.

Mastercard still lags behind Visa in size. Mastercard had a total of roughly 405 million debit and credit cards in circulation in the U.S. as of the end of September, compared with Visa's roughly 835 million, according to Nilson.

The deal between Bass Pro and Cabela's, which maintain distinct store brands, triggered other changes, namely Cabela's selling its in-house bank and credit-card issuing business to **Synovus Financial** Corp. and **Capital One Financial** Corp., respectively.

GREG SORBER/ALBUQUERQUE JOURNAL/ZUMA PRESS

The card business of Cabela's is scheduled to transition to Mastercard before year-end. Fishing equipment at a shop last year.

Fed Tees Up Tougher Big-Bank Stress Tests

By Ryan Tracy

WASHINGTON—The Federal Reserve said its stress tests for big banks will imagine a more severe economic downturn in 2018 than in last year's version, as it announced the details of the hypothetical scenario banks must survive to pass the exams.

The Fed's latest "severely adverse" scenario imagines unemployment at 10%, severe stress in corporate and real-estate lending markets and severely difficult economic conditions in developing Asian countries and Japan, the central bank said Thursday.

Big banks must show the Fed they can survive the hypothetical scenario with enough capital to continue lending. If they fail, they face restrictions on payouts to shareholders. Test submissions are due in April and will be announced by the end of June, the Fed said.

Several firms are taking the full version of tests for the first time, the Fed said, including the U.S. units of **Barclays** PLC, **Credit Suisse Group** AG and **UBS Group** AG.

The Fed said the 2018 scenario "features a more severe downturn in the U.S. economy as compared to last year's scenario," reflecting the central bank's policy to include "elements that create a more severe test of the resilience of large firms when current economic conditions are especially strong."

FINANCE WATCH

BLACKSTONE, APOLLO

Portfolio Values Rise, As Both Top S&P

Private-equity firms **Blackstone Group** LP and **Apollo Global Management** LLC reported improved quarterly results and offered a window into how private-equity firms are digesting the new tax law.

Both said Thursday that the legislation Congress passed late last year largely benefits the companies they own, and they reported significant increases in the values of their private-equity portfolios.

Blackstone and Apollo stopped short of saying tax changes would prompt them to alter their partnership structure, a more drastic step some analysts were expecting.

The value of Blackstone's private-equity portfolio climbed 6.8% in the quarter, while Apollo's rose 9.1%. Both outpaced the 6.1% gain in the S&P 500.

"The tax reform act was positive overall for our portfolio," said Apollo co-founder Joshua Harris.

—Miriam Gottfried

MASTERCARD, VISA

Revenue Increases At Both Card Firms

Mastercard Inc. beat revenue expectations in its latest quarter due to strong cardholder spending, but its profit took a hit as it implemented U.S. tax law changes.

Mastercard's fourth-quarter revenue rose 20% from the year before to $3.31 billion, more than the $3.26 billion analysts polled by Thomson Reuters expected.

Mastercard's profit dropped to $227 million, or 21 cents a share, from $933 million, or 86 cents a share, the year before.

Meanwhile, a rise in card spending by increasingly confident consumers helped **Visa** Inc. beat revenue expectations for its fiscal first quarter. Revenue in the quarter ended Dec. 31 rose 9% from the year before to $4.86 billion, above analysts' expectations.

Profit rose to $2.52 billion, or $1.07 a share, from $2.07 billion, or 86 cents.

—AnnaMaria Andriotis and Cara Lombardo

DEUTSCHE BANK

CFTC Penalizes Securities Unit

The Commodity Futures Trading Commission fined Deutsche Bank Securities Inc. $70 million as regulators continue to punish attempted manipulation of interest-rate benchmarks during the financial crisis era.

According to the CFTC's order, **Deutsche Bank** "made false reports and through the acts of multiple traders" deliberately and repeatedly attempted to manipulate common global interest rate products between 2007-2012. Four other banks have settled similar cases for larger amounts of money: Barclays PLC, Citigroup Inc., Goldman Sachs Group Inc. and Royal Bank of Scotland.

"We have cooperated extensively with the CFTC's investigation and have undertaken significant efforts to remediate benchmark-related activities," a Deutsche Bank spokesman said.

The CFTC recognized Deutsche Bank's cooperation in the investigation.

—Gabriel T. Rubin

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Regulator Floats New Yardstick For Swaps

By Gabriel T. Rubin

A U.S. regulator wants to change the way it measures the size of the global swaps market, following years of criticism that the metric is meaningless and not illuminating.

Commodity Futures Trading Commission Chairman J. Christopher Giancarlo said in a speech in New York on Thursday that the agency has come up with an alternative way of measuring interest-rate swaps. The new approach will allow for better comparisons of the swaps market to, for example, the Treasury or corporate-bond markets.

"We must bring some clarity to how to accurately size contemporary swaps markets," Mr. Giancarlo said.

Swaps are contracts in which two parties agree to exchange payments based on fluctuations in certain benchmarks. Companies use these contracts to hedge risks or make bets in such areas as interest rates or fuel prices.

The current measurement, used by all major global regulators, relies on the notional value of the interest-rate swaps market. Notional value adds up both sides of a trade, an approach that critics say can exaggerate the risk of a short-term trade. Under that formula, the total value of U.S. interest-rate swaps is $179.1 trillion, a figure that is more than 10 times the size of the U.S. mortgage market.

The CFTC's proposed new methodology, laid out by the agency's chief economist, Bruce Tuckman, in a coming academic paper, would convert short-term interest-rate swaps to their five-year equivalents, downgrading their risk, and would take into account that opposite sides of swaps cancel out each other's risk. Rather than adding the two sides of a trade together, it makes more sense to look at the net risk, Mr. Tuckman argues.

Using that methodology, the size of the U.S. interest-rate swaps market would be $15.4 trillion, a number that is comparable with each of the markets for corporate bonds, mortgages and Treasurys.

Mr. Giancarlo cautioned that it is too early to consider using the new methodology in rule making. In particular, he said the CFTC wouldn't use the new formula for setting a threshold for which firms must register as swaps dealers, one of the many CFTC regulations that is based on notional value. But he said he hoped the new method could be used in policy-making before too long, provided global regulators back the CFTC's reasoning. The alternative, Mr. Giancarlo said, "is to continue to live with inexactitude, misinterpretation and inaccuracy."

IEX Caught Up in Wynn Fallout

Casino magnate had professed wish to list on upstart exchange as it readies launch

By Alexander Osipovich

The sexual-misconduct allegations against Steve Wynn could affect a company that has little to do with casinos: **IEX Group** Inc., a startup stock exchange that is looking to shake up the business of U.S. corporate listings.

Wynn Resorts Ltd., the casino mogul's company, is the only firm that has publicly expressed an interest in listing on IEX, the heroes of Michael Lewis's 2014 best-seller "Flash Boys."

IEX is in the final stages of preparing to launch a listings business that would compete with the New York Stock Exchange and **Nasdaq** Inc. for corporate issuers.

Mr. Wynn—the founder, chairman and chief executive of the casino company—is an investor in IEX and a vocal supporter of its crusade against high-speed trading strategies. He told a business conference in 2014 that he wanted to list Wynn Resorts on IEX, although his representatives have since said he is just considering whether to make the switch.

Wynn Resorts, a member of the S&P 500, is listed on Nasdaq. IEX had expected the casino operator to be among the initial batch of companies to switch to the new exchange, people familiar with IEX's listings effort said.

IEX declined to comment. The startup hasn't disclosed who the other companies might be or how many it believes there are.

"It's bad timing for them that the person who was going to be their first adopter is now discredited," said Dave Weisberger, head of equities at market-structure consulting firm ViableMkts and a frequent critic of IEX. Wynn Resorts declined to comment.

IEX's listings push already has been beset by delays. The exchange projected in 2017 that it would launch listings this past October, but missed that target after a protracted wait for regulatory approval. It now aims to start listings in coming months.

Having a prominent company like Wynn Resorts in its roster would bolster the credibility of IEX in its bid to win switches from Nasdaq and **Intercontinental Exchange** Inc.'s NYSE. The two incumbent exchanges have an effective duopoly over U.S. corporate listings. NYSE and Nasdaq declined to comment.

The Wall Street Journal last week detailed accounts of a pattern of alleged sexual misconduct described by dozens of people who have worked for Mr. Wynn.

Mr. Wynn said it was "preposterous" that he would assault a woman. He didn't provide a further response to other allegations of sexual misconduct that the Journal asked about before publishing the article last week.

Penn Takes Steps To Distance Itself

The University of Pennsylvania is stripping Steve Wynn's name from a campus plaza and revoking an honorary degree he received in 2006, amid sexual-misconduct allegations.

Mr. Wynn's name will be removed from Wynn Commons, an outdoor plaza on campus with a prominent sign carrying his name. A Penn graduate and former trustee, Mr. Wynn had donated $7.5 million toward the construction of a quadrangle on campus.

"The nature, severity, and extent of these allegations, and the patterns of abusive behavior they describe, involve acts and conduct that are inimical to the core values of our University," Penn President Amy Gutmann and board of trustees Chairman David L. Cohen wrote in a note to the school community Thursday.

The school said it had convened a small group of trustees, alumni, deans and faculty to discuss the allegations against Mr. Wynn and the appropriate response. The group made recommendations to the board's executive committee, which unanimously accepted them. Penn will also remove Mr. Wynn's name from a scholarship fund established by a $2 million donation he made. The school said the scholarship will still be awarded.

Penn said this was the first time in a century that it has revoked an honorary degree. In 1918, the school withdrew degrees from German Kaiser Wilhelm II and the German ambassador to the U.S.

A representative for Mr. Wynn declined to comment.

Penn also said Thursday that it is revoking an honorary degree it gave to Bill Cosby in 1990, citing sexual-assault allegations against the comedian.

—Melissa Korn and Kate O'Keeffe

Stocks Swing as Earnings Reports Roll In

By Akane Otani and David Hodari

U.S. stocks veered from gains to losses, with the S&P 500 ending lower as investors parsed a flurry of earnings reports.

THURSDAY'S MARKETS

The moves on Thursday marked another pause for U.S. stocks, which faltered earlier this week as government bond yields hit multiyear highs. Still, major indexes remain near records, with the S&P 500 and Dow Jones Industrial Average less than 2% below their closing highs reached Friday.

While some analysts have warned that a sharp rise in interest rates could pressure stocks, making their yields look less attractive compared with Treasurys, others say solid earnings growth and fiscal stimulus should help keep major indexes climbing.

"The fact that we've had this pause here gives me some comfort that we're not heading into a melt-up environment," said Michael Arone, chief investment strategist at State Street Global Advisors, referring to a sharp rise in stocks that analysts say often precedes the end of a rally. "My view is that we're still in a quite strong environment for stocks."

The Dow industrials ended up 37.32 points, or 0.1%, to 26186.71, after rising as high as 157 points earlier in the session and falling as much as 135 points.

The S&P 500 lost 1.83 points, or less than 0.1%, to 2821.98, and the Nasdaq Composite declined 25.62 points, or 0.3%, to 7385.86.

A string of corporate reports drove swings in individual stocks, adding to what is shaping up to be the busiest week of the earnings season.

EBay jumped $5.61, or 14%, to $46.19, after the company released 2018 projections that topped analysts' estimates.

Mastercard rose 3.93, or 2.3%, to 172.93, after the credit-card company reported stronger-than-expected quarterly sales and profit.

United Parcel Service fell 7.81, or 6.1%, to 119.51, after the company said its latest quarterly results were hurt by the cost of responding to service delays during the holiday season.

Meanwhile, government bonds extended recent declines, with the yield on the 10-year note settling at 2.773%, compared with 2.722% Wednesday, remaining at its highest level since April 2014. Yields rise as bond prices fall.

Elsewhere, the Stoxx Europe 600 fell 0.5%, weighed down by declines in shares of healthcare and real-estate companies.

Japan's Nikkei Stock Average closed up 1.7% after six consecutive sessions of declines. At midday Friday, the Nikkei was down 1.3%.

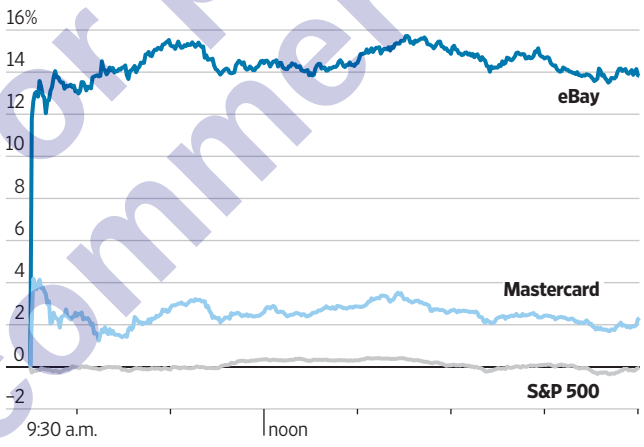
The Shanghai Composite Index fell 1% Thursday for its fourth consecutive loss and was down 0.2% early Friday. Hong Kong's Hang Seng Index lost 0.7% Thursday and was down 0.2% early Friday.

KIMBERLY WHITE/EBAY/GETTY IMAGES

Shoppers browsed items eBay displayed in California last year. Shares of eBay rose 14% Thursday.

Profit Boost

Shares of eBay and Mastercard jumped Thursday after the two companies reported their earnings for the latest quarter.



Source: FactSet THE WALL STREET JOURNAL.

Treasury Will Sell $186 Billion in Debt

The Treasury Department will auction $186 billion in securities next week, comprising $108 billion in new debt and $78 billion in previously sold debt. Details (all with minimum denominations of $100):

◆ **Monday:** $48 billion in 13-week bills, a reopening of an issue first sold on Nov. 9, 2017, maturing May 10, 2018. Cusip number: 912796PF0.

Also, $42 billion in 26-week bills, dated Feb. 8, 2018, maturing Aug. 9, 2018. Cusip number: 912796PU7.

Noncompetitive tenders for both issues must be received by 11 a.m. EST Monday and competitive tenders by 11:30 a.m.

◆ **Tuesday:** $30 billion in 70-day cash-management bills, a reopening of an issue that was first sold on Oct. 19, 2017, maturing April 19, 2018. Cusip number: 912796PB9.

Also, $26 billion in three-year notes, dated Feb. 15, 2018, maturing Feb. 15, 2021. Cusip number: 9128283X6.

Noncompetitive tenders for the bills must be received by 11 a.m. Tuesday and competitive tenders by 11:30 a.m. For the notes, the deadlines are noon and 1 p.m., respectively.

◆ **Wednesday:** $24 billion in 10-year Treasury notes, dated Feb. 15, 2018, maturing Feb. 15, 2028. Cusip number: 9128283W8. Noncompetitive tenders must be received by noon Wednesday; competitive tenders, 1 p.m.

◆ **Thursday:** $16 billion in 30-year bonds, dated Feb. 15, 2018, maturing Feb. 15, 2048. Cusip number: 912810SA7. Noncompetitive tenders must be received by noon Thursday; competitive tenders, 1 p.m.

Oil Gets Lift From Drop at Storage Hub

By Alison Sider And Sarah McFarlane

Oil prices rose Thursday as investors focused on signs of strong fuel demand and tighter supplies in a key U.S. storage hub, even as the country's growing crude output loomed.

COMMODITIES

U.S. crude futures settled up $1.07, or 1.65%, to $65.80 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose 76 cents, or 1.1%, to $69.65 a barrel on ICE Futures Europe.

Oil prices fell earlier this week but have started to march higher again, with investors betting that strong demand and continued cuts by the Organization of the Petroleum Exporting Countries will keep the market tight.

"We had pullback on profit-taking on back of signs that U.S. production levels are increasing," said Eugene McGillian, research manager at Tradition Energy. "It seems like that hasn't lasted too long and we're back to focusing on a stronger fundamental picture and the weak dollar."

While overall stockpiles of crude in the U.S. rose last week, the amount in storage at the main hub in Cushing, Okla., fell by more than two million barrels, according to data from the U.S. Energy Information Administration.

Since prices of oil to be delivered months in the future are now cheaper than near-term prices, it doesn't pay for companies to sock more oil away—that could prevent more oil from building up in storage again.

"That suggests further draws—it's expensive to carry it from one month to the next—why hang on to it?" said Donald Morton, senior vice president of Herbert J. Sims & Co., who oversees an energy trading desk.

That is one reason analysts at Goldman Sachs Group Inc. raised their forecasts for oil prices. They are now predicting that Brent prices will rise to $75 in the next three months and to $82.50 in the next six months.

"The rebalancing of the oil market has likely been achieved, six months sooner than we had expected," the analysts said. "The decline in excess inventories was fast-forwarded in late 2017 by stellar demand growth, high OPEC compliance, heavy maintenance as well as collapsing Venezuela production."

"Gasoline should be building at this time of year, so the draw in gasoline, that was what stands out," said Paul Horsnell, head of commodities research at Standard Chartered PLC.

Mr. Horsnell added that the 300,000 barrels a day increase in gasoline demand in January, compared with the year-earlier period, was also supportive.

Gasoline futures rose 0.11% to $1.8958 a gallon. Diesel futures rose 1.16% to $2.0904 a gallon.

DANIEL ACKER/BLOOMBERG NEWS

Storage tanks at the Cushing terminal in Oklahoma, the main U.S. hub for crude oil

Treasury Prices Weaken; 30-Year Yield Tops 3%

By Daniel Kruger

Investors sold U.S. government bonds Thursday, sending the yield on the benchmark 10-year Treasury note to its biggest one-day gain in three weeks.

CREDIT MARKETS

The yield on the note rose to 2.773%, from 2.722% Wednesday, for its highest close since April 2014. Yields rise as bond prices fall. The yield on the 30-year bond climbed above 3% to its highest level since May 15, closing at 3.005%, from 2.944%.

Several analysts said more investors believe the Federal Reserve may respond to faster growth and inflation with a more aggressive approach to raising interest rates, which can hurt the value of outstanding bonds.

Some investors "are expecting a little more hawkish" policy from the Fed, said Larry Milstein, managing director of government and agency trading at R.W. Pressprich & Co. "There definitely is a change in sentiment."

Bond yields have climbed since the beginning of the year. The 10-year yield in January notched its biggest monthly rise since November 2016, as investors bet on a pickup in growth and inflation.

Some investors say they expect a rise in the supply of U.S. debt to push prices lower. The Treasury Department announced Wednesday that it plans to increase its note and bond sales through April, and bond analysts say they expect the government to further add to its borrowing increases at its next quarterly announcement about debt-policy plans.

The additional borrowing is needed to help fund the $1.5 trillion tax-cut package that was enacted late last year.

Policy makers at the Federal Reserve held interest rates steady Wednesday while signaling that they are likely to raise them at their March meeting.

At its December meeting, the Fed penciled in three rate increases this year and two more in 2019. The central bank is also passively shrinking its balance sheet by reinvesting the proceeds of fewer maturing Treasury and mortgage bonds from its $4.2 trillion debt portfolio.

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MARKETS

Japanese Stocks Are Looking Inexpensive

By Steven Russolillo And Akane Otani

Finding a bargain in surging global stock markets isn't easy. An exception just might be in Asia.

Nine of 10 prominent stock indexes around the world, including the S&P 500, the FTSE 100 and the MSCI Emerging Markets Index, sport price/earnings multiples that are higher than their 15-year averages, according to an analysis by Deutsche Bank Wealth Management.

The lone outlier is Japan.

Even following last year's strong rally, the Tokyo Stock Price Index, known as the Topix, fetches about an 8% discount to its 15-year average. The Topix, a broad index that includes more than 2,000 Japanese companies, has risen 2.9% so far this year, building on a 20% gain in 2017.

Fundamentals continue to look strong for Japan, too. The economy has expanded for eight straight quarters, one of its longest stretches of growth in more than two decades. Inflation has also finally shown signs of picking up. And money from global investors poured into Japan last year, supporting the market.

The recent economic acceleration follows decades of stagnation for Japan, where low inflation and middling growth kept a lid on stock gains. The country's benchmark Nikkei Stock Average has yet to top its 1989 high, even after jumping 19.1% in 2017. The index finished up 1.7% at 23486.11 on Thursday, still 40% below that all-time high set Dec. 29, 1989.

Asian stocks broadly look compelling, particularly relative to other global markets on a valuation perspective, said Tuan Huynh, chief investment officer for Asia Pacific at Deutsche Bank's wealth-management arm.

"Because of the tremendous underperformance since the financial crisis for emerging markets, and Asia in particular, Asia is still trading at quite a big discount to the rest of the world," he said.

As major indexes around the world have hit records, pushing valuations higher, some investors have expressed concerns about the durability of the rally. They warn that stocks are vulnerable to a sharp pullback if economic data disappoint, or if political uncertainty erupts.

Yet stocks have yet to show signs of slowing down. Corporate earnings still look solid, analysts say, helping justify relatively pricey stocks. Global growth is poised to continue in 2018, with the International Monetary Fund in January forecasting that the U.S. tax overhaul will help drive an acceleration in global output. And despite this year's selling in government debt, bonds from the U.S. to Germany to Japan also continue to offer historically low yields.

The Bank of Japan has an official target of a 0% yield on 10-year government bonds and has stepped in to buy debt when yields reach around 0.1%, signaling its commitment to keep borrowing costs low. The bond closed Thursday with a yield of 0.091%, according to Tradeweb.

The combination of low yields and solid growth has helped keep investors in stocks, even as many say their valuations look stretched.

Global stocks staged one of the best-ever starts to a year in January, a synchronized rally that only piled onto 2017's sharp gains. The S&P 500 in January notched its largest one-month percentage gain since March 2016, while the Stoxx Europe 600 and Germany's DAX posted their best month since October and Hong Kong's Hang Seng Index finished with its biggest one-month gain since April 2015.

A structural shift toward technology stocks has particularly benefited indexes in Asia, analysts say, as tech stocks have rallied.

In 2007, commodities as measured by energy and materials stocks made up 20% of the MSCI Asia ex-Japan index, the wealth-management arm said. The tech sector was only 17% of the index.

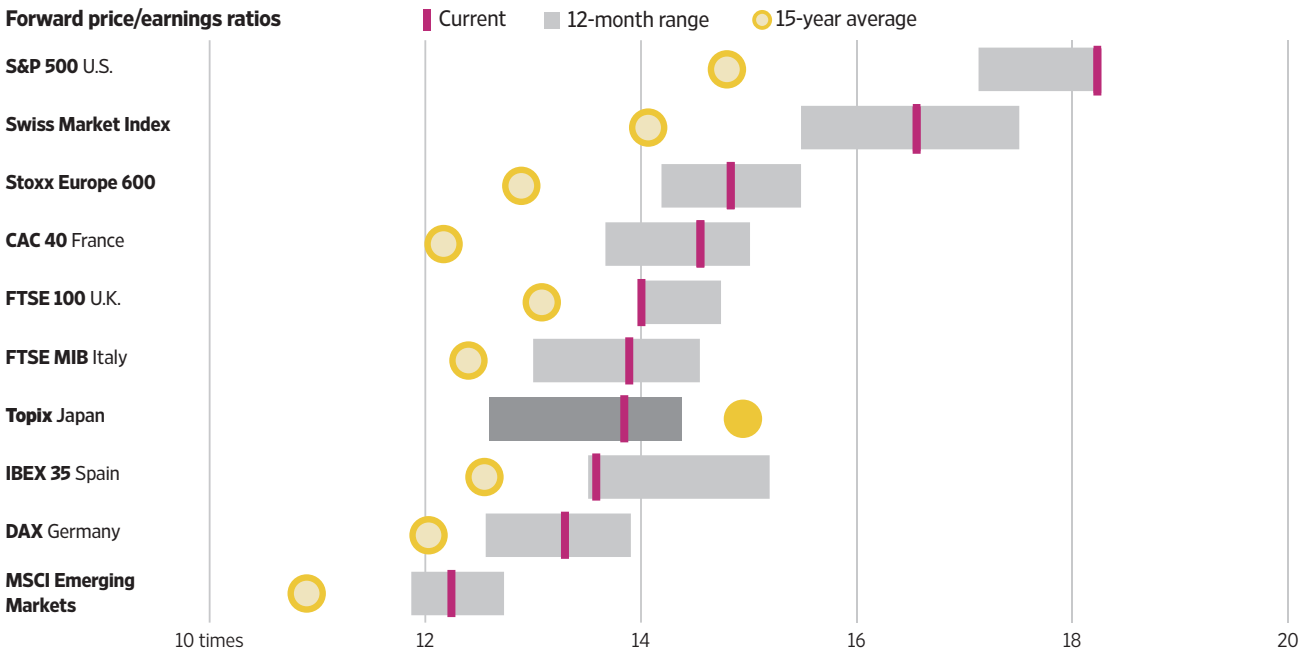
But a decade later, tech now makes up nearly 40% of that index, while commodities have dropped to about 10%.

"We call it the new Asia market," Mr. Huynh said. "When you look back 10 years ago, the Alibaba, Tencent and Baidus of the world were there, but they weren't as important or have as big market caps."

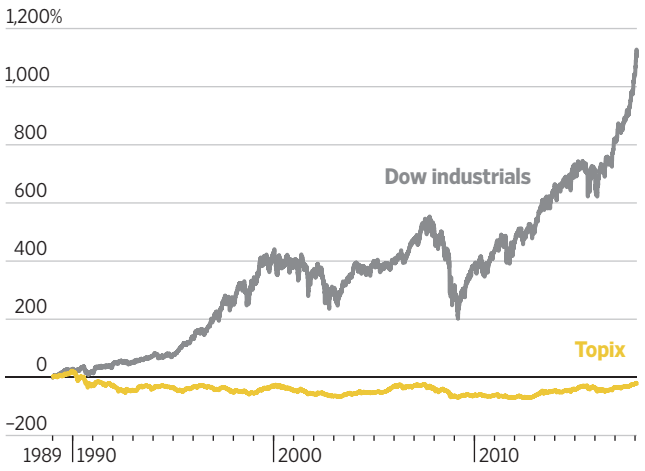
"When you're buying into Asia markets today, you're buying into tech," he added.

The MSCI Asia ex-Japan index has risen 6.7% this year after advancing 39% in 2017.

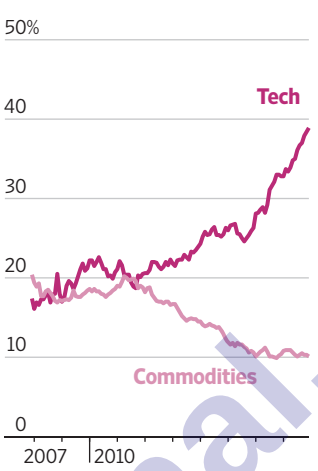
Many stock indexes around the world are trading at higher-than-average price/earnings ratios—but not Japan's Topix.

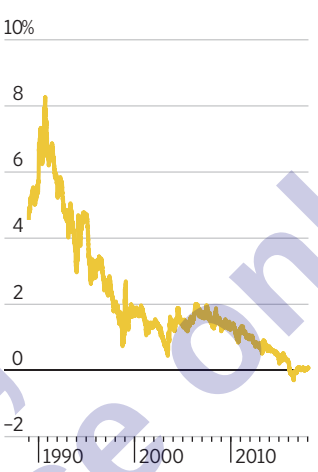


Japanese stocks have climbed recently after languishing for decades.



A heavy weighting in rising technology shares and ultralow bond yields have supported stock indexes.





Sources: Deutsche Bank Wealth Management (P/E ratios, index weightings); FactSet (indexes' performance); Thomson Reuters (yields)

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HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

Apple Dodges iPhone X Worries

If **Apple** Inc.'s iPhone X is a problem, so far it's a high-quality one.

Apple launched the expensive device later than usual during its fiscal first quarter that ended Dec. 30. The phone came on the 10th anniversary of the company's first smartphone, and was heralded by Apple and its fans as the "future of smartphones."

But an opening price of $1,000 is rich for any smartphone, and production issues appeared to keep supply of the phone relatively tight at least in the first few weeks after its early November launch.

That appeared to weigh down sales. Apple said Thursday that it sold a total of 77.3 million iPhones during the quarter, which was below the 80 million units that analysts had been expecting.

That made for a 1% year-over-year decline in iPhone unit sales for the quarter, though iPhone revenue popped by 13% to hit $61.6 billion. That is a signal that the iPhone X appealed to enough of the company's fan base to boost iPhone's average selling price to about $796—the highest on record and a strong 15% jump from the year-earlier period.

That still isn't the "supercycle" that many investors have been expecting. And Apple's outlook for the fiscal second quarter ending in March suggests more of the same. The company projected total revenue in the range of $60 billion to $62 billion for the quarter, which would make for a year-over-year gain of 15%. Despite reports that Apple is cutting iPhone production this quarter due to weaker sales, Wall Street still had been expecting overall revenue to rise 24% in the quarter.

Apple's share price had slipped about 6% over the past two weeks, so the disappointing projection was somewhat priced in. And the company is still immensely profitable, with operating income jumping 12% year over year to a record $26.3 billion.

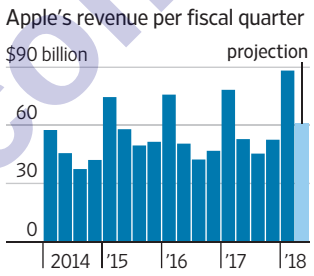
Any concerns about cyclical iPhone sales were somewhat soothed by Apple's service-arm revenue, which had another period of double-digit growth during the quarter. Services made up nearly 13% of Apple's trailing 12-month revenue compared with 9% two years ago.

The masses may not be lining up for Apple's latest phone, but the company has at least shown that it can pull off the upsell.

—Dan Gallagher

Winter Chill

Apple's revenue per fiscal quarter



Source: the company

THE WALL STREET JOURNAL.

How Alibaba Built Its Way to Record Sales

China's e-commerce giant **Alibaba** delivered another record quarter, though investors should worry about how it got there.

The Chinese firm said Thursday that its revenue in the latest quarter grew 56% from a year ago to $12.8 billion—the highest ever. The December quarter always has been big for Alibaba because of Singles Day, an annual shopping bonanza in China on Nov. 11.

But part of the increase came from acquisitions as well as its big push into physical retail. This is the first quarter that Alibaba included revenue from Cainiao, its logistics subsidiary, after it increased its stake to 51% in October. It took private department-store operator Intime in May. Alibaba also has opened 26 supermarkets, named Hema, in seven cities.

Stripping all those out, revenue would have grown only 41%—still impressive but slower than usual over the past two years.

Taking its toll in the latest quarter was China's crackdown on internet finance and the expulsion of migrant workers in Beijing. Alibaba's aggressive expansion in physical retail also weighed on margins. Operating profit margin for its e-commerce segment shrank to 48% from 59%.

Alibaba also said it would acquire a 33% stake in Ant Financial, its affiliate that operates China's largest mobile payment system Alipay. This was expected, according to a 2014 agreement. It will, however, hurt Alibaba as it is receiving 37.5% of Ant's pretax profit as royalty and technology services fees. But such profit share fell in the latest quarter because of Ant's aggressive spending to acquire new users. Faced with strong competition from **Tencent**, profit at Ant may remain under pressure.

While Alibaba is still growing rapidly, much of that has been priced in. The stock trades at 42 times this year's expected GAAP earnings, according to S&P Global Market Intelligence, after doubling in the past year.

As Alibaba pushes aggressively on brick-and-mortar retail, it may be time for investors to take a pause on the stock.

—Jacky Wong

Big Oil Finds Going Green Is Difficult

Thanks to better global growth and OPEC's grit, oil is testing $70 a barrel again. Oil titans like **Royal Dutch Shell** are reveling: The firm posted strong fourth-quarter results Thursday, showing earnings up 147%.

Still, oil's resurgence raises some interesting questions. Of all the big oil firms, Shell has made the clearest bet on a lower-carbon, more-electric future. Its roughly $50 billion purchase of BG Group in 2016 vaulted it into the top echelons of global natural-gas producers. In recent weeks, it has forked out for British power company First Utility—about $200 million, according to Thomson Reuters—and up to $217 million for a big stake in American solar producer **Silicon Ranch** Corp.

With China now making a concerted push to green its power sector—and political risk stirred up by low-carbon advocacy unlikely to disappear soon—Shell's strategy will probably pay off over the medium to long term. In the nearer term, it can cause some headaches when oil prices unexpectedly rebound.

Although Shell's daily natural-gas production in the fourth quarter was up about 2% from a year earlier and nearly 40% from full-year 2015, its liquids production was actually down nearly 10%. Moreover, the firm's cash flow from operating activities fell 21% on the year, in part due to tax payments but also because more working capital was tied up in oil-and-gas inventory. Excluding working-capital movements, fourth-quarter cash flow from operations would have been about 15% higher.

The hiccup highlights how difficult edging out of oil production is likely to be for the majors. When energy prices rise, they still need pricey oil as an input for their refining operations. Though, as oil declines as a proportion of their own output, they won't be able to fully reap the benefits in their upstream businesses.

Shell is still producing a lot of oil, and new finds look promising. And Shell's heavy footprint in gas means it is well-positioned for that shiny green future.

Meanwhile, breaking up with oil is still pretty hard to do.

—Nathaniel Taplin

Geyser

Royal Dutch Shell share price*

Note: £1 = $1.43 *London-traded shares
Source: FactSet

THE WALL STREET JOURNAL.

OVERHEARD

In the videogame business, "better late than never" has become "better late than lame."

That pretty much sums up Wall Street's reaction to news Thursday that "Red Dead Redemption 2"—the first sequel to a blockbuster videogame that sold an estimated 14 million copies following its release in 2010—is being delayed from its expected launch in the spring to October.

Brokerage analysts—three-quarters of whom rate publisher **Take-Two Interactive** a buy—were largely nonplused. Delays are becoming more common in the industry as publishers need big games to be of top-notch quality in order to establish sustainable revenue streams from them.

With no word yet on the next "Grand Theft Auto" installment, Take-Two needs "Red Dead Redemption 2" to be on target.

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The market for American castles **M10**

MANSION

'My friends are my estate. Forgive me then the avarice to hoard them.'
—Emily Dickinson

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THE WALL STREET JOURNAL. Friday, February 2, 2018 | M1

In the Market for Nostalgia

A new breed of buyer redefines the business of estate sales, visiting the homes of the deceased in search of relics from a bygone time; Zsa Zsa Gabor's Hèrmes bags.

Gown worn to White House dinner

Vintage Louis Vuitton luggage

Rolls-Royce key and lipstick case

Horse sculptures given to her by her first husband, hotelier Conrad Hilton, and a Steinway piano that belonged to ex-husband George Sanders

ZACHARY BAKO FOR THE WALL STREET JOURNAL (4)

BY KATHERINE CLARKE

THE WOOD WALL PANELING from Sweden was still there, as was the artwork and even the reddish-brown bedding. Normally, a home with decades-old décor might struggle to find a buyer.

But this was the Manhattan home of Greta Garbo, the movie star who retired from Hollywood and led an intensely private life—a choice that seemed to only deepen fans' fascination. Last month, the apartment the actress called home for nearly 40 years sold for $8.5 million, or a 43% premium over its asking price. "The Garbo effect is the reason someone paid up," said Brian Lewis, one of the listing agents.

When celebrities die, their homes and all their contents are analyzed, researched and carefully marketed in an effort to obtain top dollar. While Garbo's mystique generated a big premium for her home, often it is the contents of the house that prove more lucrative. That's particularly true these days: Rather than collect antique furniture, a new generation of buyers wants items that might offer insight into the life of a celebrity or business titan, or a snapshot of a bygone time.

EVERETT COLLECTION

ZSA ZSA GABOR'S ESTATE Some of the actress's personal items that are going up for auction.

"Younger collectors don't want things so much as they want experiences and stories," said Jennifer Jones, director of trusts, estate and valuations at Phillips, a New York auction house. "Owning something that belonged to a big celebrity like that sort of combines both." Last year, Phillips sold a 1968 Rolex Daytona once owned by actor Paul Newman for $17.752 million.

Another upcoming sale replete with colorful collectibles is the estate of Zsa Zsa Gabor, the Hungarian actress who died in 2016.

Please turn to page M6

HOUSE CALL | JIM BROWN

GROWING UP, I HAD TWO CHOICES

Be decent or be bad. To excel in sports, the future NFL star knew he had to do the right thing; today, a home in L.A.

Jim Brown, 81, is a retired NFL player and film actor. He set several league records playing for the Cleveland Browns from 1957 to 1965 and helped the team win an NFL championship in 1964. He was inducted into the Pro Football Hall of Fame in 1971. He spoke with Marc Myers.

My earliest memories are of my great-grandmother, Nora Peterson. There were no men in our house on St. Simons Island, Ga. My father had abandoned my mother and me when I was just a few weeks old, and my grandmother was an alcoholic. Nora kept our house together. She loved me to death.

My mother, Theresa, had me when she was about 15. A year later, she moved north to Manhasset, N.Y., to work as a live-in domestic.

I saw my father, Swinton, only four times in my life. He was a boxer and dropped by a couple of times when I was little. He had gone off to a city to start another family.

Nora owned our house. It was a one-story weather-

Please turn to page M8

SHAYAN ASGHARNIA FOR THE WALL STREET JOURNAL

YARD GAINED Jim Brown on his deck, a favorite spot in his Hollywood Hills home, where he has lived since 1968.

INSIDE

BON JOVI SELLS
Rocker's NYC home gets $15 million **M2**

TRAVELOGUE
Global artifacts adorn an Austin home **M4**

PASTORAL PALACES
A new dawn for grand English manors **M12**

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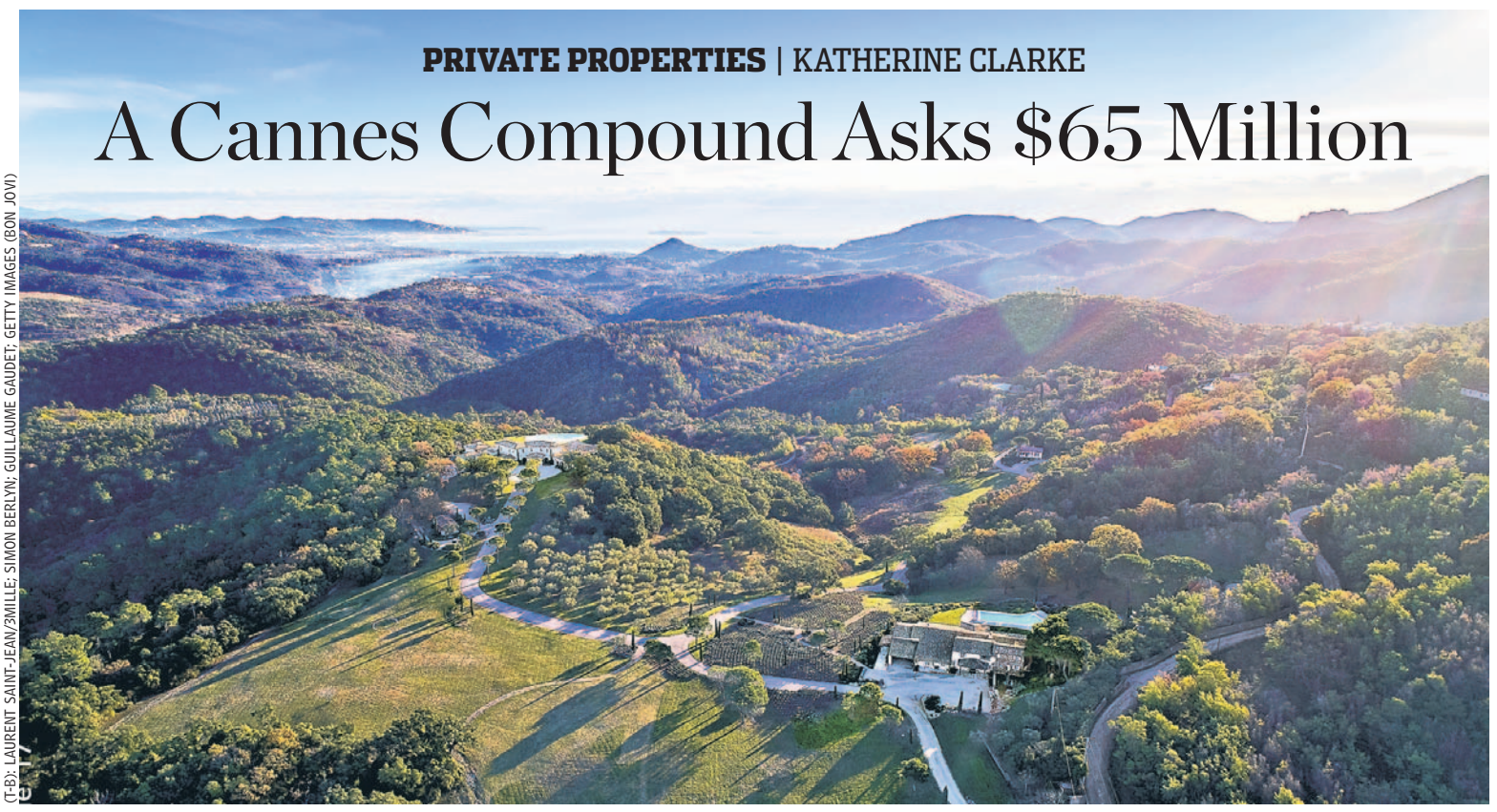
PRIVATE PROPERTIES | KATHERINE CLARKE

A Cannes Compound Asks $65 Million



(T-B): LAURENT SAINT-JEAN/3MILLE; SIMON BERLYN; GUILLAUME GAUDET; GETTY IMAGES (BON JOVI)

A nearly 75-acre compound on the French Riviera is going on the market for $65 million.

Known as the Domaine des Oliviers de l'Estérel, a nod to the hundreds of olive trees on the property, the compound overlooks the Bay of Cannes and is located 15 minutes from the Promenade de la Croisette, Cannes' oceanfront boulevard, according to the listing.

The 21,000-square-foot estate comprises three separate villas and includes 17 bedrooms, three swimming pools, a gym, a tennis court, 3 miles of fitness trails and a helipad. Separate staff quarters and a caretaker's residence are on the site.

The purchase price also includes the company that manages the property and employs its resident manager.

The property typically rents for around $155,000 a week during the high summer season, said a spokeswoman for the Corcoran Group, the listing agency.

Corcoran said the owner is Danish investment group Olivenlund Ejendom, which specializes in renovating homes in Europe. It bought the then-run-down property in the spring of 2007 and invested millions into a five-year renovation, according to Eleonora Magni, a company spokeswoman. She declined to comment on how much the company paid for the property, but said the partners are selling because they're ready to move on to their next renovation project.

Listing agent Thomas Di Domenico of Corcoran shares the listing with Susie Hollands of French real-estate agency Vingt Paris.

RIGHT ANGLES: MODERN HOLLYWOOD HILLS HOME LISTS FOR $29.95 MILLION

An architecturally quirky Los Angeles home—with a facade constructed from cement-board panels—is listing for $29.95 million.

Tucked behind large gates, with a large motor court and a four-car garage, the 9,000-square-foot, five-bedroom home was designed by Zoltan Pali of SPF:architects, who designed the Wallis Annenberg Center for the Performing Arts. There are geometric angled louvers that "create different shades and moods and feelings throughout the day, yet don't block the view no matter which way you look," said listing agent Mauricio Umansky of the Agency, who is representing the property with colleague Alejandro Aldrete.

The Hollywood Hills home also has a wine cellar, a movie theater and a spa with a sauna, steam and massage room. The master suite connects to a large terrace through sliding glass doors. Outside, there is a 70-foot infinity-edge pool and a Jacuzzi.

The seller is Mauricio Oberfeld, a prolific Los Angeles developer whose company sold a renovated Malibu mansion for $69.9 million last year. Mr. Oberfeld said he couldn't recall how much he paid for the land, which he purchased in 2002, but said he and his family moved to the completed home in 2011. "The most important driver was a house that was not trendy or gimmicky," he said of his vision for the home. "I wanted it to look classic 100 years from now."

Mr. Oberfeld, 47, said he's selling the house because he's ready to move on to his next personal home project in Beverly Hills. "I'm a builder so I can't sit quiet for too long," he said.

ROCKER JON BON JOVI SELLS SPRAWLING WEST VILLAGE SPREAD

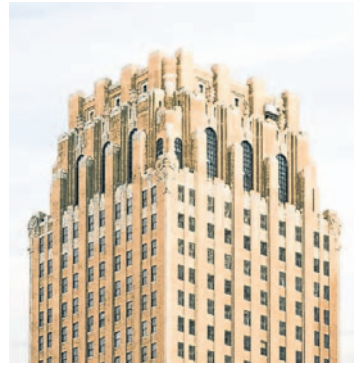
Rocker Jon Bon Jovi has sold his sprawling three-bedroom condo in Manhattan's West Village.

The apartment was most recently seeking $15.95 million, said a spokeswoman for listing agency the Corcoran Group, who also confirmed the sale. Mr. Bon Jovi first put the duplex on the market for $17.25 million in June, then lowered the price in July.

Located at 150 Charles Street, the apartment spans approximately 4,000 square feet, with three bedrooms and an additional den that could be used as a bedroom. There is a roughly 1,500-square-foot garden on the lower level, which overlooks the Hudson River. Mr. Bon Jovi paid $12.88 million for the unit in 2015, public records show.

Mr. Bon Jovi didn't go far to find a new home. He paid $18.94 million for an apartment at the nearby Greenwich Lane condominium development last year. The unit has four bedrooms and 4½ bathrooms, according to the listing.

Listing agents Robby Browne, Jennifer Ireland and Chris Kann of Corcoran declined to comment on the sale or on the identity of the buyer. A spokesman for Mr. Bon Jovi wasn't immediately available for comment.



A MEGA MANHATTAN PENTHOUSE FOR $59 MILLION

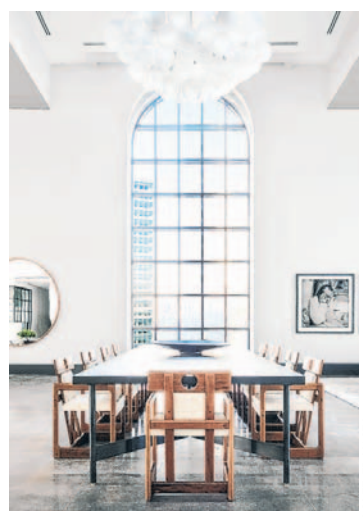
In New York City, a penthouse with a living room longer than an NBA basketball court is listing for $59 million.

The roughly 14,500-square-foot home has a great room that measures 96 feet by 33 feet. That would make the room larger than the average American home. A spokeswoman for developer Magnum Real Estate Group described the living room as the largest in the city; the assertion couldn't be independently verified. The great room also has arched industrial-style windows rising up to 21 feet, and the room's ceilings are 22 feet high, said Ben Shaoul of Magnum.

Listing agent Vickey Barron of the Corcoran Group said the home could appeal to an art collector with large pieces to display, or to a person who enjoys entertaining. "Can you imagine having a Super Bowl party there or a mitzvah?" Mr. Shaoul said.

The duplex occupies the entire 32nd and 33rd floors of the building, at 100 Barclay Street near the World Trade Center. The penthouse has been partially finished with a kitchen and bathrooms, and the living room has been staged. But the developer left the space mostly raw so a prospective buyer can customize the home to his or her preferences, Mr. Shaoul said. From both levels, arched windows overlook the Statue of Liberty.

Ms. Barron is listing the property together with Corcoran Sunshine Marketing Group.



(T-B): TY COLE; SCOTT FRANCES

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LIVING HISTORY

A Rescued Ruin In Budapest

A restaurateur returns the 18th-century Hungarian palace to its luxury roots

BY J.S. MARCUS

A LATE-18TH CENTURY palace that was built for a Hungarian count and then fell into ruin before getting a 21st-century reboot, has come on the market for $4 million.

The 9,500-square-foot columned structure in eastern Budapest was rescued by a local restaurateur who spent $1.4 million to restore the building with lavish materials and traditional techniques. In a span of more than two centuries, the property went from noble playground to sprawling agricultural estate to ad hoc housing for people made homeless following World War II. Eventually it became an abandoned eyesore.

In 1998, Gyöngyi Perényi, now 52 years old and the owner of two Budapest restaurants, bought the derelict property with her then-husband from the Hungarian government for 65 million forints, or about $260,000. The reconstruction into a single-family mansion was completed in 2000.

The property now consists of the ornate mansion, a 5,300-square-foot annex, a heated outdoor pool and a bucolic artificial lake. All are part of a 5½-acre private park. Ágnes Mezei of Engel & Völkers is handling the sale.

The three-level main house has three large bedroom suites. A basement, where livestock were possibly kept, now has a home gym, a sauna and a tanning salon. The annex, formerly housing stables and a blacksmith's workshop, now has staff rooms, a guest apartment and a large party room.

Ms. Perényi shares the home with her daughter, Vanessa, 25, and their two Chihuahuas and a Pomeranian. Her older daughter, Nikoletta, 28, regularly visits.

The palace's main entrance leads to the second floor, which has a salon, kitchen, dining room and large master suite. The daughters' bedroom suites are on the first floor, on opposite sides of a family room with a home cinema.

In the decades before she bought the property, says Ms. Perényi, the home was "unoccupied, unguarded and exposed to vandalism." She adds: "There were no windows, no doors, no flooring, no plumbing, no electricity. And the garden was a garbage dump."

The roof and the main walls survived, but little else, so the restoration had to start from scratch. "It was like we were building a new house," she adds.

The property may have been in poor condition, but it was a landmark. Its status meant the couple's best option was to drop their plan to create office space and turn the building into a new family home.

Ms. Perényi says she got inspiration for the décor from visiting the Festetics Palace in the small city of Keszthely, ancestral home of Count János Festetics, the man who originally built her palace. She also visited Gödöllő Palace, north of Budapest, which once belonged to the Habsburg crown.

Budapest art historian István Bibó has investigated the site and says it was built between 1792 and 1796 by the count, likely as a hunting lodge. The count went on to buy several smaller pieces of land to create "an imposing residence."

The Festetics family belonged to the highest ranks of Hungary's nobility, says Howard Lupovitch, associate professor of history at Detroit's Wayne State University and a scholar of 19th-century Hungary. He said the family had close ties to Austria's Habsburg monarchy, which ruled Hungary until the end of World War I.

In 1797, János's brother, György, established one of Europe's first agricultural colleges, which helped make 19th-century Hungary an agricultural superpower. János's nephew, politician and writer István Széchenyi, is a national hero. The two possibly visited the hunting lodge, says Ágnes Benedek, an amateur historian.

After the death of the count, and then his wife, the estate ended up in the hands of the family's lawyer, György Zsivora, starting in the 1850s.

Far to the east of the growing city, the estate contained a vast working farm. Already in decline by 1900, and damaged during World War II, it became "a rough-and-ready housing facility," says Ms. Benedek. In the 1970s, the palace was uninhabited, and its surroundings had been become a de facto public park. By that point, many called the ruin "the Gisela Castle," she says, believing it was the spot where Gisela of Hungary, queen consort to Hungary's 11th-century king and patron saint, Stephen, had visited. There is no evidence the story is true, she says.

Ms. Perényi says she felt lucky to find local craftsmen who could create versions of classic stucco decorations, and to source 18th-century-style chandeliers in Bohemia in the Czech Republic. "We tried to restore it to its original period, but it wasn't easy," she says, adding that the process was "challenging but not exactly fun."

She says she is selling because her children are grown, and she is considering a modern home.

ROIS & STUBENRAUCH FOR THE WALL STREET JOURNAL (4)

RENEWED Gyöngyi Perényi, above on left, with daughters Nikoletta, center, and Vanessa, right. Top and left, a salon and dining room on the second level off the main entrance. Top far left, an exterior view of the rear of the mansion.

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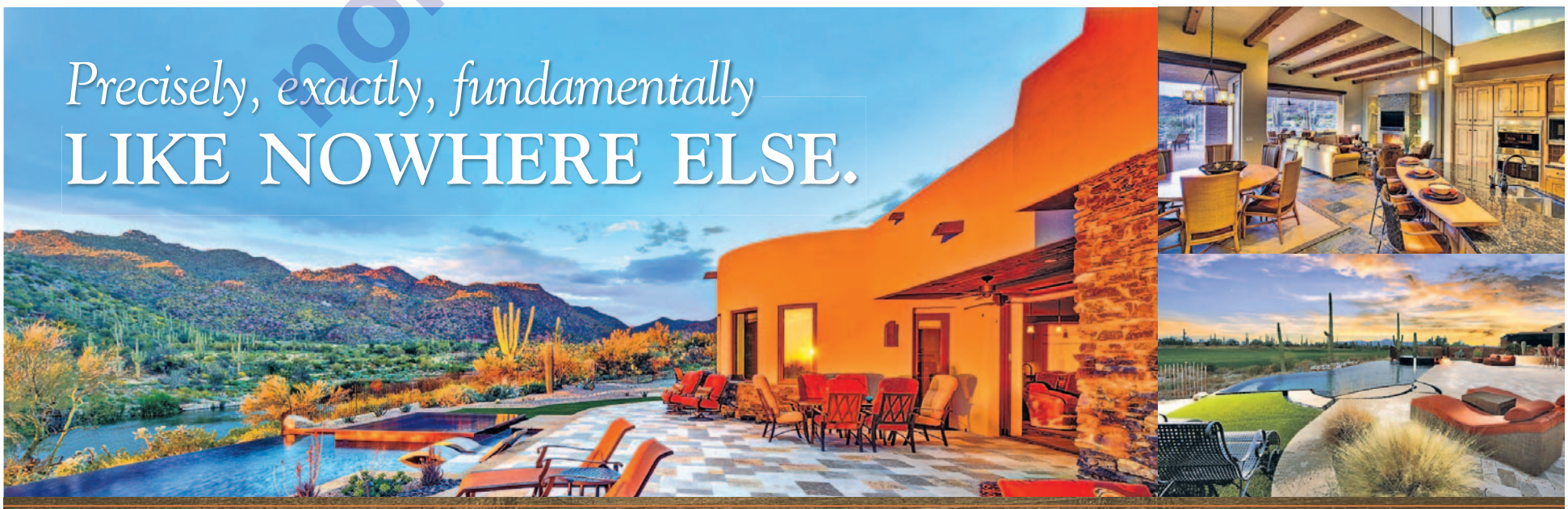

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ANNOTATED ROOM

A Living Room With a Global Presence

Interiors in this Austin, Texas, home feature exotic artifacts acquired on business trips

TRE DUNHAM

INSPIRATION CAME EASY when designing the living room of this modern Austin, Texas, home. "These clients are very well traveled and have lived all over the world," says Laura Britt, an interior designer who founded her own firm in 2001.

The couple, both 67, traveled extensively due to the husband's job as a business executive.

"Some of the elements in this room are true artifacts," Ms. Britt says, including the gold Buddha the couple acquired in Phuket, Thailand. The custom-designed entertainment center, which cuts through a stone fireplace, holds additional items from the owner's collection, including the husband-and-wife sculptures from Surabaya, Indonesia.

Now empty-nesters, the couple contacted Ms. Britt in 2012 and asked for interiors that are welcoming to children and grandchildren. Ms. Britt says the living-room project took about six months from design to installation and cost about $55,000 overall.

—Emily Nonko

1. SOLID SEATING
The Mimi London lounge chair, upholstered with an Osborne & Little fabric, is a "heavy, solid wood" piece that is meant to juxtapose with the leather couch, Ms. Britt says.
Price: $5,572

2. ARCTIC SKY
The 12-by-16-foot Borealis Pacific Fire rug, by Tufenkian, grounds the double-height room. The print, made of hand-knotted wool, mirrors the arctic night sky.
Price: $17,129

3. ADJUSTABLE
The Ultramobile Sofa, by Roche Bobois, boasts moveable headrests and is covered in a gray leather.
Price: $13,824

4. MOODY BLUE
The Baker Furniture ottoman can be used as additional seating and gets a pop of blue in the Clarke and Clarke upholstery.
Price: $7,958

5. TURNING HEADS
The Piedmont swivel chairs by Michael Berman Limited have intricate cerused oak detailing around the perimeter to complement the wood throughout the home.
Price: $4,141 for the pair

6. ON DISPLAY
The shelving showcases the couple's artifacts. Concealed storage sits below the shelving.
Price: $3,000 for the cabinetry and $750 for the wood beams

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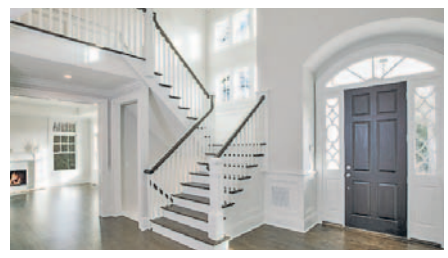
Joan Gannon, 631.692.6770 ext.315, c.516.532.3608



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BALANCE SHEET

After a Home's Re-do, a Do-Over

A London couple's 'terrible' renovation forces a Phase 2 to fix the floor plan and blend design styles

BY RUTH BLOOMFIELD

JASMINE AMARIA and Gareth Owen's home-renovation took two attempts and cost far more than expected. But the real low point was when a ceiling collapsed in a shower of rubble, dust and dead squirrels.

The couple's adventures in remodeling began after the birth of their first child, Karina, now 11. At the time they owned a two-bedroom apartment in the affluent neighborhood of Putney. Ms. Amaria, 41, a partner at international law firm Walkers, was determined not to move far from the southwest London neighborhood where they could take advantage of free child care courtesy of her parents.

They began viewing larger properties, including a Victorian house that Ms. Amaria viewed alone and rejected on the basis that it was dark, rundown, had an unwieldy layout, and was generally "horrible."

But when a neighbor offered to buy their apartment for about $866,000 their hunt became more urgent. Mr. Owen, 43, partner in a renewable-energy firm, decided to see the rejected property for himself. Despite its downsides, he saw potential in the 2,659-square-foot home and persuaded his wife that it could be turned around. They paid $1.77 million for the house in 2009 and immediately launched into what they now describe as Phase 1 of the refurbishment.

The house needed a complete renovation—starting with new electrical wiring, plumbing and structural support. Despite negligible experience with construction, the couple designed their project without the aid of an architect.

It was when their contractors began work on the top floor that the ceiling collapsed. This messy incident was ultimately a happy accident, because it inspired them to leave the tall, vaulted ceiling in the top-floor bedroom.

The master bedroom, children's rooms and a study are on the middle floors, linked by a wide central staircase. "I do really love the sense of space it gives," said Ms. Amaria.

Downstairs the couple decided to move the kitchen to the back of the house, overlooking the backyard. The former kitchen at the front of the property became a living room.

The project cost around $277,000 and took a year during 2010 and 2011, during which time Zaal, now 7, was born.

When they moved in, Ms. Amaria was far from delighted. "We did a terrible job," she said. "The kitchen ended up far too small.

"I put the sink in the kitchen island, which was a mistake—water everywhere—and it was just not a usable, happy space for us."

Mr. Owen says he would probably have stopped at that point, but "Jasmine made her unhappiness known" so they hired Simon Gill, director of Simon Gill Architects, who suggested a dog-leg extension wrapping around the side of the yard.

Work on Phase 2 started in February 2016, and by the following November, work was complete. The project took longer than expected, plagued by constant rain and by the need for complex temporary props to support the house's upper floors while the addition was built.

Having Mr. Gill on board not only helped the couple perfect the layout of their home, but reconcile very different personal styles.

The period rooms of the house lend themselves to Ms. Amaria's taste for texture and color, ergo the shelves stacked with books and sofas heaped with cushions. To satisfy Mr. Owen's taste for the modern, the new kitchen features black cabinets and a white composite-stone work surface with a line of black ceiling lights.

The couple intended to spend around $275,000 on Phase 2. In reality, including 20% value-added tax and professional fees, it ended up costing over $600,000.

The work was carried out against a backdrop of slowing home values in London since 2014. According to data from the Nationwide Building Society in December, average prices fell 0.5% during 2017. Ms. Amaria suspects that even taking into account the additional floor space they will not have covered the cost of the work. And she couldn't care less. "It has improved the quality of our lives and we have no plans to sell, so it doesn't really matter," she said.

DYLAN THOMAS FOR THE WALL STREET JOURNAL (4)

RENOVATION REDUX Jasmine Amaria makes a snack for daughter, Karina, top left. Above, two views of the dining room in the home's extension. At right, Ms. Amaria and Gareth Owen with their children, Karina, 11, and Zaal, 7.

PHASE TWO COSTS

Structural work	$350,000
Windows and skylights	$41,500
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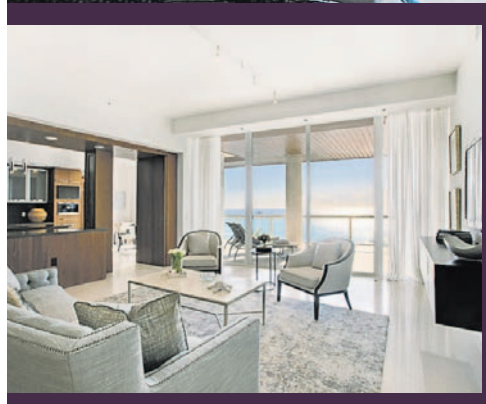

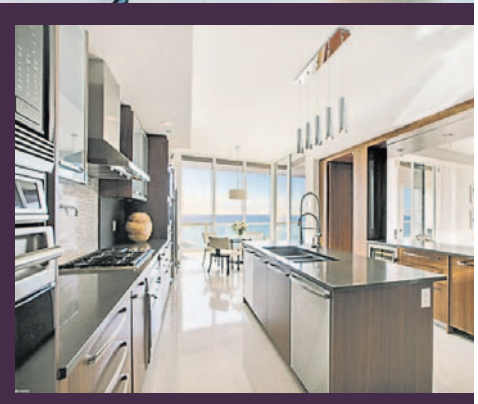

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BUYERS IN THE MARKET FOR NOSTALGIA

The shirt worn at trial

One of many handbags

THROUGH THE YEARS Heritage Auctions specialists, right, study the late Zsa Zsa Gabor's belongings. Her home, above right; husband Prince Frederic von Anhalt, center right, Ms. Gabor with her gold-painted piano in her Los Angeles mansion, far right.

FROM TOP RIGHT: ZACHARY BAKO FOR THE WALL STREET JOURNAL; PAUL HARRIS/GETTY IMAGES; ZACHARY BAKO FOR THE WALL STREET JOURNAL (4); DOUG SHERIDAN/ASSOCIATED PRESS

Continued from page M1

In January, Margaret Barrett and her colleague Carolyn Mani, specialists for Dallas-based Heritage Auctions, evaluated Ms. Gabor's Los Angeles estate. As Ms. Gabor's husband, Prince Frederic von Anhalt, 74, looked on, they inspected her glassware, jewelry, antique furniture and a collection of purses including Hermès and Louis Vuitton bags.

Ms. Barrett examined a goldtone lipstick holder embedded with diamonds and the inscription "Zsa Zsa." In the living room stands a gold-painted Steinway piano—it was painted gold after Ms. Gabor's late ex-husband, George Sanders, won an Academy Award for the movie "All About Eve" in 1951, Mr. von Anhalt said.

In Ms. Gabor's wardrobe hangs an Oscar de la Renta gown she wore to the White House for dinner with President Ronald Reagan and his wife Nancy Reagan. "She was from an era where celebrities would never have walked out of the house in jeans and flip-flops," said Ms. Barrett. "Her wardrobe is frilly and fluffy, with lots of fur and sequins...There's a Chanel jumpsuit in mint green."

Ms. Barrett and Ms. Mani spent a week at Ms. Gabor's Bel-Air home, evaluating the pieces to determine their origins, how Ms. Gabor acquired them and what they might be worth. They'll catalog and then auction some of the items at the home in April, said Ms. Barrett, who specializes in entertainment memorabilia and has worked on the estates of John Wayne and Steve McQueen.

Some of this will make Instagram fodder for Heritage, which operates social-media accounts to attract younger collectors.

In recent years, crowds have flocked to the estate sales of celebrities like socialite-philanthropist Brooke Astor. Jared Seligman, an amateur collector, said he bought a $10 toaster oven at an estate sale at Grey Gardens—the East Hampton estate formerly owned by "Little Edie" Beale, first cousin of Jacqueline Kennedy Onassis—just to own a piece of the estate.

As is usually the case, Ms. Gabor's home was sold separately; it sold for less than its $14.9 million asking price in 2013, though Mr. von Anhalt is permitted to stay there until 2019 under the terms of the deal, he said. He said the home is likely to be a teardown for the new owner—the land is more valuable than the real estate. He declined to comment on the identity of the buyer.

On the other side of the country, the children of Jacob Javits, the influential politician who served as a U.S. senator from New York for more than 20 years, have been going through the items in their parents' East 57th Street apartment, following the death of their mother Marian last year.

Carla Javits said she and her siblings found a bust of their father's head, which they gave to Manhattan's Jacob K. Javits Convention Center. There was a framed picture of their mother with President Lyndon B. Johnson, and a pen she used to sign the document that formed the National Endowments for the Arts and the Humanities. She had lobbied congress for the establishment of the endowment, Ms. Javits said.

While many of those items will stay in the family, the Javitses worked with appraisal experts and are planning to auction several of their mother's paintings—which include pieces by Robert Rauschenberg and Jasper Johns—at Christie's, according to her daughter. The auction house has already sold several of the Javitses' pieces, including Cartier ear pendants for $324,500.

The apartment, which has been cleared out, has sold, said listing agent Pamela D'Arc of Stribling & Associates. It was asking $4.35 million. She declined to identify the buyer.

A spokesman for Heritage said it can be difficult to

WHAT'S HOT

Estate jewelry
Mexican silver jewelry is on the rise. Demand and prices for blue and pink diamonds has never been higher. White diamonds in the 5.00 carat and larger sizes are also hot.

20th-century fine art
American, modern and contemporary works continue to push auction prices to new highs.

American pop culture
Comic books, sports collectibles and entertainment and music memorabilia are fast-growing categories. Also popular: iconic original movie props and rare autographs.

WHAT'S NOT

Silver flatware
Younger buyers are less interested in formal dining.

Édouard Cortès artwork
Once a staple of the European art market, prices on original works are down about 30% compared with five years ago.

Classic 20th-century photography
Younger generations are less interested in non-vintage works, and longtime collectors are now selling, creating excess supply.

Oriental carpets
Large rugs are difficult to store and prone to deterioration, which softens demand.

Source: Heritage Auctions

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Issue Date: 2.16.18 | Close Date: 2.8.18 | Section: Mansion

For more information, please contact Tiffany Roberts at tiffany.roberts@wsj.com | 214.640.7899

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MANSION

FROM TOP: RICKY RHODES FOR THE WALL STREET JOURNAL (3); DAVID PALER/ STRIBLING (3)

DIVIDE AND CONQUER Antiques dealer Chris Jussel tried to maximize the value of the estate of Price Glover, a collector of English and American decorative arts, by handling items differently based on where they might command the highest price. Sotheby's auction house, above, handled the sale of most of the antique furniture, while Bonhams of London handled the pewter collection.

GOING ONCE Reading up on the collection at Sotheby's, left; scenes from the auction, above and below.

provide heirs with a solid estimate for an estate. When Heritage valued the personal collection of Shirley Temple Black in 2016, it estimated the auction of 347 lots could bring in $275,500. The auction ended up selling for more than $1.6 million, he said. No estimate has been placed so far on the Gabor collection.

While sales of personal objects are strong, interest is nose-diving in other areas, particularly "brown" antique furniture, rugs or anything else associated with more traditional décor.

"I have seen people buy an antique chest of drawers for less than you would spend at a family furniture store," said Chris Jussel of Chris Jussel Antiques, a Connecticut-based antiques dealer.

Mr. Jussel tried to maximize the value of an estate he worked on recently at 1111 Park Avenue by handling items differently based on where they might command the highest price. The late owner, Price Glover, was a collector of English and American decorative arts. Sotheby's auction house handled the sale of most of the antique furniture, while Bonhams of London handled the pewter collection.

Also, sometimes sellers will withhold details about a particular item for privacy reasons. The level of discretion required by beneficiaries can vary widely, and can dictate the stories estate sales professionals can tell publicly about the person's belongings, said Leighton Candler, a real-estate agent with the Corcoran Group who's represented the estates of Brooke Astor and comedian Joan Rivers.

"I remember [Rivers's daughter] Melissa telling me, 'I know that you are noted for your discretion, but that is not what I want. I want a splash,'" she recalled. Ms. Rivers's penthouse sold for $28 million in 2015, public records show.

There is no shortage of splash in Ms. Gabor's case. She needed two rooms to hold her more than six decades of outfits clad in plastic protectors.

She held onto the checked shirt with a pussycat bow she wore at her 1989 trial for smacking a Beverly Hills police officer after he pulled over her Rolls-Royce Corniche convertible for a traffic violation. She was convicted of misdemeanor battery on a police officer, driving without a driver's license and having an open container of alcohol in the car.

"Every so often, she'd still put them on in the house, just lie in bed and watch television and then take them off again," Mr. von Anhalt said of his wife trying on outfits in her later years. "She had a handbag for every day. Elizabeth Taylor took her shopping in Paris and they bought everything they could buy."

JAVITS CENTER In New York, the children of Jacob Javits have been going through the items in their parents' East 57th Street apartment, following the death of their mother Marian last year. The apartment is under contract to be sold.

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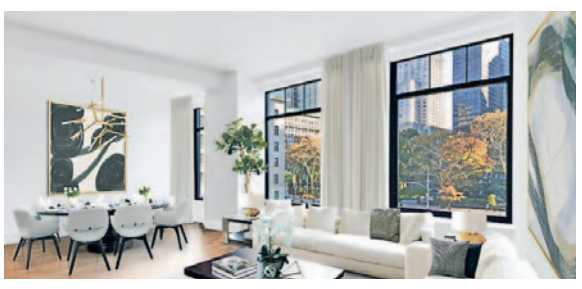

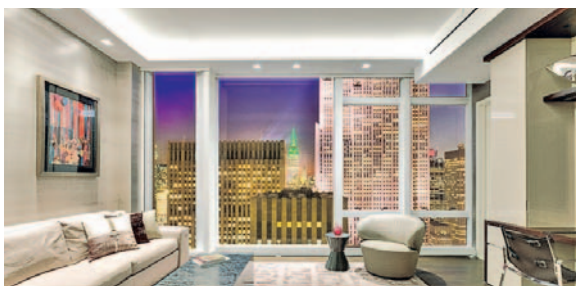

Top: **10 Madison Square:** Pristine, mint condition 3-bedroom, 3.5-bathroom home overlooking dynamic Madison Square Park. Offered at $7,495,000, *Fran Shapiro 347-556-4409*
Bottom: **20 West 53rd Street:** Magnificent, fully furnished 3-bedroom home at The Baccarat Hotel & Residences offers show stopping views of Central Park, the Empire State Building, the Chrysler Building and the World Trade Center. Offered at $17,000,000, *Howard Morrel 212-956-4823*

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JIM BROWN'S CHILDHOOD CHOICE

HALL OF FAMER Mr. Brown set several league records playing for the Cleveland Browns, 1957 to 1965. Below, at Syracuse University in the mid-1950s.

Continued from page M1

beaten home close to the highway that connected the island to the mainland.

Our home was comfortable. It had been in the family since the 1800s. Slave ships from Africa used to land up the coast at Fort Frederica. Nora always used to talk about that.

Nora was a strong woman and very determined. She always wanted me to come in early from playing. If I didn't, she'd try to catch me but never could. If I slept late, I'd wake up with a switch applied to me.

I learned how to swim in a pond in the middle of the island. We'd put a box in the water and dive off it. The water came up to our necks, so you could stand if you had to. Little by little I figured out how to swim.

My grandmother liked to drink and started early each day. She was drunk nearly all the time and was looked down upon in disgrace. To her credit, she eventually stopped drinking and became a beautiful human being.

The island supplied us with great fish and seafood. We'd catch a lot of our dinners. My favorite meal was Nora's deviled crabs. She'd remove the meat from the shell and season it spicy.

In 1944, when I was 8, my mother came down to St. Simons and took me up to Manhasset. We lived in an apartment over the garage at the home of the Brockmans, where she worked.

I respected my mother and her determination to send me to school, which was 5 miles away. Sometimes she'd put me in a taxi. She had to work hard to take care of us.

The Brockmans were wealthy and treated us nice. But I was isolated with my mother. There were no other kids to play with. I invented games I could play alone, and I discovered myself.

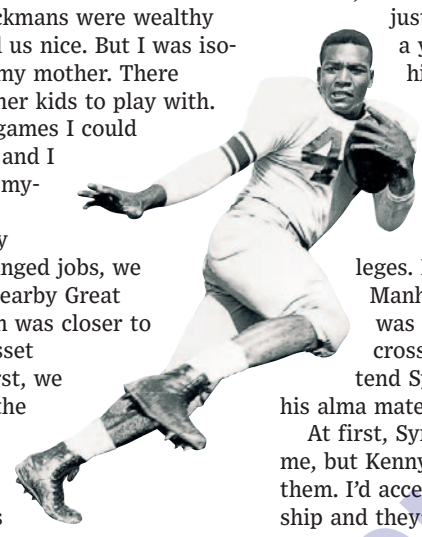
When my mother changed jobs, we moved to nearby Great Neck, which was closer to the Manhasset schools. First, we lived with the Butlers, an African-American family. This arrangement gave my mother more freedom to be a young woman and make a living. But I didn't like it. The Butlers had two kids, and I never felt like I fit in. Bill, their son, and I constantly competed for everything.

Several years later my mother and I moved across the street. We lived in the downstairs section of a duplex. The house had a backyard. I dug a pit and set in two poles with a cross bar. That's where I learned to high-jump.

Mom and I had a difficult relationship. She was a young lady, but I didn't like her dating men when we lived together. I felt it wasn't good for her reputation. I even threatened a couple of her boyfriends.

In junior high school, I excelled at lacrosse, basketball, baseball, football and track. I was on a journey. I had only two choices—to be a decent person or a bad person. The discipline of athletics meant I had to play life straight. I had to do the right thing and not indulge in things that would be a detriment to my sports.

In high school, Ed Walsh, my football and basketball coach, became a father figure to me. He was a gentle, caring person who encouraged and guided me. When I met Ed, he knew my potential. Not just as an athlete but as a young man. I trusted him and truly cared about him.



At the end of high school in 1953, I wound up with full scholarship bids to 42 colleges. But Kenny Molloy, a Manhasset lawyer who was involved with my lacrosse team, insisted I attend Syracuse University, his alma mater.

At first, Syracuse didn't want me, but Kenny made a deal with them. I'd accept a football scholarship and they'd give me a trial period. Kenny paid for my first semester.

I passed the trial, and by senior year I set several college football records. I was picked in the first round of the 1957 NFL draft by the Cleveland Browns. I retired from football in 1965 to become a movie actor.

Today, I live with my wife, Monique, in the Hollywood Hills. I moved here in 1968. It's a big house that's perched on the finger of a ridge overlooking the city. We have an amazing, unobstructed view.

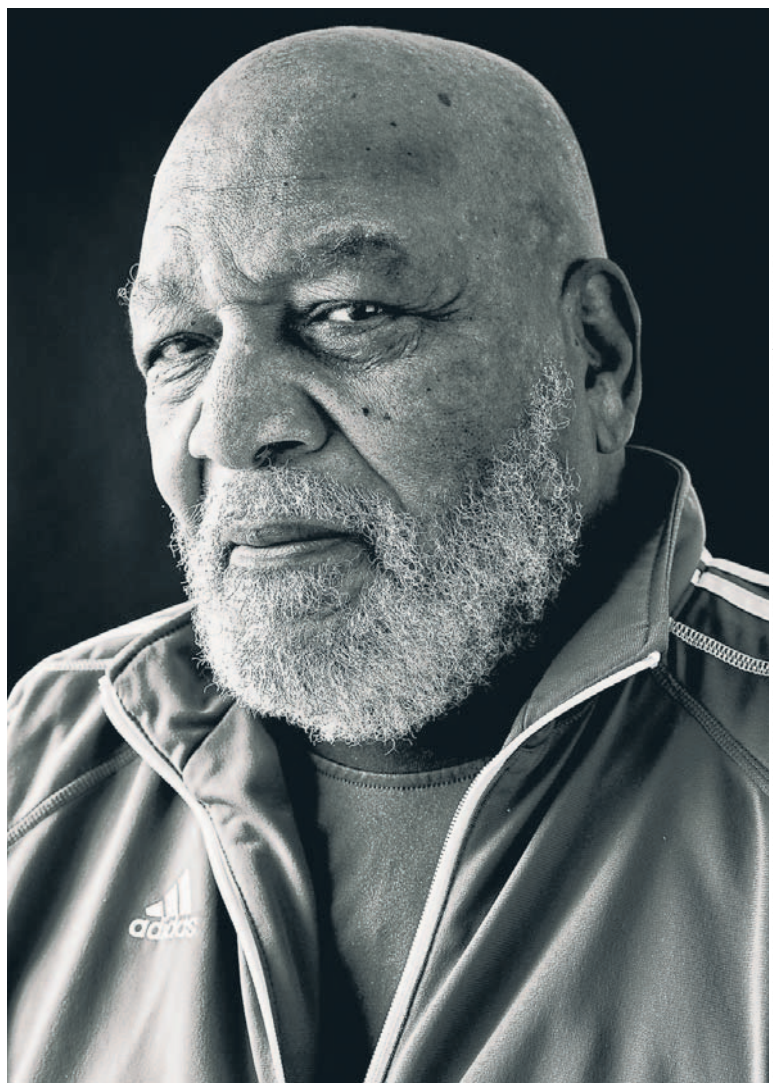
My favorite spot is sitting on the deck, facing the house instead of the view. I like to be set should anyone ring the doorbell.

My wife and I also have a condo in Miami's South Beach, and we still own the house on St. Simons. We're not sure yet what we're going to do with it.

When I became a well-known athlete with the Browns, my father reached out to me. I didn't want to have anything to do with him. I wasn't angry, just determined not to get caught up in his junk.

I wasn't going to chase after him my entire life. To me that was weakness. I know who good people are. They helped me and I'm grateful to them. Many were white and wealthy, and they used their resources to put me on the right track.

As for my father, I'm not sorry I didn't spend time with him. He made his decision, and so did I.



GAME ON Mr. Brown has a home in L.A. and a condo in Miami's South Beach, as well as a St. Simons, Ga., home that his family has owned since the 1800s.

CLOCKWISE FROM TOP RIGHT: SHAYAN ASGHARNIA FOR THE WALL STREET JOURNAL; ALAMY; FOCUS ON SPORT/GETTY IMAGES

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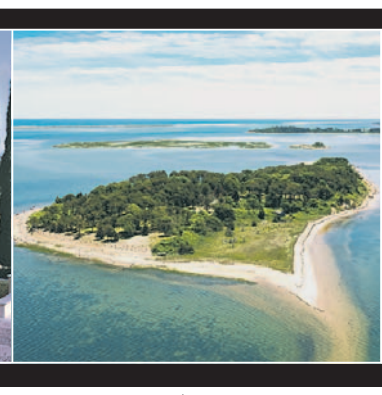

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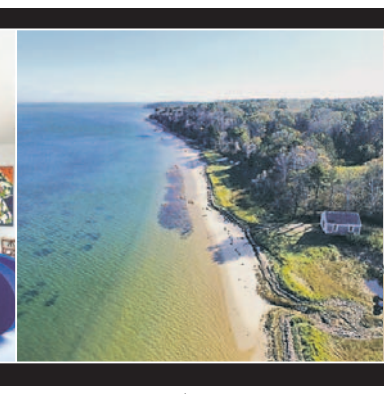

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CHARLESTON, SC | $2,995,000
WEB ID: PNFD4
On the Battery with beautiful views of Charleston Harbor. 5 BDs/4½ BAs/4,674sf.
Carriage Properties
Melinda Laurens — +1 843 693 1540

HOUSTON, TX | $2,795,000
WEB ID: KQFW4
Grandiose home featuring architecturally impressive detailing. Pool & loggia.
John Daugherty, Realtors
John Daugherty, Realtors — +1 713 626 3930

NAPLES, FL | $2,750,000
WEB ID: ZWHW4
Tucked in its own newly planted tropical oasis within the Moorings neighborhood.
John R. Wood Properties
Robin Hill — +1 239 776 0733

NORTH PALM BEACH, FL | $2,495,000
WEB ID: ICJQ4
Light filled 4BR 4BA garden home with pool in prestigious gated golf community.
Lost Tree Realty
Peter Erdmann — +1 561 329 2383

COTUIT, MA | $2,495,000
WEB ID: QTZC4
Captivating marsh views in a private 6+ acre setting. Beautifully renovated interior.
Robert Paul Properties
Paul Grover — +1 508 364 3500

ORLEANS, MA | $2,489,000
WEB ID: TFMB4
Impeccable waterfront with licensed dock, private & idyllic walk-to-village setting.
Robert Paul Properties
Fran Schofield — +1 508 237 0006

KENNESAW, GA | $2,395,000
WEB ID: AUAD4
Gated oasis on 2+ resort-like acres, finest materials & details, low taxes.
Beacham & Company, REALTORS
Tricia Feagin — +1 404 272 4464

TEQUESTA, FL | $2,295,000
WEB ID: TZMC4
Light filled estate home in Jupiter Hills Village, 4BR, 5 ½ baths, paneled office.
Lost Tree Realty
Denice Sexton — +1 561 662 8344

POMPANO BEACH, FL | $2,050,000
WEB ID: EYPW4
The Barona is 2,525sf, 3 bed, 4 bath. 1st year maintenance fees paid by developer.
Keyes Company
Michael E. Aderholt — +1 954 632 0340

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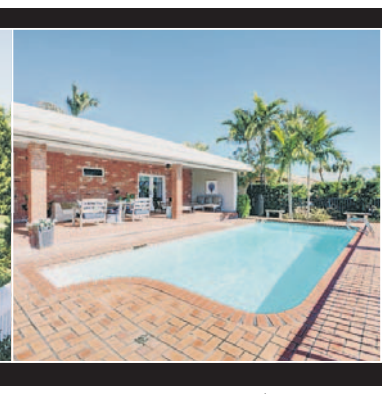
SANIBEL, FL | $1,995,000
WEB ID: BSPW4
Spacious Island Home with 3BR/2.5BA, pool, Gulf access dock, 170ft of canal frontage.
VIP Realty Group, Inc.
Jim Hall — +1 239 850 3344

MARION, MA | $1,995,000
WEB ID: UCBU4
Exceptional, renovated village home w/guest quarters, steps to village amenities.
Robert Paul Properties
Paul Grover — +1 508 364 3500



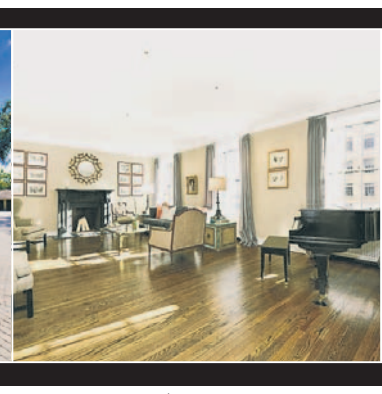
FORT LAUDERDALE, FL | $1,994,788
WEB ID: BKTZ4
4BR/3.5BA East Fort Lauderdale w/70 ft. dock. No fixed bridges. Open floor plan
Balistreri Realty Inc.
Marlene Katkin, PA — +1 954 980 6500

TEQUESTA, FL | $1,900,000
WEB ID: IURT4
Light bright 3BR estate home in Jupiter Hills Village, tranquil sparkling lake view.
Lost Tree Realty
Denice Sexton — +1 561 662 8344

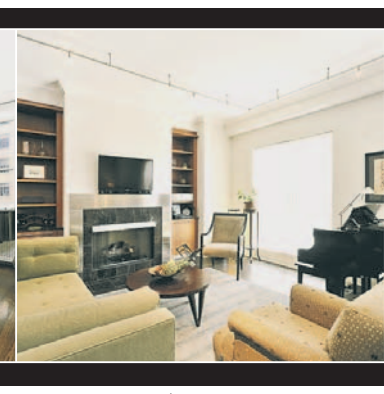
UPPER SADDLE RIVER, NJ | $1,699,000
WEB ID: FHGJ4
Magnif. new custom Colonial on oversized 1.3 ac. lot in East Hill. Incredible value.
Terrie O'Connor Realtors
Susan Fain — +1 201 327 7100

ATLANTA, GA | $1,675,000
WEB ID: EHOD4
Gated. Classic style. 9,400sf 12' clgs. 6 bedrms. 7 fplc. Pool. Private 2 acres.
Beacham & Company, REALTORS
Ginny Ferguson — +1 404 626 7281

NORTH FORT MYERS, FL | $1,349,900
WEB ID: DXDC4
Spanish style gulf access estate – 4BR, 4.5BA, 1.39 acres, pool, spa, and boat house.
VIP Realty Group, Inc.
Trevor Moore — +1 239 292 5779



CHICAGO, IL | $1,295,000
WEB ID: TFAW4
Elegant 3,800sf co-op 4bed/3bth living, den, family, formal DR, location, impressive.
Baird & Warner
Brenda Mauldin — +1 312 961 0000



CHICAGO, IL | $1,090,000
WEB ID: GGKD4
Super chic half-floor 2 bed/2 bath with 10' ceilings in boutique Gold Coast condo.
Baird & Warner
Taich Team — +1 847 910 1722

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Homes for sale that have been inspired by castles, with high stone arches inside and out, huge fireplaces and wrought-iron details

FROM LEFT: AEV PHOTOGRAPHY (2); LANDON DAY (2)

$3.5 million

Wichita, Kan.

16 bedrooms, 17 bathrooms, one half-bath

Built in the late 1800s, the Campbell Castle is a reproduction of a Richardsonian Romanesque Scottish castle. The home features arched fireplaces, arched windows and hand-carved fretwork from Europe, as well as German stained glass. The 15,000-square-foot mansion is on 2 acres on the Little Arkansas River.
Agent: Debbie Rich, J.P. Weigand & Sons Inc.

$3.75 million

Southlake, Texas

Eight bedrooms, eight bathrooms, four half-baths

This 19,673-square-foot home on 1½ acres, built in 2007, is reminiscent of a Medieval castle on the exterior, but has modern amenities: a theater, elevator, pool, game room and wine room, as well as storage for 12-plus cars. There are four covered patios with high stone arches and peaked wrought-iron windows.
Agent: John Pollock, Re/Max Pinnacle Group

DALE CLARK/ARC PHOTOGRAPHY (2)

$3.899 million

Dublin, Ohio

Five bedrooms, six bathrooms, four half-baths

This 15,000-square-foot home, built in 1986, has stone archways, wood-paneled walls, a winding staircase with wrought-iron rail, hidden passageways, a turret window and a huge limestone fireplace. The 13-acre property has views of the Scioto River.
Agent: Kelly Cantwell, Street Sotheby's International Realty

—Stacey Altherr

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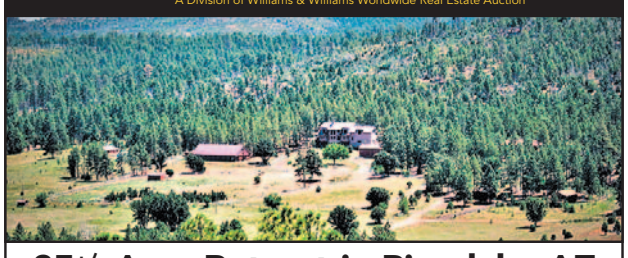

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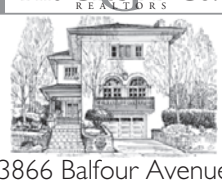

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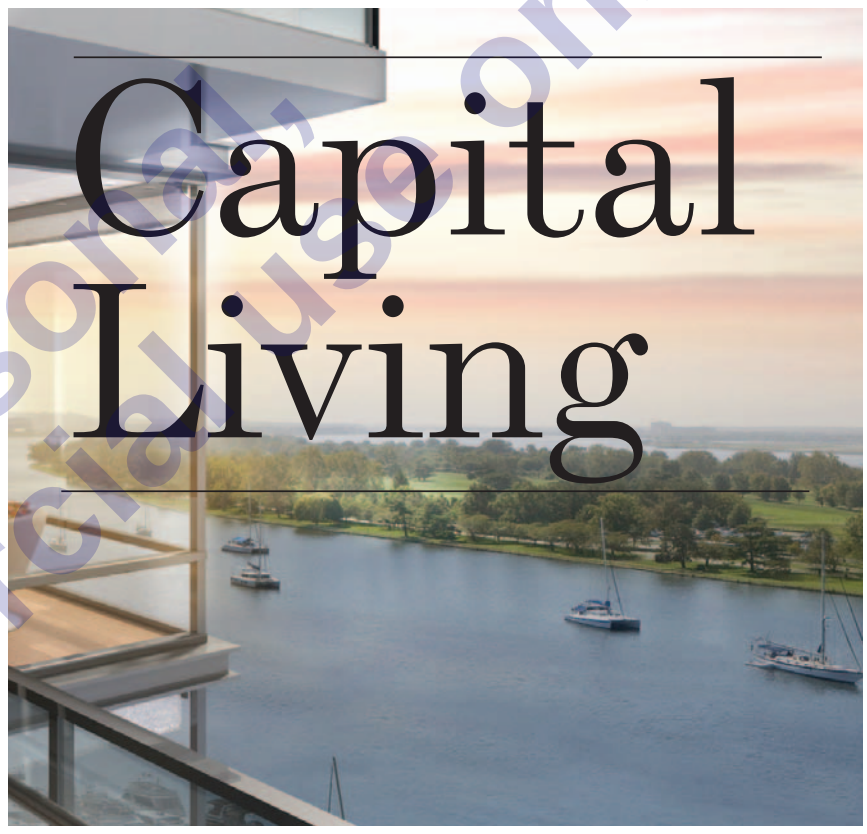

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Real Estate Trends

Decoding the D in 'DFW'

DFW" is shorthand around here for "Dallas" and "Fort Worth" — though it really means all of North Texas, not just our two anchor cities.

But I have decided that the *D* could really stand for *distinctive*. There are so many distinguishing characteristics about our region, and they fuel the unique enthusiasm for North Texas, all over the world.

Here are some hard facts. Texas is — for the second year in a row — America's No. 1 growth state per one company that should know: U-Haul. Texas tops its 2017 list of destinations for one-way truck rentals, with a preponderance of those trucks bound for North Texas. "Large companies are flocking into the Dallas area," says Debbie Morales, president of U-Haul Company of East Dallas. "Housing development is booming everywhere in the Dallas/Fort Worth area. Everywhere you look, new businesses, homes and apartment/condo buildings are going up."

The Bureau of Labor Statistics backs that up: Dallas had the country's largest increase in employment for the year ended February 2017, a big 3.7 percent. Fort Worth and Arlington were right behind it, at 2.8 percent.

Another distinction? In a Cushman & Wakefield study, Dallas-Fort Worth was the top office market in the country in 2017 — with every indication that it will be this year, too.

When it comes to population, guess which state topped the U.S. Census Bureau's list for the most growth last year. We are now more than 7 million strong in North Texas. Almost 400 people move here each day.

But, wait, there's more. An astounding 20-plus Fortune 500 companies now call DFW home. That illustrious group is spread all over North Texas and includes ExxonMobil in Irving, AT&T and Tenet Health in Dallas and the American Airlines Group in Fort Worth.

But DFW's distinctions don't just apply to people, places and things: There are some advantages baked into the new tax laws, which took effect on January 1. Our no-state-income-tax status will attract even more businesses, job-seekers and consumers.

So, the Cowboys didn't make it to the Super Bowl. They will again. In the meantime, we have plenty to be proud of in North Texas — in my mind, the most distinctive area in America.

Robbie Briggs, President and CEO
Briggs Freeman Sotheby's International Realty
rbriggs@briggsfreeman.com

3710 Armstrong Avenue | $4,900,000
Highland Park

Susan Baldwin
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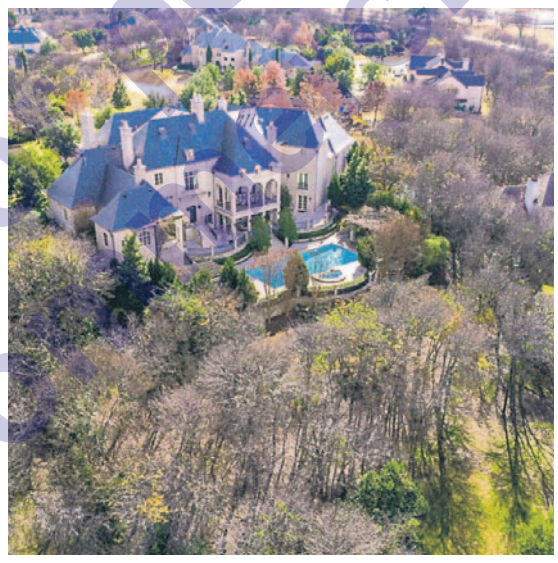
sbaldwin@briggsfreeman.com



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sbaldwin@briggsfreeman.com

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MANSION

RIPLEY HOUSE This 1928 house 18 miles northeast of London is listed for about $11.25 million.

RH & RW CLUTTON (3); STRUTT & PARKER (GODFREY HOUSE)

THE MARKET

Big-City Buyers Revisit the Country House

By cashing in on their London properties, buyers can acquire a grand, turnkey home in the countryside

BY RUTH BLOOMFIELD

AS ANYONE WHO has ever watched a classic period drama will know, if there is one thing the British do well it is the grand country house.

Over the past decade, the market for these architectural gems has suffered a series of setbacks, from the banking crisis and global recession to tax increases and Britain's exit from the European Union. But real-estate experts are finally reporting early signs of a new dawn for historic rural homes.

The latest prime country-house index from Knight Frank, a real-estate brokerage and research firm, reported price growth of just 0.4% last year. But it noted an uptick in both property viewings and buyers.

With a shortage of stock coming onto the market, the firm forecasts that prices across England and Wales will rise by 1.5% this year and by 2% in 2019.

And even in a feeble market, big deals are being done. In December, for example, a buyer snapped up Chinthurst Hill, a 10-bedroom house set in the Surrey Hills, rolling countryside 35 miles southwest of London. The house, designed by the great English architect Sir Edwin Lutyens, had a guide price of $22.65 million.

Sales like this give Lindsay Cuthill, head of Savills' country department, reason for optimism. Now that property prices in the British capital appear to have peaked, he explained, buyers are willing to leave the city.

"They can't see their house in London going up in value any more, and they are saying, 'OK, let's get off the gravy train,' " said Mr. Cuthill.

The huge price differential between London and rural homes means buyers are able to sell a city home, buy a substantial country property and have enough money left over to invest in a London apartment and perhaps have some change left over, too.

For example, $1.91 million would buy either a modern, one-bedroom apartment in central London, or Godfrey House, an Elizabethan manor house set on just over 4 acres. This 16th-century timber-framed home, listed with Strutt & Parker, measures 5,157 square feet with six bedrooms and four bathrooms. It is in the county of Kent, 40 miles southeast of London.

The market for a prime country-house market farther from London is undoubtedly weaker. In Devon, a coastal county in southwest England 170 miles from the capital, agent Pru Martin said 2017 had been a "challenging" year, particularly for homes priced at £2 million ($2.83 million) or more, which attract stamp duty of 15% if purchased as a second home. "Many of the buyers who purchase in this desirable area are highly successful business people who prefer certainty to uncertainty in all markets," said Ms. Martin, a director at Marchand Petit estate agents.

Potential buyers also increasingly prefer a turnkey country house over one with historic authenticity, said David Williams, director of Grantley Group estate agents, based in Surrey.

"Buyers seem to be seeking these homes only when they have been renovated already, suggesting that the hassle and inconvenience of obtaining planning for landmark homes is starting to have an effect on the market."

An example is Ripley Grange, a 15,092-square-foot house in the county of Essex and 18 miles northeast of London. The house dates from 1928 and has since been updated. The nine-bedroom, four-bathroom home, listed with Savills for $11.25 million, sits on 17.8 acres of grounds.

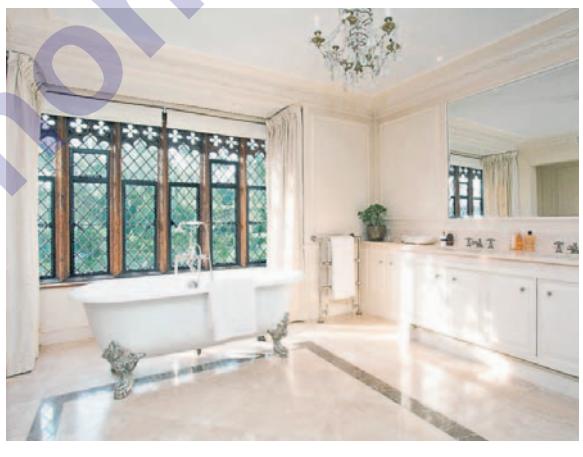
Savills' research department forecasts stability in the country-house market over the next two years, followed by more serious growth of 4% in 2020 and 2021, and a further 3.5% in 2022.

Dawn Carritt, director of country houses and estates at Jackson-Stops estate agents, is hopeful of a steady sort of rebirth.

"Now that Brexit is well on its way and Theresa May seems to have weathered the bad election result," she said, "I think people that have been sitting tight for three years will think: 'Let's go for it.'"

Buying agent Charlie Wells has found that what clients really want is peace: no noise from roads or aircraft, no light pollution and enough land to create a buffer around the property, for privacy and seclusion. Many are returning to their roots after years spent working in cities.

"You get people who want to return to what they see as their spiritual, childhood home," said Mr. Wells, managing director of buying agency Prime Purchase. "People often crave what their parents gave them, and want to give their children the same. They want to share their good memories with their children."



OLD, BUT NEW Above and at left, a living room and bathroom in Ripley House, which has nine bedrooms and four bathrooms. Agents say that buyers today mostly want homes that, like Ripley House, have been fully modernized.

GODFREY HOUSE This Elizabethan manor is listed for about $1.9 million

For Sale

$1.77 million
Clarghyll Hall
Seven bedrooms, seven bathrooms

An imposing stone house in the village of Alston, Cumbria, dates from the 16th century. The 9,021-square-foot house includes a drawing room, library and a great hall. The property is set on 8.8 acres and comes with a separate estate manager's house. Agent: Jackson-Stops

$3.89 million
Shortridge Hall
11 bedrooms, seven bathrooms

Built in 1878 for a local brewer, this stone house retains original features like wood paneling and ornate cornicing, but has modern luxuries like a large kitchen, swimming pool and gym. The 16,447-square-foot mansion is in Warkworth, Northumberland. Agent: Finest Properties

$7 million
Harpsden Court
13 bedrooms, eight bathrooms

Located near Henley-on-Thames, a convenient 36 miles west of London, this 16,098-square-foot home sits on 4 acres. It features an original Medieval section, with additions built in the Regency and Victorian eras. Agents: Hamptons International, Savills

(T-B) JACKSON-STOPS; FINEST PROPERTIES; HAMPTONS INTERNATIONAL, SAVILLS

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