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INSIDE: A SPECIAL REPORT

The New Tax Law

DOW JONES | News Corp ****** WEDNESDAY, FEBRUARY 14, 2018 ~ VOL. CCLXXI NO. 37 WSJ.com ★★★★ $4.00

DJIA 24640.45 ▲ 39.18 0.2% NASDAQ 7013.51 ▲ 0.5% STOXX 600 370.58 ▼ 0.6% 10-YR. TREAS. ▲ 6/32, yield 2.837% OIL $59.19 ▼ $0.10 GOLD $1,328.10 ▲ $3.90 EURO $1.2354 YEN 107.82

What's News

Business & Finance

Finra is investigating whether prices linked to the stock market's VIX "fear index" have been manipulated by traders. **A1**

◆ **Amazon is pushing** to turn its medical-supplies business into a major seller to hospitals and clinics. **A1**

◆ **Record U.S. shale output** could overwhelm demand and reverse the oil market's recovery, the IEA said. **B1**

◆ **Chipotle named** Taco Bell's chief executive as its next CEO in an effort to revive the struggling chain. **B1**

◆ **Private-equity firms** have shown little interest in investing their infrastructure funds in public assets. **B1**

◆ **U.S. stocks rose** slightly ahead of a key inflation report. The Dow edged up 39.18 points to 24640.45. **B13**

◆ **Blue Apron reported** a 15% drop in customers as it faces operation problems and stiff competition. **B4**

◆ **Xerox defended** its deal with Fujifilm in a letter to shareholders after Icahn said he would vote against it. **B4**

◆ **PepsiCo's quarterly sales** were flat, hurt by falling demand in North America. **B2**

◆ **Under Armour said** quarterly revenue rose despite a decline in North America. **B3**

◆ **Uber's revenue** rose 12% in the fourth quarter and its loss narrowed to $1.1 billion. **B3**

World-Wide

◆ **Israeli police** recommended corruption charges against Netanyahu, a move that could threaten the leader's grip on power. **A1**

◆ **The FBI gave** the administration updates last year on an ex-White House aide accused of domestic abuse, the bureau's director said. **A4**

◆ **Trump's personal** lawyer said he paid an adult-movie actress $130,000 out of his own pocket. **A4**

◆ **November's midterms** are vulnerable to Russian election meddling, a top intelligence official said. **A4**

◆ **Russian contractors** were among those killed in a U.S. airstrike in Syria last week, officials said. **A8**

◆ **California employers** are increasingly caught between state and U.S. governments over illegal immigrants. **A3**

◆ **European governments** are reluctant to take back nationals who were captured fighting for Islamic State. **A7**

◆ **South Africa's Zuma** refused to resign after the ANC demanded he hand over power to his deputy. **A8**

◆ **Egyptian authorities** detained the ex-anticorruption chief, deepening a clampdown on Sisi's opponents. **A8**

◆ **China's leadership** accused the former internet czar of graft, abuse of power and other crimes. **A9**

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FBI Clashes With White House Timeline on Aide

AARON P. BERNSTEIN/REUTERS

IN LIGHTS: FBI Director Christopher Wray told a Senate panel Tuesday that his agency notified the White House about Trump aide Rob Porter in March, earlier than the White House has said. **A4**

Israeli Police Recommend Charges Against Netanyahu

By Rory Jones

Israeli police recommended corruption charges be brought against Prime Minister Benjamin Netanyahu, a move that could lead to a formal indictment and threaten the political power of one of U.S. President Donald Trump's most stalwart foreign allies.

The police said on Tuesday that prosecutors should charge the Israeli leader for receiving gifts from businessmen, including billionaire Hollywood producer Arnon Milchan and Australian billionaire James Packer, according to a statement. They also said Mr. Netanyahu tried to negotiate favorable coverage in a newspaper in return for limiting the influence of another daily.

The police announcement is expected to bolster calls for Mr. Netanyahu to step down. The monthslong police investigation has sparked sporadic street protests and fueled public debate over whether the country's longtime leader and his family have abused the privileges of the prime minister's office.

Mr. Netanyahu has denied any wrongdoing and has labeled the police investigation a political witch hunt designed to force him from power. The leader, now serving his fourth term in office, has proven resilient enough to remain at the heart of Israeli politics since the 1990s. He has built strong ties with Mr. Trump after a fraught eight years of often cool relations with the Obama

Please see ISRAEL page A7

Stock Market 'Fear Index' Faces Probe

By Gunjan Banerji

A U.S. regulator is looking into whether prices linked to the stock market's widely watched "fear index" have been manipulated, according to people with knowledge of the matter.

The Cboe Volatility Index, known as the VIX, is derived from S&P 500 options prices. The Financial Industry Regulatory Authority is scrutinizing whether traders placed bets on S&P 500 options to influence prices for VIX futures, the people said.

Separately, a letter from a law firm Monday representing an unidentified client urged U.S. regulators to investigate VIX manipulation, claiming it has cost investors hundreds of millions of dollars in losses each month.

If evidence of manipulation is found, it would be a black mark for the VIX, which has soared in popularity over the last decade as a hedging tool for investors. The VIX is designed to track investor anxiety and tends to move in the opposite direction of the benchmark S&P 500 index. Investors purchase VIX futures and options to protect against declines in stocks.

Finra is Wall Street's self-

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◆ How a popular trade reversed in a hurry........................ B13

◆ Dow ends higher, erasing slide.................................... B13

Amazon Targets Hospital Supplies

By Melanie Evans And Laura Stevens

Amazon.com Inc. is pushing to turn its nascent medical-products business into a major supplier to U.S. hospitals and outpatient clinics that could compete with distributors of items ranging from gauze to hip implants.

Amazon has invited hospital executives to its Seattle headquarters on several occasions, most recently in late January, to sound out ideas for expanding its business-to-business marketplace, Amazon Business, into one where hospitals could shop to stock outpatient locations, operating suites and emergency rooms, according to hospital executives who attended the meetings.

Amazon Business already sells a limited selection of medical supplies, as well as industrial and office goods.

The market for medical supplies is one of a growing number of businesses the online retail giant has put in its sights, from groceries to clothing, often with market-moving results. Shares of health-supply distributors fell Tuesday, in part from The Wall Street Journal's online report of Amazon's intensified push into the industry, analysts said.

Amazon recently dispatched employees to a large Midwestern hospital system, where officials are testing whether they can use Amazon Business to order health supplies for the system's roughly 150 outpatient facilities.

Please see AMAZON page A9

U.S. Snowboard Star Delivers Gold

CAMERON SPENCER/GETTY IMAGES

MEDAL FLURRY: Shaun White, 31-year-old American snowboarder, celebrated after completing his third run in the men's halfpipe Wednesday at the Pyeongchang Games, winning gold. **A16**

Billion-Dollar Bribery Scandal Sweeps Through Oil Industry

Criminal case alleges corruption in Shell and Eni deal for Nigerian field

By Sarah Kent in Abuja, Nigeria, and Eric Sylvers in Milan

A top oil executive walked into the marble lobby of an exclusive Milan hotel on a chilly winter night. His dinner date was a former Nigerian oil minister offering to sell one of Africa's biggest untapped oil discoveries.

Eight years later, the question of whether the $1.3 billion paid for the license to that prized oil field was mostly a bribe is at the heart of one of the biggest bribery scandals the oil industry has ever seen.

Part of a broader crackdown, the case has reached into the highest levels of the executive ranks of Royal Dutch Shell PLC, the second-largest Western oil company—including wiretaps on its chief executive—and into Eni SpA, Italy's state-backed oil company.

Italian prosecutors say Claudio Descalzi, the senior Eni executive at the Milan dinner, and high-level Shell officials approved an arrangement that allowed them to pay the government while knowing most of the money would be transferred to a company controlled by Dan

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◆ Heard on the Street: U.S. drillers flood world... B14

Nothing Says 'I Love You' Like a Chicken Wing

* * *

The poultry part joins flowers, chocolate as Valentine's Day gift

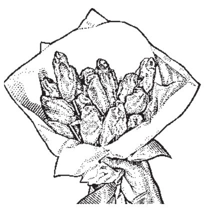
By Ellen Byron

Marivel Guerrero plans a romantic surprise for her boyfriend to mark their first Valentine's Day.

It involves chicken wings and lots of sauce.

Ms. Guerrero, 33 years old, of Austin, Texas, says she bastes the wings with barbecue sauce every five minutes as they bake, then arranges them into a bouquet, garnished with carrots and celery. The chicken-wing bouquet is tied in a red bow.

Somehow, chicken wings are elbowing their way to a spot alongside flowers, chocolate and champagne on America's Valentine's Day menu.



Wing bouquet

"When you're eating wings you're really getting to know that other person," says Ms. Guerrero, who owns an adult caregiver business. "Will they pick at them with their fingers? Will they dive in and eat right off the bone?"

Some couples this year will ditch a quiet candlelit dinner for a wing-fest at a Buffalo Wild Wings Inc. restaurant. On social media, the chain promises "Love at first bite." Gift cards have two wings shaped into a heart and pierced with Cupid's arrow. Love is good for business, says

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INSIDE

TOMMASO PROTTI/WSJ

MISERY FUELS VENEZUELA MIGRATION

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GREGORY BULL/ASSOCIATED PRESS

TRUMP AND THE DREAMERS

OPINION, A18

Household Debt Climbs to $13.15 Trillion

By Eric Morath

U.S. households carry record levels of debt but appear well positioned to manage the burden with wages increasing and tax bills falling this year.

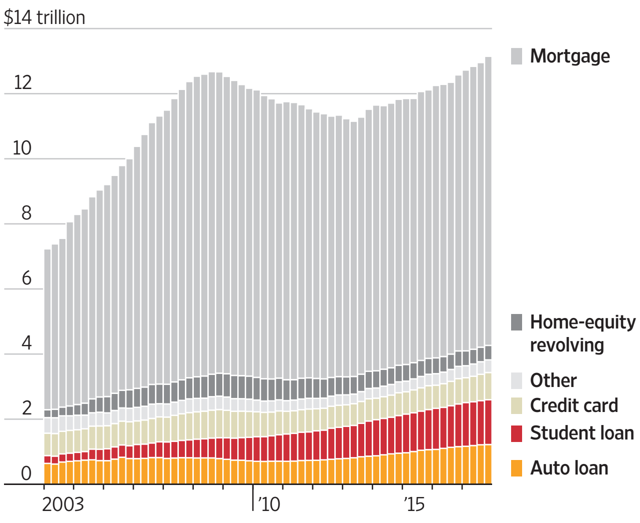
Outstanding household debt rose by $193 billion to $13.15 trillion in the final three months of 2017, completing the fifth straight year overall balances increased, the Federal Reserve Bank of New York said Tuesday.

Total debt was the most on record, though the figure wasn't adjusted for inflation or population growth. As a share of U.S. economic output, household debt was about 67% last quarter, barely edging up from the third quarter and well below a high of about 87% in early 2009.

"The current debt level is still manageable and is likely to grow further this year," said Diane Swonk, chief economist at advisory firm Grant Thornton.

In the Red

Amount of borrowing held by U.S. households, by type



Source: Federal Reserve Bank of New York THE WALL STREET JOURNAL.

People are mostly keeping up with their debt payments. The share of debt considered to be seriously delinquent, meaning payment is at least 90 days late, fell slightly to 3.12% in the fourth quarter from 3.19% the prior period, the New York Fed said.

The serious delinquency rate on mortgage loans has trended down for several years. Delinquency on credit cards held fairly steady last year, ending a period of decline. Delinquency on auto loans edged up in the fourth quarter, though the average credit score for new auto loans rose slightly. Student-loan delinquency remains persistently above prerecession levels.

As debt increased, the net worth of U.S. households, including the value of investments and real estate, also climbed further into record territory last year. Total net worth rose by $1.742 trillion to $96.939 trillion in the third quarter of 2017, according to separate Federal Reserve data. Rising stock markets and property prices boosted wealth last year.

The fourth-quarter debt increase was mostly driven by larger mortgage balances, which rose by $139 billion last quarter to $8.88 trillion. Mortgage loans account for about two-thirds of all household debt. Still, overall mortgage balances remain below prerecession levels.

Separate reports showed 2017 was the best year for home sales since 2006.

Matt van Winkle, a real-estate agent and owner of Re/Max Northwest in Seattle, said more buyers in the past year have purchased homes with financing, rather than in cash. He said financed buyers are offering higher bids to beat out investors.

"Rents are high, so they want to purchase and lock in a price," he said. "Buyers are being more aggressive. They see there are a lot of other buyers out there, and that gives them confidence in the market."

People's willingness to take on additional debt and make big purchases suggests they are confident in their prospects and about the longevity of the economic expansion, which began in mid-2009.

Cleveland Fed Chief Considered As Deputy

By Nick Timiraos

The White House is considering nominating Loretta Mester, the president of the Federal Reserve Bank of Cleveland, as vice chairwoman of the Federal Reserve Board in Washington, according to people familiar with the matter.

Ms. Mester has led the Cleveland Fed since 2014 and before that spent nearly 30 years as an economist at the Philadelphia Fed, roughly half of that time as the bank's research director.

The Trump administration is interested in filling the vice-chairman post with a well-respected expert in monetary economics. Ms. Mester would satisfy that criterion and possibly others for the White House's search, now in its fourth month.

The White House has interviewed Ms. Mester and several other candidates for the position. It isn't clear whether there is a front-runner, and a nomination doesn't appear imminent. A spokesman for the Cleveland Fed declined to comment.

Ms. Mester is considered a moderately hawkish Fed president, meaning she is more likely than some of her colleagues to support higher interest rates to guard against faster inflation. This stance could win favor with conservatives who have voiced concern with the Fed's efforts to stimulate economic growth with low rates and bond-buying programs.

Ms. Mester for many years reported to then-Philadelphia Fed President Charles Plosser, who repeatedly voted against the Fed's stimulus policies because he believed the economy didn't require so much support from the central bank.

If selected, Ms. Mester would be the first woman tapped for the Fed's seven-member board by President Donald Trump. His three nominations so far are all men.

The vice-chairman position has been vacant since October, when Stanley Fischer resigned for personal reasons.

MICHAEL NAGLE/BLOOMBERG NEWS

Loretta Mester is seen as being more inclined than some colleagues to raise rates.

Fed Chairman Jerome Powell, who was sworn in this month and previously spent five years as a Fed governor, is the first noneconomist to lead the Fed in more than three decades. Market participants are eager to see whom the White House picks as his No. 2 because he or she could influence how Mr. Powell navigates decisions this year over how quickly to raise rates.

Other economists the White House is considering for the No. 2 job include Richard Clarida, John Williams and Mohamed El-Erian. Mr. Clarida, a managing director at money manager Pimco, is well regarded by economists and the GOP establishment.

Mr. Williams, the San Francisco Fed president, is well respected within the Fed system, but it isn't clear how much support he has within the Trump administration. Mr. El-Erian, former chief executive at Pimco, would bring market and international experience to the role but lacks strong political connections in Washington.

U.S. WATCH

OREGON

Step Taken to Make Health Care a Right

Oregon's Legislature took a step Tuesday toward enshrining the right to health care in the state constitution, which would be unprecedented in the U.S.

The Democratic-controlled House of Representatives' 35-25 endorsement sends the bill to the state Senate, whose approval would put it on the ballot for Oregon voters in November.

Those who spoke out in favor of the bill said no Oregonian should lack access to medical care, but opponents said there is no plan to fund it. Voters would be asked to decide on a constitutional amendment saying the state "must ensure that every resident of Oregon has access to cost-effective, medically appropriate and affordable health care."

—*Associated Press*

CHICAGO

Off-Duty Officer Is Killed During Chase

An off-duty police commander was shot and killed Tuesday afternoon in downtown Chicago after he spotted a man matching the description of a suspect officers were chasing on foot, the city's police superintendent said.

Cmdr. Paul Bauer was shot multiple times after he "saw the offender and engaged in an armed physical confrontation," Superintendent Eddie Johnson said.

Superintendent Johnson said the suspect, who had initially got into a fight with officers when they went to talk to him because he was acting suspiciously, was captured a short time later. He said a weapon was recovered.

Cmdr. Bauer, 53, was a 31-year veteran of the department.

—*Associated Press*

He's the Leader of the Pack

BRENDAN MCDERMID/REUTERS

TOP DOG: Flynn, a fluffy bichon frisé, was named best in show Tuesday at the Westminster Kennel Club Dog Show in New York.

PROBE

Continued from Page One

regulator. It isn't a government entity but is overseen by the Securities and Exchange Commission. It provides oversight to Wall Street firms such as brokerages and exchanges.

It is unclear whether Finra's activities on the VIX amount to a formal investigation by the organization. Finra could also reach the conclusion that prices for VIX futures haven't been manipulated.

A probe by Finra or another U.S. regulator would be another setback for Cboe Global Markets Inc. The VIX is Cboe's marquee franchise, with a slew of products including futures, options and exchange-traded products that track it. Finra works with Cboe Global Markets to help with surveillance of its market.

Last week, the resurgence of market volatility triggered a spike in the VIX and the collapse of a widely traded ETP that buys and sells VIX futures. The ETP's demise helped send Cboe's shares sliding 18% over the next four days amid speculation that losses like those suffered by the ETP's investors could lead to greater regulatory scrutiny for the VIX going forward.

"Cboe has a dedicated regulatory department that works with Finra to monitor certain trading activity for our securities markets, including trading activity that could impact the VIX settlement," said Greg Hoogasian, Cboe's chief regulatory officer.

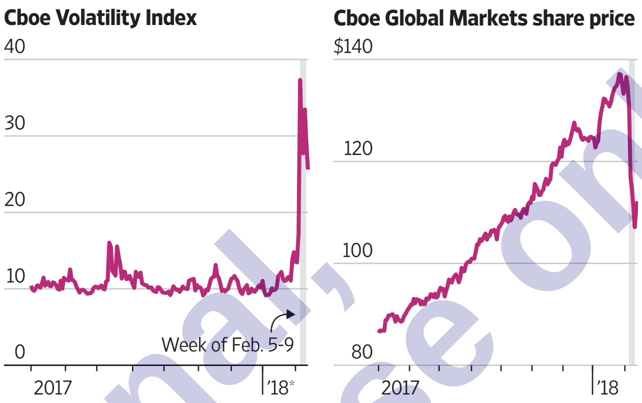
A spokesman for Finra declined to comment.

Manipulation is a civil and criminal violation under commodities law, said Craig Pirrong, a professor of finance at the University of Houston. It can be harmful to people trying to hedge their portfolios. Investors frequently turn to futures contracts for this purpose.

Moreover, distorting prices can undermine the "fundamental purposes of the markets," he said, creating a situation in which the forces of supply and demand cease to become a reliable indicator of prices.

Volatility Trades

A U.S. regulator is looking into potential manipulation of the VIX. Last week, shares of the VIX's owner tumbled after the liquidation of a VIX-linked exchange-traded product.



*Through Feb. 12

Sources: Cboe Global Markets (VIX); FactSet (share) THE WALL STREET JOURNAL.

Here's how VIX manipulation could occur: Traders trying to move prices for VIX futures and options could achieve this by betting on the options at a special auction that takes place each month to calculate settlement values.

Volume tends to spike around the time of the settlement auction and only in S&P 500 options that tend to have an outsize influence on the VIX's final level, according to research by John Griffin and Amin Shams, professors at the University of Texas at Austin who wrote a paper on the topic in May.

Proving manipulation is difficult, lawyers and academics say. The regulator must prove that a person or firm had the ability to move prices and did so intentionally. In addition, the regulator must show that the person intended to create artificial prices, said Prof. Pirrong.

Since the Commodity Futures Trading Commission's creation in 1975, it has won only one manipulation case against a trader who wouldn't settle as of late 2016.

Cboe said the University of Texas professors' research is based on "fundamental misunderstandings" about the VIX and its derivatives. It also said it has safeguards that make it difficult to manipulate the volatility gauge.

"The VIX index formula calculation performs exactly as intended, and we do not think that there is a problem with the VIX settlement process," a Cboe spokesman said in December.

Lawyers from the Washington-based law firm Zuckerman Law said in a letter Monday that a client is urging the SEC and CFTC to investigate possible VIX manipulation.

According to the letter, the client found a flaw that allows "trading firms with sophisticated algorithms to move the VIX up or down by simply posting quotes on S&P options and without needing to physically engage in any trading or deploying any capital."

Some market participants and observers of derivatives markets say VIX manipulation is feasible. More than a dozen traders and brokers told The Wall Street Journal that they avoid the expiration days for VIX futures or advise their clients to do so, with some citing manipulation fears.

"There's smoke there," said Prof. Pirrong. "It's definitely worth further inquiry."

There have also been at least two crackdowns surrounding volatility products in the past year by Cboe itself, disciplinary filings show.

Chicago-based DRW Securities LLC was fined in December for bets on volatility contracts that track oil, Brazilian equities and emerging markets. These derivatives are similar to VIX futures, though not as popular.

"Cboe has consistently denied any validity to our paper…but they recently fined a firm for exactly the same activity we identified in our paper," Prof. Griffin, one of the authors of the May paper, said in an email.

A DRW spokeswoman said the firm is pleased the matter is resolved and that it takes obligations to comply with regulations seriously. Cboe declined to comment on the DRW fine.

Equitec Proprietary Markets LLC, a Chicago-based trading firm, was fined in April 2017 for options orders it made related to the VIX futures settlement value. Equitec declined to comment.

For now, some market players simply avoid the VIX settlement date. Mark Guthner, an editor at the Options Edge, said he has noticed oddities with how final VIX futures contracts are priced and modified his trading.

"I just see some rabbit feet in the snow from time to time," Mr. Guthner said of the trading patterns. "It looks funny and if you're an investor, why subject yourself to that?"

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CORRECTIONS & AMPLIFICATIONS

In some editions Tuesday, the first name of Arielle Gold, who won a bronze medal in the women's halfpipe, was misspelled as Arille in a photo caption with a Sports article about the Olympic event.

In some editions Monday, the photo caption with a 2016 photo of former Wells Fargo Chief Executive John Stumpf that ran with a Business & Finance article about the bank incorrectly said the photo was taken in 2017.

The last name of Caitlin Strickland was misspelled in one instance as Stickland in a Page One article on Monday about colleges delivering acceptances in person.

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

Employers Torn by Immigration Fight

New California law makes businesses ask ICE to show warrants, but confusion reigns

By Nour Malas

LOS ANGELES—After reports recently rippled across California's agricultural heartland that immigration agents might audit farms, Bryan Little of the California Farm Bureau Federation sent an email alert to thousands of farmers warning them not to run afoul of a new state law governing their interactions with federal immigration officials.

The law requires California employers to ask immigration agents for warrants or subpoenas before allowing them access to private areas of the workplace or confidential employee records. Employers who break the law, which took effect in January, face fines of up to $10,000.

Businesses are increasingly caught between California and Washington as the state seeks to shield illegal immigrants from deportation, and the Trump administration intensifies enforcement. As the state works out how to enforce the law, employers say the new requirements are confusing.

"It's just this conflict of intention: On the one hand the federal government is aiming for stringent enforcement, and the state wants to frustrate that," said Mr. Little, director of employment policy at the farm bureau. "Our members find themselves stuck in the middle."

Shortly after the law went into effect, federal immigration agents served audit notices to 7-Eleven convenience stores across California, part of a national audit of the stores. A number of workers were arrested in California, according to state officials.

Democratic State Attorney General Xavier Becerra responded by warning businesses, in a press conference, "that if they voluntarily start giving up information about their employees in ways that contradict our new California laws, they subject themselves to actions by my office."

Mr. Becerra issued new guidance Tuesday with the state labor commissioner that lays out what the state law requires, or prohibits, employers to do.

In late January, agents served notices of inspection to about 77 businesses in the Bay Area, said James Schwab, a spokesman for the U.S. Immigration and Customs Enforcement agency, known as ICE. He said no arrests were made, but that investigations are ongoing and that the agents didn't face any new procedural requests in the operation.

Federal law requires the agents to present the notices of inspection, which give employers three days to provide documents showing workers are eligible to work in the U.S. Agents often, but not always, carry warrants or other formal orders to compel compliance, state and federal officials say. The California law requires employers to ask for those documents before releasing more detailed information.

David Chiu, the California Assembly member who drafted the legislation, said it doesn't require new documents from the agents not already federally required. "But given past practice and the rhetoric under Trump, we thought it prudent to reinstate the law at the state level," said Mr. Chiu, a Democrat.

SANDY HUFFAKER/AGENCE FRANCE-PRESSE/GETTY IMAGES

An immigration law has rattled some California business owners, including farmers. Above, a celery harvest last year in Brawley, Calif.

Mr. Schwab said the law "reflects yet another effort by the State of California to interfere with federal immigration enforcement authorities."

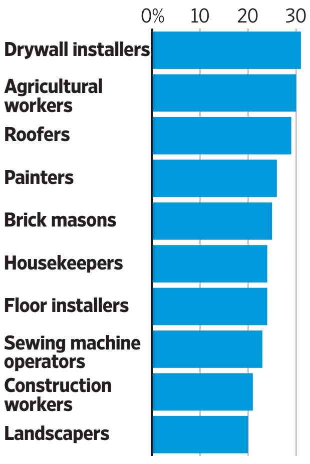
Sandra Diaz, vice president of Service Workers West, a union representing janitors, airport workers, and security guards, said many low-wage workers are happy to have additional protections.

She said agents often show up announced, catching everyone off-guard, and sometimes ask questions beyond what federal law allows or in an intimidating way that prompts managers or employees to share more information on the spot than required. Mr. Schwab said agents act professionally.

Still, many California business owners say they aren't sure exactly what the new law means. Some small-business owners hadn't heard of it, and those who had said they weren't sure they'd recognize a warrant or subpoena.

At Work

U.S. occupations with the highest percentage of illegal-immigrant workers



Note: Figures as of 2014.
Source: Pew Research Center
THE WALL STREET JOURNAL.

Agents Intensify Enforcement Effort

Federal immigration agents arrested more than 100 people over the last few days across seven Southern California counties, the start of a promised focus on enforcement in the state.

Dozens of Immigration and Customs Enforcement agents have been searching for roughly 400 immigrants in the region who could face deportation, the agency said.

ICE, an arm of the Department of Homeland Security, said most of those being sought have serious criminal records, while others are suspected of crimes or have previously been ordered to the leave the U.S.

Thomas Homan, ICE's deputy director, promised to intensify immigration-enforcement efforts in California after Democratic Gov. Jerry Brown signed a law limiting state law-enforcement officials' cooperation with federal immigration authorities.

David Marin, ICE's top deportation official in its Los Angeles office, said his officers are targeting serious criminals who pose a potential threat to public safety.

Teams of about eight agents have been knocking on apartment and house doors around the region since before dawn Sunday.

Critics of ICE's increased enforcement efforts in the interior of the country have said the agency is casting too wide a net and routinely arresting immigrants whose only offense is being in the country illegally. Under the Obama administration, ICE agents and officers were told to arrest only the most serious offenders.

In some cases, immigrants in the country illegally who weren't being targeted were also arrested.

Mr. Marin said priorities for arrests still exist but his agents can't ignore someone they encounter who doesn't have the government's permission to be in the U.S.

"Right now we are enforcing the law, and we will continue to do that until there are changes in the law," Mr. Marin said.

—Alicia A. Caldwell

Parties in Senate Joust On Approach to Dreamers

By Laura Meckler

WASHINGTON—Senators promised an open-ended, freewheeling immigration debate, where nobody knows what will happen. On Day Two, what happened wasn't a lot.

There were brief speeches and positioning by both sides, but no votes.

Sen. Sherrod Brown (D., Ohio) said he wasn't surprised, given the general pace in the Senate. "Glacial comes to mind," he said.

Behind the scenes, several bipartisan groups continued negotiations. One option under consideration, senators said, was to drop President Donald Trump's proposed cuts to the family migration system, one of the toughest issues on the table. But senators were looking for a policy that would block young immigrants brought to U.S. as children, known as Dreamers, from later sponsoring their parents.

Senate Majority Leader Mitch McConnell (R., Ky.) sought to start the voting with a Republican proposal that would require "sanctuary" jurisdictions to detain suspected illegal immigrants so federal officials could come get them.

That maneuver would put Democrats in conservative states in a tough position. They don't want to be seen as soft on criminals, but also don't want to buck their own party leaders who want to be supportive of local communities that balk at facilitating deportations.

SUSAN WALSH/ASSOCIATED PRESS

Senate Democratic Leader Chuck Schumer, right, wants votes to be taken on each party's preferred immigration plan.

Senate Minority Leader Chuck Schumer (D., N.Y.) objected, saying the proposal addressed neither border security nor the Dreamers, the main pillars of the immigration debate.

Mr. Schumer said a better approach would be to vote on each party's preferred legislation. For Republicans, that would reflect the White House position: $25 billion for border security, new limits on family migration and a path to citizenship for 1.8 million Dreamers. For Democrats, it would be citizenship for Dreamers along with a border-security review, but no new funding.

Mr. Schumer's plan, aides said, is to make clear neither of those can pass. After that is clear, they say, senators will be more open to compromise.

Mr. McConnell objected to that and said each party could decide for itself which amendments to offer and when.

By late Tuesday afternoon, a dozen amendments had been filed, including one from Sen. James Inhofe (R., Okla.) that would make English the official language and test prospective citizens for English proficiency. Sen. John Kennedy (R., La.) offered another amendment that would impose fines and prison sentences of up to one year for people who overstay their visas.

Meanwhile, Sen. Mike Rounds (R., S.D.) said one small, bipartisan group was working on a proposal that it hoped to have drafted by Wednesday morning.

"Whether or not we get 60 votes is the question, but we're getting closer to having language that would at least be a starting point," he said.

—Siobhan Hughes contributed to this article.

Judge Rules Trump Erred In Move to End DACA

By Nicole Hong

A second federal judge has ordered the Trump administration to temporarily restore an Obama-era program that gives protections to hundreds of thousands of undocumented immigrants who entered the U.S. as children.

The nationwide injunction by a federal judge in Brooklyn comes one month after a similar ruling by a San Francisco judge stopped the Trump administration from ending the Deferred Action for Childhood Arrivals program, or DACA.

The Supreme Court could announce as early as Friday whether it will take up the issue. The Justice Department appealed the San Francisco decision to both the Ninth U.S. Circuit Court of Appeals and directly to the Supreme Court.

The Trump administration has said it ended DACA because it considers the program unconstitutional and illegal, a conclusion that U.S. District Judge Nicholas Garaufis called "erroneous" in his ruling.

The plaintiffs in the Brooklyn lawsuit include more than a dozen states that sued the Trump administration.

A spokesman for the Justice Department said it "looks forward to vindicating its position," adding that the Department of Homeland Security acted lawfully in deciding to end DACA.

CHIP SOMODEVILLA/GETTY IMAGES

Christopher Wray, left, director of the FBI, testified before the Senate Intelligence panel on Tuesday about a White House aide ousted for alleged sexual abuse.

FBI Disputes White House Record

WASHINGTON—The FBI first flagged parts of its background check of a former White House aide accused of domestic abuse in March, the head of the agency said Tuesday, providing a timeline that conflicted with the West Wing's chronology and added to the tension between the president and the intelligence community.

By Michael C. Bender, Rebecca Ballhaus and Peter Nicholas

Christopher Wray, director of the Federal Bureau of Investigation, told the Senate Intelligence Committee that the bureau gave multiple updates to the White House on its findings about Rob Porter, who served as staff secretary in the White House before he resigned last week.

Mr. Wray said the agency provided its completed background check in July, answered follow-up questions from the White House in November and closed its file on Mr. Porter in January. It offered "some additional information" this month, he said.

"I'm quite confident that in this particular instance, the FBI followed existing protocols," said Mr. Wray, who didn't specify what additional information was given to the White House.

Mr. Wray's timeline differed from the sequence of events offered by White House officials, who said repeatedly in recent days that the FBI investigation into Mr. Porter was "ongoing."

Mr. Porter served in the White House for more than a year with a temporary security clearance, despite accusations from two former wives that he had been physically abusive. Mr. Porter has denied the accusations, and the White House has explained the decision to keep him by saying that his background check was ongoing.

After Mr. Wray's comments, the White House shifted its blame for Mr. Porter's continued employment from the FBI to an internal White House office tasked with making recommendations on security clearances.

"The FBI portion was closed," White House press secretary Sarah Huckabee Sanders said. "The White House personnel security office, who is the one that makes a recommendation for adjudication, had not finished their process and therefore not made a recommendation to the White House."

Questions about the handling of Mr. Porter's dismissal have consumed the White House for a week. White House aides have complained privately about internal jockeying and a sense of chaos that several have compared with President Donald Trump's first days in office.

The changing timeline from the White House also put Mr. Trump's team at odds, once again, with the FBI. Last month, in an unusual public display of tension, the FBI urged the GOP president not to release a classified memo about allegations of improper surveillance as part of the investigation into whether Russia interfered in the 2016 presidential election. Mr. Trump has publicly criticized the agency and he fired former FBI Director James Comey last spring.

Asked on Monday if the White House should have handled Mr. Porter's situation any differently, chief of staff John Kelly said, "No."

"It was all done right," Mr. Kelly said in a brief interview.

Still, Ms. Sanders expressed on Tuesday some uncertainty about how the White House handled Mr. Porter's situation.

Ms. Sanders said she "can't say with 100% certainty" whether any member of the White House personnel security office, which received the FBI's reports on Mr. Porter, relayed concerns about the former aide to anyone in the West Wing.

White House counsel Don McGahn—whom Mr. Porter had warned in early 2017 about his ex-wives' allegations—didn't review any of the material on Mr. Porter provided by the FBI, a White House official said. But the official couldn't say whether Mr. McGahn or another member of the counsel's office had reviewed the personnel security office's file on Mr. Porter.

Mr. Porter was among dozens of top officials—including senior White House adviser Jared Kushner, the president's son-in-law—who held an interim security clearance more than a year into their tenure in the administration. Former FBI officials said it is unusual for a senior aide to have that interim status for more than a year.

Director of National Intelligence Dan Coats testified Tuesday before the Senate Intelligence Committee that officials with an interim clearance should have limited access to sensitive information. He called the security clearance process "broken."

Within the White House, top officials had raised flags about Mr. Porter's clearance situation months before last week's news reports about the abuse allegations against him.

Last fall, Mr. McGahn told Mr. Kelly there was "an issue" involving Mr. Porter's clearance, according to an administration official, who said Mr. McGahn didn't provide many details.

Mr. Kelly defended Mr. Porter as late as last week, issuing a statement on Feb. 6 that Mr. Porter was a "man of true integrity and honor." He reversed himself 24 hours later, issuing a statement that said he was "shocked" by the allegations.

Spy Chief: Moscow Threat to Midterms

WASHINGTON—The November midterm elections are vulnerable to the Russian interference that plagued the 2016 presidential election, the Trump administration's top intelligence official said Tuesday.

Director of National Intelligence Dan Coats warned the Senate Intelligence Committee that Moscow could undertake cyber-influence operations in the coming congressional elections similar to those it stands accused of running in 2016.

"Foreign elections are critical inflection points that offer opportunities for Russia to advance its interests both overtly and covertly," Mr. Coats told the panel during its hearing on world-wide threats facing the U.S., in prepared testimony. "The 2018 U.S. midterm elections are a potential target for Russian influence operations."

Mr. Coats, along with the leaders of the National Security Agency and Central Intelligence Agency, told the panel they had already seen evidence Russia intends to interfere in the 2018 elections, but declined to elaborate, citing the public nature of the hearing. They promised to update the committee in a classified session later Tuesday.

According to a 2017 report from the U.S. intelligence community, the highest levels of the Russian government were involved in directing the interference to boost Donald Trump at the expense of his Democratic rival, Hillary Clinton.

Russia's tactics included efforts to hack U.S. state election systems; infiltrating and leaking information from party committees and political strategists; and disseminating through social media and other outlets negative stories about Mrs. Clinton and positive ones about Mr. Trump, the report said.

Moscow denies any interference. Mr. Trump has declined to acknowledge Russian interference, even as top officials in his administration have affirmed the conclusions in the report.

The Senate Intelligence panel, which is conducting a probe into interference in the 2016 elections, is expected to release a report on vulnerabilities in the U.S. election system in the coming weeks.

The report will include recommendations to state, county and local governments about how best to protect their election infrastructures in advance of the November vote.

—Byron Tau and Michael R. Gordon

Trump Lawyer Used His Own Money to Pay Actress

Michael Cohen, President Donald Trump's personal lawyer, said he paid $130,000 out of his own pocket to an adult-movie actress who alleged a sexual encounter with Mr. Trump.

By Rebecca Ballhaus, Joe Palazzolo and Michael Rothfeld

The Wall Street Journal reported in January that Mr. Cohen made the payment in October 2016 through a limited-liability company in exchange for the adult-movie star, Stephanie Clifford, signing a nondisclosure agreement about her allegations of a sexual encounter with Mr. Trump in 2006.

Ms. Clifford, commonly known by her screen name Stormy Daniels, previously had said in a statement issued through Mr. Cohen that she didn't have a "sexual and/or romantic affair" or receive "hush money from Donald Trump." Ms. Clifford has privately said she had a sexual encounter with Mr. Trump after a celebrity golf tournament, the Journal previously reported.

Common Cause, a government-watchdog group, filed complaints with the **Federal Election Commission** and the Justice Department after the Journal's story in January. The complaint asked the agencies to investigate the payment as potentially violating campaign-finance laws.

"Neither the **Trump Organization** nor the Trump campaign was a party to the transaction with Ms. Clifford, and neither reimbursed me for the payment, either directly or indirectly," Mr. Cohen said in a statement late Tuesday via text message, which was first reported by the New York Times.

Mr. Cohen, who worked as a senior executive at the Trump Organization until early last year, didn't rule out Mr. Trump reimbursing him for the payment.

Mr. Cohen declined to say why he would spend his own money to pay Ms. Clifford.

In January, Mr. Cohen didn't address the $130,000 payment but said of the alleged sexual encounter that "President Trump once again vehemently denies any such occurrence as has Ms. Daniels." The Journal later reported that Mr. Cohen made the payment through a limited-liability company.

In his statement released late Tuesday, Mr. Cohen said: "I am Mr. Trump's longtime special counsel and I have proudly served in that role for more than a decade. In a private transaction in 2016, I used my own personal funds to facilitate a payment of $130,000 to Ms. Stephanie Clifford.

"I do not plan to provide any further comment on the FEC matter or regarding Ms. Clifford. Just because something isn't true doesn't mean that it can't cause you harm or damage. I will always protect Mr. Trump."

The White House has denied any sexual encounter took place and declined to comment on any agreement between Mr. Cohen and Ms. Clifford. The White House didn't immediately return a request for comment on Mr. Cohen's statement Tuesday evening.

Keith Davidson, a Los Angeles attorney who represented Ms. Clifford in negotiations with Mr. Cohen, confirmed that Mr. Cohen entered into a settlement with his client for $130,000.

Mr. Cohen "represented that his funds were the source of the money he paid" to Ms. Clifford, Mr. Davidson said in an interview Tuesday. He declined to discuss the nature of the agreement between Mr. Cohen and Ms. Clifford.

Campaign-finance experts said Mr. Cohen's payment, even if he footed the bill, may have violated election rules because it wasn't reported to the Federal Election Commission.

Stephen Spaulding, chief of strategy at Common Cause, which filed the complaint against Mr. Cohen, said the payment would amount to an excessive and undisclosed in-kind campaign contribution if it was made "for the purpose of influencing the election—and there is strong reason to believe that it was intended to keep damaging information out of the news." Individuals can donate up to $2,700 to a campaign per election.

In the statement, Mr. Cohen said the allegations in Common Cause's initial complaint were "factually unsupported and without legal merit." He didn't respond to a subsequent request for comment about Mr. Spaulding's allegation.

GABE GINSBERG/GETTY IMAGES

ANDREW HARNIK/ASSOCIATED PRESS

Michael Cohen declined to say why he would make a $130,000 payment to Stephanie Clifford out of his own pocket.

Works Proposal May Be Carved Up

By Ted Mann and Natalie Andrews

WASHINGTON—The Trump administration this week laid out an infrastructure plan designed to win support from both parties: Republicans, who would like its plan to speed up environmental reviews, and Democrats who endorse its new pool of money for public-works projects.

Congressional leaders, though, have other ideas, and may divide the package into several pieces to get some of it passed in a tough legislative year, according to lawmakers and aides. The development could signal trouble for what the Trump administration hoped would be a single, comprehensive piece of legislation revising how public works are funded and built.

The leaders' strategy might allow some parts of the proposal that could win bipartisan support to become law on their own, even as the bulk of the package faces resistance from spending hawks in the Republican majority and Democrats who worry it would push spending obligations onto cities and states.

"We're going to introduce several smaller bills and see. I certainly think it could be packaged," said Senate Majority Whip John Cornyn (R., Texas), who said he was working on three bills related to infrastructure. "The president put a proposal out there, but obviously the biggest question is: How do you pay for it?"

The White House has framed the discussion of its package as a single omnibus legislative effort, a classic something-for-everyone approach that could help garner broad support.

Asked about the possibility of breaking it up, a White House official said Tuesday: "We put out principles on Monday, those are the president's priorities, and we are looking forward to working with Congress on that."

Some lawmakers are concerned about cuts to certain areas of the budget to pay for the federal government's $200 billion share of Mr. Trump's infrastructure plan. The administration has declined to lay out specific cuts it seeks to pay for the package.

Risks Abroad Detailed In Report

By Michael R. Gordon

Despite President Donald Trump's decision to send more U.S. forces to Afghanistan, conditions there are likely to worsen this year, according to a U.S. intelligence assessment released Tuesday.

Afghan forces probably will maintain control of major population centers with U.S. help, but the Taliban-led insurgency will put those cities under continued strain, according to the assessment, an annual report on world-wide threats by U.S. intelligence agencies. It said Pakistan will continue to maintain ties to militants while limiting cooperation on counterterrorism with Washington.

"The overall situation in Afghanistan probably will deteriorate modestly this year in the face of persistent political instability, sustained attacks by the Taliban-led insurgency, unsteady Afghan National Security Forces performance, and chronic financial shortfalls," the threat report said.

Mr. Trump decided on a new Afghan strategy last year, sending approximately 4,000 additional troops and bringing the number of American personnel to about 14,000.

The latest threat assessment, presented to the Senate Intelligence Committee Tuesday, also examined other security issues around the world and raised some questions for U.S. foreign policy, particularly regarding climate change, the Iran nuclear agreement and North Korea.


LUKE SHARRETT/BLOOMBERG NEWS

The White House is under pressure from free-trade backers and supporters of tariffs and quotas. Above, an ArcelorMittal steel mill in Cleveland.

Trump Weighs Metal-Import Curbs

By William Mauldin

WASHINGTON—President Donald Trump told lawmakers Tuesday that he is eyeing "tariffs and/or quotas" as a way of restricting U.S. imports of steel and aluminum on national-security grounds, but he acknowledged concerns that blocking metal imports could lead to price increases for U.S. industries that use the metals.

"We cannot be without a steel industry, we can't be without an aluminum industry, and so what we're talking about is tariffs and/or quotas," Mr. Trump said at a meeting with Senate and House lawmakers.

"I want to keep prices down, but I also want to make sure that we have a steel industry and an aluminum industry, and we do need that for national defense," he said.

The Commerce Department submitted reports on steel and aluminum last month under a provision of trade law known as Section 232, and the White House is expected to make a decision by early April on whether imports of the metals should be restricted on national-security grounds.

Mr. Trump promised in the 2016 election campaign to revive little-used domestic trade laws to rein in U.S. imports and defend manufacturers. But the meeting showed the pressure the Trump administration faces on both sides, from traditional backers of free trade as well as lawmakers who want to defend U.S. industry with tariffs and quotas.

On Tuesday, Mr. Trump appeared to acknowledge both views. Following a series of meetings with mostly Republican lawmakers in recent months, Mr. Trump has embraced talks to overhaul the North American Free Trade Agreement, or Nafta, but hasn't stopped warning that he could withdraw the U.S. from the pact if Mexico and Canada don't make major concessions.

U.S. officials have long criticized China's government for unfairly promoting metals industries aimed at massive exports. Still, the U.S. already penalizes imports of many types of Chinese steel and aluminum with tariffs implemented through ordinary trade cases aimed at dumped and subsidized products, and some U.S. allies worry broad barriers to U.S. metal imports on security grounds would hurt partner countries rather than Beijing.

Some lawmakers warned Mr. Trump about hurting industries that use steel and aluminum. "Mr. President, I think we do need to be careful here, that we don't start a reciprocal battle on tariffs," said Sen. Roy Blunt (R., Mo.). "You know, we make aluminum and we make steel in Missouri, but we buy a lot of aluminum and we buy a lot of steel as well."

Rep. Kevin Brady (R., Texas), chairman of the committee that oversees taxes and trade, said after the meeting that the U.S. is seeing economic gains during the Trump administration and should "avoid any action that could reverse that trend and harm American companies, workers, and consumers." He said he would work with Mr. Trump to "identify a narrow and targeted remedy."

But Sen. Sherrod Brown (D., Ohio) urged the administration to take "quick" and "comprehensive" action on the steel case in order to put broad pressure on China, which Mr. Brown and other critics blame for boosting global supply and weighing on prices.

The Motor & Equipment Manufacturers Association, which represents auto-part makers active internationally, on Tuesday wrote to Mr. Trump to argue that any barriers to metals imports should be narrowly targeted to avoid disrupting the auto-supply chain and that the industry should get a chance to apply for exemptions to any broad barriers.

—Siobhan Hughes contributed to this article.

Governor Rejects Redrawn Districts

By Scott Calvert

Pennsylvania's Democratic governor rejected a proposed congressional map drawn up by Republican legislative leaders to address political imbalances cited last month by the state's Supreme Court.

"The analysis by my team shows that, like the 2011 map, the map submitted to my office by Republican leaders is still a gerrymander," Gov. Tom Wolf said Tuesday in a statement. "Their map clearly seeks to benefit one political party, which is the essence of why the court found the current map to be unconstitutional."

In a letter to legislative leaders, Mr. Wolf said he remained hopeful the General Assembly can submit a fair map to him.

In a reply to the governor, the two top Republicans in Pennsylvania's Legislature—Senate President Pro Tempore Joe Scarnati and House Speaker Mike Turzai—called Mr. Wolf's objections "absurd" and pressed him to offer his own plan.

"It's time that you produced a map for the public to review in a transparent fashion. Produce your map and we will put it up for a vote," they wrote in a letter to Mr. Wolf.

The state Supreme Court said in its order last month that it would move "expeditiously" to adopt a new map if Mr. Wolf doesn't approve a map from the Legislature by Thursday. The court said if it undertook to craft new districts, all parties to the dispute would have the chance to submit proposals. The court has hired Stanford Law School professor Nathaniel Persily as its legal and technical adviser.

Voters in Pennsylvania, a perennial battleground state, often split closely between Democrats and Republicans in statewide elections. The state's congressional delegation, however, tilts 13-to-5 in favor of Republicans under the district lines the GOP drew in 2011.

The legal maneuvering has national implications. The Democratic Party needs to gain a net 24 seats nationwide in November to retake the U.S. House, which has been under Republican control since 2011.

Messrs. Scarnati and Turzai submitted their proposal to Mr. Wolf on Friday evening ahead of a court-imposed deadline. At that time, they said their proposal "fully complies" with the state Supreme Court order, noting that the new districts would be more compact and follow county and municipal borders more closely than the current map.

Some Democrats and gerrymandering experts say the GOP map is still unacceptably partisan. As evidence, they note that 12 of the 18 current districts voted for then-Republican presidential candidate Donald Trump over Democrat Hillary Clinton in 2016, and under the GOP map, the same ratio would hold. Mr. Trump carried Pennsylvania 48.2% to 47.5%.

The legal maneuvering in Pennsylvania has national implications.

The uncertainty over district lines has added to the confusion among congressional candidates of both major parties, and their teams of consultants, pollsters and volunteers.

The May 15 primary is barely three months away, and the map proposed by the GOP legislative leaders would move some candidates from both parties into different districts. In some cases, those new boundaries would have significantly different boundaries and different mixes of voters.

Europe Resists Taking Back ISIS Fighters

A number of European militants have been captured as Islamic State gets rolled back

The U.S. is pressing for European Islamic State militants captured in Syria and Iraq to be sent back to their home countries in an effort to ensure they don't return to the battlefield.

By Stacy Meichtry in Paris and Julian E. Barnes in Brussels

DELIL SOULEIMAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

A woman hung laundry last month in Raqqa, a city in Northern Syria that was once the de facto capital of Islamic State.

One problem: Europe doesn't want them.

As the U.S.-led coalition has rolled back Islamic State, European militants have retreated to Northern Syria, only to be captured by Kurds and other rebel forces that lack an established justice system to prosecute and imprison the fighters long-term. Their legal limbo raises the specter of militants slipping through the cracks and regrouping to carry out attacks.

But sending hundreds of militants back poses challenges. European governments could face difficulties prosecuting them given the scarcity of battlefield evidence. Washington held out the prospect of sending some prisoners to the U.S. detention center at Guantanamo Bay, Cuba, but many in Europe see the center as a symbol of U.S. detention and interrogation practices that governments have criticized.

The question of what to do with European nationals detained in territory once controlled by Islamic State loomed over a meeting of the anti-Islamic State coalition in Rome in Tuesday, and could be discussed on the margins of the Munich Security Conference beginning on Friday.

On Tuesday, U.S. Defense Secretary Jim Mattis said European countries must take responsibility for their citizens who went to Syria or Iraq to fight.

"The bottom line is we don't want them going back on the street," Mr. Mattis said. "We don't want them on the street in Ankara, we don't want them on the street in Tunis, Paris or Brussels."

A senior defense official said dozens of militants are being detained daily in Northern Syria, and Kurdish and rebel forces are running out of room to hold them.

"Doing nothing is not an option," Mr. Mattis said.

European capitals have publicly said they are willing to repatriate some of their nationals, such as women and children who jihadists brought to the conflict zone. Europeans who make it over the border to Turkey are subject to extradition and prosecution at home. The French government says its citizens "always have the right" to return.

Privately, however, European officials say they are loath to bring back the detainees.

"My overall opinion is no one really would like them back," said Pieter Van Ostaeyen, a terrorism analyst in Belgium.

Even if prosecutors win convictions, sentences in Europe are often much shorter than in the U.S., meaning national governments could face the prospect of hardened jihadists being released after their sentences.

360

Britons who returned to U.K. after going to Syria and Iraq to join ISIS

After British nationals Alexanda Kotey and El Shafee Elsheikh were captured by Kurdish fighters in Syria, U.K. Defense Secretary Gavin Williamson said they shouldn't be brought back to face trial and that they should never set foot in Britain again. Of the 850 Brits who have gone to Syria and Iraq to join Islamic State, some 360 have returned, according to U.K. officials.

As part of the discussions over the fate of the U.K. prisoners, Washington has held out the prospect of sending them to the Guantanamo Bay detention center, but British officials oppose that outcome.

European officials say they are focused on tracking down their nationals in Syria and Iraq and leaving them in the hands of local authorities.

France, the biggest European source of foreign fighters in territory once held by Islamic State, was among the first countries to take a hard line. Last year Paris deployed special forces to Mosul to enlist Iraqi forces in hunting and killing French nationals who joined the senior ranks of Islamic State, according to Iraqi officers and current and former French officials.

In Syria, French officials are working with the U.S.-backed Syrian Democratic Forces—a militia that has taken back territory from Islamic State there—and other rebel forces to arrange local trials that French officials say will provide due process.

Foreign Minister Jean-Yves Le Drian said in a recent interview that six French families were currently in custody in Iraq, and that he expected only the children to return to France.

Asked if he was worried Iraqi courts would impose the death penalty, which has been banned for decades in France, Mr. Le Drian responded: "They didn't go to Iraq for tourism. They went to fight in the ranks of Islamic State."

—Andrea Thomas, Jenny Gross and Felicia Schwartz contributed to this article.

Tillerson Urges Continued Vigilance Against Militants

KUWAIT CITY—Secretary of State Rex Tillerson warned members of an international coalition that the Islamic State extremist group would return if nations don't continue to contribute to the fight as well as to stabilization efforts as the campaign proceeds to a new phase.

Mr. Tillerson acknowledged on Tuesday that tensions between the U.S. and Turkey—allies in the North Atlantic Treaty Organization—have complicated the fight against Islamic State. Strains have flared as Ankara presses an offensive against fighters allied with U.S.-backed Kurds in the northwest Syrian city of Afrin.

"It has detracted from our fight to defeat Islamic State in Eastern Syria as forces have diverted themselves toward Afrin," he said. "I will be traveling to Ankara later in the week; I'll have further discussions with them about how we continue to work together on the essential mission, which is to defeat ISIS."

The conference of officials from countries involved in the anti-Islamic State effort and a coinciding Iraq reconstruction meeting also highlighted the Trump administration's approach to foreign assistance. President Donald Trump has long been publicly critical of U.S. aid to the Middle East, most recently on Monday just after Mr. Tillerson began a tour of the region. Much of Mr. Tillerson's trip was devoted to marshaling support for the campaign against Islamic State.

Ahead of Mr. Tillerson's visit, American officials said the U.S. wouldn't make any commitments at the Iraq reconstruction conference.

—Felicia Schwartz

ISRAEL

Continued from Page One

administration.

In a televised statement, the prime minister denied the police accusations anew, saying state prosecutors would determine them "overblown."

"All my life I have worked to one goal: to secure Israel and its future," Mr. Netanyahu said in the address. "I feel a great responsibility to continue to lead Israel in a way that will secure its future."

A lawyer for Mr. Milchan denied the police claims, saying his client has been a friend of Mr. Netanyahu since the early 2000s. A representatives for Mr. Packer couldn't be reached to comment.

The police urged that Mr. Netanyahu be charged with bribery, fraud and breach of trust, but it is now up to the country's attorney general, Avichai Mandelblit, to decide whether to indict him and on what formal charges. Mr. Mandelblit was appointed by Mr. Netanyahu in 2016.

The police recommendations will likely weigh on Mr. Netanyahu's delicate political coalition, prompting partners to consider abandoning his government if public opinion turns sharply against the prime minister. The coalition's collapse would almost certainly lead to elections, a test political analysts say few in the leader's right-wing coalition want.

Mr. Netanyahu's government currently maintains a slim majority in the 120-seat parliament with 66 members, 30 of whom belong to his Likud faction. While an indictment wouldn't obligate Mr. Netanyahu to resign, it could make his position untenable and bring the government to collapse, political analysts say.

"The attorney general has to think, 'Can I win a case here?'" said Mitchell Barak, a political analyst and director at Jerusalem-based Keevoon Global Research. "'I'm bringing down a government. I can't indict the PM unless it's a slam dunk.'"

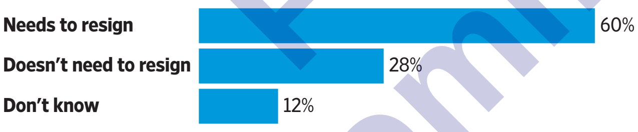
In the latest polls, about 60% of Israelis think Mr. Netanyahu should step down if indicted.

Mr. Netanyahu's political peril risks upending Israel's ties to the U.S. and reshape the Middle East peace process.

Stay or Go?

Police have recommended Israeli prosecutors charge Prime Minister Benjamin Netanyahu for corruption. Ahead of the recommendation, most Israelis thought the leader should resign if police endorsed charges.

Q: If the police recommend indicting Benjamin Netanyahu for receiving bribes should he resign?



Source: Channel 2 poll conducted by Mitgamim of 504 Israelis from Dec. 20-21, 2017; margin of error: +/- 4 percentage points

THE WALL STREET JOURNAL.

REUTERS

Mr. Netanyahu said the police claims would prove 'overblown.'

The Israeli leader courted Mr. Trump to recognize Jerusalem as Israel's capital, a step the U.S. leader took in December, angering Palestinians.

Palestinian leaders, many of whom deeply distrust Mr. Netanyahu, would likely welcome the chance to explore peace talks with another Israeli leader and government should he step down. Jewish settlement construction has expanded under Mr. Netanyahu, a development Palestinians say undermines the prospects for peace. Many of them doubt Mr. Netanyahu's commitment to the two-state solution that has been the chief blueprint for peace in the region for decades.

It is now up to the attorney general to decide whether to charge the leader.

Mr. Netanyahu, who served in an elite army unit and then as Israel's ambassador to the United Nations, first became prime minister in 1996 and served for three years. He started his second stint in 2009, and has since been in the top post longer than any Israel leader other than the state's founder, David Ben Gurion.

Police have recommended indictments based on two investigations, known as Cases 1000 and 2000. Ari Harow, the prime minister's former chief of staff and a longstanding confidant, agreed to cooperate with the probes last year.

In Case 1000, police say they established that Mr. Netanyahu received cigars and other gifts totaling more than $280,000 from Messrs. Milchan and Packer in return for favors, including lobbying U.S. officials for a visa for Mr. Milchan, an Israeli citizen.

Mr. Milchan—who has financed Academy Award-winning movies such as "12 Years a Slave" and "Birdman"—heads Los Angeles-based New Regency Productions Inc. For many years he worked as an Israeli intelligence official.

Mr. Netanyahu said on Tuesday he worked for Mr. Milchan's interests because the producer had served Israel's security in the past.

In Case 2000, police say Mr. Netanyahu agreed to limit the influence of Israel Hayom, a free newspaper owned by his political ally U.S. billionaire Sheldon Adelson, in return for positive coverage in another paper, Yedioth Ahronoth.

Mr. Netanyahu has weathered controversy for decades. He admitted in 1993 to having an extramarital affair. In 1997, police investigators recommended charges against him for breach of trust stemming from allegations Mr. Netanyahu tried to influence a criminal trial. The attorney general at the time closed the case for lack of evidence.

South Africa Standoff Intensifies

BY GABRIELE STEINHAUSER

JOHANNESBURG—An escalating standoff between South Africa's two most powerful politicians plunged the presidential-succession saga into disarray and threatened to fracture the continent's most famous liberation movement.

On Tuesday, the African National Congress—the party that ended white-minority rule—gave President Jacob Zuma 24 hours to hand power to Cyril Ramaphosa, the deputy president and party leader. Mr. Zuma refused to resign, demanding an extra three to six months in office and raising the prospect of a protracted and divisive no-confidence vote from his own party.

"Zuma is not going to go down alone," said Ralph Mathekga, author of the 2016 book "When Zuma Goes." "He will certainly take the ANC down with him."

The confrontation between Messrs. Zuma and Ramaphosa pits two veterans of the ANC's antiapartheid struggle against each other.

THEMBA HADEBE/ASSOCIATED PRESS

African National Congress members called for President Jacob Zuma to step down at party headquarters in Johannesburg this month.

A firebrand union leader who instigated South Africa's most memorable miners' strike, Mr. Ramaphosa helped seal the compromises that led to the country's first democratic elections and its constitution. After being passed over as Nelson Mandela's successor, the 65-year-old went into business, becoming one of South Africa's richest black men.

Mr. Zuma, a herdsboy from the rural KwaZulu-Natal province who had no formal schooling, spent a decade as a political prisoner on Robben Island alongside Mr. Mandela. There, he played chess with pieces made from driftwood and soap, a pastime he has said helped prisoners develop strategies for the liberation struggle. Those skills have built the 75-year-old's reputation of being a wily operator who has defied multiple scandals to attain and maintain power.

It was Mr. Zuma's failure to install his ex-wife as the new ANC leader at the party's conference in December that set in motion the power struggle. That vote was narrowly won by Mr. Ramaphosa, and the deputy president has rallied support for Mr. Zuma's removal much more quickly than many expected.

Tuesday's move by the ANC's National Executive Committee, the party's top decision-making panel, to recall Mr. Zuma was a victory for Mr. Ramaphosa. But by declining to step down, Mr. Zuma is questioning long-accepted party rules that allow the ANC to dismiss its office bearers.

That refusal, unless reversed at the last minute, leaves the ANC little choice but to pass a no-confidence motion against Mr. Zuma, a mechanism ordinarily used by the opposition. It would hand rival parties an embarrassing win over the ANC and weaken Mr. Ramaphosa just as he embarks on healing South Africa's hamstrung economy.

In addition to the damaging corruption allegations against Mr. Zuma, the standoff between the two men centers on fundamentally different visions for South Africa and its ruling party.

The president's rhetoric has focused on "radical economic transformation," including more aggressive wealth redistribution to the black majority from the white minority. He has dismissed his detractors as external forces trying to take control of the ANC.

Mr. Ramaphosa, meanwhile, has pledged to implement what he calls a New Deal for South Africa, including rooting out corruption and cutting government spending.

Egypt Detains Deposed Auditor Before Poll

BY JARED MALSIN

CAIRO—Egyptian authorities arrested the country's former chief anticorruption officer, according to his lawyer, deepening a clampdown on opponents of President Abdel Fattah Al Sisi before a presidential election in March.

The detention of former chief auditor Hisham Geneina is the latest in a series of arrests of opposition figures and journalists in the weeks leading up to an election in which the incumbent now faces only a token opponent.

Egypt's military threatened to take legal action against Mr. Geneina on Monday, accusing him of "aiming to raise doubts about the state and its institutions."

The accusation came after the former official threatened to release evidence of violations committed by the security forces following Egypt's 2011 uprising that deposed former President Hosni Mubarak.

Mr. Geneina's attorney, Ali Taha, said Tuesday evening that the former auditor had been referred to prosecutors. Mr. Taha declined to respond to the military's accusations since it wasn't clear what if any charges Mr. Geneina would face.

Spokesmen for Mr. Sisi and Egypt's Interior Ministry declined to comment on Mr. Geneina's arrest when reached by phone Tuesday.

Mr. Geneina became a prominent figure in Egypt's political opposition after he was removed from his post in 2016 in response to an investigation that accused government officials of graft.

A former police officer and judge, Mr. Geneina re-emerged recently as a critic of the government after he signed on to the abortive presidential campaign of Lt. Gen. Sami Anan, the former chief of staff of Egypt's military, who was arrested days after announcing his candidacy in January.

Every credible opponent to Mr. Sisi has been detained or has withdrawn from the coming presidential race, citing an unfair political climate. Mr. Geneina was one of a group of

AMR NABIL/ASSOCIATED PRESS

Egypt's former anticorruption chief Hisham Geneina

prominent opposition figures who called for a boycott of the election.

His arrest on Tuesday came less than 24 hours after a visit to Cairo by Secretary of State Rex Tillerson, who declined to criticize the crackdown by Mr. Sisi's government.

"We have always advocated for free and fair elections, transparent elections, not just for Egypt but in any country," Mr. Tillerson said during a news conference with Egyptian Foreign Minister Sameh Shoukry on Monday.

Mr. Tillerson's stance was criticized by some analysts in the region.

"It reinforces the impression that this administration has little if any concern over the state of democracy in Egypt," said Timothy Kaldas, a Cairo-based analyst with the Tahrir Institute for Middle East Policy.

"The U.S. and much of the international community appear to have settled into the idea that Sisi will continue to rule Egypt and he will continue to do so undemocratically," he said.

Mr. Geneina's arrest also follows the disappearance in Cairo of two journalists and the arrest of an opposition party leader earlier this month.

Journalists Hassan al-Banna and Mostafa al-Aasar went missing while on their way to work earlier this month, according to their families and an attorney representing them. Mr. al-Banna is a trainee journalist for Egypt's liberal-leaning Shorouk newspaper while Mr. al-Aasar writes for a website called Ultra Sawt, which is blocked in Egypt.

The two families, their attorney, and rights groups believe the pair have been forcibly disappeared by the security forces, although it wasn't clear why since no charges have been filed against them.

Hundreds of Egyptians have been held secretly for months or longer without charges or trial in recent years, according to human-rights groups.

A third man, opposition party leader Mohamed al-Kassas was seized during a raid on his house last week.

Mr. al-Kassas, the deputy head of the legal Strong Egypt Party, was reported missing on Friday before resurfacing in a maximum-security wing of Cairo's Tora Prison, according to Abdel Moneim Aboul Fotouh, the party's leader and a former presidential candidate with an Islamist background. Mr. Aboul Fotouh has also signed on to a call to boycott the March election.

Iran Under Scrutiny Over Jail Deaths

BY ASA FITCH

DUBAI—The death of a Canadian-Iranian environmental activist in a Tehran prison has led to mounting allegations of Iranian mistreatment of detainees held since the recent crackdown on antigovernment dissent.

Kavous Seyed Emami, who was 63 years old, died under mysterious circumstances last week in Tehran's Evin Prison, where he was taken after being arrested on Jan. 24.

A funeral was held Tuesday in the mountain village of Amameh, 25 miles north of Tehran, under what family members said was intense pressure to quickly bury him without an autopsy.

Mr. Seyed Emami, who was accused of spying, was at least the third person known to have died in prison since the beginning of this year, when short-lived but widespread unrest shook the nation.

These deaths have raised alarm about the well-being of people in custody in Iran, who include numerous dual citizens and several American-Iranians. Many of the detainees are being held on spying charges.

Amnesty International called for an independent investigation into Mr. Seyed Emami's death, and suggested that the lack of transparency surrounding the death might be an attempt to cover up evidence of torture.

A government spokesman said prisoners should be kept safe and allegation of negligence should be investigated.

Iran holds at least five American-Iranians, including two businessmen, a man from San Diego, a Princeton University researcher and Morad Tahbaz, a businessman.

Mr. Seyed Emami was a sociology professor and a founder of the Persian Wildlife Heritage Foundation, a leading environmental group in Iran. He was arrested with at least eight other members of the group, including Mr. Tahbaz.

SEYED EMAMI FAMILY

The gravesite of Kavous Seyed Emami, 62, who died in prison.

U.S. Airstrike in Syria Killed Russians

Russian military contractors were among those killed in a rare U.S. airstrike in Syria last week, U.S. and Russian officials said, highlighting the continued risks as Moscow and Washington vie for influence in the region after the defeat of Islamic State.

By Nancy A. Youssef in Washington and Thomas Grove in Moscow

Air Force Lt. Gen. Jeffrey Harrigian, who commands U.S. Air Forces in the Middle East and Afghanistan, including those involved in the strike, said at a news briefing on Tuesday that he didn't want to speculate on the composition of the force, which U.S. officials have said was fighting in favor of the Syrian regime.

But the Pentagon believes Russian contractors were a small portion of the estimated 100 pro-regime forces killed in the airstrike, a U.S. military official said. The U.S. launched the strike in response to what it called an unprovoked attack by pro-Syrian-regime forces in a resource-rich portion of the country, near the eastern city of Deir Ezzour.

Russia has used private military contractors to buttress its conventional forces in Syria and reduce its official footprint

AFP/GETTY IMAGES

Wounded pro-regime fighters at a Deir Ezzour hospital last week.

as it props up the regime of President Bashar al-Assad. In Moscow, word of the airstrike fatalities trickled through social media in recent days. On Tuesday, Moscow's Novaya Gazeta newspaper reported that 13 Russians were dead and 15 wounded.

Kremlin spokesman Dmitry Peskov declined to comment on the fatalities, saying he had information only about Russians serving officially in the armed forces and wouldn't comment on contractors.

The region of the fighting is covered by a so-called deconfliction agreement that was agreed upon last year to avoid clashes as both sides battle Islamic State. The Syrian government and U.S.-backed forces have largely observed the pact.

But as the threat from Islamic State in Syria shrinks, the Assad regime has heightened its rhetoric against both the mostly Kurdish militia known as the SDF and the Kurdish semiautonomous region in northern Syria. Mr. Assad sees both groups as a threat to Syria's territorial integrity.

The Syrian government also would like to recapture oil and gas facilities lost in previous years to militants, and Syrian state media reported that last week's battle took place near a gas-refinery field the SDF captured late last year.

Damascus "needs these oil and gas facilities to sustain whatever rump state that is left and let it survive," said Michael Kofman, senior research scientist at CNA, a nonprofit research group in Arlington, Va. "The key fault line now, and the reason for the fighting, is energy resources."

He noted that with U.S. Special Forces embedded with Kurdish militias and the pro-Syrian government forces moving against the Kurds, more conflicts are inevitable.

A Russian official familiar with last week's battle said members of a Russian private military company were in the Syrian militia unit that fought against U.S. soldiers.

"It's hard to say how many there were," the official said, noting that the number was likely higher than the handful reported over social media. "They were part of the column that was moving toward the Kurds. Shots were fired and the rest is history."

A handful of Russian nationalist groups whose members have joined the ranks of foreign conflicts reported some of their members killed in the fighting last week.

The airstrike is one of two confrontations between the Assad regime and U.S.-backed forces in recent days.

—James Marson in Moscow and Alan Cullison in Washington contributed to this article.

WORLD WATCH

SOUTH KOREA

Ex-President Park's Associate Convicted

A court convicted Choi Soon-sil, a longtime confidante of ousted President Park Geun-hye, on charges including bribery and abuse of power and sentenced her to 20 years in prison in connection with the scandal that brought down the former head of state.

Ms. Choi was accused of abusing her personal relationship with Ms. Park to coerce private companies to donate money to foundations under her control and took bribes from large conglomerates, the court said.

Ms. Choi denied wrongdoing. Lee Kyung-jae, a lawyer for Ms. Choi, said he would appeal the decision.

The Seoul Central District Court also fined Ms. Choi 18 billion won ($17 million).

Ms. Park left office in March after South Korea's Constitutional Court upheld her impeachment by the National Assembly three months earlier.

—Kwanwoo Jun

INTERNATIONAL TRADE

Canada Says U.S. Is Inflexible on Nafta

Ottawa's chief Nafta negotiator said Tuesday the U.S. had shown little to no flexibility in talks to revise the free-trade pact, resulting in "fairly limited progress" in altering its provisions.

Steve Verheul said the administration of President Donald Trump was taking a winner-take-all approach to revising the North American Free Trade Agreement that wasn't conducive to success.

"The main issue is that we have seen limited U.S. flexibility on fairly easy issues," Mr. Verheul told a conference organized by the Canadian Global Affairs Institute in the Canadian capital.

"This is being driven to a large extent from the top," he said.

—Paul Vieira

CANADA

Budget Presentation Is Set for Feb. 27

Finance Minister Bill Morneau said he would present the Liberal government's budget plan on Feb. 27.

Mr. Morneau said the government intends to stick to its strategy of using fiscal policy to stoke job growth. He said the budget plan would focus on "a more-competitive, diverse and inclusive Canada."

The deficit for the current fiscal year ending March 31 is forecast at 19.9 billion Canadian dollars (US$15.8 billion), or 0.9% of gross domestic product.

—Paul Vieira

Venezuela's Misery Fuels Mass Migration

Residents flee crumbling economy in numbers that echo Syrians to Europe

By Juan Forero


TOMMASO PROTTI FOR THE WALL STREET JOURNAL (2)

Venezuelan citizens crossed the Simón Bolívar International Bridge in August to enter Cúcuta, Colombia, where, below, migrants rested at an improvised shelter.

CÚCUTA, Colombia—Hundreds of thousands of Venezuelans are fleeing their country's misery and pouring into nearby countries, particularly Colombia, creating a sharpening challenge for the region.

As the collapse of the economy deepens, the number of migrants is accelerating. Nearly three million Venezuelans—a 10th of the population—have left the oil-rich country over the past two decades of leftist rule. Almost half that number—some 1.2 million people—have gone in the past two years, according to Tomás Páez, a Venezuelan immigration expert at Venezuela's Central University.

Some 550,000 Venezuelans were in Colombia at the end of 2017, up 62% from a year before, according to the Colombian government, with a further 50,000 entering so far this year.

Those numbers mirror the 600,000 Syrian asylum seekers in Germany, and the 700,000 Rohingya who fled to Bangladesh from Myanmar in last year's brutal crackdown.

"By world standards Colombia is receiving migrants at a pace that now rivals what we saw in the Balkans, in Greece, in Italy in 2015, at the peak of [Europe's] migrant emergency," said Joel Millman, a spokesman for the United Nations' migration agency.

Colombian President Juan Manuel Santos last week announced his government would stop issuing border-crossing cards that had been granted to 1.5 million Venezuelans to come and go on short trips. He ordered 2,000 soldiers be deployed to control illegal, dirt-path entries into Colombia.

The president said Colombians "should also be generous to Venezuelans," noting that when Venezuela was prosperous in the late 20th century, it opened its doors to more than a million Colombians.

The migration is taxing Colombian border localities and raising the specter that Venezuela's social upheaval will spread here. Colombia has long had troubles of its own, including integrating former Communist guerrillas from a civil conflict that ended only recently.

Here in Cúcuta, the largest Colombian city on the border, Venezuelan families have turned parks into makeshift shelters and strung up hammocks outside retail shops. During the day, they join Cúcuta's informal economy, selling soft drinks on the streets.

"Just look at this. These people wouldn't need to be here if things were fine in Venezuela," said Father José David Cañas, watching over nearly 1,000 Venezuelan women and children lined up for lunch at the soup kitchen he runs. "We're just helping 1% of the people who are coming into Colombia. It's a humanitarian crisis."

Kelly Alazares, 43, has had to put her four children to work selling food in the streets while she works in a restaurant. "Thank God, we have enough to eat," she said.

By the end of this year, Venezuela's economy will be half the size it was in 2013, according to the International Monetary Fund. Inflation is expected to hit 13,000% this year.

A poll conducted by the Caracas firm Consultores21 across Venezuela in December found that 40% of respondents want to flee. Their country of preference is the closest, Colombia, but the surge is evident across South America. The number of Venezuelans leaving Colombia via a single southern border crossing into Ecuador rose from 32,000 in 2016 to 231,000 last year, showing how many have used Colombia as a layover.

There are now substantial Venezuelan communities in Argentina, Ecuador, Chile and Brazil, where tens of thousands have entered along remote jungle crossings.

Last week, the influx prompted the government of Brazil's President Michel Temer to deploy more troops on the border while saying it would start relocating Venezuelans to other cities in Brazil's interior. "There is a permanent concern about Venezuelan refugees who come to Brazil," Mr. Temer said.

Many of the newcomers to Colombia have stories similar to that of Sandra Graterol, who watched revenues from the small metal shop she and her husband ran in Venezuela get swept away by the crisis.

"There's nothing there, and everyone was coming here," said Ms. Graterol, 30. "I said, 'I'm going to go, too.'" She earns $10 daily selling trinkets on Cúcuta's streets, enough to feed her children back home.

On Thursday, as Mr. Santos came to Cúcuta to announce Colombia's new restrictions on border crossings, hundreds of Venezuelans crossed into this city. Putting down their suitcases in a spot of shade a few hundred yards from the border, one group of Venezuelans discussed what to do next.

Carlos Duque, 38, and his brother said they would likely stay in Colombia. Liubert Yari, 24, said he was going to cross to Brazil, where he would then move to Peru, where he has a cousin.

"I have a 1-year-old baby back home, and I was having to do everything imaginable to pay for milk and for diapers, which are impossible to find," he said. "I couldn't wait any longer."

—Kejal Vyas in Bogotá and Sara Schaefer Muñoz in Toronto contributed to this article.

Japan Hits a Milestone

By Megumi Fujikawa

TOKYO—Japan recorded its eighth straight quarter of growth, the longest streak since its heyday in the late 1980s, and economists generally expect modest expansion to continue this year.

The economy expanded an annualized 0.5% in the last three months of 2017 from the previous quarter, the government said Wednesday. The economy grew by 1.6% in 2017, the fastest pace in seven years, an indication that Prime Minister Shinzo Abe is succeeding in generating more stable, albeit modest, growth.

Policy makers say Japan's economy is on a more solid footing than in the late-'80s bubble years, which turned at the beginning of the '90s into decades of stagnation and deflation.

"What is most important is that the recovery is one that reflects economic reality," Japan's economic policy minister, Toshimitsu Motegi, said.

The economy's recent eight-quarter streak has been helped by the Bank of Japan's aggressive easy-money policies and by good timing with a synchronized pickup in global growth.

Signaling a sign of return to self-sustained growth, private consumption, which accounts for roughly 60% of GDP, was up an annualized 0.5% in the final quarter of 2017, while capital expenditure rose 0.7%.

China Accuses Ex-Official of Graft

By James T. Areddy

SHANGHAI—China's leadership accused the nation's former internet regulator, Lu Wei, of crimes as well as disloyalty and personal flaws as it ejected him from the Communist Party and said he would face prosecution.

The 58-year-old former internet czar was put under investigation by the party in November and Tuesday's announcement from the party's anticorruption arm alleged extensive misbehavior.

In unusually fierce language, repeated by major state-run media outlets, the Central Commission for Discipline Inspection said Mr. Lu was accused by the Communist Party's top leadership of crimes, including taking bribes, violating party rules by visiting private clubs, abusing his positions for sex, being power-hungry and deceiving investigators.

Lu Wei, who hasn't been seen in public for months, is the country's former internet regulator.

Mr. Lu can't be reached and hasn't been seen in public for months. It isn't known if he has a lawyer. Under China's system he can be held for a long period without representation.

Mr. Lu was well-known to international technology and media companies because of his past position as head of the powerful Cyberspace Administration and party propaganda jobs.

The move against Mr. Lu came the same day authorities announced bribery charges against Sun Zhengcai, a former senior party official once seen as a possible successor to President Xi Jinping.

Messrs. Lu and Sun both held prominent posts during Mr. Xi's first five-year term as leader of the Communist Party but then faced sudden political setbacks in the lead-up to his second term, which began in October.

The bribery allegations against Mr. Sun, 54, covered the span of his career, most recently as party chief in Chongqing, as he had allegedly sought profits for others and illegally accepted "huge amounts of money and property," also according to the anticorruption bureau.

Mr. Sun isn't reachable. The agency said prosecutors had informed him of his legal rights, interrogated him and listened to opinions of his lawyer, who wasn't identified.

FROM PAGE ONE

AMAZON

Continued from Page One

cilities, according to a hospital official overseeing the efforts.

The pilot is customized for the hospital system's catalog of supplies, the official said, allowing employees to compare prices the system negotiates with its distributors against those in the Amazon Business marketplace.

In response to questions about these efforts, Amazon said it is building technology to serve health-care customers, and seeking to sell hospitals on a "marketplace concept" that differs from typical hospital purchasing, which is conducted through contracts with distributors and manufacturers.

Chris Holt, leader of global health care at Amazon Business, said Amazon won't look to imitate established models already used in the medical-distribution sector. "Our goal is to be something new," he said. "We've been actively building out new capabilities and features" to simplify purchasing, he said.

Echoing sentiments articulated by some in the industry, he said existing supply-chain options are dated and "not nearly as safe and secure" as needed. "We're thinking about not how we can go mimic what's already out there, but rather how we can rethink safety and security of anything clinical," he said.

Other companies eyeing the health-care supply space include Walgreens Boots Alliance Inc., which the Journal reported has approached distributor AmerisourceBergen Corp. about buying the portion of the company that it doesn't already own. Amerisource is primarily a pharmaceuticals distributor with a business supplying hospital systems.

Amazon is making a steady push into health care, an industry the company rattled last month when it said it was forming a nonprofit venture with JPMorgan Chase & Co. and Berkshire Hathaway Inc. aimed at reducing the three companies' health-care costs.

Earlier reports of Amazon's interest in the pharmacy-services business helped spur CVS Health Corp.'s $69 billion bid last year for insurance giant Aetna Inc.

Amazon in recent months obtained approval from several state pharmaceutical boards to become a wholesale distributor, a step necessary for it to sell medical equipment to licensed professionals.

Amazon's comparison-shopping ethos could shake up the hospital- and clinic-supply business, where middlemen fees add costs and proprietary contracts obscure price differences. But Amazon faces challenges.

Amazon is seeking to sell hospitals on a 'marketplace concept.'

So far, some hospitals have been reluctant to buy supplies from Amazon Business, for reasons including lack of options and lack of control over purchases and shipping, which hospitals closely safeguard to ensure prompt arrival of goods.

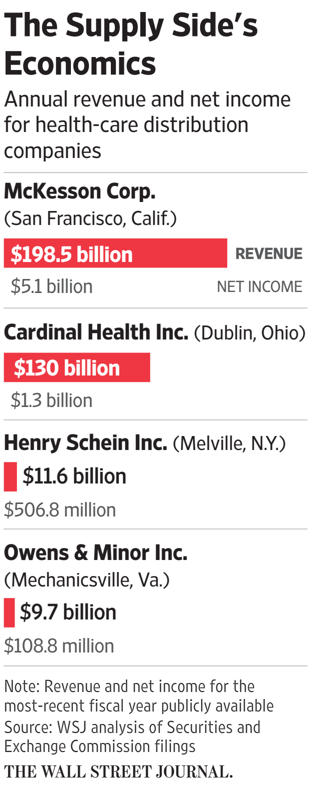
"We can't be without supplies," said Phyllis McCready, chief procurement officer for Northwell Health in New Hyde Park, N.Y., one of the hospital executives who attended the Seattle meetings with Amazon.

Hospitals typically contract for assurances that products will be available and delivered securely, she said. "It's a little different than being out of a size 6 dress. I can't be out of a six French catheter," said Ms. McCready, who oversees the hospital system's $3 billion annual budget for supplies, contract services and pharmaceuticals.

Ensuring continuity of product supply is also crucial, said Donna Drummond, Northwell's senior vice president of consolidated business services. When doctors and nurses reach for a particular product, they know its specifications. Jumping online to look for the best deal could disrupt that continuity, she said. Northwell is "not ready to move from our current model," Ms. Drummond said, but added: "We are open to a competitive market."

Hospitals today typically sign contracts to buy supplies directly from manufacturers or from distributors, which include Owens & Minor Inc., Medline Industries Inc., McKesson Corp. and Cardinal Health Inc.

Also in the chain are companies known as group-purchasing organizations that negotiate on behalf of multiple hospital buyers, seeking to leverage collective demand.



Hospitals formed and own a stake in many such groups.

Some companies in the medical-supply market have already signaled concerns about Amazon Business's initial inroads into the sector.

Owens & Minor Chief Executive P. Cody Phipps described Amazon as "a formidable competitor in any distribution business," as he discussed his company's earnings in November. Owens & Minor didn't respond to a request for comment. McKesson and Cardinal Health declined to comment.

Some companies that sell to hospitals and doctors said they offer services beyond distribution that give them a competitive advantage.

Medline, also a manufacturer, employs clinicians to develop custom products for customers, said Ron Barth, executive vice president of sales. Henry Schein Inc. provides small-business customers with health-care education and consulting, said the company's spokeswoman. Premier Inc., which acts as a purchasing group for hospitals, told investors in January that its pricing compared favorably with Amazon Business and other online retailers.

GREATER NEW YORK

Traffic Delays Stretch Ride to LaGuardia

Road construction and more cars lead to a slow grind for taxis to and from Manhattan

By Paul Berger

It's not your imagination. The taxi ride to and from LaGuardia Airport is taking quite a bit longer.

In June 2013, the average travel time for a weekday trip from LaGuardia in Queens to Manhattan below 60th Street between 3 p.m. and 7 p.m. was 35 minutes, according to an analysis of taxi data. Last year, the same ride took 50 minutes.

Bruce Schaller, a consultant who analyzed the data for The Wall Street Journal, said the delays have been caused by more vehicles on the road—and not just in Manhattan's core, but on bridges, tunnels and highways in Queens.

"When you push a few more cars onto the street or highway or through a tunnel, when they're already at capacity, you slowly grind toward total gridlock," said Mr. Schaller, a former city transportation official.

Travel times also increased for cars to LaGuardia from Manhattan's business district. During afternoon peak hours of 1 p.m. to 3 p.m., taxis in 2017 took 42 minutes to reach the airport—an extra eight minutes compared with 2013.

At a time when city and state politicians are debating a proposal to charge motorists to enter the most congested areas of Manhattan, the increased travel times to and from the airport show that worsening traffic is a problem in other boroughs, too.

Sam Schwartz, a former city traffic commissioner who now works as a consultant, said travel times aren't just lengthening, extreme delays are becoming more common.

Mr. Schwartz was hired by LaGuardia's owner, the Port Authority of New York and New Jersey, to find ways to help relieve congestion at the airport, as it undergoes an $8 billion renovation. Because of construction in recent years, traffic on airport roadways has been so bad on some days that passengers have been forced to exit cars and taxis on the Grand Central Parkway and walk the remainder of the way to their terminals.

During the first nine months of 2016, the worst travel time by car from the Manhattan entrance of the Queens Midtown Tunnel to the airport was 62 minutes, according to Mr. Schwartz. During that same period in 2017, it grew by nearly half an hour to 91 minutes, he said, noting that 10 days in 2017 exceeded the worst travel day of the year before.

"One way to look at this is passengers who allowed an hour for traffic delays in 2016 caught their planes," Mr. Schwartz said. "In 2017, those same people would have missed their flights on 10 days."

Travelers and businesses have been taking note.

David Wall, an executive at a private-equity firm in Midtown Manhattan, said the road network's unreliability has forced his company to take traffic delays into account when scheduling meetings. Colleagues and clients now sometimes fly to New York the night before a planned gathering, he said. Previously, they would have arrived the morning of the meeting, he noted.

"If you are having an all-day board meeting, you can't always fly in in the morning and fly out that night," Mr. Wall said as he waited for an Uber car at LaGuardia's Terminal D.

Julia Greer, who flies into LaGuardia three or four times a month from Michigan, said that over the past three years her journey from the airport to the Hell's Kitchen neighborhood in Manhattan has become progressively longer.

"The tunnel is packed, the bridges are packed," she said. "Sometimes it's just getting through Queens."

A report commissioned last fall by New York Gov. Andrew Cuomo found that app-based ride-hailing companies, such as Uber, "are now the most significant source of congestion" in Manhattan. There are 68,000 licensed app-based vehicles in the city, most affiliated with Uber, dwarfing the 13,600 licensed yellow cabs.

Uber spokesman Jason Post challenged the idea that app-based companies are the primary cause of congestion in the city. "Traffic is a complex problem with many causes," Mr. Post said, citing economic growth, rising employment and increased construction.

Mr. Post noted that LaGuardia handled a record 29.8 million passengers in 2016, adding to traffic on local highways.

The Port Authority has been looking into alternatives for passengers at LaGuardia, which has no rail connections and is only served by public buses. It is studying a plan to build an AirTrain to the airport that would link up with the Long Island Rail Road and the No. 7 subway line, taking passengers to New York's Penn Station or to Grand Central Terminal.

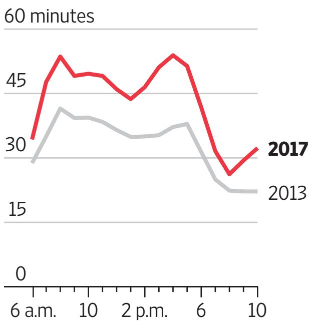
"The trend lines are clear," said a Port Authority spokesman. "The traffic is bad now, and it's only going to get worse."

STEVE REMICH FOR THE WALL STREET JOURNAL

The Port Authority wants more transportation options for LaGuardia, which has no rail service and is only served by public buses.

Slow Pace

Average duration of a weekday trip from LaGuardia Airport to Manhattan's business district



Source: Analysis of New York City Taxi and Limousine Commission June data by Bruce Schaller

THE WALL STREET JOURNAL.

'Chelsea' Bomber Is Sentenced to Life in Prison

By Corinne Ramey

The New Jersey man convicted of detonating a bomb that sent shrapnel, glass and a 100-pound dumpster flying through Manhattan's Chelsea neighborhood in 2016, injuring 31 people and causing millions of dollars in property damage, was sentenced Tuesday to life in prison.

In October, a Manhattan jury convicted Ahmad Khan Rahimi, 30 years old, of using a weapon of mass destruction, bombing a place of public use, destroying property with an explosive and other crimes.

On Tuesday, U.S. District Judge Richard Berman handed Mr. Rahimi two life sentences and 30 years in prison. He also ordered him to pay some $560,000 in restitution for medical bills, lost wages and property damages of the victims.

A handwritten journal belonging to Mr. Rahimi contained mentions of bombs and laudatory references to terrorist leaders and groups, including ISIS and al Qaeda, prosecutors said.

"At liberty, in the community, you would be and are a threat," Judge Berman said.

When given the chance to address the judge, Mr. Rahimi was unapologetic, speaking clearly as he listed grievances. He said he had been singled out by law-enforcement in airports, had been penalized in jail for urinating while sitting down during a head count and that his father had been vilified in media coverage.

"I didn't come here harboring hatred toward anyone," said Mr. Rahimi, who was born in Afghanistan and is a naturalized U.S. citizen.

Assistant U.S. Attorney Shawn G. Crowley called the bombings "the first successful terrorist attack since 9/11." She said if Mr. Rahimi had met his goals, the resulting death and destruction could have resembled that of terrorist attacks in Orlando, Boston or San Bernardino, Calif. Moreover, Mr. Rahimi had tried to radicalize other inmates in jail, she said.

In court, Mr. Rahimi denied that accusation.

A lawyer for Mr. Rahimi noted his client's work ethic and desire to support his family. Mr. Rahimi is married and has three children, one of whom is from a previous relationship. The lawyer previously had asked Judge Berman to request that Mr. Rahimi be allowed to visit family and have educational opportunities behind bars. The judge said the matter was up to prison officials.

On Sept. 17, 2016, Mr. Rahimi took the train from New Jersey to Manhattan, where he planted bombs on 23rd and 27th streets, prosecutors said. The 23rd Street bomb, which he made from a pressure cooker and placed near a dumpster, exploded at about 8:30 p.m., authorities said.

One victim, Pauline Nelson, spoke in court looking directly at Mr. Rahimi. "You never apologized to no one in the courtroom," said Ms. Nelson, a bodybuilder from Brooklyn who was in her car when the incident occurred. "You could have taken my life in a second."

A passerby discovered the other bomb and called 911 before it detonated, prosecutors said.

ELIZABETH WILLIAMS/ASSOCIATED PRESS

In this courtroom sketch, Ahmad Khan Rahimi is shown speaking to U.S. District Judge Richard Berman in Manhattan on Tuesday.

Mayor to Stay the Course And Expand on Initiatives

By Mara Gay

New York City Mayor Bill de Blasio laid out a vision for his second term that offered little in the way of new initiatives and doubled down on the liberal positions he has staked out in years past.

Speaking before a large crowd at the Kings Theatre in Brooklyn, Mr. de Blasio said the longstanding policies of his administration, from creating more affordable housing to instituting universal prekindergarten and paid sick leave, would make the city fairer.

"New Yorkers aren't afraid of tough challenges, but they want the rules of the game to be fair," he said.

The mayor, a Democrat who was re-elected in November, outlined a 12-point "gameplan" that mostly promised an expansion of existing initiatives like a plan to sue petroleum companies over costs incurred by the city from climate change, and a pledge to close the jail complex at Rikers Island. He promised to do more to keep correction officers safe on the job, mentioning Jean Souffrant, a correction officer who was severely injured last week in an attack by inmates at Rikers.

"You gotta do more! You're not doing enough!" one heckler shouted.

The event was highly stylized, with live music, and a video touting the administration's accomplishments. At the end of the video, the screen read simply: "Change comes from the people."

Mr. de Blasio also spoke at length about President Donald Trump, whom he has vocally opposed on many issues. The mayor on Tuesday promised to "guard against the threats to our democracy, which are growing across the nation."

Outside, several groups of protesters stood ready to greet the mayor with more local concerns. The correction officers union handed out fliers with a photo of Officer Souffrant. Tenants-rights activists stood across the street, saying Mr. de Blasio wasn't doing enough to protect New Yorkers from unfair evictions.

Dozens of public-housing residents held signs that read, "NYCHA is freezing," a reference to the widespread heat and hot-water outages that have plagued New York City Housing Authority buildings. The outages have left about 80% of the city's public-housing residents, or about 320,000 people, without heat or hot water at some point this winter.

De Blasio's Plan By the Numbers

100,000: Jobs paying $50,000 or more he promises to create over 10 years

$5 billion: Amount of pension funds he says the city will divest from fossil fuel companies

100,000: Fewer arrests than four years ago when he took office, according to Mr. de Blasio

10: Number of years he says it will take to close the jail complex at Rikers Island, a figure criminal-justice advocates and some others say is too long

At least 1: Number of hecklers who interrupted the State of the City address

NYPD Sergeant Says He Shot Woman to Save His Own Life

By Zolan Kanno-Youngs

A New York City police sergeant took the stand in his murder trial Tuesday and testified that he fatally shot a 66-year-old mentally ill woman to stop the potentially lethal swing of a baseball bat at his head.

Sgt. Hugh Barry said he had persuaded the Bronx woman, Deborah Danner, to drop a pair of scissors and step out of her bedroom, but then she dashed back into the room and threatened him with the bat.

In a tense cross-examination, prosecutor Wanda Perez-Maldonado pressed Sgt. Barry on whether Ms. Danner was actually swinging the bat. Sgt. Barry said Ms. Danner was "mid-swing" when he shot her twice.

"This is a matter of seconds," Sgt. Barry, 32, said from the witness stand in Bronx Supreme Court. "I'm seeing this bat [about to] crack my head and kill me."

The 2½-hour testimony came after the prosecution rested its case in the trial of Sgt. Barry. The nine-year veteran of the New York Police Department is charged with second-degree murder, negligent homicide and manslaughter in the Oct. 18, 2016, shooting of Ms. Danner, a paranoid schizophrenic, in her apartment. He has opted for a nonjury trial.

Prosecutors from the Bronx District Attorney's office contend Sgt. Barry ignored his training and escalated the situation with Ms. Danner, resulting in her death.

PRESS POOL

Sgt. Hugh Barry faces murder and other charges in the death of a 66-year-old Bronx woman.

The trial has been full of contradictory accounts from the police officers and emergency medical technicians who responded to a report of an emotionally disturbed person.

When Sgt. Barry arrived at Ms. Danner's apartment, she was in her bedroom holding scissors, he said. He said that he persuaded her to drop the scissors and leave the bedroom, but when she eventually complied, she said she wouldn't come any further.

"I made a judgment call that I'm going to go grab her at that point," he said.

Ms. Perez-Maldonado questioned whether rushing toward Ms. Danner was the correct decision. "The last thing I wanted," Sgt. Barry said, "was for her to get those scissors."

Ms. Perez-Maldonado asked why Sgt. Barry couldn't grab Ms. Danner. Was she "fast for a 66-year-old woman?" the prosecutor asked.

"She was much faster than I ever imagined," Sgt. Barry said.

Sgt. Barry said he chased Ms. Danner into the bedroom with the other officers trailing behind him. He encountered her leaning on her bed in a baseball stance with the 32-inch bat, he testified. With his fellow officers behind him, his gun drawn and Ms. Danner a few feet in front of him, he told her multiple times to drop the bat, he said. Ms. Danner took a step toward him with her left foot and began her swing, he said.

Sgt. Barry was equipped with a stun gun but he said using it instead of his firearm wasn't an option. "This is a bat…it can kill you," he said.

Witness In Bribery Trial Explains His Arrest

By Erica Orden

After spending the weekend in jail, Todd Howe, the key witness in the federal corruption trial of a former aide to New York Gov. Andrew Cuomo, reappeared in court Tuesday and was forced under cross-examination to recount how he ended up imprisoned mid-trial.

Dressed in a slightly wrinkled suit, Mr. Howe referenced his testimony last week that he likely had violated his cooperation deal with prosecutors by lying to his credit-card company in 2016, after he had signed the agreement.

Mr. Howe, who had pleaded guilty to eight felonies as part of the deal, was arrested for violating the terms of his bail, which was revoked.

“You expect to remain in jail for the foreseeable future?” asked Daniel Gitner, an attorney for another defendant in the trial. “It's uncertain,” Mr. Howe replied.

Mr. Gitner asked if Mr. Howe had deceived prosecutors into believing that once he had signed the cooperation agreement, he was “a completely changed man.” “Yes,” Mr. Howe replied, adding: “Every time I walked in the door I was representing myself as being honest and truthful.”

Mr. Howe's testimony has been considered important to the government's case against the former Cuomo aide, Joseph Percoco, and three other defendants, all of whom are on trial for allegedly exchanging more than $300,000 for government favors. Mr. Howe was the self-described middleman between Mr. Percoco and the executives.

Todd Howe's credibility could have serious implications for the government's case.

Mr. Percoco's attorney has said the payments were for legitimate work and not in exchange for using his official position to benefit the companies. Mr. Cuomo, a Democrat, hasn't been accused of wrongdoing.

Mr. Howe's credibility as a witness, as well as prosecutors' handling of his cooperation agreement, could have serious implications for the government's case against the men.

On Tuesday, Mr. Howe attempted to defend his behavior in October 2016, in which he told his credit-card company, falsely, that he had been improperly charged for a stay at the Waldorf Astoria New York, in an apparent attempt to reverse the charge. Mr. Howe admitted during testimony last week that he had stayed at the luxury hotel during a trip that summer to speak to prosecutors about a possible plea deal.

Mr. Howe explained that he had been in the midst of handling his daughter's health crisis and was confused about the bill. “I was disputing it. I wasn't denying it,” he said.

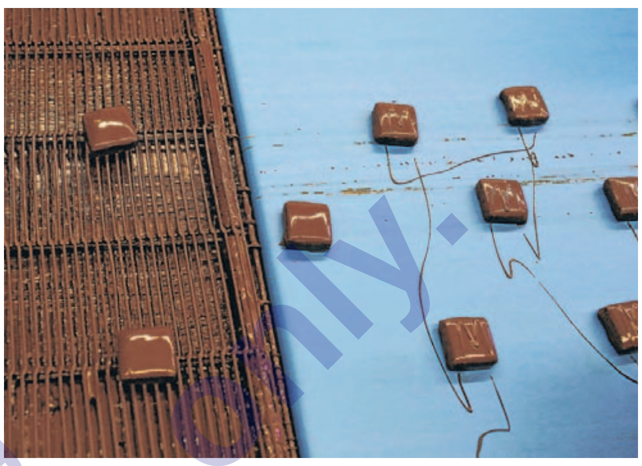
Neither Mr. Howe nor prosecutors gave any indication of the status of Mr. Howe's cooperation agreement, which provides that the government will write a letter recommending a lighter sentence for him in exchange for his help with the bribery trial. Mr. Howe faces up to 130 years in prison for the eight felonies.

Li-Lac Serves Up Chocolate Nostalgia

By Charles Passy

YANA PASKOVA FOR THE WALL STREET JOURNAL (3)

Li-Lac Chocolates, with annual sales of $5 million to $7 million, has kept its offerings largely unchanged since its inception in 1923.



Li-Lac Chocolates's signature sweets are the kind you remember from your childhood, milk and dark squares with the classic fillings, from mocha to marzipan, along with old-school favorites such as fudge and butter crunch.

The offerings have remained largely unchanged since the company's inception in 1923, even as many New Yorkers have turned to cutting-edge chocolatiers for their Valentine's Day's shopping.

As in businesses that feature bonbons with exotic flavors—olive-oil truffles, anyone?—or that tout “bean-to-bar” chocolate making.

“Some companies exist for the trend,” said Anthony E. Cirone, Li-Lac's president and one of its owners. “That's not our point of entry.”

The nostalgic approach is working. Li-Lac has added two locations in Manhattan during the past seven years, bringing the number to four in the borough. That is in addition to the 9,000-square-foot factory and store it opened in 2014 in Brooklyn's Industry City complex.

Li-Lac also has been building its e-commerce business, shipping as far away as Saudi Arabia and Australia. Online orders now account for about 15% of the company's overall annual sales, which are $5 million to $7 million, according to Mr. Cirone.

Li-Lac fans say it is about time the company broadens its presence.

“I think people are sick and tired of all these newbie things,” said Fern Berman, a former restaurant publicist who once made a point of visiting Li-Lac's original store on Christopher Street in Greenwich Village almost everyday. (The location is now closed, but Li-Lac maintains a presence in the neighborhood with two other stores.)

Ms. Berman's go-to item is Li-Lac's chocolate-covered pretzels. “It feels like their product was always honest,” she said.

Mr. Cirone, a former executive with consumer-goods giant Unilever, says he saw Li-Lac as an underappreciated gem when he acquired the company, with other partners, in 2011 for an undisclosed sum. His goal has been to see Li-Lac take its place alongside such foodie favorites as Katz's or Zabar's as New York City legends.

While Mr. Cirone has expanded Li-Lac's retail and online businesses and updated some of its packaging, he hasn't tinkered with recipes or product lineup. The company still uses some of the same equipment it had for decades in its Christopher Street store.

When Mr. Cirone took over, Li-Lac master chocolatier Anwar Khoder, who joined the company in the late 1980s, made it clear that change wasn't in the cards—at least if he was to stay on board.

“I said, ‘You don't touch that part,’” recalled Mr. Khoder, who is now also one of Li-Lac's owners.

While Li-Lac may be finding success, it still faces heavy competition in New York City, especially as more chocolatiers, large and small, enter the market.

Even restaurants are getting into the game: Gotham Bar & Grill, the Michelin-starred Manhattan dining spot, started its own chocolate line about three years ago, and its chocolates have been carried by local retailers and even a Japanese department store.

Jacques Torres, the New York chocolatier behind the namesake company, says Li-Lac has a special place in the city precisely because it honors the old ways.

“I think they are real,” he said.

METRO MONEY | By Anne Kadet

Retailers Offer Quirky Perks to Entice Shoppers

Over the years, I've enjoyed showers in spas, hotels and resorts offering high-tech jets, sauna features and all kinds of fancy shampoos. But none of that compared with the shower I took last week at a store on West 22nd Street in Manhattan.

Yes, at the Kohler Experience Center, the fixtures maker offers a free shower right in the showroom, complete with toiletries, robe and slippers. It's just one of many notable “experiences” brands are offering New Yorkers in an effort to revitalize retail. You could spend the day visiting these places just for kicks.

A tour of the Kohler showroom, which opened last May, can include stops at the computerized mirror which displays texts and stock quotes, and the ‘intelligent’ toilets, offering adjustable heat settings and your choice of bidet streams.

My guide, Haley Rackliffe, global specifications executive, showed me to the shower suite—a spacious, private, gray-marble affair in the middle of the showroom. Built to accommodate one guest at a time, it's equipped with a dozen shower heads and a bathtub deep enough to drown a bear.

PETER FOLEY FOR THE WALL STREET JOURNAL

The Dyson Supersonic hair dryer is demonstrated in Manhattan.

While there wasn't a dedicated attendant, Ms. Rackliffe told me to text her if I needed assistance.

Alas, you can't just walk in off the street and shower. “We qualify you,” Ms. Rackliffe said. Kohler bathers—most of whom schedule an appointment—typically are renovation clients looking to finalize purchase choices.

I spent an hour in the suite, testing the options, baffled by the digital controls. I encouraged myself with the classic affirmation, “I am smart enough to figure out a bathtub.”

Soon, I was enjoying the bubbles, “Chromatherapy” lights and dulcet tones of the music program's “Letting Go” setting.

All told during my one visit, I took three showers and one bath—enough to last the rest of the week.

What better follow-up to a free shower than a free hair styling? At the Dyson Demo store on Manhattan's Fifth Avenue, which opened in December, I got a free shampoo and blowout in their minisalon with the vacuum maker's Supersonic hair dryer.

“It basically showcases what a Supersonic does for your hair,” said my stylist, rubbing mousse into my locks. “You might wonder, ‘Why would I get a $400 blow dryer?’ But it's a great dryer.”

I learned all about the Supersonic's ergonomic design, heat-sensing microprocessor and high-tech filter. In the end, I didn't buy a dryer.

If it's vacuuming you love, the Dyson store's debris wall offers 20 different materials you can throw down and clean up including couscous, pasta shells and kitty litter.

A Dyson spokesman who declined to reveal the store's operating costs or sales figures said the aim is mainly educational: “When people test our technology themselves, they experience the superior performance and understand how it can improve their lives.”

Next stop, Samsung 837, the tech maker's visitor center in Manhattan's Meatpacking District. Here, you can gawk at a live DJ, check out a model kitchen or relax in the cafe, enjoying free Wi-Fi. You can shoot zombies in the VR tunnel or watch the virtual news at a marble-top breakfast table.

David McCollum, a union carpenter from the Bronx, was lounging in the mock living room, charging one of his two Samsung phones. “I'm like one of those Apple people, but for Samsung,” he said. “I have the tablet, I have the phones, I have the TV.”

His one gripe: He couldn't actually buy anything at the center. “It doesn't make any sense,” he said.

Upstairs, in the corporate office, Zach Overton, vice president of consumer experience and general manager of Samsung 837, said the center, which draws more than 1,000 visitors a day, has a larger mission.

Here, visitors experience the entire “product ecosystem” and how everything works together, he said. “You say, ‘Hey, wait a minute, maybe I do need a Family Hub fridge because my phone talks to the fridge!’ ”

It's impossible to measure the center's impact on sales, he said, but surveys show consumers are more likely to consider Samsung trustworthy and innovative after a visit.

I love anything free, so I'm all in favor of the experience trend. And Mr. Overton believes that given the ease of online shopping, stores increasingly will focus on showing how products work in real life. “You'll see a lot more of it,” he said.

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CORRECTIONS & AMPLIFICATIONS

In some editions Tuesday, New York City Councilman Ruben Diaz Sr. was incorrectly identified as Councilman Andy King in a photo with an article about Mr. King being sanctioned for violating the City Council's anti-harassment and discrimination policy.

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

GREATER NEW YORK WATCH

BRONX

New Jail Is Planned In Mott Haven Area

New York City plans to build a new jail in the Bronx, the first of several smaller jails Mayor Bill de Blasio has said he would renovate or open as part of a decadelong plan to close the troubled complex on Rikers Island.

The new facility will be opened at 320 Concord Ave. in the Mott Haven neighborhood, according to a person familiar with the proposal. This person said the building most recently has been used by the New York Police Department and that it would have to undergo renovations to be used as a jail.

Mr. de Blasio, a Democrat, promised to close the jail complex at Rikers Island after years of pressure from criminal-justice advocates, elected officials and others who said the aging facilities were dangerous and beyond repair. Some of those advocates, including former New York state Chief Judge Jonathan Lippman, have said the mayor's 10-year timeline is too long. Building new jails likely will require getting the buy-in of local elected officials and could face community opposition.

A spokesman for Mr. de Blasio declined to comment.

This past weekend, inmates on Rikers were accused of attacking a correction officer, causing internal bleeding in his head, according to court documents.

—*Mara Gay and Corinne Ramey*

CRIME

Detective Is Arrested In Bank Fraud Case

A New York Police Department detective is being accused of scheming to steal hundreds of thousands of dollars from victims' bank accounts.

Federal authorities say Michael Bonanno was arrested Tuesday on charges of bank fraud, identity theft and other charges. He works in the NYPD's Crime Stoppers Unit.

Information on his lawyer wasn't immediately available.

Prosecutors say Detective Bonanno and a co-conspirator made unauthorized wire transfers from victims' bank accounts to accounts controlled by him.

In total, prosecutors say Detective Bonanno and his co-conspirator attempted over $1 million in fraudulent wire transfers and cashed over $68,000 in forged checks.

—*Associated Press*

OIL

Continued from Page One
Etete—the ex-oil minister Mr. Descalzi met that night, according to court documents. The prosecutors say executives knew Mr. Etete would pay off Nigerian officials and send kickbacks to Eni executives. A criminal trial begins in Milan on March 5.

The scheme went as high as former Nigerian President Goodluck Jonathan, who received payouts during his presidency, the prosecutors say. Mr. Jonathan has denied involvement.

The case is a rare example of top executives from giant Western oil companies facing accountability for corruption. Scrutiny of foreign bribery is growing. More than 500 ongoing investigations were taking place in member countries of the Organization for Economic Cooperation and Development in 2016, up about 25% from 2015, according to the 35-nation group's latest analysis.

The amount of money that allegedly changed hands in the Eni-Shell case could prove to be one of the oil industry's largest ever bribes, said Global Witness, a London nonprofit that investigates allegations of wrongdoing in the resources industry.

Mr. Descalzi, now Eni's chief executive, will face criminal charges of international corruption and bribery in the Milan trial, along with the company's CEO at the time of the Nigerian deal, Paolo Scaroni. Shell executives, including Malcolm Brinded, Shell's global exploration and production chief at the time of the deal, will also be tried on those charges, as well as both companies.

Eni and Shell both deny wrongdoing, saying they simply paid the government and didn't know the money would be used for bribes.

"Eni and Shell paid the consideration for this license to the Nigerian government," Eni wrote in emailed responses to questions from The Wall Street Journal. "It was the prerogative, right and at the discretion of the Nigerian government to decide...how to use the price received from Eni and Shell."

"The board has said clearly that it has full confidence in the company and in Claudio Descalzi," Eni Chairwoman Emma Marcegaglia said in an interview.

A Shell spokesman said the company didn't believe there was a basis to prosecute Shell. "If the evidence ultimately proves that improper payments were made...it is Shell's position that none of those payments were made with its knowledge, authorization or on its behalf," he said.

Eni's Mr. Descalzi, who was appointed by the Italian government for a second three-year term as CEO in April, Mr. Scaroni, who left Eni in 2014, and Shell's Mr. Brinded, who left the company in 2012, denied wrongdoing.

Shell and Eni also face prosecution in Nigeria, one of Africa's biggest oil producers. The country's financial crimes watchdog has threatened to strip the companies of their claim to the oil field.

Shell and Eni in 2011 jointly acquired the license to the area known as OPL 245 off Nigeria's coast, but so far development has been stalled.

This account of the deal is based on interviews with more than a dozen people with knowledge of the case, internal company emails and documents, and hundreds of pages of court documents from cases in Britain, Italy and Nigeria reviewed by the Journal.


BLOOMBERG NEWS; REUTERS; BLOOMBERG NEWS

Eni CEO Claudio Descalzi, former Nigerian oil minister Dan Etete and former Shell executive Malcolm Brinded face corruption charges.

The deal pulled in top executives for Shell and Eni, who were required to approve and in some cases negotiate the transaction, bringing them into contact with a host of now discredited figures in Nigeria.

Chief among them is Mr. Etete, a Nigerian politician who was an oil minister in the mid-1990s during the reign of military dictator Sani Abacha, and who personally claimed ownership of OPL 245. Mr. Etete's career has been dogged by corruption allegations. In 2007 he was convicted of money laundering in France and was pardoned in 2014. A lawyer for Mr. Etete, whose whereabouts is unknown, didn't respond to requests for comment. He faces corruption charges in both Milan and Nigeria.

"It smacks of a Hollywood movie," said Razak Atunwa, a Nigerian member of parliament investigating the case for the government. "You've got nefarious characters mixing with ministers, nefarious characters mixing with the presidency."

The struggle over OPL 245 dates back to 1998, when the Abacha government awarded the oil rights to a newly minted Nigerian firm called Malabu Oil and Gas. According to court documents, the company was ultimately owned by figures close to Mr. Abacha's regime, including his son and Mr. Etete, then the country's oil minister.

The company was meant to pay the government $20 million for the license, but paid only a little over $2 million, according to the court documents.

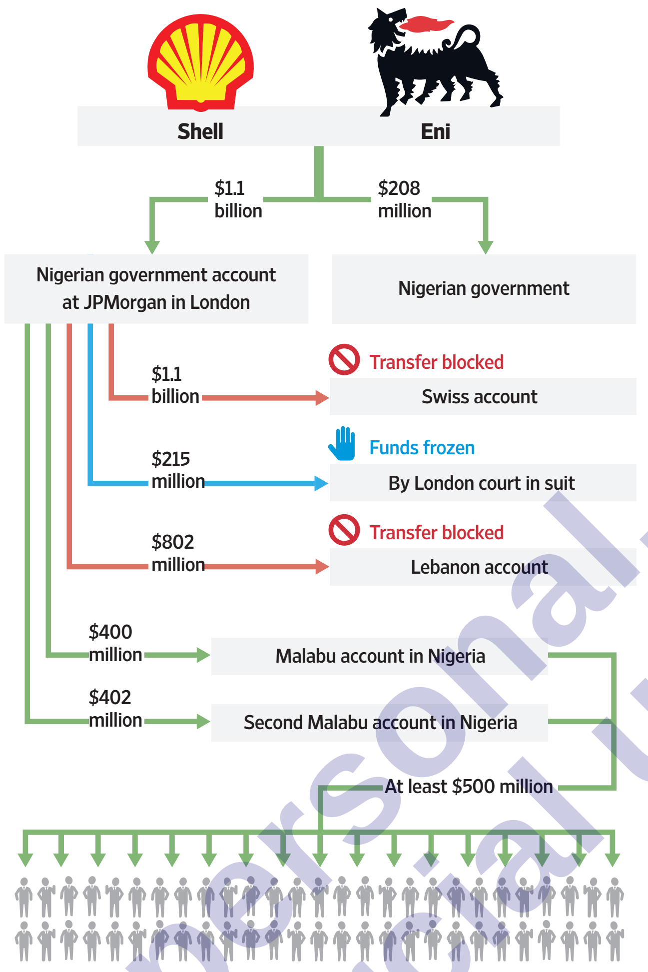
In 2001, Shell agreed to acquire a 40% interest from Malabu in the oil field. Shell, already a dominant producer in Nigeria, hoped the move would expand its footprint in the oil-rich waters off the coast. But within months, Malabu's ownership was revoked by the new, democratically elected president, Olusegun Obasanjo.

Shell won a new tender in 2002 that gave it exclusive rights to operate the field as a contractor for the state oil company, pledging to pay the government $210 million. But Mr. Etete, who was no longer in office, and later Mr. Abacha's son separately maintained their claims to the site. Successive Nigerian governments flip-flopped on the decision to rescind Malabu's license, helping tie up the ownership question in court.

In an attempt to resolve the dispute, Shell executives spent years alternately wooing Mr. Etete and threatening him with legal action. They negotiated over lunches with Champagne and discussed taking him on a stag hunting trip to Scotland, according to internal company emails reviewed by the Journal.

Flow of Funds

Prosecutors allege Shell and Eni agreed to pay $1.3 billion to Nigeria for the rights to a valuable offshore oil field, knowing that the government would funnel $1.1 billion of that amount to a company called Malabu to be used for bribes.



Allegedly distributed in kickbacks and bribes to more than 100 recipients including figures at Malabu, Nigerian president Goodluck Jonathan, other Nigerian politicians and Eni executives.

Source: Nonpublic court documents

THE WALL STREET JOURNAL.

In the emails—some with the subject line "Loony Tunes"—Shell executives openly speculated that any settlement they reached with Mr. Etete would be used to pay off his political sponsors and fretted over the risk he might seek to strike a deal with another company.

In early 2009, John Copleston, a former British intelligence officer working for Shell in Nigeria, sent an email to colleagues that reported Mr. Etete was claiming he would keep $40 million of the $300 million Shell was offering at the time. "Rest goes in paying people off," Mr. Copleston wrote. Mr. Copleston couldn't be reached for comment.

Eni became involved in 2010. After discussions with Mr. Etete, the Italian firm, which already had major oil holdings in Nigeria, proposed to buy out Malabu's disputed stake. The company aimed to end Malabu's legal claims and join Shell in a 50-50 partnership.

Shell executives were pleased. According to internal emails, they were impressed by Mr. Descalzi's personal, "privileged" relationship with Mr. Jonathan, who was serving as acting president and would soon fully succeed the Nigerian president at the time. According to the emails, the two men met in southern Nigeria in the 1990s and had stayed close.

"Let's hope Eni can succeed where we have struggled to close on this," Shell's then-chief financial officer, Simon Henry, wrote in an email in October 2010.

Beginning that year, Mr. Descalzi for a period met twice a month with a middleman who claimed to be working on behalf of Mr. Etete, sometimes at a luxury hotel in London's Belgravia neighborhood, according to court documents. The Eni executive, a 36-year veteran and longtime Africa hand who led Eni's operations in Congo and in Nigeria, also oversaw months of talks with the Nigerian government and with Shell, according to internal Shell emails.

Meanwhile, two external risk reports commissioned by Eni in 2007 and 2010 had raised red flags about Mr. Etete. The documents, reviewed by the Journal, warned of past corruption allegations against the former oil minister and questioned aspects of his ownership of the oil license.

Pressure was mounting to settle the deal. Shell feared other companies such as Total SA of France and China's Cnooc were also negotiating with Mr. Etete. Cnooc didn't respond to requests for comment. Total declined to comment.

"We need to move fast as the wolves are indeed circling," wrote Mr. Brinded, the global exploration and production chief, in an October 2010 email to colleagues.

Eni and Shell soon hammered out a complicated deal with the Nigerian government, according to emails and court documents. In a deal that included Shell's previous promise to pay around $210 million, the company agreed to pay a total of just under $320 million for a 50% stake. Eni would pay a little more than $980 million for the other 50%.

The deal was made on the basis that $200 million would be kept by the Nigerian government and that $1.1 billion would be passed on to Malabu in exchange for its dropping all claims to the oil field, court documents say.

The two sides completed the deal in April 2011, but within months, it began to unravel. Initial efforts to transfer the $1.1 billion from a Nigerian government bank account at JPMorgan Chase & Co. in London to an account in Switzerland was blocked by bank authorities for reasons of "compliance," marking an early red flag. A second attempt to transfer money to a bank in Lebanon was also blocked. The transfer was eventually completed to two Malabu accounts in Nigeria, according to nonpublic Italian court documents.

In the U.S., the Federal Bureau of Investigation traced the flow of dollars from the deal, millions of which made it to the U.S., court documents show. Mr. Etete splashed out nearly $57 million to buy a private jet in Oklahoma in 2011 and another $670,000 for three armored cars in the U.S., according to court documents. He even was able to pay off $7.4 million in fines for the money-laundering conviction in France.

The FBI turned over much of its evidence to authorities in Italy, where Fabio De Pasquale, a high-profile prosecutor in Milan, had begun probing the deal in 2014. Mr. De Pasquale had made a name for himself in the 1990s as a dogged investigator willing to take on powerful forces in Italy, including former Italian Prime Minister Silvio Berlusconi. He presided over separate corruption investigations against Eni that have forced it to overhaul its compliance practices and restructure its former oil services subsidiary.

Italian investigators turned up the heat on executives who might provide useful evidence. One was Vincenzo Armanna, a senior executive in Eni's sub-Saharan Africa business at the time of the deal. Prosecutors allege he received a kickback of more than $1 million when the deal closed, according to Italian court documents.

Mr. Armanna acknowledged he discussed the final destination of Eni's money with his bosses. "We were aware that most of it would go to the political sponsors of the deal," he told prosecutors in 2014, according to the court documents. Mr. Armanna didn't respond to requests for comment.

Another Eni executive received a delivery of $50 million in cash to his house in Abuja, according to Italian prosecutors. By that time, the Italian investigation was zeroing in on the top levels of Eni's management.

"It's believed that Scaroni and Descalzi organized and managed the illegal activities," Milan prosecutors wrote in a 2014 document saying they had put the two under investigation.

In 2016, Shell's offices in The Hague were raided by Dutch police, who spent hours combing top executives' rooms for information on the deal. A cache of internal emails widely leaked to the media revealed details about the company's yearslong negotiation for the oil field.

Dutch investigators also tapped the phone of the company's current CEO, Ben van Beurden, even though he wasn't running the company when the Nigeria deal was struck and faces no charges.

The amount of the alleged bribery could prove to be one of the oil industry's largest.

"There was apparently some loose chatter between people from the team," said Mr. Van Beurden on a wiretapped call to his chief financial officer at the time of the raid. He said on the call that discussions of the deal included comments such as, "I wonder who gets a payoff here."

Mr. Van Beurden declined to comment. A Shell spokesman said the company was cooperating fully with regulatory authorities.

The executive was on vacation in France with his children when police were rummaging through his office. "I don't think they have found anything that was clearly incriminating or that sort of suggested that we were colluding or doing anything inappropriate," he said on the tapped call. But referring to the chatter, he said, "Nevertheless, it's there."

—Gbenga Akingbule and Aruna Viswanatha contributed to this article.

WINGS

Continued from Page One
Bob Ruhland, vice president of North American marketing. On Valentine's Day, the pricier bone-in wings—usually eaten by hand, sauce and all—outsell boneless wings 2 to 1 in online takeout orders, he says.

"It's like, 'I don't care if I'm messy,' " Mr. Ruhland says. "I'm with the person I want to be with and we're going to have a great bone-in wing experience."

Restaurant orders of chicken wings—1.1 billion in the U.S. last year—are 14% higher on Feb. 14 compared with other days this month, excluding Super Bowl Sunday, of course, says Bonnie Riggs, restaurant analyst for NPD Group, a market-research firm.

Applebee's sells nearly twice as many chicken wings on Valentine's Day compared with a typical day, says Joel Yashinsky, chief marketing officer for Applebee's, a unit of DineEquity Inc.

Valentine's Day is also one of the year's busiest days for Wingstop Inc., a chicken-wing chain of about 1,100 restaurants, says Charlie Morrison, chief executive. In three days, the company sold out of 1,000 heart-shaped boxes and skewers to build chicken-wing bouquets at home.

Sharing chicken wings, Mr. Morrison says, shows "you're ready to be vulnerable with someone, because there's going to be food on your face."

The company has a Valentine Day's hotline, 1-844-WING-LUV, to dole out romance tips. No surprise that a recorded message advises couples to "skip the pretentious tablecloth and go straight saucy by fanning out your to-go bag on that coffee table." Set the mood, the recording suggests, by placing a 10-piece order in front of a fan "to fill the room with the smell you both crave."

Duffy's Irish Pub in Washington, D.C., will offer chicken-wing combinations or "flights" on Valentine's Day in different flavors. The "So You Like It Hot?" combo includes Duffy's spiciest wings from "hot" to "melt your insides."


SEAN FINNEGAN

Greg Miller and Genevieve St-Onge celebrated their wedding at Wing Wings in San Francisco, where they had their second date.

The nine-wing combos require a couple to negotiate over the last piece, says co-owner Casey Callister. The back-and-forth could spark new intimacy, he says: "Sharing a partially eaten wing is like sharing a toothbrush."

What sounds like a lot of marketing folderol has a basis in psychology, says Eli Finkel, director of Northwestern University's Relationships and Motivation Lab and author of "The All-or-Nothing Marriage." The intimacy required for a deep relationship can be terrifying, so small steps are welcome.

"There's nothing like having wing sauce dripping down your chin to take away the highly curated presentation that we might want on a first date," he says, and could signal what it feels like to be vulnerable with someone.

Wings seemed to work well for Greg Miller, 34, a host of online videogame shows. He took Genevieve St-Onge, 29, to Wing Wings in San Francisco on their second date. He got his usual, wings with Buffalo sauce and chopped garlic. He worried it would be too spicy for Ms. St-Onge, who ordered the same.

"I was demolishing my wings, and I look up and she had taken two bites," Mr. Miller says. "Her face was flushed, completely red."

Restaurant owner Christian Ciscle has seen this romantic comedy before, and seldom with a happy ending. "New couples come in and one tries to impress the other by eating something super spicy," he says. "They end up sweating, going red in the face and embarrassing themselves."

Ms. St-Onge nonetheless ate every one of her wings that night. "It was more proof that we were made for each other," Mr. Miller says.

Last May, 10 months after their first chicken-wing rendezvous, the couple celebrated their wedding at Wing Wings.

Hooters of America restaurants offers 10 free wings to diners who buy 10 on Valentine's Day, proof that wings, sadly, also have a place among broken hearts. The promotion is part of "Shred Your Ex," when customers bring a photo of their formerly significant other for defacing.

Ms. Guerrero, the Austin business owner, has high hopes for the chicken-wing bouquet as well as her romantic prospects on Valentine's Day. She secretly hopes her boyfriend, "a manly man," won't be afraid to tear into the wings with his hands. "I will definitely school him if he doesn't eat them right, like if he uses a utensil," she says.

LIFE & ARTS

Trainer Katie Travia conducts an anti-harassment class for managers.

WORK & FAMILY

By Sue Shellenbarger

Teaching Bystanders To Speak Up

KATIE TRAVIA OPENS HER training session with a question: "So, what comes to mind when you think of sexual harassment?" she asks the group of 16 managers eyeing her from a U-shaped table.

Silence ensues. No one looks happy to be there.

Ms. Travia coaxes a few responses from participants, then acknowledges their discomfort: "Nobody walks into these sessions saying, 'This is fun! I'm so happy I'm going to sexual-harassment training today.' "

Allegations may be flying on Twitter and heads rolling in the executive suite, but at ground zero in the explosion of sexual-harassment claims—the workplace—silence largely rules.

Although getting bystanders as well as victims to speak up offers the best hope of halting sexual harassment, bystanders are often almost as reluctant as victims to report misconduct or step in to stop it. A visit to an anti-harassment training session offers insight into the reasons, and some tips on breaking the silence.

Managers and supervisors from a cross-section of businesses, from banking and government agencies to fast-food restaurants and nonprofits, attended the 2½-hour training last month at the offices of OperationsInc., a Norwalk, Conn., human-resources consultant. Although most employers offer anti-harassment training online, regulators and researchers recommend small, face-to-face sessions like this one for engaging participants and rooting out misconceptions about appropriate behavior.

Getting participants talking isn't easy. "If you say you're going to sexual-harassment training, people say, 'Oh, did you do something wrong?' " says one participant, Andrew Chhom, who manages a six-person team at Charkit Chemical Co. in Norwalk. "I didn't tell my friends where I was going."

Ms. Travia, a training manager for OperationsInc., asks participants what to do.

Step up and confront the perpetrator, says LaNelle Alexander, the human-resources director for buildOn.org, a global nonprofit in Stamford, Conn. "I'd say, 'If that had happened to me, I wouldn't like it,' " then explain the impact on the victim and the need to stop the behavior, she says.

Another option is to interrupt and redirect the victim or harasser. "Pivot the situation by saying to the victim, 'I need to talk to you, can you come over to my office?' " Ms. Travia says.

Any unwelcome sexual advance or request can constitute illegal harassment if it creates a hostile work environment, Ms. Travia explains, or if the victim's employment or advancement is made contingent on cooperating.

A central tenet of anti-harassment

Please turn to the next page

SASHA MASLOV FOR THE WALL STREET JOURNAL

INFLUENCERS

Some Ideas For Fixing The Fashion Industry

Imran Amed, founder of the Business of Fashion website, pinpoints who is doing retail right

BY RAY A. SMITH

IN JUST 11 YEARS, Imran Amed's fashion-news blog has gone from a fledgling website to an influential voice in a troubled industry. Business of Fashion, which Mr. Amed started from his sofa in London, now rivals—and surpasses, some say—107-year-old Women's Wear Daily as the go-to trade resource.

Mr. Amed, a former McKinsey consultant, has had plenty of news to cover. With New York Fashion Week wrapping up on Wednesday, the $2.5 trillion global industry faces an uncertain future. Store closings and turmoil among top designers at some brands are adding to the anxiety. Listless sales have some houses questioning whether fashion weeks and even fashion shows make sense anymore in the Instagram era.

For answers, retail executives, designers and insiders are turning to BoF, latching on to Mr. Amed's expanding offerings such as job postings, conferences featuring fashion leaders and an annual list of the industry's most important figures.

The son of Indian parents who immigrated to Canada from East Africa, Mr. Amed grew up in Calgary. He launched BoF in 2007 as a free site with his own writing and lots of fashion news from other sources. Today, the 42-year-old CEO and editor in chief runs a media platform with 75 employees in London, New York and Shanghai. BoF publishes original news reports and features as well as opinion pieces by industry bigwigs. While a limited number of articles are free, the company in late 2016 launched paid subscriptions ranging from $240 to $300 a year.

BoF says it has an average of more than one million unique users a month and more than four million social-media followers. Its daily newsletter is emailed to 400,000 readers. BoF's mission, Mr. Amed says, "is to open the industry up, to inform the people who work in the industry and to connect them and bring them together." The Wall Street Journal sat down this week in New York with Mr. Amed. Edited from our conversation.

WSJ: With the industry in flux, which brands are doing a good job navigating this environment?

Imran Amed: Without a doubt, the single most innovative brand of the moment is Gucci. One thing that hasn't changed in fashion over the last 10 years is the essential role that creativity plays. You can do as much innovation in your supply chain, in your retail distribution, in your e-commerce strategy, but if you do not have outstanding unique, creative, inspiring products to sell, it doesn't matter how quickly you can make them. Gucci has completely overhauled their e-commerce strategy and changed the way they communicate about the brand. They've embraced new channels like Instagram but also done beautiful events and interesting advertising campaigns.

What's a smart, out-of-the box thing Gucci did?

Mr. Amed: They're not doing any discounting on their main runway collection. Mr. [Marco] Bizzarri, the CEO, made a decision. We've kind of trained the consumer to wait for things to go on sale. Gucci's stopped that. Fifty percent of their customers are millennials. Millennials are the drivers of success for the fashion industry now.

Without engaging them, you can't really operate a successful business today. Gucci has found ways of engaging with that consumer.

Are there any other brands or designers who are being smart in this environment?

Mr. Amed: Attico, a brand out of Milan. Two girls—I think they started as street-style stars—have created a really interesting business. They have 124,000 followers on Instagram and their clothes are selling all over the place. You also see that with people like Alexa Chung, people who weren't normally classified as designers, who are becoming designers now.

Which retailers have responded best to changing shopping habits?

Mr. Amed: When I think of retail now, I think of platforms. And when I think of platforms I think of Amazon and Alibaba and JD.com. A lot of fashion brands have been hesitant to engage with these platforms but I think it's no longer *should* we engage with these platforms, it has to become a question of *how* we engage. Bricks-and-mortar stores now are more like the source of discovery and experience—the transactions might happen elsewhere.

In a recent report, BoF and McKinsey said 'more than half of apparel and footwear sales will originate outside of Europe and North America.' Where do you see growth coming from?

Mr. Amed: This year the global fashion industry hits an important psychological tipping point where most of the revenues will begin to come from emerging markets. It's not just China. I'd say Vietnam, Peru, Chile, Brazil, India, Nigeria, Kenya—it's all of these markets that are really growing. Our analysis says by 2025, they'll drive 55% of the overall revenues of the industry. Europe and North America will still grow, but they're not going to grow nearly as quickly.

How do you see catwalk shows and Fashion Weeks in the next five to 10 years?

Mr. Amed: I don't think it's possible to predict the future of Fashion Week but what's clear is that the old formulas no longer work and the old approach is feeling tired. For the industry, Fashion Week still remains an incredibly important opportunity for discussion and exchange.

Who Is Imran Amed?

WHAT HE DOES: CEO and editor in chief of the Business of Fashion, a blog he started in 2007 from his home in London's Notting Hill neighborhood. It has become a must-read for fashion insiders and followers.

HOW HE GOT THERE: After getting an M.B.A. at Harvard and doing a stint at McKinsey, he drifted into fashion, eventually becoming a consultant to LVMH. He founded the blog in his spare time. In 2012, he was No. 1 on GQ India's list of Best Dressed Global Indians.

HIS BIG BREAK: As word spread about the site, executives signed up to receive its daily email briefing. Its newsletter now goes to 400,000 readers.

HIS OBSESSION: Data

FRANTZESCO KANGARIS FOR THE WALL STREET JOURNAL

CLAYTON HAUCK FOR THE WALL STREET JOURNAL

A 1969 Ford Torino Talladega, left, and a 1970 Oldsmobile 442 stand out from typical muscle cars, owner Kevin Rogers says.

MY RIDE | By A.J. Baime

ONE MAN'S MUST-HAVE MUSCLE CARS

KEVIN ROGERS, 53, *a retired machinist and a stock market dabbler from Richmond, Ill., on his pair of rare muscle cars, as told to A.J. Baime.*

When people think of muscle cars, they think Camaro, Mustang, Dodge Charger. I like different cars—cars that stand out in a crowd.

My 1970 Oldsmobile 442 was known in its day as "the banker's muscle car" because it was a little more luxurious than others. The one pictured here was owned by a buddy when I was in high school and after, so I rode around in it all the time—to and from school, Friday and Saturday nights. Some of my best memories of youth involve this car.

In the late 1980s, my buddy parked it because the maintenance and gas got too expensive. It sat for nearly 25 years before he let me buy it. By then it was in sorry shape, and I did an 18-month frame-off restoration, down to every nut and bolt.

In 2014, I took the Oldsmobile back to the old neighborhood, to the house where my buddy's mom still lives. His whole family showed up. I flipped him the keys and told him that he had "visitation rights." To this day, he's the only one but me who gets to drive this car.

My other muscle car is a 1969 Ford Torino Talladega. This is a car that I have always wanted. But it is so rare, I had never even seen one

Please turn to the next page

CLAYTON HAUCK FOR THE WALL STREET JOURNAL

CARS

Continued from page A12

until January 2017, when I discovered the one you see here in a car dealership in Tinley Park, Ill. It was one of those had-to-have things.

The model was originally created to race in Nascar. Ford and its racing team, Holman Moody, built an aerodynamic version of the Torino and named it Talladega after the famous Alabama superspeedway.

Kevin Rogers, left, bought his Oldsmobile 442 (top and middle) from a high school friend; the Ford Torino Talladega, below, was a rare find at a dealership.

Ford had to build 500 customer cars to qualify the model as a "stock car" in Nascar. About 750 were made. Mine is one of those. In racing trim, the car won the Nascar title in 1969. The people who know what my car is are floored when they see it. They cannot believe their eyes. Under the hood is the original 428 Cobra Jet engine.

These two cars represent the end of the original muscle-car era, before federal regulations cracked down on high-horsepower cars. If people knew back then how much these cars would be worth now, they would have taken better care of them.

Contact A.J. Baime at Facebook.com/ajbaime.

TRAINING

Continued from page A12

law—that how the victim perceives another person's speech or behavior is more important than the perpetrator's intent—can be bewildering to some trainees, says David Lewis, OperationsInc.'s president.

Giving lots of hugs, for example, can be unwelcome regardless of the hugger's intent, Ms. Travia says: "The accepted form of touch is a handshake, and leave it at that." Leaning in close also can be viewed as harassment if it's unwelcome.

Co-workers might love laughing and joking over off-color selfies taken while barhopping together the previous night, but they could easily be creating a hostile environment for co-workers, Ms. Travia says. Even a compliment on a co-worker's dress can be out-of-bounds if it's delivered in sexually suggestive tones or accompanied by "elevator eyes"—raking the co-worker's body head-to-toe and back again with a suggestive gaze.

The person who reports harassment not only has to call out the bad behavior, but often must challenge the beliefs of perpetrators who don't think they've done anything wrong or may feel entitled to behave badly. That's one of many reasons abuses sometimes go on for years. Of the 10% of rank-and-file employees who say they've been harassed sexually in the past 12 months, fewer than 1 in 4 reported it, says a recent survey of 1,223 workers by the Society for Human Resource Management.

Victims' silence increases the risk that others will start seeing the abuses as normal and conclude, "That's just the way things are done around here," Ms. Travia says.

"Bystanders' intervening is more and more important these days, because we know the victims aren't comfortable coming forward," she says. While bystanders seldom witness the most egregious abuses, they often see precursor behaviors,

> Giving lots of hugs, for example, can be unwelcome regardless of the hugger's intent.

when harassers begin pressuring victims and testing boundaries. But bystanders often share the same fears about speaking up as victims, including damaging their careers or straining relationships, research shows.

Mr. Chhom, the chemical-company manager, says that while he's never witnessed sexual harassment at work, he has dealt with bullies in past roles as a teacher and coach and he's confident he could intervene if necessary. "The predator patterns would be the same," he says.

◆ Could you possibly be guilty of sexual harassment? Take a quiz online at WSJ.com/Life.

SASHA MASLOV FOR THE WALL STREET JOURNAL

Human-resources consultant David Lewis says anti-harassment training can help managers understand the viewpoint of victims.

ART REVIEW

The Man Behind the Macabre

A look at Edward Gorey through the droll, Victorian Gothic-inflected illustrations he made and the art he collected

BY BARRYMORE LAURENCE SCHERER

Hartford, Conn.

FOR OVER half a century, the exquisitely literate, deadpan humor of Edward Gorey's illustrated books and his distinctive pen-and-ink draftsmanship have endeared him to a wide public. And since 1980, his cartoons for the opening sequence of the PBS series "Mystery!" have made his work recognizable even to many who are unfamiliar with his name.

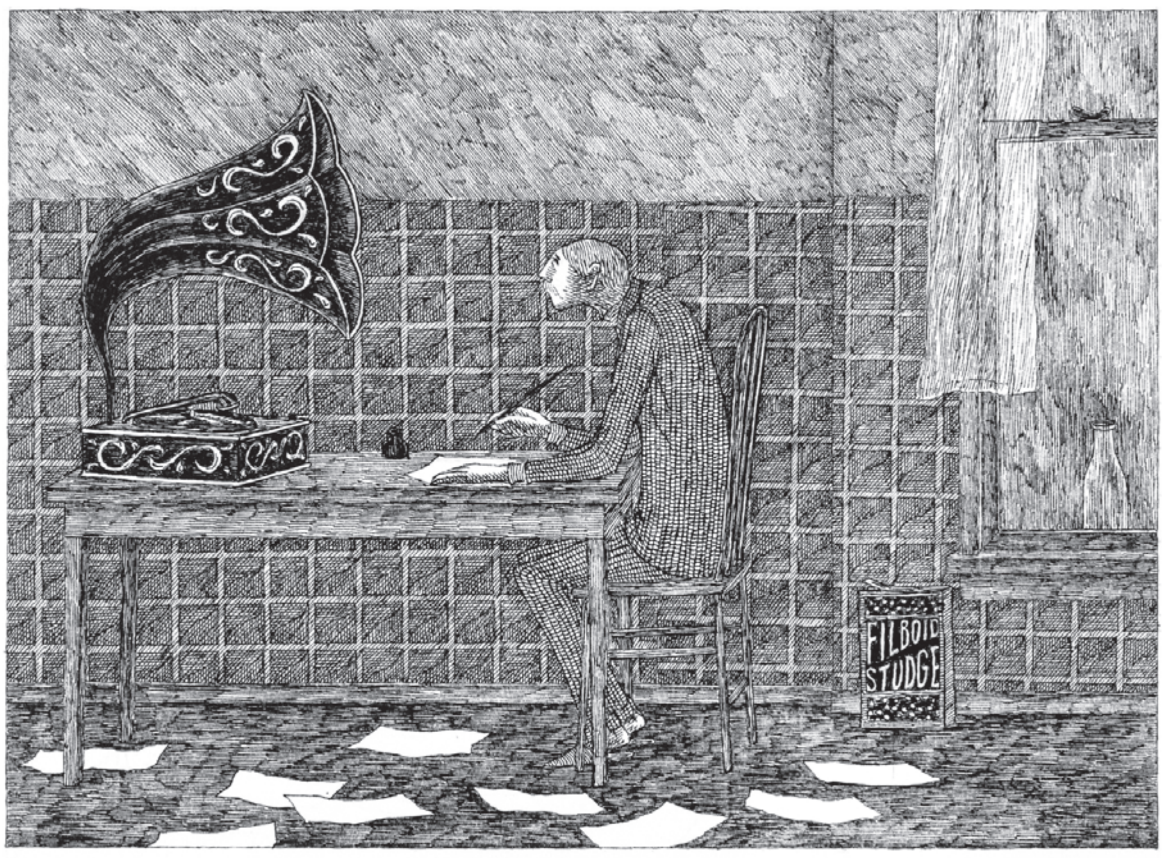
Gorey (1925-2000) was also an art collector who regularly visited the Wadsworth Atheneum Museum of Art when traveling between New York and his house on Cape Cod (purchased with royalties from the highly successful 1977 Broadway production of Bram Stoker's "Dracula" for which he designed the sets and costumes). He bequeathed a portion of that art collection to the Wadsworth, which has mounted the engaging exhibition "Gorey's Worlds," juxtaposing some 50 of his own illustrations and significant personal effects with selected works from his bequest. (After closing in Hartford it travels to the Tacoma Art Museum.)

Organized by Erin Monroe, the Wadsworth's associate curator of American painting and sculpture, the show reveals the variety of Gorey's collecting tastes, including drawings, watercolors, oils, etchings and photography by artists ranging from Eugène Delacroix and Edouard Manet to Eugène Atget, Balthus and Edouard Vuillard, as well as art from the 1970s and 1980s and American folk art.

Beginning with his first book, "The Unstrung Harp" (1953), about the creative struggle of a novelist, through later works such as "The Haunted Tea-Cosy (1998, not in the show), Gorey frequently delighted in tongue-in-cheek explorations of Gothic drama and the macabre, enlivening his themes of existential loneliness and neurotic behavior with an undercurrent of topsy-turvy nonsense and Surrealism nourished by his love for the work of Victorian poet and painter Edward Lear. Lear's verse could well have inspired Gorey's classic 1963 alphabet book, "The Gashlycrumb Tinies," with its opening couplet: "A is for Amy who fell down the stairs; B is for Basil assaulted by bears."

Hapless children, imperiled damsels, and top-hatted gentlemen in sumptuous fur-lined coats variously populate Gorey's tales, along with strange animals of his own devising. This last category memorably includes the sad, be-sneakered penguin-like critter that inflicts itself disruptively upon an irritated household in "The Doubtful Guest" (1957). Much of his imagery evokes a gaslit world of grand country houses whose gloomy drawing rooms and creepy gardens tingle with a pervading sense of menace. But unlike real Gothic horror, Gorey's tales are often deft parodies of Victorian melodrama that ring true thanks to his finely tuned ear for the formalities of 19th-century literary expression. Gorey's verse, his prose and even his book titles bespeak an idiomatic knowledge of 18th- and 19th-century fiction, children's literature, drama and poetry.

Just as Gorey's writing springs from the legacy of authors like Charles Dickens and Edgar Allan Poe, with decadent hints of Paul Verlaine and Oscar Wilde, his drawing style descends from such distinguished Victorian artists as George Cruikshank (illustrator of "Oliver Twist") and John Tenniel (illustrator of "Alice in Wonderland"). Gorey's work, like theirs, is linear, with volume, texture and shading achieved by delicate hatching and crosshatching.



CLOCKWISE FROM TOP: THE EDWARD GOREY CHARITABLE TRUST; WADSWORTH ATHENEUM MUSEUM OF ART (2)

Clockwise from above: Edward Gorey's illustration for 'The Blue Aspic' (1968); 'Church and Graveyard' (c. 1850), by an unidentified artist; 'The Magic Lake' (c. 1850), by an unidentified artist

Gorey adored the ballet, especially the work of New York City Ballet's principal choreographer, George Balanchine. Like one of his own obsessive characters, he apparently attended every NYCB performance of Balanchine's works. Not surprisingly, dance permeates his drawings. In "The Lavender Leotard," his humorous 1973 tribute to ballet, and in virtually all his work, the expressive postures of his characters often embody a terpsichorean grace. Moreover, as displayed in the show, Gorey's original designs for "The Lavender Leotard" reveal his virtuoso gift for elegant drawing and hand lettering on a minute scale.

Gorey's is essentially a black-and-white art in which color is almost incidental. To judge by the show, much of the art Gorey collected is either monochrome or subdued in color. Admittedly, Atget's haunting black-and-white photographs of empty Paris streets, shops and parks need no color, while Charles Burchfield's swirling 1916 watercolor "Nature's Mystic Spiral" mesmerizes with its limited palette. But it's surprising to see Edward Lear's 1856 watercolor of an Egyptian landscape now faded to indistinct sepia bands. Even Gorey's two drawings by painters celebrated as modernist colorists—Vuillard and Pierre Bonnard—are respectively in graphite and charcoal and graphite.

The show includes several hands-on features to help create a physical connection with this complex, elusive man. Near the entrance to the exhibition, an alcove contains Gorey's depiction of the five basic foot positions of Classical ballet along with a real barre and mirror, inviting visitors to enjoy a moment's practice (alas, there are no recorded Chopin waltzes to complete the evocation of a ballet studio). Further along, a set-up approximates Gorey's studio, with a paint-spattered drawing table and an ergonomic stool facing a window. Visitors are invited to take a seat and create a drawing or story in Gorey's style. In the end, though, the man remains somewhat shadowy (even the photographs of him displayed in the show are black-and-white); it's his art that makes him concrete.

Gorey's Worlds
Wadsworth Atheneum Museum of Art, through May 6

Mr. Scherer writes about music and the fine arts for the Journal.

Weather

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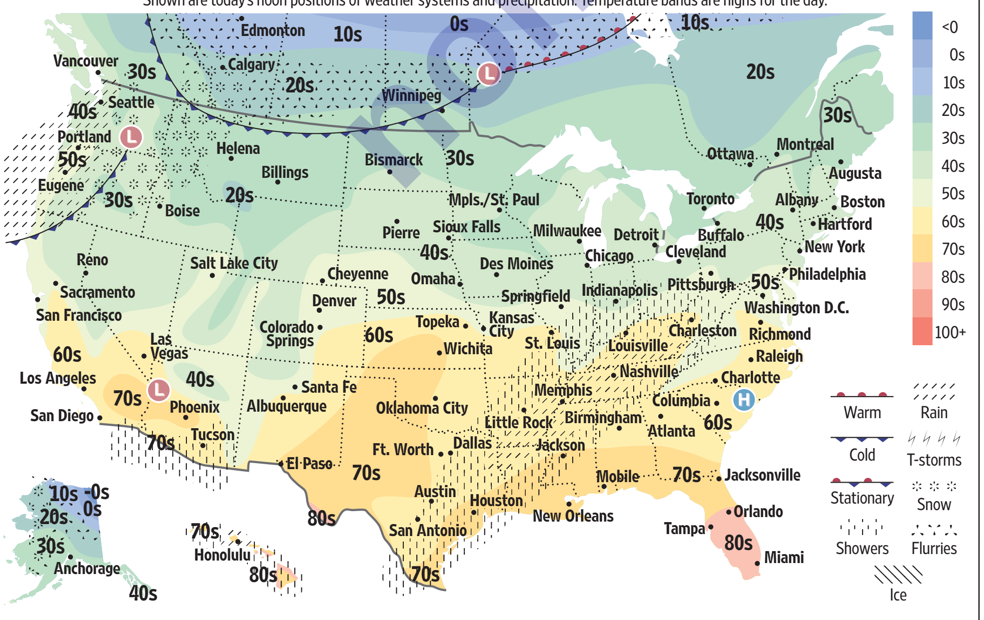
Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

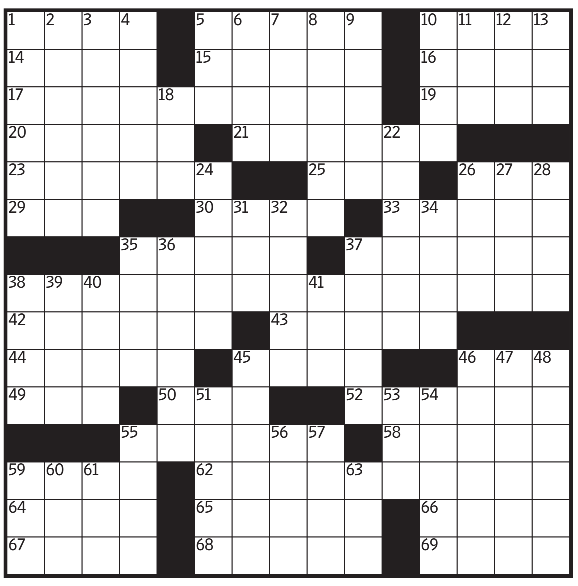
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	33	14	sn	24	14	pc
Atlanta	66	58	c	72	62	c
Austin	64	56	c	74	56	r
Baltimore	54	48	c	68	56	c
Boise	43	27	sn	43	28	s
Boston	49	37	pc	54	40	c
Burlington	41	33	pc	43	35	c
Charlotte	61	56	c	76	64	c
Chicago	43	35	pc	41	27	r
Cleveland	49	44	c	55	36	r
Dallas	64	56	c	74	57	c
Denver	58	31	pc	45	19	sn
Detroit	40	36	pc	44	31	r
Honolulu	78	66	r	79	66	sh
Houston	74	62	c	76	62	c
Indianapolis	48	46	sh	59	35	r
Kansas City	59	43	pc	59	24	c
Las Vegas	63	47	pc	63	43	pc
Little Rock	61	55	sh	72	55	c
Los Angeles	67	50	pc	70	51	s
Miami	83	70	pc	84	69	pc
Milwaukee	43	34	pc	40	24	c
Minneapolis	40	22	pc	34	3	sn
Nashville	64	61	r	74	61	c
New Orleans	77	63	c	78	63	pc
New York City	48	44	pc	61	51	pc
Oklahoma City	67	55	pc	75	32	c
Omaha	47	28	pc	41	11	pc
Orlando	80	62	pc	85	63	c
Philadelphia	52	46	pc	67	55	c
Phoenix	70	58	c	67	54	sh
Pittsburgh	52	48	c	62	48	r
Portland, Maine	42	32	pc	46	33	c
Portland, Ore.	50	35	r	50	39	pc
Sacramento	61	37	pc	64	33	s
St. Louis	61	51	c	68	32	r
Salt Lake City	57	34	pc	47	29	sn
San Francisco	59	45	pc	64	44	s
Santa Fe	56	36	c	51	31	c
Seattle	46	36	c	47	41	pc
Sioux Falls	40	16	s	32	2	sn
Wash., D.C.	58	51	c	72	60	c

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	41	35	pc	47	35	r
Athens	60	49	c	55	48	r
Baghdad	68	44	c	69	51	pc
Bangkok	94	73	pc	97	77	pc
Beijing	46	18	pc	45	24	s
Berlin	37	25	s	38	31	c
Brussels	42	37	c	48	32	r
Buenos Aires	84	66	s	87	68	c
Dubai	86	66	pc	82	66	s
Dublin	50	35	r	42	35	pc
Edinburgh	44	36	r	42	35	sh
Frankfurt	40	28	s	38	32	sn
Geneva	41	31	c	44	42	r
Havana	84	64	s	83	65	s
Hong Kong	68	63	pc	72	62	pc
Istanbul	53	45	c	55	46	c
Jakarta	85	76	sh	84	75	t
Jerusalem	56	45	pc	60	42	c
Johannesburg	79	60	s	73	59	t
London	46	41	r	50	33	pc
Madrid	52	44	c	59	43	c
Manila	84	76	r	88	76	pc
Melbourne	72	54	pc	75	60	c
Mexico City	75	47	pc	76	48	pc
Milan	46	28	pc	46	29	pc
Moscow	18	9	pc	18	16	pc
Mumbai	94	78	pc	94	77	pc
Paris	43	39	r	53	35	c
Rio de Janeiro	85	75	r	84	75	c
Riyadh	77	57	pc	79	61	s
Rome	48	33	pc	53	32	pc
San Juan	81	71	sh	82	72	pc
Seoul	47	22	pc	37	19	pc
Shanghai	65	46	s	49	39	c
Singapore	86	75	c	88	76	c
Sydney	94	70	pc	83	69	s
Taipei	74	55	pc	78	61	pc
Tokyo	54	47	s	55	40	pc
Toronto	41	32	s	44	32	c
Vancouver	43	31	s	43	35	r
Warsaw	34	24	sn	30	26	c
Zurich	36	22	s	39	36	sn

The WSJ Daily Crossword | Edited by Mike Shenk



PASSION PLAY | By Ed Sessa

Across

1 Like Shakespeare's Romeo
5 Erich Segal bestseller
10 Troubadour's specialty
14 "You're joking!"
15 "I'll be!"
16 Brand for Bowser
17 Foot bath additive
19 Young Sheldon, e.g.
20 Explosive liquid
21 Done with breast-feeding
23 Holding account
25 One backed by a PAC
26 Hold up
29 "The Chi" network, in listings
30 Winter coat?
33 Heat home
35 Ingrid Bergman, e.g.
37 Grumpy old man
38 "The Mary Tyler Moore Show" theme, or a hint to the start needed to complete 12 answers in this puzzle
42 "To clarify..."
43 Support for the arts
44 Growth area
45 Revealing selfie
46 Word accompanying a head slap
49 UFO drivers
50 Tognazzi of "La Cage aux Folles"
52 Indian restaurant appetizer
55 Busy months for accountants
58 About 20% of Congress
59 People pair, perhaps
62 Old-Fashioned garnish
64 Brightening star
65 Man of morals
66 Like Ogden Nash's lama
67 Two-cushioned sofa
68 Trysting places
69 It may have many X's and O's

Down

1 Steamy movie parts
2 Full of mischief
3 Walmart rival
4 Big name in sauces
5 Letters signaling trouble
6 Spring phenomenon
7 Check out
8 Change a wrapped bandage on
9 Like some questions
10 Bunker fill
11 Tijuana cheer
12 "Fresh Air" airer
13 Eros, but not Ares
18 Angus beef?
22 "Get Shorty" writer Leonard
24 Take with effort
26 Big name in sauces
27 Sign of things to come
28 Member of a romantic pair
31 William McKinley's wife
32 Confused scuffle
34 Shrine sight
35 Make watertight
36 Pitch preceder
37 Break covers
38 Person's romantic relationships, taken together
39 Drop
40 Victory signs
41 Hardly strict
45 After-dark gathering
46 Spotted rectangle
47 Early newsgroup system
48 Waist deposit
51 Bellyache
53 Speechless state
54 Blockhead
55 Last of a Latin trio
56 Scottish sweetheart
57 Insolent sort
59 Hippie happenings
60 Hose end
61 Green on screen
63 Rte. suggester

Previous Puzzle's Solution

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

PYEONGCHANG 2018

Coach Oleg Znarok, center, surrounded by former NHL stars Pavel Datsyuk, left, and Ilya Kovalchuk, right.

T-B: SHARIFULIN VALERY/TASS/ZUMA PRESS; DAVID W CERNY/REUTERS

MEN'S HOCKEY

No Pressure, Russia

Can a proud team starved for gold beat rivals playing with thinner rosters?

BY DAVID GAUTHIER-VILLARS

Gangneung, South Korea

WATCHING THE men's hockey team from Russia training at the Winter Olympic Games here is like sneaking inside a Swiss watch.

Head coach Oleg Znarok positions himself in the middle of the rink. Without a word from him, players start swirling around, rehearsing intensive precision drills. Suddenly, a forward mishandles the puck. Leaning on a stick, Znarok raises his head and gives him a hard look.

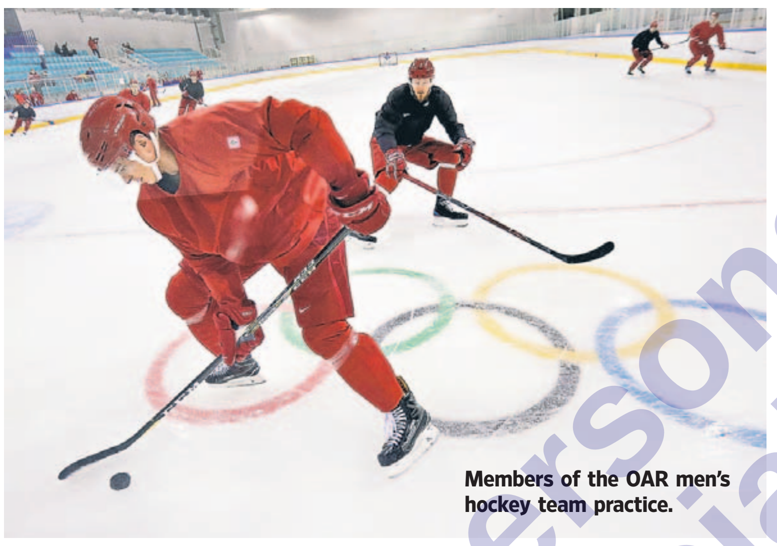
"You don't want to mess up with Oleg," said one aide standing on the side.

With Znarok, who is often referred to as the Minister of Hockey, Russia is digging into its Soviet past in a bid to resuscitate the Big Red Machine that once dominated the sport, and end a 26-year gold-medal drought at the Olympics.

Russian President Vladimir Putin is personally tracking the team's performance the way Soviet leaders used to. He has assigned it a clear mission to project Russian supremacy ahead of next month's general elections.

And like the illustrious Soviet coach Viktor Tikhonov—who collected three consecutive Olympic gold medals between 1984 and 1992, Znarok is governing by fear.

Znarok was appointed in 2014, weeks after the Russian team failed to clinch a medal at the Winter Games it hosted in Sochi. Znarok is credited with building a talented team that is the widely regarded favorite at this year's Olympics. Russia got a boost in April, when the NHL announced it was opting out of sending its players to Pyeongchang, leaving North American and Nordic contenders scrambling to assemble credible sides. The Olympic Athletes from Russia team can use players from Russia's Kontinental Hockey League, the world's second-best league.



Members of the OAR men's hockey team practice.

But a series of poor performances has fueled doubts that Znarok's Soviet-inspired, iron-fist governance is the right approach. One lowpoint: Canada defeated Russia 4-2 at the World Championship's semifinal in May, scoring four times in the third period.

Unlike in the Soviet era, many of the hockey players enrolled in Russia's national team have had experience in the NHL, where they've often enjoyed more independence and fat salaries.

"Coaching by fear, this sort of silent fear, doesn't fit any more. Young generations want to be respected," says Alpo Suhonen, a Finn who coached hockey teams in Europe and the NHL. "If the atmosphere isn't good, you have a very fragile team that can crack in difficult moments."

"In Soviet times, the whole country was breathing for hockey," said Toms Strauss, who coaches a team in Denmark and, like Znarok, hails from the former Soviet republic of Latvia. "Now, people have many other preoccupations."

In May 2014, when Znarok returned with a gold medal from the World Championship in Belarus, just weeks after his appointment as national coach, Putin was exuberant.

"In recent years, we have discussed at length how it was difficult to achieve teamwork," Putin told the coach and his team during a ceremony at the Kremlin. "In [Belarus], it was certainly a plain success."

Since that victory, however, Russia's national team has posted a mixed record and tensions have surfaced. According to Russian media, Znarok has a tempestuous relationship with the team's star player, left wing Ilya Kovalchuk, a 34-year-old former NHL All-Star now with SKA Saint Petersburg.

Znarok and Kovalchuk declined to talk to reporters after Monday's practice. A team official declined to comment on the matter.

For all its efforts to rebuild a world-dominating team, Suhonen said Russia may be looking into the wrong Soviet past.

Soviet hockey was largely fashioned by Anatoly Tarasov, who coached the elite national team that dominated the sport in the 1960s and 1970s. He studied theater, to find ways of striking the right balance between individual and collective performance, and ballet, to find ways of improving coordination and body balance. Tikhonov, who had the reputation of running the team like an army, carried on the Soviet team's impressive record.

Suhonen, who knew both men, said Russia should look more into Tarasov's legacy. "Tarasov was a revolutionary. He was tough, but had a big heart. Tikhonov was a tyrant," Suhonen said. "I don't think a new Tikhonov can work."

The Russian head coach certainly has a brash style. During a semifinal game at the 2014 World Championship, Znarok got into an argument with the Swedish coach, at one point addressing him with a throat-slashing gesture.

But Strauss said this kind of incident doesn't sum up Znarok's work at the helm of the Russian side. "He's put together an amazing team," he said.

One thing Znarok has said he isn't worried about: What to call his team.

When they enter the ice rink for their first match at the Winter Games on Wednesday, against Slovakia, his players won't be wearing their national uniforms, because the International Olympic Committee has suspended Russia over a doping scandal. Still, he told reporters a few weeks before heading to South Korea, "Look at it the way you want. The Russian team is going to the Olympics."

MEN'S HOCKEY | By Jason Gay

THE 'MIRACLE' MAN AND NEW UNDERDOGS

Pyeongchang, South Korea

The Winter Olympics were about to begin, and back in the U.S., Mike Eruzione was a very busy man.

"Orlando, Tampa, San Antonio, now Miami," Eruzione said on the phone recently, ticking off his itinerary of speaking engagements. "Scottsdale...Hawaii...then back to San Antonio...then back to Vegas..."

"It's a hectic time of year," he said. "But it's all good."

Mike Eruzione is 63. See: I just made you feel 50,000 years old. Wasn't it just yesterday that Eruzione, an apple-cheeked 25-year-old from Winthrop, Mass., knocked a game-winner past Vladimir Myshkin in the U.S. men's hockey team's epic Miracle on Ice victory over the Soviet Union?

Who could forget Eruzione standing atop the gold medal podium in Lake Placid, dressed in those perfect '80s-tastic Team USA sweats, singing the national anthem as the American flag was raised—and then wildly summoning his teammates to join him on the top step?

I can't. I remember exactly where I was. The Miracle on Ice is one of the most indelible moments in U.S. sports history. Even though I'm an admitted hockey ignoramus, I can't watch the old clips without a goose-bump attack. It's why Eruzione, all these years later, remains in high demand as a speaker, offering audiences wisdom and reminiscences from that magical upset.

It's wild that the Miracle was 38 years ago. Mythology has replaced reality in much of the retelling. It's often forgotten that the U.S. had to knock off Finland to win gold, or that the U.S./Soviet Union game was shown on tape delay. ("Wouldn't happen today," Eruzione said, laughing.) An entire generation has grown up learning the story through a movie—2004's "Miracle"—starring Kurt Russell (and Kurt Russell's fantastic hair) as the late U.S. team coach Herb Brooks.

And yet Lake Placid is always lingering. It definitely is in Pyeongchang, because the grinchy-pants NHL opted to not send NHL players to these Games. Instead, the 2018 U.S. men's team is a mix of former NHL talent, overseas pros, minor leaguers and a handful of collegians, like another B.U. Terrier, Jordan Greenway. You can sense a scrappy underdog theme developing, but other countries are in the same scramble, including powerhouses like Canada and The Team That Must Not Be Named But May Be From Russia—though the latter will be able to turn to high-level talent in its domestic KHL.

It isn't the same. And it doesn't matter. During this week's opening news conference with the U.S. team, it seemed as if head coach Tony Granato, also the head coach at the world's greatest university, Wisconsin, was queried more about 1980 than 2018. Team USA's oldest player, 39-year-old Brian Gionta, was asked for his take on the Miracle. Gionta was a 1-year-old when it happened.

Granato and Gionta knew to respectfully walk the line. The Miracle was a seismic event in U.S. hockey, one that led to a boom in participation and talent. It was also the last time the U.S. men won the gold medal.

Team USA's Mike Eruzione battled Soviet players for the puck during his team's famous 1980 upset.

FOCUS ON SPORT/GETTY IMAGES

At the same time, the Cold War is long over, and American hockey has grown. The talent pool is far deeper. If there's any emotional tug on Team USA, it's the loss of the program's general manager, Jim Johannson, who died suddenly in late January at age 53.

"To win, we don't need a miracle," Granato said. "We need to be our best and play our best."

Still, as play begins—the U.S. opens against Slovenia Wednesday (7:10 a.m. ET) and gets The Team That Must Not Be Named in its third game Saturday (7:10 a.m. ET)—they're not *completely* skating away from comparisons. Why not have a little fun with it? You can hear it in the way Granato and Gionta defend their squad from skeptics deriding it as a bag of spare parts.

"I love our team, I love our hunger," Gionta said.

You can even hear a twinge of a comparison from Mike Eruzione.

"Nobody expects anything from them," Eruzione said. "That sounds like a pretty similar story."

Eruzione never played in the NHL himself. He had offers—this was not the era of multimillion-dollar deals, he reminds—but opted to retire as an Olympic gold medalist.

"I just felt it was time to move on," he said. "My dad always said there was more to life than athletics. At some point, the game ends. I just decided: What's a better way to end?"

Eruzione went back home, got married, started a family, worked with his high school team, stayed connected with Boston University, for whom he still does outreach work. His hockey career became Monday nights at the rink with his buddies. He said he hasn't played hockey in more than a decade and a half—he's grown to love golf, and doesn't want to get hurt.

He sounded like a contented man.

"I would say things worked out pretty well for me," he said.

They have. The Miracle on Ice will live forever. And because of that, so will Mike Eruzione.

SNOWBOARD

THE FLYING TOMATO TAKES GOLD

SERGEI ILNITSKY/EPA/SHUTTERSTOCK

Shaun White of the U.S. won gold in the men's halfpipe at Phoenix Snow Park, earning a score of 97.75 on his final run.

BY BRIAN COSTA

BONGPYEONG, South Korea — Shaun White raised both arms, took off his helmet and tossed it into the crowd. He had only just completed the first of three runs in Wednesday's Olympic men's snowboard halfpipe final. But it was clear then to anyone watching: White was headed back to the podium.

Precisely where on that podium White would stand was decided only by his final run, a masterpiece that earned him his third career gold medal.

The 31-year-old American action sports icon reclaimed his halfpipe superiority with a score of 97.75 of a possible 100. After failing to medal at all in Sochi four years ago, White narrowly beat silver medalist Ayumu Hirano of Japan. Scotty James of Australia won bronze.

White is the first snowboarder to win three Olympic gold medals and the first American male to win gold at three different Winter Games.

Snowboarders, once viewed by some as sort of fringe Olympians, are the engine that is driving the American medal count so far. White's medal was the seventh for the U.S. in these Olympics. Snowboarders won five of those, including all four golds.

In an event in which only each rider's best of three runs counts, White put himself in strong position with a 94.25 on his first run. But Hirano surpassed him with a 95.25 on the second run and White stumbled on his second.

Snowboarding has been part of the Winter Olympics since 1998, but even as the sport moved from its counterculture roots into the mainstream, it didn't have a crossover star. White changed that.

His gold medal at the 2006 Winter Games in Turin, Italy, at the age of 19 started a run that would make him one of America's most recognizable Olympians. Nicknamed "The Flying Tomato" for his formerly long red locks and his airborne tricks, White went on to win gold again in Vancouver in 2010. Beyond the Olympics, White has won a record 13 gold medals at the Winter X Games.

He became as much a commercial success as an athletic one. White, who doubles as a professional skateboarder, has had a corporate sponsor since he was 7 years old.

By the time White arrived in Sochi, Russia, for the 2014 Olympics, his success had made it more difficult for him to stay motivated for more. In retrospect, White told reporters upon his arrival here last week, he was burning out.

"It's like if you've ever been in a relationship," he said, "and someone is like, they love you. I wish I could flip a switch and love you back...love snowboarding like I did when I was 7."

But this year, White returned to the Olympics with gusto. Facing stiffer competition from younger rivals, he earned the highest score in qualifying on Tuesday.

"I knew I had it in me," White said afterward.

He may be back. White has expressed interest in competing in skateboarding when that sport makes its Olympic debut at the 2020 Summer Games in Tokyo. And he has talked about making another run in snowboarding again in 2022.

DOES THIS KID EVEN NEED THE OLYMPICS?

BY BRIAN COSTA

Bongpyeong, South Korea

AT 17 YEARS OLD, with one gold medal already in hand, Red Gerard could become one of the more recognizable American athletes at future Olympics. He could have a career like that of fellow snowboarder Shaun White, the two-time halfpipe gold medalist appearing in his fourth Olympics at the age of 31.

But a lifetime of Olympic glory may not be for Red Gerard.

It may sound absurd to athletes in other sports, many of whom dream of having the chance to win medals at three, four or even five Olympic Games. But snowboarders are different.

The previous gold medalist in men's slopestyle, the event Gerard won on Sunday, was Sage Kotsenburg. After his win in 2014, at just 20 years old, he retired from competitive snowboarding altogether. Kotsenburg now makes a living performing tricks for digital snowboard films, a path that has become increasingly lucrative and attractive for many riders.

Gerard, who looks up to Kotsenburg, has already shot two such films himself. Even as he basked in the glow of his victory, he seemed eager to get this whole Olympics thing over with so he could go home and shoot more of them.

"After this, I want to go film snowboarding pretty badly and just take two years to do that and regather myself and see what I'm into," Gerard said. As for the next Olympics? "I'll find myself in three years and see where I'm at."

There are business reasons behind making that choice. With the exception of White, who is a brand unto himself, most Olympic snowboarders do not land lucrative endorsement deals. But the evolution of digital media has enabled many snowboarders to essentially become online video stars.

Absinthe Films sells snowboard films online, and even sells tickets to screenings throughout North America and Europe. The snowboarding magazine TransWorld also makes films sponsored by brands such as Mountain Dew.

The videos are more free-form than competitions and are typically filmed on ungroomed, backcountry terrain. People in the industry say riders can earn anywhere from $50,000 a year to over $1 million for starring in them. The upshot: The best snowboarders don't necessarily need to compete to earn a good living on the mountain. Some don't even bother with competitions.

"A lot of the top-level competitors are struggling to keep sponsors," said NBC snowboarding analyst Todd Richards. "It used to be the opposite. Now it's the guys that are going out and filming and creating content online, keeping snowboarding interesting by doing these different approaches."

Slopestyle, in particular, is rooted more as an act of self-expression than as a competition. It was only added to the Olympics in 2014, so the very idea of someone like Gerard being a gold medalist is relatively new.

KER ROBERTSON/GETTY IMAGES

Red Gerard won a gold medal in men's slopestyle on Sunday.

"The contest side came last," said Gerard's agent, Ryan Runke. "This is very regimented: What's going to impress a judge? It's cool, and they love it, but it's not the pure part of snowboarding. The pure part of snowboarding is out in the mountains with your friends."

Most Olympic prodigies are a byproduct of an intense focus on competition from an early age.

For Gerard, his mother Jen said, "It was always more about having fun and less pressure." For many American snowboarders, the path to the national team starts with the U.S. Snowboard and Freeski Association, which organizes competitions for elite amateurs. Gerard tried it briefly and quit.

Runke said Gerard is rare in his ability to juggle both, and that he will likely try to do so for at least another four or five years. For all that filming offers, Runke said it still does not provide the sort of mainstream exposure and sponsor interest that an Olympic gold medal does. Gerard was scheduled to leave South Korea for a series of television appearances and photo shoots in Los Angeles and New York this week before returning to compete in the Olympic big air contest on Feb. 24.

AARON FAVILA/ASSOCIATED PRESS

Canada's Kaitlyn Lawes and John Morris won gold in mixed doubles curling.

Medal Count

COUNTRY	G	S	B	TOTAL
Norway	3	5	3	11
Neth.	4	4	2	10
Canada	3	4	3	10
Germany	5	2	2	9
U.S.	4	1	2	7
France	2	1	2	5
OAR*	0	1	4	5
Sweden	2	1	0	3
Italy	1	1	1	3
Japan	0	1	2	3

*Olympic Athletes from Russia

Updated: 10:30 p.m. ET

FOR THE LATEST COUNT GO TO WSJ.com/Olympics

FIGURE SKATING

A North-South Friendship Blossoms

BY EUN-YOUNG JEONG AND LOUISE RADNOFSKY

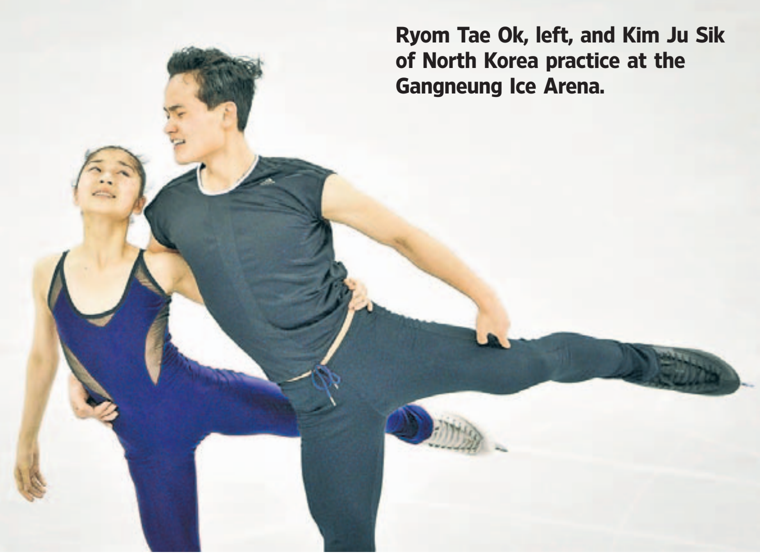
Gangneung, South Korea

THE PAIRS figure skating competition that begins Wednesday will be a four-way battle between top-flight pairs from China, Germany, Canada and Olympic Athletes from Russia. But the source of greatest fascination is a pair with almost no shot at a medal: North Korea's Ryom Tae Ok and Kim Ju Sik.

Ryom and Kim are the only North Korean athletes to have qualified for these Games on merit. Their possibility of reaching Pyeongchang signaled the prospect of their country's broader peaceful cooperation with the Games, months before leaders hammered out a final deal for North Korean participation with the International Olympic Committee last month.

And on Wednesday, they skated a clean short program to "A Day in the Life" by Paul McCartney and John Lennon, performed by Jeff Beck, with a triple twist, side by side triple toe loops and a throw triple loop to qualify for the final Thursday, where they will perform a free skate to "Je suis qu'une chanson" by Diane Justler, performed by Ginette Reno.

They were applauded throughout by the contingent of North Korean cheerleaders, but also local spectators at a half-full arena Wednesday.



MLADEN ANTONOV/AFP/GETTY IMAGES

Ryom Tae Ok, left, and Kim Ju Sik of North Korea practice at the Gangneung Ice Arena.

"I'll make sure to live up to expectations," said Kim in an interview with The Wall Street Journal after his morning practice on Tuesday. Both athletes have been frugal with their words in front of press, but Kim, whose official International Skating Union biography says he is 25 years old, said he was "happy" to be competing in South Korea and said his practice "went OK."

The first South Korean pair to compete at the Olympics, Kim Kyueun and Kam Kang-chan, said they have struck a friendship with the skaters from North Korea, taking a selfie together and giving Ryom a birthday gift. Kim and Kam had a less successful skate Wednesday and lay far out of range of qualifying for the free skate.

"It wasn't as difficult to become better acquainted with them than I had expected," said Kam, 22, in an interview after practice on Tuesday, adding that the North and South Korean pairs regularly greet each other and sometimes exchange small talk.

Kam posted a picture of him and the North Korean male skater on his Instagram last week. The two wore jackets from their respective country teams and made the same "V" sign with their hands. "With Ju Sik after practice" Kam wrote on his Instagram, accompanied by a few emoticons, including North and South Korea's flags.

Kam says he suggested taking the photo after practice. "I had finished putting on my shoes and we had some time left, so I called Ju Sik over and said, 'Let's take a selfie.'"

Both Korean pairs have received coaching from Canadian Bruno Marcotte, who also works with many of Canada's top pairs, including his wife, Meagan Duhamel, and her figure skating partner, Eric Radford.

"They've greeted us warmly since we first met," said South Korea's Kim, who had previously seen the pair at other competitions. "We got used to each other and started exchanging a few words," she said.

Ryom and her partner Kim are an outlier to most North Koreans, who are not allowed to leave the country unless approved by the regime. But there are limits to their exchanges with the outside world that shed light on the reality faced by most North Koreans.

All North Koreans athletes are reported to be watched carefully by minders in case they defect to the South. There have been incidents of former North Korean athletes and cheerleaders defecting to the South.

OPINION

Uranium One Is a Curious Case

BUSINESS WORLD
By Holman W. Jenkins, Jr.

President Obama sought better relations with Russia, in keeping with the policy of presidents at least since FDR.

He acceded in 2010 to a Russian government desire to acquire a company whose assets included a Nevada uranium mine on the widely accepted grounds that economic interdependence helps relations stay on a productive path. And, by the way, Russia cannot cart a uranium mine in Nevada back to Russia. If its national security were ever jeopardized, the U.S. could always seize the mine. So that's not an issue.

Would it have been embarrassing for the Obama policy if it were known that the uranium assets the Russian government sought to buy had been accumulated by Canadian entrepreneurs working closely with Bill Clinton? That the Clinton Foundation received $145 million in pledged contributions from people associated with these transactions? That Mr. Clinton had been paid $500,000 for a speech in Moscow?

Yes. It would have raised political difficulties for Mr. Obama's Russia policy. It would have harmed the reputation of his secretary of state, Hillary Clinton. How would such knowledge have flavored a multiagency review in charge of approving the mine deal, inevitably tinged by Obama political interests? Hard to say.

The scandal would likely have remained a political one, not a legal one. But who knows? The Watergate truism that it's not the crime, it's the coverup should really be modified. Once any kind of investigation is launched on any pretext, a crime can always be found. That's a given. Not to relitigate Mrs. Clinton's emails, but if the FBI didn't find a basis to charge her aides with obstruction and evidence tampering, it's only because it didn't want to. Or take Donald Trump: Any prosecutor should hang up his spurs who can't find something in Mr. Trump's checkered business history, starting with federal Title 16, Chapter 1, Subchapter b, Part 23, Section 23.3: "Misuse of the terms 'hand-made,' 'hand-polished,' etc."

A slight nuance, of course, is that the Clintons' conflict-of-interest baggage was born of exploiting their politically-earned celebrity, and not the other way around. Whether he meant it or not, Mr. Trump recognized and met expectations when he said, on taking office, he no longer would concern himself with the businesses he left behind. He had a much bigger job now. Though Mrs. Clinton would certainly have been expected to say something similar if she were elected president, she would also have been semi-obliged to insist that the Clinton Foundation was but an extension of her lifelong devotion to public service, which she would be continuing in the White House.

As history records, of course, Uranium One is the scandal that didn't happen, or is happening only belatedly. The Clinton Foundation connection did not become known. Its dealings did not become fodder for partisan opposition to President Obama or his Russia policy. Only recently have we become aware of a new and pungent fact. What if it had been known that the FBI was sitting on a case involving demonstrable malfeasance (bribery and kickbacks) by the Russian company's U.S. arm? What if an eyewitness who had helped crack the case told the FBI (as he now claims he did) that Russian uranium executives had spoken openly of currying favor with the Clinton Foundation to advance their U.S. business?

A lot wasn't known that would now be embarrassing for a President Clinton.

The Nevada mine transfer would have been a lot more politically controversial at the time than it was. The Obama Russia rapprochement might have run aground earlier than it eventually did when Russia in 2014 seized Crimea. Mr. Obama might have come to see his secretary of state, Mrs. Clinton, as a political liability.

Which makes it interesting that the FBI, under its then-chief Robert Mueller, appears to have sat on the case—only getting around quietly to announcing a plea deal with the Russian executive five years later, in 2015. It is not necessarily wrong for the FBI to consider the impact on national-security policy of any criminal case that it intends nevertheless to pursue to conviction. But the fact remains: The FBI handled the Uranium One matter in a manner that avoided making immediate trouble for the policy and political interests of Barack Obama and Hillary Clinton.

Which means, if a few thousand voters in the upper Midwest had woken up on a different side of the bed in November 2016, the agency's treatment of Uranium One might be one more subject of investigation by a GOP congress of President Hillary Clinton. Along with: the Steele dossier; the Steele dossier's role in an FBI application to spy on Trump associate Carter Page; the FBI's handling of the Clinton email case; the FBI's investigation (still under way) of a questionable mixing of government and Clinton Foundation business at Mrs. Clinton's State Department.

In other words, a Clinton presidency would likely be swallowed up in investigative chaos no less than the Trump presidency. There was an awful lot of baggage to go around among the headliners of the 2016 presidential race.

Americans Want Big Government

POLITICS & IDEAS
By William A. Galston

In a well-functioning democracy, the people articulate their desires and grievances, and their elected officials shape these sentiments into sustainable policies. With this division of labor between citizens and representatives, democracy can be both responsive and responsible.

Like the citizens of many other democracies, Americans have recently signaled that they are tired of austerity and eager for more government action. Last April a Pew Research poll showed that for the first time in eight years, Americans favored a larger government offering more services over a smaller government providing fewer services. In the NBC/Wall Street Journal poll last month, 58% of Americans—the highest share ever recorded—agreed that "government should do more to solve problems and help meet the needs of people," compared to only 38% who thought that "government is doing too many things better left to businesses and individuals." Americans favoring a more active government included majorities of all age groups, races, ethnicities and education levels. (Those favoring less-active government included 63% of Republicans, 65% of Trump voters, and 51% of white men without a college education.)

Americans also hope that increased government action will support a varied list of beneficiaries. A Pew study last month found majorities endorsing the view that government does too little to help young people, the elderly, the middle class and the poor. By contrast, 64% said that government does too much to help the wealthy.

Questions about specific policies confirm these findings. The most recent Kaiser survey found that 50% of Americans want the government to increase spending for Social Security, while only 5% want cuts. The comparable figures for Medicare were 45% and 7%; for Medicaid, 38% and 12%.

Nor is there much appetite for reductions in discretionary spending. According to the Kaiser survey, 40% of Americans favor more defense spending while only 19% want less. Seventy percent want more spent on education, while only 7% want less. The Spring 2017 Pew survey found broad support for increased spending on veterans' benefits, infrastructure, scientific research, environmental protection and assistance to the needy. The only items for which cuts were more popular than increases were diplomacy and foreign aid.

Not surprisingly, surveys also register a steep decline in public concern about the federal budget deficit. In 2013, according to the January 2018 Pew study, 72% of Americans regarded deficit reduction as a top priority. By the beginning of this year the figure had fallen to 48%.

Against this backdrop, the recently enacted 2018 budget, which increases spending for defense, domestic programs and disaster relief by more than $400 billion, is an instance of responsive government. Whether it exemplifies responsible government is another matter.

Responsible leaders should now inform the people how much that's going to cost.

Last December, President Trump signed a Republican tax bill that will raise the deficit by an estimated $1 trillion over the next decade, and the new budget will add to this figure. Based on data from the Congressional Budget Office, the Committee for a Responsible Federal Budget calculates that the budget deficit will rise from $800 billion in 2018 to $1.19 trillion in 2019, and will increase even more in 2020. If the spending increases for these two years are made permanent, the annual deficit will reach an estimated $1.7 trillion by 2027. And political pressure will make it nearly impossible to roll back these increases.

Even if this spending boost is cut off after two years, the national debt will rise to 99% of annual gross domestic product. If the increase is made permanent, the debt will surpass 105% of GDP, a level not seen since World War II.

Many economists believe that the tax cuts and spending increases will provide massive fiscal stimulus at precisely the wrong point of the economic cycle, boosting growth over the next year or two but risking higher inflation and interest rates down the road, which could choke off growth and lead to the next recession. Others contend that there is still substantial slack in the system and that this stimulus will banish the specter of what Larry Summers and others call secular stagnation.

We do not know for sure. But we do know that when the next recession comes, the government will have few fiscal and monetary tools left to fight it. If annual budget deficits already exceed $1 trillion, and if the burden of the national debt is already at an all-time high, little room will be left for the antirecessionary measures that governments of both political parties have employed since the early 1930s.

The American people have told Congress how much government they want. Responsible leaders would now inform the people what it will take to pay for this much government. In the absence of such responsibility, our fiscal policy will remain on a collision course with reality. The only question is when the crash will come.

Diamonds Aren't Tommy's Best Friend. I Am

By Mike Kerrigan

It's Valentine's Day, but what to bring as tribute to that special someone? While sonnets worked for Shakespeare, surely for us lesser mortals a thoughtful gift remains the smart play. But there's the rub, as the Bard himself put it. Finding the right present has never been harder, at least for a literal man like me.

One television commercial is particularly confusing. It calls for purchasing two gemstones: "One diamond for your best friend. One diamond for your true love." I get why I would buy a diamond for my beloved wife, Devin. But why should I buy a second one for my best friend, Tommy?

The two advertised diamonds are set in a single piece of jewelry. Would Devin and Tommy share the pendant? Maybe she would get to have it in even months, and he could wear it during odd ones?

The average married guy might simply give his wife full custody of the pendant, on the theory that she is his wife *and* his best friend. But that's a crime against etiquette. A person is properly addressed by the highest honorific attained in life, since the greater includes the lesser. Will George H.W. Bush be remembered as a president or a vice president?

Pondering a jeweler's confusing message on Valentine's Day.

Thus the title of spouse subsumes best friend. When Devin and I joined our lives together, God was present. Friends and family traveled from afar. There was fondue. None of these marked the moment in middle school when Tommy intervened in a scuffle, saved my bacon, and became my best friend.

There are substantive differences to consider, too. Aristotle said we are what we repeatedly do. The person who habitually builds you up is your spouse. The one who habitually reminds you that, though he knows your ruinously embarrassing secret nickname, he'll take it to the grave? Your best friend.

Cold, Aristotelian logic was insufficient for Brutus, so like Marc Antony, I'll speak to the heart. Which song takes your breath away, "When a Man Loves a Woman" by Percy Sledge, or "Best Friend" by Harry Nilsson?

Or consider the practical problem with saying your spouse is your best friend: If the two of you have a fight and you have to spend the night at your best friend's place, where exactly do you go?

Call me a cynic, but I also find the double-diamond pitch a tad too convenient. Really, your soul mate just happens to love Civil War re-enactment as much as you do? I'm not buying it. Your best friend is the one who wants to help you re-create Pickett's Charge. Your spouse is the one who picks up the two of you afterward, still dressed for battle, at the busy kiss-and-ride.

Where will this postmodern divorce of words from their plain meanings end? Next year will the advertisement be selling three diamonds, for your spouse, best friend and confidante? I failed to speak up when the arms race for men's razors broke out: Now I shave with an absurd, multi-blade contrivance that I call the "Ocho." This ends now.

Perhaps I am tilting at windmills, but I count myself lucky to have a loving wife and a best friend. They're just different people. And only one of them deserves diamonds this Valentine's Day. Sorry, Tommy.

Mr. Kerrigan is an attorney in Charlotte, N.C.

BOOKSHELF | By Douglas Boin

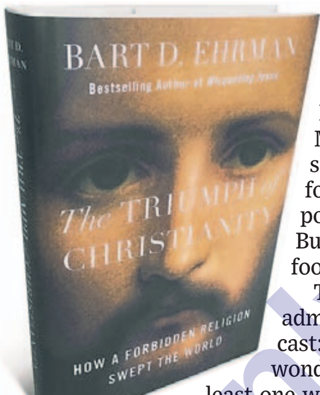
The Way Of the Cross

The Triumph of Christianity

By Bart D. Ehrman
(Simon & Schuster, 335 pages, $28)

During the darkest hours of persecution in Rome, around 303, when Christian property was confiscated and Christians' legal rights were threatened if they failed to follow imperial edicts, the Emperor Diocletian's Christian wife and daughter openly attended a pagan state sacrifice—a public demonstration of their own commitment to religious pluralism. Neither woman was arrested, but they didn't persuade the head of their household to set aside his anti-Christian bigotry, either. In the end, they didn't need to. His daughter, Valeria, was married to Galerius, who would become emperor himself and declare Rome's first edict of toleration, in 311. Jesus' followers won their first legal defense from a politician who remained pagan until his death.

Tangled lives like these, the raw footage of history, sadly wind up on the cutting-room floor of Bart Ehrman's "The Triumph of Christianity," a chipper but superficial retelling of the rise of Christianity. People like the emperor's wife and daughter—who made hard choices and never converted their fathers or husbands to their faith—don't really fit into Mr. Ehrman's idea of what it meant to be a Christian in Rome during this pivotal era. Mr. Ehrman, a New Testament scholar, is to be commended for daring to tackle the rough politics of the fourth century. But he never quite finds his footing as a social historian.



The story he tells, it must be admitted, features a spectacular cast: maniacal emperors, wondrous miracle workers and at least one well-known day laborer. In the book's opening, Mr. Ehrman surprises readers, who might be expecting to read about Jesus, by starting with Constantine, the Christian emperor whose edict in 313 transformed Rome's policies toward religious observance. In a flashback, Mr. Ehrman summarizes the complicated worldview of the Jewish man Paul three centuries before. Then, in the balance of the book, he connects the dots and proceeds to characterize—in "broad swaths"—the 30 million Romans who converted to Christianity.

The picture that emerges is of highly individualistic folks from tight-knit communities that were not associated with any hierarchical church. Miracle stories lured people in, martyrdom stories less so. "Word of mouth" worked, and tales of heaven and hellfire made choices clearer. To hear Mr. Ehrman tell it, Christianity was "missionary" and "exclusive"—a winning combination that made Christianity "unlike anything else on offer."

There's a lot left out of this picture. Wealthy men and women of faith who raised the church's profile before Constantine are never mentioned. The author also omits discussion of how Christians created a tiered organization of priests, deacons and bishops, to calm Roman fears about this renegade group of believers. The lack of a formal leadership had been a particular problem in the years after the Jewish Temple was destroyed—a period of uncertainty for two world faiths, when many of Jesus' followers began to distance themselves from their Jewish roots. Yet neither the Jewish wars nor Christian responses to them is considered in Mr. Ehrman's narrative.

Did Christianity grow quickly, shared by zealous proselytizers? Or did it spread gradually, quietly being adopted by respectable Roman families?

What readers are given, instead, is an unconvincing account of how Christians came to dominate Roman culture through their nagging evangelism. The effect, in Mr. Ehrman's analysis, was devastating to Rome's pagan civic society, both before and after Constantine: "Whoever became a Christian was lost to paganism." Over time, as these Christians recruited other people, the weight of their conversions added up. That explains how Christianity went from "something like 20 people" after Jesus' death, in Mr. Ehrman's estimate, to a staggering 30 million at the fourth century's end.

These statistics are questionable. The estimate of "20 people" comes from a cautious, if plausible, interpretation of one passage in the New Testament. As for the 30 million claim, Mr. Ehrman begins from an estimate of a modest rate of growth between A.D. 30 and A.D. 400—3.42% a year—first articulated by Rodney Stark in "The Rise of Christianity" (1996). Mr. Ehrman admits to doing some "tweaking" to that figure, adjusting it to 2.5% a year. But the seemingly small shift in percentage has a big overall effect. Mr. Stark projected there would have been close to 60 million Christians by the fourth century's end (a number nearing his estimated total population of the entire empire); Mr. Ehrman has slashed that number in half.

Reducing the Christian population in antiquity by several millions is a provocative move for any historian, but even 30 million might still be far too high. Social stigma was hard to shake in Rome, and Christians didn't overcome it by separating themselves from Judaism or with one or two legal victories. Even after Constantine, pagan customs were ever-present, from public displays of the gods to emperor worship. And there is no reason to assume that most Romans wanted anything to do with Christianity. In truth, a Christian majority was never necessary for upending the world of old Rome. Rome was a monarchy, not a democracy. All it took was one person—a radical emperor, Theodosius—to impose his stark vision of Christianity on the public.

Mr. Ehrman defends his choice to use "generalizing terms" to tell the story of this new religion full of zealous believers. Yet in his version Christians never put in the hard work of respecting their neighbors' values or found allies to help their cause. Almost 70 years after legalized discrimination ended, another ruling Roman family faced more tough choices about the freedom of religion. An uncle and his two nephews, all of them Christian—Valens, Valentinian II and Gratian—decided to repair a pagan temple near Rome's harbor because they supported other people's access to their own gods. Their decree doesn't make it into Mr. Ehrman's story, either, probably because it doesn't fit his profile of Christian behavior as "missionary" and "exclusive." Individual experiences reveal a more complicated story than broad generalizations can, and in a book heavy on statistics, Mr. Ehrman overlooks something fundamental: the powerful example a single life can be.

Mr. Boin is a professor at St. Louis University and the author of "Coming Out Christian in the Roman World."

OPINION

REVIEW & OUTLOOK

Trump and the Dreamers

Senators are debating immigration this week in a way the Senate was intended to function—with open debate and amendments. Imagine that. No one knows how it will turn out, but this is the best chance the U.S. has in years to break the right-left stalemate, if both parties are wise enough to seize it.

The political incentives are in place for a bipartisan compromise.

The moment is possible, paradoxically, thanks to Donald Trump. His decision not to renew Barack Obama's illegal Deferred Action for Childhood Arrivals order means that more than 700,000 young adults who arrived here as children could soon be subject to deportation. But having campaigned as an immigration restrictionist, Mr. Trump also has the credibility on the right to sell legalization for these so-called Dreamers.

These columns have long supported a generous immigration policy that makes America a mecca for the world's talent. But we've also had to concede that this aspiration faces political restraints, especially in a post-9/11 world. We'd happily support a clean bill authorizing a pathway to citizenship for the Dreamers stuck in legal limbo, but Mr. Trump needs something he can call a political victory for his voters.

The good news is that Mr. Trump's recent policy outline is more reasonable than the demands that the White House made last fall. The President has proposed providing a 10- to 12-year pathway to citizenship for an estimated 1.8 million immigrants who would be eligible for DACA even if they haven't signed up. This is smart politics since it gets the citizenship issue off the table so Democrats can't use it as a wedge against Republicans in the future. The U.S. also shouldn't create a group of second-class permanent residents.

In return, Mr. Trump wants $25 billion for border security. This money would do more for national security if it went to build more Navy submarines, but Mr. Trump won't sign something without a victory for his wall on the U.S.-Mexico border. Construction would take years, and Congress could appropriate some of the funds for technology such as infrared imaging systems, drones and X-rays to detect smuggled drugs at border checkpoints and ports. Democrats already agreed to more than this in the 2013 Senate bill.

Mr. Trump also wants to hire more attorneys and administrative judges to clear the backlog of 670,000 cases—more than 23,000 of which involve criminal and security threats—pending in immigration court. This seems reasonable. On average, each case takes two years to adjudicate, which abridges due process and makes it harder to deport criminals.

The biggest sticking point will be restrictions on family-based migration. Mr. Trump wants to limit who citizens can sponsor for green cards to minor children and spouses, so no more siblings, adult children and parents. Our friend Stuart Anderson at the National Foundation for American Policy estimates that this policy if fully implemented would reduce legal immigration by about 400,000 a year, which would hurt the economy.

But Mr. Trump has also agreed to process the backlog of 3.7 million family members currently waiting for visas. The latter could take more than a decade, so there won't be a major reduction in family-based immigration anytime soon. Mr. Trump's offer has also exposed restrictionists who have long argued that any form of "amnesty" for illegal immigrants is unfair to those who have waited in line. But now these restrictionist want to bar those waiting in line too.

This is a bait and switch that Mr. Trump is right to reject—and Democrats should give him credit for doing. Some compromise over family migration ought to be possible, but if Democrats won't budge then the GOP will surely withdraw Mr. Trump's offer on the backlog. Democrats have to decide if they want to accept this concession and fight for more family migration when a Democrat is President.

* * *

As for the immediate politics, both sides have good reason to strike a deal. Democrats could finally take credit for legalizing young people they claim to speak for but haven't been able to help for the long term. If they are seen as killing legalization after they tried and failed to shut down the government, they will look cynical and Mr. Trump will blame them for the failure.

Republicans should also not want the issue trailing them through November and beyond. That's especially true for candidates running in states with large Hispanic populations like Nevada and Arizona. Mr. Trump would get money for his wall and say he solved a problem that Mr. Obama and George W. Bush could not.

Above all, a deal would break the vetoes that left and right have held over immigration policy. A demonstration of good will could lay the political ground for future compromises on skilled immigration. It would also provide a morale boost for the country, which for too long has been roiled by poisonous immigration politics. The incentives are in place for a deal, and those who are seen to kill it may pay a larger political price than they imagine.

Russian Meddling This Election

'I'll be back," said Arnold Schwarzenegger in "The Terminator." Now Director of National Intelligence Dan Coats says the Russians will be back to meddle in and disrupt the midterm elections this fall.

How about if our spies alert Americans this year in real time?

"The 2018 U.S. midterm elections are a potential target for Russian influence operations," Mr. Coats told the Senate Intelligence Committee Tuesday. Noting that the Russians could "create wedges that reduce trust and confidence in democratic processes," Mr. Coats warned that "influence operations, especially through cyber means, will remain a significant threat to U.S. interests as they are low-cost, relatively low-risk and deniable."

By now, a voter would have to be sleeping under a rock not to have heard about Russia's use of fake websites on social media to meddle in elections here and in Europe. We would expect that as the elections near and the media swamps start bubbling with outrageous stories about candidates in any of the hundreds of House and Senate races, voters will be alert to Mr. Coats's warning.

What would be more helpful, though, is if this time U.S. intelligence blew the whistle publicly on Mr. Putin's bots and trolls in real time, when they are feeding fake news into our politics. As it is, our intelligence specialists weigh in after the fact, like post-game analysis.

The intel services argue that they don't go public contemporaneously to protect their sources and methods of detection. But if the threat is as serious as they say, Americans deserve protection of the democratic process as it is happening. And in their next phone call, President Trump should tell Vlad to butt out.

Kelly and the Chaos

The tom toms are beating for the head of Chief of Staff John Kelly for mishandling the White House response to spousal abuse allegations against former aide Rob Porter. Unless President Trump has lost confidence in the former Marine General, it isn't clear what good his dismissal would do beyond satisfying Mr. Trump's opponents.

The people who want him fired don't want a better White House.

Mr. Kelly didn't help himself Monday by saying that the White House handling of the Porter accusations "was all done right." He and others misjudged the uproar that similar and credible stories by Mr. Porter's two former wives would unleash amid the #MeToo furor. He also seems to have given Mr. Porter the benefit of the doubt when the only real "due process" in the White House should be what helps or hurts the President.

But Mr. Kelly didn't abuse those women, though you wouldn't know it from the media denunciations. Our guess is that, amid the 25 items in his inbox, Mr. Kelly wanted to keep one of his best deputies if he could. This may be a violation of the #MeToo movement's view that all accusations are instantly believable, but it isn't by itself a firing offense.

The latest uproar concerns whether the White House was accurate in saying the FBI investigation into Mr. Porter's security clearance was "ongoing." FBI Director Christopher Wray told Congress Tuesday that the FBI had "administratively closed" the Porter file last month. Mr. Porter was working under an interim clearance, and denial of a permanent clearance means someone must leave the White House. Mr. Kelly needs to get the complete story straight and make it public, but it isn't clear that this discrepancy was intentional deception.

Mr. Kelly has reportedly offered to resign, and that might be something of a personal relief. The General gave up a cabinet post to work for this most difficult of Presidents, and he isn't doing it for the money. He wants to help the country, and on the evidence until the Porter mess he has.

He has imposed at least a semblance of discipline since he arrived at the West Wing last summer. He eased out chaoticians like Steve Bannon and dramarians like Omarosa. He made it hard to walk in unannounced to the Oval Office, even for daughter Ivanka Trump and son-in-law Jared Kushner. Policy now gets developed, debated and decided. The leakers are fewer. He was in charge for the success of tax reform.

Mr. Trump remains a hard client who can hurt his own cause at any moment, but that isn't Mr. Kelly's fault. As a former General, Mr. Kelly has the President's respect in a way that his likely replacements might not. Mr. Trump treated Reince Priebus, his first chief of staff, like a political valet. We don't know anyone in the White House who wants to return to the first six months of fire and fury, and this Presidency won't benefit from more policy influence by Ivanka and Jared.

The point for Mr. Trump to keep in mind is that the people who want Mr. Kelly fired don't want a better White House staff. They want perpetual political dysfunction.

LETTERS TO THE EDITOR

The Roots of American Political Polarization

In Jason Willick's "Polarization Is an Old American Story" (Weekend Interview, Feb. 3), historian Gordon Wood says: "[John] Adams's allies viewed Jefferson much the way opponents saw Donald Trump 216 years later."

Presidents Trump and Jefferson have another thing in common besides red hair. In his book "Negro President: Jefferson and the Slave Power," historian Garry Wills points out that Jefferson lost the popular vote yet was named president due to the Electoral College (EC). Jefferson's 12-vote victory in the EC came from the 19 votes that "represented" nearly one million nonvoting, enslaved African-Americans (one-sixth of the nation's population).

Blacks are no longer counted at a 40% discount (the 3/5 rule) for their voiceless representation in the EC but that ancient institution has continued to play a role in undermining African-Americans specifically and working Americans generally. In 1876 a backroom deal employed the EC to elevate second-place winner Rutherford B. Hayes to the presidency in exchange for prematurely ending Reconstruction and igniting Jim Crow.

In 2000 George W. Bush lost by half-a-million votes, but the EC gave him the presidency. He then gave the Supreme Court two justices who formed the majority that gutted the Voting Rights Act.

Further on Mr. Willick says, "Jefferson believed a strong state would . . . lead to monarchy." As we can see now, it isn't a "strong state" that has brought us a president with autocratic ambitions, but the same antidemocratic horse those two presidents rode in on: the Electoral College, a strange animal not employed by any other democracy.

Frank Hyman
Durham, N.C.

John Adams's failure to attend Thomas Jefferson's inauguration was not unique in U.S. history. Adams's son, John Quincy, failed to attend Andrew Jackson's inauguration and Andrew Johnson, knowing of the Quincy Adams precedent, did not attend Ulysses Grant's swearing-in.

Jay Wright
Potomac, Md.

Flood-Insurance Debt: Blame Mother Nature

Your editorial "The Swampland Republicans" (Jan. 17) depicts me and other Louisiana delegation members as obstructionists to making the National Flood Insurance Program (NFIP) more financially secure.

No one is more concerned about the economic health of the NFIP than I am. That's why I gathered bipartisan support and co-authored the leading Senate bill that would cure many of the program's ills. Second, I take offense at Louisiana's depiction as a state populated with repeat flood offenders grazing on a trough of federal handouts.

The NFIP is a federal program in which taxpayers insure their greatest asset by paying premiums. Homeowners pay their hard-earned money into the program. They have every right to file a claim when they suffer the devastating misfortune of a flood.

It is true that the NFIP is in debt. Do you know why? Her name is Mother Nature. Natural disasters caused billions of dollars in debt for the program. These were unprecedented events, much like the recent mudslides in California and the Dust Bowl of the 1930s.

We support common-sense NFIP reforms. We need better flood maps, low-interest loans that encourage property elevations and a ceiling on commissions to private insurance companies that sell flood-insurance policies but take on absolutely zero risk.

Respectfully, what we don't need is anyone blaming us for natural disasters. Hurricane Katrina gave us a glimpse of hell, and it was the stuff of nightmares. However, we kept fishing, shrimping and navigating the Mississippi River as our ancestors did. We kept working to end this country's reliance on foreign oil. And we kept paying our flood-insurance premiums.

Sen. John Kennedy (R., La.)
Washington

Open Immigration Was a Disaster for Rome

Regarding "On Immigration, Do as the Romans Did" by Profs. Gerard J. Tellis and Stav Rosenzweig (Feb 8): By 500 A.D. Rome had lost control of every province under its rule to uninvited immigrants who brought devastating economic decline everywhere they went. The lesson? A large indigestible mass of newcomers who, loosely put, don't speak the language or share the customs of their host country and who have no incentive to do either are going to negatively disrupt the lives of the citizens whose country they land on.

The relatively short-lived Mongol Empire, like all steppe empires from the Huns to the Timurids, fell apart because it was a hodgepodge of different peoples who had no allegiance to common customs, beliefs or language.

It's time to turn the immigration spigot to a trickle while our new friends and neighbors are encouraged to assimilate to our language and culture. Then we can open the immigration faucet to meet the needs of an advanced 21st-century economy and society.

Matt Sawyer
Dallas

The Romans were a highly militarist aristocracy that acquired the vast majority of its "immigrants" through conquest, not voluntary enlistment. Many were imported as slaves. I recall nothing about those Romans providing free universal education, even to their citizens. Nor was I taught about any government attempt at the redistribution of Rome's wealth, such as a welfare system, tax credits or free health care. Life in Rome was good for a long time, until the tribute dried up and the empire crumbled. One can only speculate how long it would have lasted after conversion to a socialist welfare state.

A more local example ignored is the native population of our continent. Lacking any cohesive defense or control over immigration, they lost almost all their land to foreigners who sailed in and eventually took over.

Bill Mills
Sterling, Va.

Show Us the Evidence in the Missouri Student Race Case

Jillian Kay Melchior writes in "A Dubious Narrative Contributed to the NFL Protests" (op-ed, Feb. 2) that "an exhaustive review of law-enforcement records showed no sign of the incidents [graduate student Jonathan] Mr. Butler described" in his assertion of campus racist acts purportedly directed at him at the University of Missouri. Obviously no reports were filed with the police.

Put law enforcement records aside for a moment. Where, in an age in which every student has a camera in his or her phone, is the photo of the N-word painted on his door on campus, a witness who saw it, a campus maintenance report or receipts for work done to the door to remove the offensive epithet and repaint it? In searching for an explanation one should keep in mind that filing a false report with the police entails criminal liability, and filing one with the university can get you thrown out. You don't need to go to college to know that.

Fred Medero
Carmel, Calif.

It Isn't OK to Lie About Private Matters Under Oath

When Richard Feinberg (Letters, Feb. 12) blithely writes that President Clinton somehow understandably lied about a private matter in the Lewinsky case, the reality is much, much different. President Clinton as a sitting president and chief law-enforcement officer of the U.S. knowingly lied under oath in a federal court proceeding. Only a myopic apologist could dismiss and excuse that as a "private matter." Then it must follow, if you take an oath in court to tell the truth and you think it is a private matter, for example a sexual-harassment issue, you are entitled to lie about it. Not for me.

Neil Gaffney
Chicago

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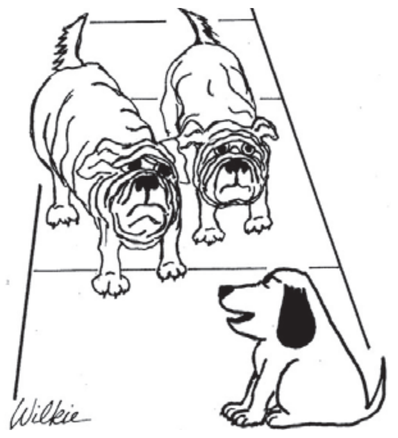
Pepper ... And Salt

THE WALL STREET JOURNAL



"Does the word 'botox' mean anything to you?"

Kim Yo Jong Is a Twisted Sister

By Claudia Rosett

Who is Kim Yo Jong? "Kim Jong Un's sister is stealing the show at the Winter Olympics," declared a CNN.com headline. This princess of Pyongyang received a royal welcome from South Korea's President Moon Jae-in. He seated her in his VIP box, near Vice President Mike Pence, for the opening ceremony. He hosted her for lunch at the presidential Blue House, where she delivered him an invitation for a summit with Mr. Kim. The resulting Reuters headline: "North Korea heading for diplomacy gold medal at the Olympics."

She holds a key post in Pyongyang's fearsome and brutal Propaganda and Agitation Department.

Missing from most of the media coverage was any detail about Ms. Kim's day job in Pyongyang. In North Korea this kid sister has served under Big Brother as a deputy director of the powerful and omnipresent Propaganda and Agitation Department. She has apparently racked up a record so stellar that last year the U.S. Treasury blacklisted her as a top North Korean official tied to "notorious abuses of human rights." Mr. Kim gave her an alternate seat on his politburo.

In blacklisting Ms. Kim, the Treasury specified that her department "controls all media in the country, which the government uses to control the public." That's an understatement. The Propaganda and Agitation Department's mission is to control not only media but minds—to indoctrinate all North Koreans, at all levels, in the absolute supremacy of Kim Jong Un and his Workers' Party.

A 2014 report by a special United Nations commission on human rights in North Korea found that "there is an almost complete denial of the right to freedom of thought, conscience and religion." That entails a pervasive normalization of evil. Any deviation is suppressed via imprisonment, torture and execution. The commission found the regime carries out crimes against humanity on a scale "that does not have any parallel in the contemporary world."

In a detailed report published last year by the Washington-based Committee for Human Rights in North Korea, Robert Collins and Amanda Mortwedt Oh described the Propaganda and Agitation Department as playing "a key role in justifying Kim family rule through domestic and external propaganda." They added that entire families may be punished if one member is suspected of dissent. The aim is to ensure the survival, glorification and total power of the Kim regime and its hereditary tyrant.

That's the training and family tradition behind Ms. Kim's visit to South Korea. Her delegation included plenty of backup, such as Choe Hwi, a vice director of the Propaganda and Agitation Department who has been blacklisted by the U.S. (and the U.N.) for human-rights abuses. The Treasury noted that Mr. Choe "has reportedly been responsible for maintaining ideological purity." Currently he is chairman of North Korea's National Sports Guidance Committee.

Ms. Kim, with her freckles and enigmatic smile, is a trained and trusted royal brainwasher for a family regime whose court is built on totalitarian lies. Her admirers in the media ought to be impressed by the professionalism with which she snookered them.

Ms. Rosett is a foreign-policy fellow with the Independent Women's Forum.

A Pox on SOX, It's Bad for Stocks

By Scott S. Powell

With corporate tax reform in the rearview mirror, Congress and the Trump administration should pare back a misguided regulatory regime that imposes unnecessary costs on public companies, discourages initial public offerings, and skews the distribution of wealth toward the very rich.

The problem traces back to the bursting of the dot-com bubble in the spring of 2000. For 2½ years stock prices dropped precipitously, with the Nasdaq Composite Index losing more than 75% of its value. The collapse of audit firm Arthur Andersen and the bankruptcies of Enron and WorldCom sent the stock market into free fall in the second quarter of 2002. With midterm elections only five months away, members of Congress felt they had to do something to restore corporate accountability and public confidence in Wall Street.

The result was Sarbanes-Oxley, sometimes called SOX, a hastily drafted law that imposed one-size-fits-all regulations on American corporations. The law contained some beneficial reforms intended to prevent the next Enron or WorldCom by improving corporate governance. It established oversight of public accounting, increased penalties for fraud, provided protection for whistleblowers, required more transparency for insider stock sales and material events, and reduced conflicts of interest in corporate governance.

But these benefits came with enormous red tape. Section 404 of Sarbanes-Oxley imposed an intrusive audit regime on almost every aspect of a public company's operation. This has proved to be one of the most costly and counterproductive regulations ever introduced, with compliance adding about $2 million in annual costs for the smallest public companies and far more for bigger companies.

CHAD CROWE

Section 404 audits focus on minute operational details, not on detecting the kind of high-level accounting fraud that took WorldCom down. The costs Section 404 imposes have disproportionately affected small public companies and discouraged many promising venture-capital-backed enterprises from going public. Section 404 has also prompted some public companies to delist and revert to private ownership.

Sarbanes-Oxley promotes inequality by discouraging companies from going or remaining public.

Combined with the impact of mergers, acquisitions and corporate failures, Sarbanes-Oxley has dramatically reduced the number of public company investment opportunities in the U.S. In 1996 there were 7,322 public companies listed on U.S. stock exchanges; today there are 3,671. With fewer initial public offerings, powerful incumbent firms have raised barriers to new entrepreneurship and made it harder for competing startups to raise funding, tamping down innovation.

Before Sarbanes-Oxley, young companies on the path to an IPO could remain entrepreneurial and nimble. But the law created massive disincentives to seeking capital from public markets. Instead of going public and accepting the huge costs of SOX compliance, young companies increasingly sought acquisition by other larger public or private businesses. Many startups chose to stay private in the portfolios of venture-capital and private-equity firms.

Wall Street and the capital markets also adjusted to the law. Investment banks redirected resources into originating, structuring and trading real-estate mortgage debt, which helped create the financial excesses that nearly sank the economy in 2007-08. Investment dollars increasingly fled from public markets, finding their way instead into private equity and venture capital firms.

By reducing investment opportunities for middle-class Americans, Sarbanes-Oxley had the unexpected consequence of exacerbating wealth inequality. The world of venture capital and private equity is an exclusive club for the rich, while the public markets cater to diverse investors—both affluent and of modest means. When companies went public earlier in their lifetimes, employees and average investors had more opportunities to build wealth.

The share of wealth owned by the top 1% of Americans has surged over the last generation in part because those not already at the top have been increasingly shut out of the wealth-creation process. To redress this growing wealth disparity and invigorate entrepreneurial dynamism in the U.S. economy and capital markets, Congress can take some fairly simple legislative action.

The 1930s provide a model to correct excessive or incomplete legislation. When the deficiencies of the Securities Act of 1933—also passed after a market crash—revealed themselves, Congress went back and passed the Securities Exchange Act of 1934, which has proved both durable and effective. The current Congress can fix Section 404 by making its audit mandates on internal company controls voluntary, while keeping the bulk of Sarbanes-Oxley's less costly regulations intact. Companies should be responsible for ensuring the integrity of their own operational, financial and accounting information, with full disclosure to the Securities and Exchange Commission in annual reports.

A scaled back Sarbanes-Oxley—SOX 2.0—would serve as a complement to tax reform, reducing government involvement in decisions about how to allocate corporate resources and returning that function to shareholders and managers. It would help the American economy grow and U.S. companies become more competitive abroad. Perhaps most important, it would spur innovation from more startup IPOs, which would democratize capital markets and help restore a more equitable distribution of wealth.

Mr. Powell is an economist and senior fellow at Discovery Institute in Seattle and managing partner of RemingtonRand LLC.

No Racial Quotas in Special Education

UPWARD MOBILITY

By Jason L. Riley

The Trump administration spent much of its first year blocking or delaying its predecessor's regulations. Thankfully, that work continues apace in year two. Any day now, look for the Education Department to halt implementation of an Obama-era rule on racial disparities in special education that was set to take full effect in July.

Black students are more likely than white students to be placed in special-education classes, and the Obama administration attributed the disparity (along with nearly every black-white gap) to racial bias. Thus in late 2016, weeks before leaving office, Obama officials issued a rule that threatened school districts with financial penalties if they didn't achieve racial balance in special ed.

The rule, which would effectively impose racial quotas, is likely unconstitutional. Moreover, academic research shows that racial bias is not the cause of disproportionate representation of black pupils in special ed. Anyone who cares about the prospects of minority youngsters should welcome the Trump administration's decision to put the rule on hold.

A 2015 study by scholars at UC Irvine and Penn State University found that black children are more likely than white children to be born prematurely and have high levels of lead in their blood, among other factors that often result in learning disabilities and speech impairments. When otherwise similar groups of black and white adolescents were compared, the data didn't show that black students were more likely to be placed in special education classes.

In fact, it showed the opposite: "The real problem is that black children are underrepresented in special-education classes when compared with white children with similar levels of academic achievement, behavior and family economic resources," two of the authors, Paul Morgan and George Farkas, wrote in an op-ed.

To the extent that the Obama-era rule could make teachers and administrators fearing accusations of racial bias too skittish to do their jobs properly, it potentially puts at-risk children at even more risk. Do we want racial proportionality to become more important than matching students with the educational tools that will serve them best? Do we want school districts identifying special-needs kids based on the evidence or based on a desire to stay out of the federal government's crosshairs?

Those questions are not theoretical. The Obama Education Department's obsession with disparate-impact analysis also led it to pressure schools into disciplining fewer black students, even if those students represented a higher proportion of troublemakers. In 2016 and 2017, President Obama and his wife visited Washington, D.C., schools that boasted fewer suspensions and higher graduation rates. But a Washington Post investigation last year revealed that administrators at some D.C. schools were underreporting the number of suspensions. Other schools were juicing graduation numbers by not counting low-performing students in the graduating class and granting diplomas to chronically absent kids who didn't qualify for a degree. "This is [the]

Betsy DeVos is preparing to undo another pernicious Obama school policy.

biggest way to keep a community down," a black teacher told NPR. "To graduate students who aren't qualified, send them off to college unprepared, so they return to the community to continue the cycle."

Education Secretary Betsy DeVos has said that her team is "looking closely" at the Obama school-suspension guidance, which was issued in 2014 via a "Dear Colleague" letter and could be rescinded with another one. Let's hope she gets on with it. Cities from Los Angeles to Chicago to New York provide evidence that reducing school suspensions has increased classroom disorder, which works to the detriment of those minority students who are in school to get an education, not make mischief. A study of Wisconsin schools published last month by the Wisconsin Institute for Law and Liberty noted that "softer discipline policies, pushed by the Obama Administration, are having a negative impact on student test scores." Is it any shock that when undisciplined students aren't removed from the classroom, less learning takes place?

Obama administration officials and their progressive supporters used disparate-impact analysis to dodge a discussion about differences in student behavior, which might have brought to the surface other uncomfortable facts. Boys are suspended at higher rates than girls, and whites are suspended at higher rates than Asians. Moreover, a significant share of teachers and other staff in many majority-minority schools are of the same race and ethnicity as the students, which somewhat undermines "hidden bias" claims.

The previous administration took sides with bad actors out of political expediency. Mrs. DeVos's focus should be on students who just want a safe learning environment and a decent education.

Fight Putin With Fire

By Janusz Bugajski

The Central Intelligence Agency has reported that Moscow is preparing to interfere in November's midterm elections. On the theory that the best defense is a good offense, why shouldn't Washington consider launching a cyberoffensive against the Kremlin? A targeted onslaught could disrupt the stability of Vladimir Putin's regime.

Russia faces a presidential election March 18. The result is already decided—Mr. Putin will win—but the country is vulnerable to cyberpenetration. A key component of a covert assault would be to hack and disseminate official Russian communications, with a focus on the Kremlin, government ministries, Parliament, key businesses and subservient political parties, as well as private correspondence between officials.

Although the regime controls the major media outlets, potentially incendiary leaks can be circulated through social media, a favorite instrument of Kremlin disinformation in the West. The objective would be to disclose publicly the most provocative scandals of Russia's top officials and the extent of their corrupt governance, opulent lifestyles, public lies, and contempt for ordinary citizens.

Especially valuable would be messages that reveal the willingness of officials, oligarchs and bureaucrats to betray the country for personal gain. Western intelligence services certainly possess more comprehensive information about the theft of the Russian budget than does even Alexei Navalny, the anticorruption campaigner barred from standing in the election.

Moscow reportedly plans to interfere with another U.S. election. Russia has an election coming up too.

A U.S. offensive could be extended beyond the election as part of a broader psychological influence operation. Such a strategy would have two core objectives: alienating the public from the regime and provoking power struggles inside the ruling stratum. Detailed revelations about official treason and financial abuse can fuel social, ethnic, regional and religious unrest—especially as living standards for the masses continue to plunge. Regime change would then become the responsibility of the exploited and manipulated Russian citizens.

Simultaneously, disclosures about conflicts within the ruling elite would generate uncertainty and anxiety in government circles and expose the regime's political vulnerabilities. Even if that doesn't immediately precipitate Mr. Putin's downfall, it could help divert the Kremlin from its unchallenged cyberwar against Western democracies.

Some will caution that such an offensive against Moscow would be provocative and would escalate disputes between the U.S. and Russia. The Kremlin, however, perceives the lack of an effective U.S. response to its election meddling as weakness and vulnerability. The assault on American democracy continues to this day primarily because of an inadequate counterattack and the limited impact of financial sanctions against Russian officials.

Besides, Moscow will accuse America of interfering in its elections anyway. Washington might as well accomplish something.

Mr. Bugajski is a senior fellow at the Center for European Policy Analysis in Washington and co-author, with Margarita Assenova, of "Eurasian Disunion: Russia's Vulnerable Flanks" (Jamestown Foundation, 2016).

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Warning Is Sounded on Shale

Energy group says that record U.S. output threatens recovery in oil market

By Christopher Alessi

LONDON—U.S. shale companies are churning out crude oil at a record pace that could overwhelm global demand and reverse the oil market's fragile recovery, a top energy-market observer said Tuesday.

U.S. shale production is growing faster in 2018 than it did even during the boom years of $100 a barrel oil prices from 2011 to 2014, said the International Energy Agency in its closely watched monthly report. The difference this time: Oil prices are about 40% lower.

The situation is "reminiscent of the first wave of U.S. shale growth," when a flood of American oil built up a global glut and sent prices crashing over four years ago, said the Paris-based IEA, which advises governments and corporations on energy trends.

U.S. crude settled down 10 cents a barrel, or 0.17%, to $59.19. But the global benchmark Brent rose 13 cents, or 0.21%, a barrel to $62.72.

Shale producers "cut costs dramatically" during the oil-industry downturn, the IEA said.

They then took advantage of the Organization of the Petroleum Exporting Countries cartel's decision last year to cut its own output, which helped prices rise from the low $40s to over $70 a barrel in January.

Unlike countries like Russia, shale-oil companies—using techniques like hydraulic fracturing, or fracking—are able to pounce when prices rise and pull back when the market

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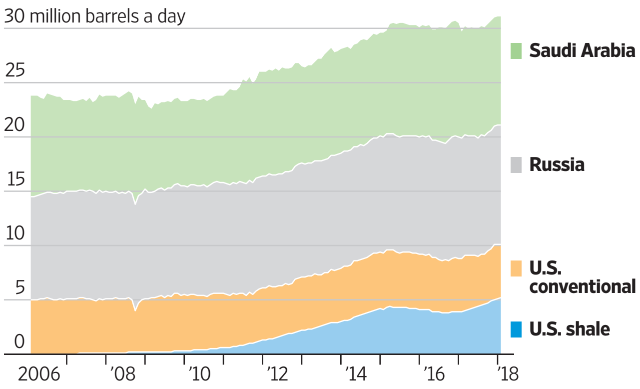
Growth Spurt

U.S. shale production is rising at a record pace.



Source: International Energy Agency

THE WALL STREET JOURNAL.

Chipotle Recruits CEO From Taco Bell

By Julie Jargon

Chipotle Mexican Grill Inc. on Tuesday named **Taco Bell** Chief Executive Brian Niccol as its next CEO, tapping a fast-food veteran to try to revive the struggling burrito chain.

Mr. Niccol, 43 years old, has run Taco Bell for three years as the chain has been the most successful in the portfolio of **Yum Brands** Inc., which also owns Pizza Hut and KFC. He will succeed Chipotle founder Steve Ells on March 5.

Mr. Ells said last year that he would step down as chief executive and become executive chairman to allow an outsider to address Chipotle's battles with food-safety problems and a decline in customer visits. On Tuesday, Mr. Ells said Mr. Niccol's "expertise in digital technologies, restaurant operations and branding make him a perfect fit for Chipotle."

Chipotle has struggled to lure back diners after food-safety scares began in 2015, including outbreaks of E. coli, salmonella and norovirus. The chain's problems attracted the attention of activist shareholder William Ackman, who negotiated to fill two seats on Chipotle's board.

Despite the introduction of food giveaways, a loyalty program and new menu items like chorizo sausage and queso dip, many customers have stayed away. Chipotle executives have acknowledged neglecting basic operational details, like keeping restaurants clean and up-to-date, while they focused on food safety.

Chipotle shares, which had lost nearly 40% of their value in the past year through Monday, slipped 1.2% in Tuesday's regular session before rising sharply in after-hours trading on news of the

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BESS ADLER FOR THE WALL STREET JOURNAL

Deteriorating government-owned infrastructure isn't of much interest to fund managers. New York City's old Kosciuszko Bridge had to be replaced last year.

Private Equity May Skip Infrastructure Push

By Miriam Gottfried And Cezary Podkul

Private-equity firms raised a record sum for infrastructure investment last year, aided by President Donald Trump's promise to pump $1 trillion into America's aging roads and bridges. That was the easy part. Spending it is another matter.

After lobbying the White House to create incentives for states and cities to accept more private money for transportation projects, buyout firms got some of what they sought in the administration's infrastructure plan released Monday.

But few firms believe Mr. Trump's infrastructure plan will open the floodgates for privatization deals, which have long been out of their reach because of cheap funding alternatives such as municipal debt and the challenges of navigating local politics.

Fund managers say they are mainly looking for assets that are already privately owned—such as renewable energy, railroads, utilities and pipelines—and not the deteriorating government-owned infrastructure like roads and bridges that helped attract the capital in the first place. To the extent they are interested in public assets, the focus is more likely to be on privatizing existing infrastructure than on new development—the heart of Mr. Trump's push.

That is the paradox of the administration's plan: It creates incentives for investment that most infrastructure funds aren't much interested in and never really have been.

Take **Blackstone Group** LP. The private-equity firm plans to raise as much as $40 billion for North American infrastructure, but may devote only 10% to public assets, according to a person familiar with the matter. Other prominent infrastructure investors such as **Macquarie Group** have similar targets—if they target public assets at all. Macquarie, **Carlyle Group** LP and **KKR** & Co. are among the firms that have been raising infrastructure funds.

Concentrating their firepower on private assets could mean more competition, higher prices and ultimately lower returns for infrastructure funds. That has some deal makers warning of another false start for the U.S. infrastructure market after poor performance in the wake of the financial crisis.

"Most firms are probably scratching their heads, saying, 'how do I put the money to work apart from buying existing assets and paying high premiums?' " said Roger Wood, a **Moelis** & Co. infrastructure investment banker.

Private-equity firms raised a record $33.7 billion for North America-focused infrastructure funds last year, according to

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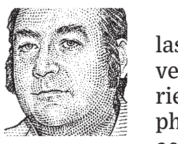
INSIDE

UNDER ARMOUR DOES BETTER AWAY

APPAREL, B3

HEARD ON THE STREET | By Richard Barley

Inflation Data Keep Markets on Edge



Throughout last year, investors worried about a phantom menace that could upset markets: higher U.S. inflation. They were wrong, to their own pleasant surprise. Now they could be right, which creates its own complications.

The key thing to consider is the power of expectations—perhaps the most important force in financial markets. For some, higher inflation has been a worry ever since global central banks engaged in extraordinary monetary policy. But consumer-price inflation has been puzzlingly absent: Last year, former Federal Reserve Chairwoman Janet Yellen labeled the behavior of U.S. inflation a "mystery."

The fuss now might seem odd given headline inflation has been rising since its nadir in 2015. But crucially, it didn't rise as much as expected last year, and a lot of the move was down to a rebound in energy prices. Economists, which help shape market expectations, persistently forecast higher U.S. inflation than what emerged. That can be seen in Citigroup's U.S. inflation surprise index, which has been in negative territory even as its eurozone and Japanese peers have picked up.

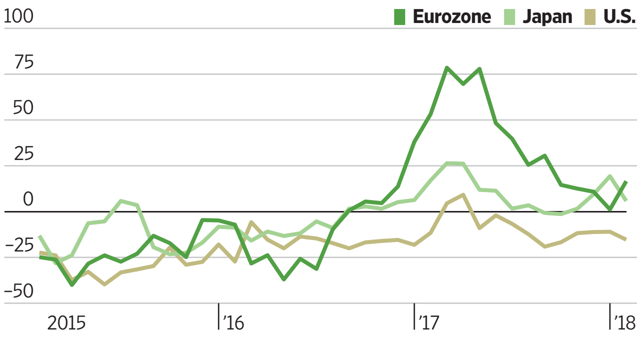
The lack of inflation worries meant stronger global growth captured investors' attention last year. Equity markets posted big gains, while fixed-income investors were remarkably relaxed about U.S. monetary policy, keeping long-term bond yields contained. Combined with better growth, particularly in Europe, the dollar weakened throughout 2017. That helped support risk appetite in emerging markets, brightening the economic outlook further.

But the backdrop has changed. The recent violent market swings started with an apparent pickup in U.S. wage growth. Added to that are concerns about U.S. tax and spending policy, piled on top of already loose monetary policy. U.S. bond yields haven't fallen even as markets have grown turbulent.

January inflation data out Wednesday is therefore key. Economists polled by The Wall Street Journal expect headline inflation at 1.9% and core inflation, excluding food and energy, at 1.7%. If the numbers start overshooting expectations, markets could get another jolt. So many got inflation wrong for so long, that getting it right is its own form of surprise.

Undershooting

Citigroup inflation-surprise indexes



Source: FactSet

THE WALL STREET JOURNAL.

Netflix Hires Away Star Producer at Fox

By Joe Flint

In the latest sign of the escalating battle for talent in the entertainment industry, **Netflix** Inc. has signed producer Ryan Murphy to a multiyear, multimillion-dollar deal to create content exclusively for the streaming service starting this July.

Terms of the pact weren't disclosed, but people familiar with the matter said the production agreement runs for five years and has an estimated value of $300 million. Mr. Murphy is currently based at **21st Century Fox**, which bid aggressively to retain his services as he has created many hits for both Fox Broadcasting and the FX cable channel. Shows that Mr. Murphy has produced include "Glee," "American Horror Story," "American Crime Story" and "Rescue 9-1-1."

For Netflix, Mr. Murphy is the latest in a string of high-profile signings. Last August, it wooed away Shonda Rhimes, the creator of ABC hits such as "Scandal" and "Grey's Anatomy," away from **Walt Disney** Co. It has been equally aggressive in signing up on-camera talent as well. David Letterman returned to television with a series of specials for Netflix.

Mr. Murphy's decision to jump to Netflix comes just over a month after Disney struck a deal to acquire the bulk of entertainment assets of 21st Century Fox, including FX and the television-production studio he has called home for many years. A Disney spokesman didn't respond to a request for comment.

Dana Walden, chairman of the Fox Television Group, didn't respond to a request for comment. A representative for 21st Century Fox's television studio also didn't respond to a request for comment on the departure of Mr. Murphy.

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CEO

Continued from the prior page
CEO appointment.

"Other companies were working on doing a better job to close the gap between them and Chipotle through value offerings and improved quality," said Deutsche Bank analyst Brett Levy.

Mr. Niccol must also get along with Mr. Ells, who has been described by people who know him as a hands-on leader and a perfectionist. "I fully intend to have the new CEO be in charge," Mr. Ells had said when Chipotle reported earnings earlier this month.

Brian Niccol has experience turning around a brand with perception problems about quality.

Mr. Niccol has experience turning around a brand with perception problems regarding quality. He helped revive Taco Bell's image and financial performance after a disgruntled customer filed a lawsuit in 2011 alleging that its taco mixture was more filler than beef. The suit was withdrawn, but the publicity hurt Taco Bell's reputation and sales.

As marketing and innovation chief of Taco Bell at the time, Mr. Niccol repositioned the chain as a youthful lifestyle brand. The company hired interns to handle the brand's Twitter and Pinterest accounts, circulated a petition in favor of a taco emoji, created a taco lens on Snapchat and developed an ad showcasing photos of people posting Taco Bell food on Instagram.

Mr. Niccol aims to draw on that work at Chipotle, using social media to make the brand more youthful and culturally relevant, according to a person familiar with the matter.

Mr. Niccol is also known at Taco Bell for welcoming ideas from employees, including its restaurant workers. He has told investors that during a visit to a Taco Bell, he noticed employees using tortillas to make miniature wraps, which became the inspiration for Taco Bell's crunchwrap sliders.

Also under Mr. Niccol's watch, Taco Bell introduced breakfast, mobile ordering and payment, and hit products like Doritos Locos Tacos, Quesalupas and Nacho fries. The chain also opened "Cantina" restaurants in urban markets to compete directly for Chipotle customers with open kitchens serving small bites and alcoholic beverages.

Some of those ideas earned him a reputation as a risk taker. That could help Chipotle—which is categorized as a fast-casual chain—win back the 75% of former Chipotle customers who now favor fast-food brands, according to investment firm Cowen & Co.

In monthly surveys of 2,500 consumers, Cowen has found that ratings of Chipotle's food quality and trustworthiness have fallen since 2015.

One customer, George Nenni, who is a digital-marketing consultant for retail automotive dealers in Middletown, Ohio, ate at Chipotle twice a month before the chain's food-safety problems. Now he visits about once every two months.

Mr. Nenni, 52, said he can find healthier options elsewhere, including at the fast-food chains he frequents a few times a week. He said those restaurants are also more consistent than Chipotle. Sometimes, he said, Chipotle guacamole is so overwhipped it resembles green mayonnaise, the barbacoa meat is too fatty or the burritos are too stuffed for his liking.

"It's just really inconsistent," he said.

JOE RAEDLE/GETTY IMAGES

Chipotle has striven to lure back diners after food-safety scares.

BUSINESS & FINANCE

CHRIS RATCLIFFE/BLOOMBERG NEWS

The food and beverage company ramped up cost-cutting efforts aimed at protecting its bottom line. Sales were hurt by weakened demand for its beverages in the North American market.

PepsiCo Swings to a Loss

By Cara Lombardo

PepsiCo Inc. quarterly sales were flat, hurt by falling demand in North America for its beverages, but the company said it had ramped up cost-cutting efforts to protect its bottom line.

The food and beverage giant swung to a quarterly loss, weighed down by charges stemming from the U.S. tax overhaul and its restructuring plan. PepsiCo said Tuesday that it would eliminate less than 1% of its 110,000 corporate jobs in the U.S. as part of a continuing multiyear cost-cutting program. It also plans to give $1,000 bonuses to the front-line workers who make, sell and deliver its products.

Revenue rose in all of PepsiCo's business segments except its North American beverages unit, its largest, on an organic basis. The measure excludes currency swings, acquisitions and divestments, and adjusts for an extra week in the year-ago period.

The company, whose drinks include Gatorade, Tropicana and its namesake cola, reported revenue at its North American beverages unit of $5.9 billion. On an organic basis, sales fell 3% and volumes fell 2%. The segment's operating profit declined 23%.

PepsiCo Chief Executive Indra Nooyi told investors on an earnings call that its beverage business will take a couple of quarters to recover after battling a "confluence of factors" in 2017. That included shifting too much advertising spending to newer products such as the Lifewtr bottled water brand.

"In 2018, we have a strong marketing program and we're maniacally focused on the business," she said of the beverages unit.

Some analysts say PepsiCo has been making it worse for itself by keeping soda prices low or relying on discounts as it turns its attention back to its core brands such as Pepsi and Mountain Dew. PepsiCo Chief Financial Officer Hugh Johnston said in an interview that isn't the company's strategy. "You'll see our pricing in 2018 be in line with competition," he said.

PepsiCo plans to launch a line of flavored seltzer waters called Bubly early this year, which Ms. Nooyi said on the earnings call the company should have done years ago given the fast-growing market for such drinks.

The company's food business continues to fare better than its drinks offerings. Revenue from its Frito-Lay snack business was $4.8 billion in the quarter. On an organic basis, the segment's revenue rose 5%.

PepsiCo has since 2015 cut about $1 billion of costs a year by closing manufacturing facilities, investing in automation and cutting jobs. On Tuesday, the company said it was expanding its restructuring efforts, resulting in a $226 million charge in the fourth quarter.

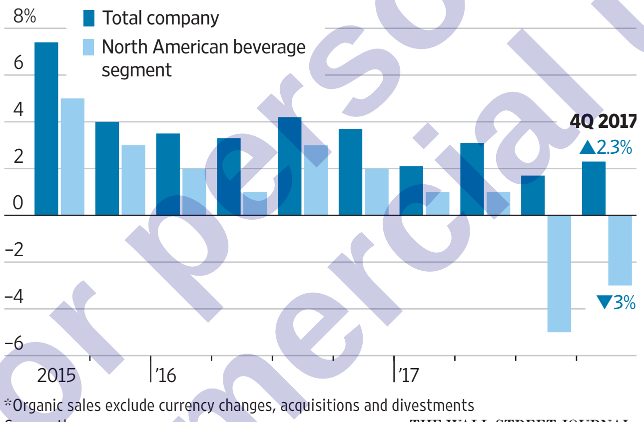
Overall, the Purchase, N.Y., company's fourth-quarter revenue was flat from a year ago at $19.5 billion. Analysts had expected $19.4 billion. For 2018, the company said it expects revenue growth in line with 2017, when organic revenue rose 2.3%.

PepsiCo posted a $710 million loss, as it recorded a $2.5 billion provisional net tax expense tied to the new U.S. tax law.

Shifting Tastes

Falling beverage sales in PepsiCo's home market have weighed on the company.

Quarterly organic revenue, change from previous year*



*Organic sales exclude currency changes, acquisitions and divestments
Source: the company
THE WALL STREET JOURNAL.

Employers Challenge Insurance Penalties

By Stephanie Armour

Businesses are pushing back on the Internal Revenue Service's decision to begin enforcing the Affordable Care Act's employer insurance mandate, challenging penalties that run into the millions and asserting the agency is wrong to impose the fines.

The ACA imposes a penalty on employers with more than 50 workers who don't provide qualifying coverage to employees, but the fines weren't initially enforced. In November, the IRS said it would begin assessing penalties, starting with companies that failed to comply in 2015, when parts of the employer mandate first kicked in.

That decision was made by IRS Commissioner John Koskinen, who served in the Obama administration, shortly before his term expired. Regardless of the agency's leadership, however, it is expected to continue enforcing the policy as required by the ACA.

The IRS didn't respond to a request for comment.

The financial impact on businesses could be significant. The nonpartisan Congressional Budget Office estimated in 2014 that companies would owe about $139 billion in penalties from fiscal 2016 to 2024.

"There are penalties of three, four, five million dollars," said Alden Bianchi, an attorney at the firm Mintz Levin. "There is a smaller group of employers that really didn't understand how the rules applied and didn't offer coverage or sufficient coverage in 2015," he said. "To a smaller company, a half-million is an existential threat."

Some health lawyers said the IRS lacks the authority to impose the assessments. Many employers now being assessed penalties for 2015 didn't receive notifications from ACA marketplaces, something that is required before the IRS can impose a penalty, they said.

Business groups say employers in 2015 were struggling to grasp complex new regulations. "The first year of reporting was very difficult," said Kathryn Wilber, senior counsel for health policy at the American Benefits Council, a trade association. "There was quite honestly a scramble to find vendors to work with businesses."

Businesses say they were struggling to grasp complex new regulations.

Supporters of the ACA say the employer requirement was clear when the law passed in 2010, and that companies then had five years to comply.

Business groups are seeking to channel the frustration into a lobbying push against the coverage requirement. They are urging Republican lawmakers to pass legislation that would repeal the mandate and free employers from paying penalties retroactively.

The business groups could face an uphill climb, since congressional Republicans have, for now, largely abandoned their efforts to repeal the ACA. Still, the groups hope Republicans will seek repeal of the penalty as part of a broader ACA stabilization plan that could be included next month in a broad spending bill.

A number of GOP lawmakers, including Reps. Kevin Brady of Texas and Devin Nunes of California, have called for repealing the employer mandate or freeing employers from penalties accrued since 2015.

Supporters of the requirement say that without the employer mandate, businesses would drop coverage because they know workers could get tax credits on the ACA exchanges, leaving the government picking up the tab.

The GOP-led Congress last year repealed the ACA's individual mandate, which required most Americans to have insurance.

OIL

Continued from the prior page
falls. They can drill wells and then wait to complete the process until it is profitable.

Shale-oil producers had promised investors that they would focus on profits this year as prices rose and abandon the pump-at-any-cost mentality that crashed the market. But shale companies have a backlog of nearly 7,000 wells that have been drilled but not completed. That allows operators to increase production by extracting oil from the backlog rather than spending significant amounts on drilling, meaning U.S. output could rise even higher than expected.

U.S. oil output could rise as high as 11 million barrels a day by 2019, some oil-industry analysts say, rivaling that of Russia, the world's biggest crude producer. The U.S. currently pumps over 10 million barrels a day, the most since 1970.

"All the indicators that suggest continued fast growth in the U.S. are in perfect alignment," the IEA said.

Led by U.S. shale companies, crude output from non-OPEC nations is expected to outpace the growth in oil demand in 2018, the IEA said. That is an important data point for oil traders who have been watching to see if shale production could catch up to robust demand that has been fueled by a strong global economy.

"U.S. shale is growing as sharply as it was in 2013-2014," said Bjarne Schieldrop, chief commodities analyst at SEB Markets. But the situation is different now because of the OPEC-led agreement to curb production, Mr. Schieldrop added.

OPEC and 10 other countries including Russia—whose combined output accounts for over 55% of global supply—have cut far more than the 1.8 million barrels a day they promised, according to the IEA.

The shale-oil growth will apply downward pressure on prices in the coming weeks. But as long as OPEC sticks to the deal, there won't be a dramatic correction, Mr. Schieldrop said.

Saudi Arabia's oil minister, Khalid al-Falih, has said there is an "oversized focus" on shale production growth. "I don't lose sleep over it," Mr. Falih said during the World Economic Forum last month in Davos, Switzerland.

Until two weeks ago, oil prices had risen almost nonstop for over six months.

The optimistic sentiment was driven not only by OPEC, but also by strong economic news, geopolitical flare-ups in Iraq, Saudi Arabia and Iran, and supply outages in Venezuela and the U.K. Separately, oil storage levels around the world have fallen.

The IEA said commercial oil inventories in the Organization for Economic Cooperation and Development—a group of industrialized, oil-consuming nations, including the U.S.—fell by 55.6 million barrels in December, in the largest drop since 2011.

"The huge drop in inventories is a bullish signal," said Giovanni Staunovo, commodities analyst at UBS Wealth Management.

But inventory levels in the U.S. have begun to rise again, after months of falling, as U.S. output rises. The IEA on Tuesday noted that as "oil price rises have come to a halt and gone into reverse...so might the decline in oil stocks, at least in the early part of this year."

Louisiana Port Pulls Closer to Oil Exports On Supertankers

A giant U.S. crude-import terminal is moving closer toward loading large vessels that could carry oil abroad, a move that would allow bigger shipments to Asia and other lucrative overseas markets.

A supertanker recently pulled up to the **Louisiana Offshore Oil Port** to test loading up on crude at the facility, the port said on Tuesday. The test is significant because no other Gulf Coast ports have the capability to fully load the large crude carriers that can more profitably export oil to Asian markets.

A successful test run is likely to be followed by carriers shipping crude abroad from the port, providing U.S. producers with better access to fast-expanding markets. That access has become important because U.S. companies have been ramping up production of crude to some of the highest levels ever.

The "export loadings represent the latest in a flurry of activity along the Gulf Coast to push U.S. crude to foreign markets," said analysts at Kpler, which tracks ship data. "It is the trend towards a broadening of capacity that is significant."

Since the government lifted a ban on most U.S. crude exports in 2015, overseas shipments of oil from the Gulf Coast have surged.

Last year, exports reached 2 million barrels a day at one point. China last year became the second-largest buyer of U.S. crude, after Canada.

LOOP, as the Louisiana port is known, is the only one in the U.S. deep enough to allow these large carriers to be fully loaded with oil without scraping along the bottom. These supertankers can carry 2 million barrels of crude, so they can more profitably make the long journeys to markets in Asia, analysts say.

—Alison Sider

Under Armour Steps Up Revamp

Revenue rose in the latest quarter on overseas sales growth, closing out rocky 2017

By Allison Prang

Under Armour Inc. said revenue in its latest quarter rose despite a decline in North America, and announced it was pumping up restructuring plans in 2018 as it orchestrates a turnaround.

Revenue at the sports-apparel maker rose 4.6% to $1.37 billion, closing out 2017 on a more positive note after the third quarter produced the company's first quarterly sales decline since it went public in 2005. Under Armour said Tuesday it expects sales in 2018 to increase by a low single-digit percentage.

Under Armour's new restructuring plan is expected to cost between $110 million and $130 million before tax. The company said it would save at least $75 million annually starting in 2019 from the new plan and changes executed last year.

For the fourth quarter, the company recorded about $36 million in restructuring and impairment charges.

Last year was a a rocky one for Under Armour. Chief Executive Kevin Plank told analysts that 2017 was "a reset for our business and our brand as we try to operate as a bigger company."

Under Armour had lowered its guidance for the year in October.

Under Armour Class A shares rose 17% Tuesday. In the past year, shares have fallen 22%.

In the company's latest quarter, overseas markets drove revenue growth. Sales rose by double-digit percentages in its Asia-Pacific region, Latin America and Europe, the Middle East and Africa. Meanwhile, in North America, the company's largest market, revenue fell 4.5% to $1.02 billion.

In 2018, Under Armour expects sales growth outside of North America to offset declines in its home market. Overall adjusted per-share earnings are expected to be between 14 cents and 19 cents. Analysts polled by Thomson Reuters predicted 22 cents a share. In 2017, the company lost money during two quarters and let go of 300 people.

The company's chief marketing officer, Andrew Donkin, and its general manager of both its women's and youth divisions, Pamela Catlett, left the company last year. In December, the company appointed its interim chief financial officer, David Bergman, on a permanent basis.

For the fourth quarter, Under Armour posted a loss as it recorded a one-time impact from the new U.S. tax law and charges related to its restructuring plan.

The company lost $87.9 million, or 20 cents a share, compared with a profit of $103.2 million, or 23 cents a share, a year earlier. On an adjusted basis, the company lost $579,000, or zero cents a share. Analysts were expecting adjusted earnings at the company to be flat.


MICHAEL HICKEY/GETTY IMAGES

The sports-apparel maker said its revenue increased by 4.6% to $1.37 billion in the fourth quarter.

◆ Heard on the Street: Low bar set for Under Armour........ B14

Uber's Revenue Rises Amid Tumult

By Greg Bensinger

Uber Technologies Inc. continued to boost ridership and revenue throughout last year, despite a punishing stretch that included a sexual-harassment scandal, the resignation of its longtime chief and a blockbuster lawsuit from its primary rival in self-driving vehicles.

The San Francisco company said revenue rose 12% in the fourth quarter to $2.26 billion from the three months earlier, while its loss narrowed to $1.1 billion, according to a detailed financial statement reviewed by The Wall Street Journal on Tuesday.

The privately held company isn't obligated to disclose financial results publicly and didn't provide year-earlier comparisons. Uber did provide results for all four quarters of the year, showing sales rising at least 10% between each three-month period.

Gross bookings, the amount of money Uber books before taking a roughly 25% commission per ride, was $11.06 billion, up 14% from the third quarter, according to the statements. This total, which includes the core ride hailing as well as prepared-food delivery and freight services, was up about 60% from a year-earlier figure of $6.9 billion reported last year by the Journal.

Uber's new CEO, Dara Khowsrowshahi, has indicated to investors he wants to shore up the company's finances before an expected initial public offering as soon as 2019. He has sold divisions and sought to rein in costly promotions that hurt profitability, after nearly a decade of pushing for growth at all costs under former CEO Travis Kalanick.

—Rolfe Winkler contributed to this article

Walmart Reduces Some Management Jobs


ROBERTO E. ROSALES/ALBUQUERQUE JOURNAL/ZUMA PRESS

The retailer is investing in higher wages and e-commerce.

By Sarah Nassauer

Walmart Inc. is cutting some store management jobs as it works to keep labor costs low while investing in higher wages and e-commerce efforts to fend off **Amazon.com** Inc.

The retailer this week is eliminating two department manager positions in some of its 4,700 U.S. stores, including managers who oversee cellphone departments and online-grocery pickup areas, according to a person familiar with the plans.

The stores facing cuts have lower sales in those areas or will rely increasingly on contract workers from wireless carriers to sell cellphones, this person said.

"Retail is changing rapidly and over the past two years, we've been transforming too," a Walmart spokesman said. "That means creating new roles while consolidating and redesigning others."

The spokesman declined to say how many positions are being eliminated with the change. Many of those workers affected will move into open positions at Walmart, he said.

Walmart is shifting how it uses its roughly 1.5 million U.S. employees as the world's largest retailer tries to calibrate labor costs with the need to improve store customer service, keep shelves stocked and invest heavily to increase online sales.

In 2015, as Walmart worked to make stores more orderly and improve customer service amid slumping sales growth, it added around 7,500 department manager positions to stores, making each responsible for fewer areas.

Also that year, Walmart started raising hourly wages for entry-level store workers to $9 and implemented more training for store workers. Starting pay rose to $11 an hour this year.

But Walmart also has pared positions through store closures and job cuts in recent years. Earlier this year, Walmart cut thousands of co-manager roles, a group of workers just below store managers. Some of those affected will move into other roles, the spokesman said. In 2016 the company cut around 7,000 back-office store jobs and an additional 16,000 positions related to store closures. Corporate jobs also have been a focus, with thousands of roles eliminated over the past two years.

Barnes & Noble to Cut Workers

By Jeffrey A. Trachtenberg

Barnes & Noble Inc. is laying off a significant number of workers, including experienced cashiers and staffers who sell the retailer's Nook e-readers and tablets, as a result of poor holiday-season results.

The bookseller, which declined to say how many staffers are being cut, said in a securities filing that it will take a charge of about $11 million in its third fiscal quarter ended Jan. 27 related to severance costs.

The retailer said the layoffs, which will also affect people involved in receiving products into stores, are expected to be completed by Friday and should save about $40 million annually.

The country's largest publicly traded bookstore chain has struggled in recent years as its largest rival, **Amazon.com** Inc., gained market share, both in physical and digital books.

For the nine-week holiday period ended Dec. 30, comparable-store sales fell 6.4% and online sales declined 4.5%. In recent quarters, the bookseller has struggled to generate revenue growth even as it has opened two new stores and focused on getting more shoppers to make actual purchases.

Barnes & Noble shares fell 3.2% Tuesday. They are down more than 30% from the start of the year. The company reports quarterly results on March 1.

The layoffs are the most significant action taken by Barnes & Noble to address its declining revenue since Demos Parneros was named chief executive in April 2017. Mr. Parneros has said the chain will focus more attention on books with a narrowing of the rest of the product assortment.

"What I'm not sure about is whether this makes them a better business," said John Tinker, an analyst with Gabelli & Co. "The problem for them is that the industry is expanding, both independent stores and new stores from Amazon. In an increasingly digital marketplace, other companies have figured out interesting ways of selling books."


GREG DOHERTY/GETTY IMAGES

Bookseller Barnes & Noble has struggled to produce revenue growth.

Carlos Slim Firm Posts Loss

By Anthony Harrup

MEXICO CITY—Mexican telecommunications heavyweight **América Móvil SAB** registered a second straight net loss in the fourth quarter on an increase in financial costs and foreign exchange-related declines in revenue.

Latin America's largest wireless operator, controlled by billionaire Carlos Slim, reported a net loss of 11.3 billion Mexican pesos ($606 million) in the October-December period, or 18 cents a per American depositary receipt, compared with a net profit of 6 billion pesos, or 9 cents per ADR in the fourth quarter of 2016.

It was a second straight quarter in the red for the company, which reported a net loss of 9.5 billion pesos for the third quarter as it paid the Colombian government around $1 billion in a dispute over the return of wireless assets related to the company's 1994 concession to operate in the South American country.

The weaker Mexican peso against the dollar and euro led to financial costs of 37.3 billion pesos in the fourth quarter, up from 28.2 billion pesos a year before.

Fourth-quarter revenue fell 2% to 263.9 billion pesos, as the peso gained against a number of regional currencies.

In local-currency terms, service revenue rose 1.4% and would have been up 1.9% but for a 16% decline in Puerto Rico, which continued to suffer lack of electricity following the devastation caused by Hurricane Maria in September.

Earnings before interest, taxes, depreciation and amortization, or Ebitda, a measure of cash flow, rose 6.8% to 70.2 billion pesos, adjusted to exclude the Colombian award.

The median estimate of analysts polled by The Wall Street Journal had predicted net profit of 2.6 billion pesos on revenue of 264.5 billion pesos and Ebitda of 69 billion pesos. Several analysts had forecast a net loss.

América Móvil ended the year with 279 million wireless subscribers across Latin America, the U.S., Austria and east central Europe. That was 0.6% fewer than a year earlier.

Subscriptions to fixed-line services slipped 0.1% to 82.8 million.

DEREK DAVIS/PORTLAND PRESS HERALD/GETTY IMAGES

Emily Griffin unpacks her meal box in Maine. As the company has faltered, competition among meal-kit providers has grown.

Rivals Eat Blue Apron's Lunch

By Heather Haddon

Blue Apron Holdings Inc. is hemorrhaging customers, as operational problems and rising competition jeopardize its rank as the largest meal-kit company in the U.S.

The New York City company on Tuesday reported 746,000 customers for 2017's final quarter, down 15% from a year earlier and 13% from three months prior. At its peak early last year, Blue Apron had more than a million customers buying its subscription meals of pre-portioned ingredients.

Executives said they would start advertising again this year to attract customers and aim for the company to break even next year.

"We aren't really going to focus on who has the number one share of customers or revenues at this point in time," Brad Dickerson, Blue Apron's new chief executive, said in an interview. "We believe longer term we can have that spot."

Analysts have cut expectations for the company since it became the first meal-kit provider to go public last year, and Blue Apron's fourth-quarter financial results beat projections.

The company reported a loss of $39.1 million, or 20 cents a share, compared with a loss of 27 cents a share predicted by analysts polled by Thomson Reuters. In 2016's final quarter, it logged a loss of $26.1 million.

Revenue fell 13% from a year earlier to $187.7 million, but beat expectations of $185 million.

Blue Apron shares opened higher on Tuesday before ending the day flat at $3.35. The company, which was founded in 2012, went public last June at an initial price of $10 a share.

Blue Apron's bottom line and growth suffered after it opened a new distribution facility last year. Executives have said they moved too quickly to rely on the new center. Fulfillment rates lagged and Blue Apron scaled back on advertising spending last year to cool growth to order levels the company could handle.

The company also took a $6.8 million hit in the fourth quarter on costs related to laying off 6% of its workforce and canceling plans to build a fulfillment center in California.

As Blue Apron has faltered, competition to sell meal kits has grown. Berlin-based **HelloFresh** SE is the second biggest meal-kit company in the U.S. and aims to eclipse Blue Apron by number of customers this year. HelloFresh showed growing revenue and customer numbers in preliminary 2017 results released last month.

"We are working against some negative momentum coming into the year," Mr. Dickerson said in his first remarks to investors as CEO. "There's a lot of competition out there."

Mr. Dickerson said customer retention has improved as Blue Apron has introduced meals that are easier to make, added more variety and beef to its offerings, and struck partnerships to offer recipes that match dining trends, such as the Whole30 elimination diet.

He said Blue Apron will add more such partnerships and consider selling its kits in stores, too.

"We need to be much more than we are today in our space," Mr. Dickerson said.

Qualcomm Runs to Elude Broadcom

By Ted Greenwald

In **Qualcomm** Inc.'s quest to avoid being swallowed by **Broadcom** Ltd., the chip maker's best bet to remain independent may be completing its own giant acquisition. But time is running out.

Qualcomm has been working for more than a year to buy **NXP Semiconductors** NV for $39 billion. Broadcom Chief Executive Hock Tan has said his offer stands whether or not Qualcomm completes its purchase, even though NXP would add 40% to Qualcomm's revenue and give the combined companies a major presence in the fast-growing market for chips used in cars.

Last week, Broadcom raised its bid for Qualcomm to more than $121 billion from $105 billion in what would be technology's biggest deal. In rejecting the revised bid Thursday, Qualcomm accused Broadcom of ignoring the value NXP will bring, among other criticisms. The Wall Street Journal reported Sunday that Broadcom has secured as much as $100 billion of debt funding for its Qualcomm bid.

The parties are scheduled to meet Wednesday, according to a Broadcom spokesman. On Tuesday, Broadcom said it would lower the number of independent Qualcomm directors it is nominating to six, down from 11, a move it said would allow it to gain majority control while ensuring some board continuity.

Even so, Mr. Tan had presented his target with a possible way out, repeating a threat last week to withdraw if Qualcomm paid more for NXP than it originally agreed to. While Mr. Tan appeared to soften that stance on CNBC Monday, saying he would reserve his options, Qualcomm could still put Broadcom on its heels by raising its offer for NXP.

That is where things get dicey.

Qualcomm isn't likely to close the NXP acquisition until Chinese antitrust authorities—the deal's last regulatory hurdle—give their approval. On its recent earnings call, Qualcomm estimated it would take three weeks to wrap up the acquisition once China gives the green light, which it expected "soon." China's antitrust regulator will take a week off for the Lunar New Year starting Thursday, further squeezing the schedule.

Qualcomm, Broadcom and NXP all have said the price for NXP at $110 a share is fair. But NXP shares have traded above the offer price since the summer, and activist investor Elliott Management Corp. is rallying investors to demand $135 a share. So to win a shareholder vote, Qualcomm will likely have to sweeten the pot.

In the best case, the NXP acquisition would close in time for Qualcomm's March 6 investor meeting, giving it a notch on its belt before shareholders vote for either Qualcomm's directors or a slate proposed by Mr. Tan.

A three-way tango between acquirers and targets isn't unprecedented, especially in cases involving a third company lured in as a "white knight," such as the 2014 battle between Actavis PLC, Allergan Inc. and Valeant Pharmaceuticals International Inc.

There is no white knight in the Broadcom-Qualcomm-NXP triangle, but Qualcomm's completion of the NXP deal at a higher price could thwart a hostile takeover, analysts said.

A three-way tango between acquirers and targets isn't unprecedented.

"I can't recall when a very large company was trying to buy another very large company, which was trying to buy yet another large company," said Mike Walkley, an analyst with Canaccord Genuity Group Inc. "Now that Qualcomm has rejected Broadcom's bid, we believe management will likely move as fast as possible to buy NXP once they receive regulatory approval."

Broadcom's sweetened offer failed to persuade investors. After Broadcom announced the offer attended by its CEO's warning, Qualcomm shareholders pushed shares down. Their price now stands 20% below the revised bid.

Some investors saw Mr. Tan's ultimatum as a misstep. "You just told Qualcomm: close NXP over $110, you're off the hook," said Steven Ré, investment chief at Fairbanks Capital Management Inc. Qualcomm shares make up around 17% of the firm's equity portfolios, he said.

Broadcom declined to comment on its revised bid. Qualcomm declined to comment.

Qualcomm will convene its March 6 shareholder meeting after nearly three years of turbulence that lopped 22% from its stock price, while the PHLX Semiconductor Index gained about 82%.

Xerox Returns Fire At Icahn Over Deal

By Austen Hufford

Xerox Corp. defended its deal with **Fujifilm Holdings** Corp. in a letter to shareholders Tuesday, a day after activist investor Carl Icahn said he would vote against the merger.

The U.S. printer-and-copier company last month struck a deal to combine itself with a joint venture it has run with Fujifilm for more than 50 years and give the Japanese company majority control of the new entity.

Mr. Icahn and fellow billionaire Darwin Deason on Monday, in their first public comment on the deal, said they plan to vote against it. Together they control 15.2% of the stock, a significant obstacle for a merger that requires Xerox shareholder approval.

On Tuesday Xerox took aim at the investors' "mischaracterizations" of the deal, adding that the agreement followed a yearlong review of alternatives for its struggling business.

"That review found that the transaction, as currently proposed, delivers significantly more value to Xerox shareholders than would be achievable on a stand-alone basis," the company wrote in its letter.

Xerox said shareholders—through their stake in the new combination with an equity valuation of $9.4 billion—are receiving a more-than-15% premium to Xerox's share price before The Wall Street Journal reported on the potential deal.

The company said current Xerox shareholders' rights will be protected in the newly formed Fuji Xerox, having the chance to designate five directors on a 12-member board.

Messrs. Icahn and Deason have criticized Xerox management and the proposed payment to Xerox holders—which includes a $2.5 billion dividend payment equal to one-third of Xerox's market value before the Journal first reported on deal talks last month.

When the deal was announced on Jan. 31, Xerox and Fujifilm said it was expected to close in the second half of this year.

On Tuesday, Mr. Deason took an additional step and sued Xerox in New York state court, seeking a judge's ruling to block the deal and terminate the joint venture.

The lawsuit also reiterated many concerns that Mr. Deason had expressed about the deal.

Xerox said it would defend itself and that Mr. Deason was relying on "meritless legal claims."

Google Executive Bullish on Automation

Chief economist says automating routine tasks will help in tight labor market

By Sara Castellanos

NEW YORK—Hal Varian, chief economist at Alphabet Inc.-owned Google, is optimistic about the overall impact of automation on the world-wide economy.

Automating routine, predictable tasks will help mitigate the effects of a tight labor market over the next decade, said Dr. Varian, speaking at a recent symposium on behavioral analytics and big data hosted by the Council on Foreign Relations.

"Automation, in my view, is coming along just in time to address this coming period of labor shortages," he said.

Free tutorial videos on platforms like Google-owned YouTube will also mitigate negative effects of the tight labor market, he said. Every day, there are hundreds of millions of views of how-to videos on the platform, ranging from how to solve quadratic equations to how to weld, he said.

ALISON YIN FOR THE WALL STREET JOURNAL

Google Chief Economist Hal Varian in 2015. He is optimistic about the overall impact of automation.

"We never had a technology before that could educate such a broad group of people any time on an as-needed basis for free," he said.

It is difficult to predict how fast technology will advance over the next 20 years, he said, but it is certain that the so-called baby boomer generation is retiring. Born between 1946 and 1964, the baby boomers will continue to consume goods and services after they stop working.

"They're not going to be sources of growth in the labor forces anymore," he said.

The labor force in the U.S. is now growing at half the rate of population growth, which means automation will be necessary to help bridge the gap between the supply of workers and demand for goods, Dr. Varian said.

"If you want to see what the future looks like in an extreme case, go to Japan, where there are vending machines that are providing so many things because of the shortage of labor," he said.

Automation is gaining a foothold in the enterprise. Software robots at AT&T Inc., for example, have taken over routine, repetitive tasks for human employees in areas ranging from customer service to finance. At Walmart Inc., about 500 software robots have been deployed throughout the company to help workers.

There are conflicting reports on how automation will ultimately impact the workforce.

Analysts at Forrester Research Inc. predict that over the next five years, about four million jobs will be lost in the U.S. as a result of artificial intelligence and related technology, including software robots.

Gartner Inc. has said that artificial intelligence will create 2.3 million jobs in 2020, while eliminating 1.8 million.

Dr. Varian said artificial intelligence and machine learning won't be as disruptive as people think, despite tremendous breakthroughs in the technology over the past few years.

Jobs where one person is doing the same, routine task over and over again, in an automobile-manufacturing assembly line, for example, will be the first to be automated, he said. "If you look at environments that don't have those characteristics, then the possibilities of automation become much more problematic," he said.

But jobs with many tasks that are highly varied, such as gardeners and hotel maids, are harder to automate because of all the variables involved, he said. That is why self-driving cars will first be tested in the most "homogenous" environments, he said.

Still, Dr. Varian cautions that it is hard to predict the future when it comes to technology.

"The line in Silicon Valley is, 'We always overestimate the amount of change that can occur in a year and we underestimate what can occur in a decade,'" he said. "So I think that's a very good principle to keep in mind."

Freight Brokers' Business Surges

By Erica E. Phillips

Freight middlemen are seeing a surge in business as growing economic demand and tight capacity sends companies rushing to find shipping space.

Financial results from brokerage businesses, which connect retailers and manufacturers with trucking fleets, show fourth-quarter revenues soared as companies paid far more to keep their goods moving.

Record-breaking holiday sales in a resurgent U.S. economy drew larger volumes into domestic shipping networks at the end of 2017, just as tough weather conditions and new regulatory demands for truck safety technology sidelined many big rigs.

"The market is strong and capacity is tight," said Chief Operating Officer David Menzel of Echo Global Logistics Inc., one of several freight brokers recently reporting big earnings gains.

Echo's net revenue, or the money brokers keep after paying transportation costs, soared 34.2% in the last three months of 2017, and overall revenue rose 34.6% from the year before, to $547.7 million.

"Bottom line, the market is in the process of adapting to the impact of tighter measurement and compliance to the hours-of-service rules and this is impacting both shipper and carrier behaviors," said Mr. Menzel.

Connecticut-based XPO Logistics Inc. reported that revenue at its freight brokerage segment rose 33% in the fourth quarter from the year before, well above the company's 14.1% increase in overall revenue.

"The tight market that started in the third quarter carried into the fourth, driving a significant amount of spot business," XPO Chief Executive Bradley Jacobs said.

Minnesota-based C.H. Robinson reported a 12.5% increase in net revenue, and overall revenue rose 16% to just shy of $4 billion, a signal that the company was able to pass along to its customers a substantial share of its higher transportation costs.

"Given the healthy economy, high freight demand and tight capacity environment we do expect prices to increase in 2018," Chief Executive John Wiehoff said during a recent earnings conference call.

The growth marks a turnabout for a freight brokerage field that had been mostly stagnant over the past couple of years as lackluster growth in shipping demand and plentiful capacity left little room to expand their third-party purchasing services.

BUSINESS NEWS

Foreign Companies Fret About U.S. Tax

While overhaul is generally favorable for corporations, one aspect stirs concern

By Sam Schechner And Nina Trentmann

Bill McDermott, chief executive of German enterprise-software giant **SAP** SE, last month praised the new U.S. tax code, publicly thanking President Donald Trump during a dinner in Davos, Switzerland, "for spurring on all this growth."

But foreign firms like Mr. McDermott's may want to hold their cheers. Executives around the world have embraced the overhaul's big reduction in the federal corporate-tax rate—from 35% to 21%. Less-well-known provisions in the new code, however, could hurt some companies based outside the U.S. and doing business in the country.

One of the biggest potential threats is the base-erosion and anti-abuse tax. Dubbed BEAT, the levy could damp—or even completely offset—any gains that foreign multinationals such as SAP might otherwise expect from the cut in the U.S. tax rate.

Here is how BEAT is designed to work: If a company generates more than $500 million in annual revenue in the U.S., and its American units make above a specified level of tax-deductible payments to related companies overseas, those units must pay a minimum tax on their U.S. profit after adding back in certain types of deductions. The minimum rate is 5% in 2018, but rises to 10% in 2019 and 12.5% in 2026.

Drafters of the tax law say the intent is to discourage companies from inappropriately channeling profit generated in the U.S. to lower-tax regimes.

While U.S.-based multinationals are also concerned about the provision, tax experts say among the harder hit could be non-U.S. companies in the technology, banking and pharmaceutical sectors. Companies in those businesses often pay themselves interest for intracompany loans or for the rights to sell their software or drugs in the U.S., cutting down on their taxable profit in the U.S., according to these experts.

Executives and tax experts are awaiting guidance on the measure from Treasury authorities. Depending on how the law is interpreted, it could encourage big foreign firms to reshape their supply chains, entirely outsource some functions or make more finished products outside the U.S. to minimize their taxes, tax experts say.

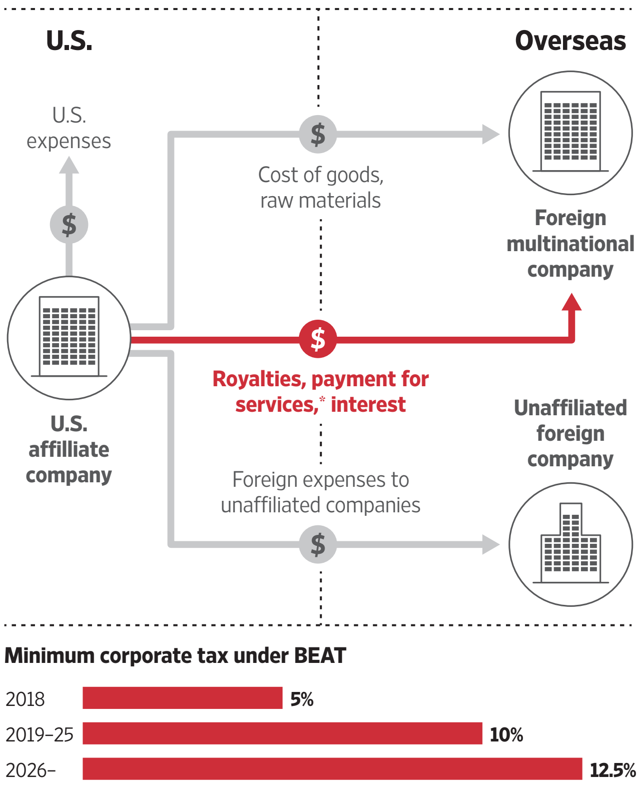
"It's bad news for foreign-based multinationals," said Edward Kleinbard, a former U.S. tax official who is now a tax professor at the University of Southern California's Gould School of Law. "The bottom line is that this will be very expensive for some firms, and will incentivize them to undergo costly restructurings," Mr. Kleinbard said.

Take SAP, Europe's largest software company. It generates billions of dollars in revenue a year via U.S. subsidiaries that sell its enterprise software. It then pays license fees for some of that software to its headquarters in Germany. SAP says that some provisions of the new law "might have an impact" on it, and it is crunching numbers about what hit, if any, it will take from BEAT. "It is not clear yet," said Luka Mucic, the company's chief financial officer.

Paying Up

A new levy called BEAT could boost taxes for foreign companies with large U.S. operations.

Here's how it works in most cases:



*With a markup
Note: BEAT applies when company has at least $500 million in yearly U.S. revenue and applicable deductions are at least 3% of all deductions.
Source: legislative text

THE WALL STREET JOURNAL.

In December, Barclays PLC warned that BEAT "could significantly reduce the benefit of the reduction in the statutory U.S. federal rate." Credit Suisse Group AG said its intracompany interest and services payments would be taxed under the measure in 2018, "increasing our U.S. corporate tax liability."

The new tax in some ways mirrors efforts in Europe to wring more tax from economic activity within its borders. The U.K. in 2015 passed a tax on profits that the tax authority said had been inappropriately shifted to low-tax regimes. The European Union is now weighing proposals to force companies to pay more tax where they do business, including a tax on turnover, rather than profit.

In response to those efforts, American firms and U.S. officials denounced what they called protectionism. Now some Europeans are lobbing the same charge. "BEAT is a one-sided rule which disadvantages legitimate cross-border payments within companies," said Karoline Kampermann, deputy head of tax at the BDI Federation of German Industries.

Steve Hare, chief financial officer for British enterprise-software firm Sage Group PLC, said on a call with financial analysts that provisions in the law acted like a "protectionist regime" that would offset some of the benefits of the U.S. tax cut for foreign companies.

BEAT doesn't apply to overseas payments for the cost of materials, labor and other inputs for products made in the U.S. Danish drugmaker Novo Nordisk A/S, for instance, imports insulin crystals to fill cartridges that are packaged for sale at American factories. Its U.S. unit pays a manufacturing fee, which would likely be exempted as part of BEAT, rather than a royalty, which wouldn't. There isn't an equivalent exemption for services.

Some firms, including Siemens AG, say BEAT will encourage them to raise capital in the U.S., rather than lending money internally to a U.S. unit as they do now, because their internal interest would incur the tax.

In the long run, BEAT might make it less attractive for some multinationals have a physical presence in the U.S., if that presence would mean large tax payments under BEAT, said Stef van Weeghel, global tax policy leader at PricewaterhouseCoopers LLP.

—Hans-Joachim Koch contributed to this article.

THE PROPERTY REPORT

In Mexico, Shopping Centers Flourish

Robust demand, cultural and economic factors bolster a sector that struggles in U.S.

By Robbie Whelan

ADRIANA ZEHBRAUSKAS FOR THE WALL STREET JOURNAL

The Portal San Ángel mall in Mexico City. There are 34 mall projects being built in the country, and the market is attracting U.S. investors.

MEXICO CITY—On a recent weekday afternoon in Iztapalapa, a hardscrabble neighborhood on the eastern outskirts of the Mexican capital, two sets of construction crews entered the final stages of work on a project that captures the current state of retail real estate here.

One crew hung doors, welded braces and finished floors for Parque Antenas, a brand new 1.1 million-square-foot shopping mall. Up above, workers hauled carnival rides and carousel parts for a rooftop amusement park that the company said would be the world's first atop a mall.

While U.S. malls are dying a slow, painful death, malls in Mexico are thriving.

In all, there are 34 shopping-mall projects under construction in Mexico right now, comprising a total of 15.8 million square feet of leasable retail space expected to be completed in 2018. That is roughly twice the amount of mall square footage delivered last year, according to MAC Arquitectos, a Mexico City design and consulting firm.

In the U.S., by contrast, one-quarter of the country's roughly 1,200 malls are expected to close over the next five years, according to a recent Credit Suisse Group AG report.

Part of the reason is simple supply and demand. The U.S. has vastly more retail space, with nearly 2,751 square feet for every 1,000 people in 2017, compared with just 210 square feet per 1,000 inhabitants in Mexico, according to brokerage JLL.

What's more, an expanding middle class in Mexico is gravitating toward more formal retail: shops and malls instead of the urban outdoor markets, known as tianguis, that dot cities across the country.

Meanwhile, online shopping has barely penetrated Mexico, as low credit-card usage and challenging shipping logistics keep the Amazon.com effect at bay.

Perhaps most important, Mexican mall developers learned long ago—partly by watching the struggles in the U.S.—that shopping centers do better with a diverse mix of tenants. Instead of relying on department-store anchors to drive foot traffic to smaller apparel shops, a shopping mall should also have a grocery store, play areas for children, sit-down restaurants, and, yes, even roller coasters.

"The U.S. has had a very different philosophy of development than we have here," said Elias Mizrahi Daniel, head of investor relations for **Concentradora Fibra Danhos** SA, a large Mexican real-estate investment trust, or REIT, that is building Parque Antenas. "It's much more urban here. You would never build a mall in Mexico far away from a city on the side of a big highway. And you always have a big focus on entertainment."

'The U.S. has had a very different philosophy of development,' Elias Mizrahi Daniel says.

In December, **Mexico Retail Properties**, a large private developer backed by Denver-based private-equity firm **Black Creek Group**, sold 17 shopping malls to **Fibra Uno Administracion** SA, Mexico's largest REIT by assets, for more than $400 million. Among them was Portal San Ángel, a 645,000-square foot mall in southern Mexico City, anchored by a Walmart grocery store and a Sam's Club location that hadn't even opened to customers when the deal was struck.

"In the U.S., it was always, 'If you build it, they will come,'" said Eduardo Guemez, Mexico Retail Properties' chief financial officer. "Here, we build it where you know people already come."

The healthy market has begun to attract U.S. investors. Thor Urbana, a division of New York-based **Thor Equities**, owner of several ultraluxury storefronts on Fifth Avenue, is building six shopping malls ranging from the Yucatán Peninsula to Tijuana, all expected to open in the next two years.

This week, Thor closed fundraising on a $130 million investment vehicle sold to Mexican public pension funds and traded on the Mexican stock exchange, as well as $130 million raised from institutional investors, to fund its Mexico development pipeline.

"I'm reallocating all my ground-up development money to the Latin American market because I don't see the need in the U.S. for another new mall or shopping center," said Joseph Sitt, Thor's founder and chief executive.

Another major factor in malls' appeal is cultural: Mexicans see malls as community gathering places, especially in cities with public security problems such as those along the U.S. border.

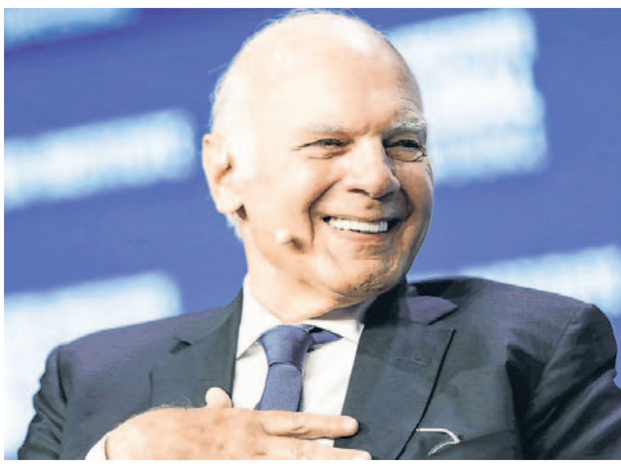
Last year was the deadliest in at least two decades in Mexico, as violence related to drug trafficking escalated and more than 25,000 people were slain.

Many Mexican families spend hours at the mall every weekend, eating, shopping and socializing in the safe, well-maintained spaces.

"In all the border cities especially, the shopping centers have unfortunately taken the place of the traditional Mexican town square," said Elliott Bross, president of **Planigrupo**, a family-owned Mexican mall developer that went public in 2016.

Vornado's Plans Hit a Snag

By Peter Grant



PATRICK T. FALLON/BLOOMBERG NEWS

Steven Roth says simplifying the business has proved difficult.

For more than four years, **Vornado Realty Trust** has been working hard to shed suburban retail and Washington, D.C., office properties valued at billions of dollars in hopes that equity investors would like the company more as a New York City commercial landlord.

So far, the strategy hasn't panned out.

Shares of Vornado, one of the country's largest real-estate investment trusts, are trading at more than a 30% discount to what the value of its property would be worth if it were sold in the private market, according to real-estate research firm Green Street Advisors.

Part of that is because the broad category of REITs has slumped for more than a year. But investors have been showing a particular distaste for Vornado. By comparison, the U.S. office REIT sector is trading at a 20% discount, Green Street said.

On Tuesday, Vornado's shares fell 0.2%, to $67.46.

Many analysts express approval for Vornado's simplification strategy and its execution thus far. The slumping share price reflects concern about the softening of some U.S. real-estate markets, like New York, as a bull market in property enters its ninth year.

"Job growth has been OK at best in New York compared with other parts of the country," said Jed Reagan, a Green Street analyst. "Rent growth has been dormant the last couple of years, and that's going to continue."

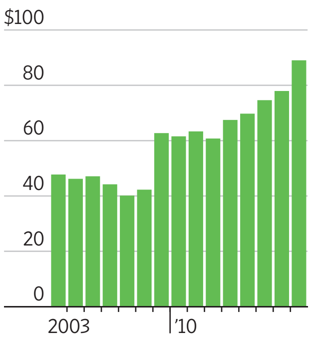
Some of these pressures were evident Monday when Vornado, headed by Steven Roth, a longtime business associate of President Donald Trump, reported its fourth-quarter earnings.

The company said it increased the incentives it has been providing tenants to get them to sign leases, as landlords often do in softening markets before they start cutting rents.

Tempting Tenants

New York office landlords have been increasing incentive packages for tenants.

Average amount spent on tenant improvements per square foot



Source: CBRE Group Inc.

Last year, Manhattan office-building owners provided tenants an average of over $80 a square foot in cash for interior work, up more than $20 from 2013, according to **CBRE Group** Inc. A spokeswoman for Vornado declined to comment.

Speaking to analysts and investors on its earnings call Tuesday, Mr. Roth pointed out that the company "has moved heaven and earth" to simplify the business, and "we admit with great unhappiness" the efforts haven't had the intended effect of closing the gap between share price and net asset value.

"Everything continues to be on the table," he said. "Getting our shares to reflect fair value is the No. 1 priority in the day-to-day running of our business."

Vornado isn't alone in facing these New York headwinds. Other REITs with big exposures to New York, including **Boston Properties** Inc., **SL Green Realty** Corp. and **Paramount Group** Inc., also are trading at outsize discounts. "We are not alone in the discount penalty box," Mr. Roth said on the call.

But Vornado has been a particularly vulnerable target partly because it owns more retail space than most of its peers. That property has been particularly out of favor these days with investors because of competition with online retailers.

At the same time, questions about Vornado's succession plans have been worrying some investors ever since last year when Mr. Roth, who is in his late 70s, acknowledged health issues. He said on the company's third-quarter earnings call that he had bypass surgery in mid-August. "I am now better than new," he had said.

In 1996, Mr. Roth recruited Michael Fascitelli, a rising star at Goldman Sachs Group Inc., to be president and heir apparent. But Mr. Fascitelli abruptly left in 2013, and the company has been "pretty tight-lipped" about succession since then, said Green Street's Mr. Reagan.

On the earnings call Tuesday, Mr. Roth said there was a succession plan in place but didn't elaborate.

Meanwhile, Vornado executives said the company's portfolio of office buildings was enjoying healthy rent growth and high occupancies, and they didn't see signs of an office-market softening.

PLOTS & PLOYS

TERRA CAPITAL

Axar Capital Takes Stake in Debt Firm

One of the leading providers of debt in the real-estate industry is taking on a partner in anticipation of what the firm's cofounder expects will be a shakeout in the business.

Axar Capital Management LP, a hedge fund and investment manager, acquired a stake in **Terra Capital Partners**. Terra has about $450 million of assets under management, according to co-founder and Chief Executive Bruce Batkin. The size of Axar's stake and terms of the deal weren't disclosed. Terra's management team will stay in place, while Vik Uppal, Axar's head of real estate, will become Terra's chief investment officer and a member of Terra's board.

—Peter Grant

REITS

Firms Hit Pause On Deals for Malls

Deal fervor in mall REITs appears to have fallen a peg.

Expectations for a flurry of acquisitions following multibillion-dollar offers for **GGP** Inc. and **Westfield** Corp. last year have dimmed as potential buyers of large portfolios have stepped back.

Simon Property Group Inc., which in the past has made unsolicited offers to buy out rival real-estate investment trusts, said on Jan. 31 that it is out of the big deals business. **Blackstone Group** LP also isn't interested in acquiring mall REITs, according to a person familiar with the matter. **Taubman Centers** Inc. and **Macerich** Co. received attention from activist investors last year and implemented change-of-control provisions for senior executives, fueling expectations of deal activity. But those expectations have ebbed.

—Esther Fung

Landlords' Payouts Lure Investors

BY ESTHER FUNG

The selloff in retail property stocks over the past year has been so sharp that some mall operators now sport dividend yields greater than 15%, reflecting a widespread belief that the companies' long-term prospects are bleak.

But at a time of rising wages, lower taxes and increasing consumer spending, mall owners' bloated dividends are starting to intrigue investors.

While the portfolios of "class B" malls aren't as profitable as top-tier malls, the properties are still productive and usually serve communities with considerable spending power, analysts said.

"People lose sight of the big picture," said Samuel Sahn, executive director of portfolio management of global real-estate securities at **Timbercreek Asset Management**. "It's not going to zero." Assuming a stable dividend payout, a company's dividend yield rises when its stock price falls.

Landlords have been battered over the past two years. Shares of Chattanooga, Tenn.-based **CBL & Associates Properties** Inc. and Columbus, Ohio-based **Washington Prime Group** Inc. declined 51% and 32%, respectively, in 2017, and have continued to slide this year. In turn, their respective dividend yields have increased to roughly 19% and 18%, respectively.

The plump yields suggest second-tier malls have little upside when online shopping is gaining prominence.

Store closures and retailer bankruptcies could cause mall owners' revenue to slide, limiting their ability not only to continue paying dividends to shareholders, but perhaps even to remain in business. CBL, for example, announced a dividend cut in its third-quarter earnings last year, one big reason why its shares have slumped since.

STEPHEN BRASHEAR/ASSOCIATED PRESS FOR WASHINGTON PRIME GROUP

A Washington Prime property in Auburn, Wash. The mall operator's dividend yield is about 18%.

Yet, these companies have several factors working in their favor. Consumers' incomes are rising, while the tax overhaul should allow shoppers to keep more of their wages. At the same time, because income from real-estate investment trusts, or REITs, is passed through to investors, they, too, will benefit from the tax break.

What is more, REITs are backed by physical real estate, limiting potential losses.

All of that has some investors reconsidering this beaten-down asset class.

"It is within the strike zone of attractiveness and it certainly intrigues me," said Joel Beam, managing director and senior portfolio manager of real-estate strategies at asset-management firm **Salient Partners** LP, which doesn't have any common-stock exposure to the two REITs.

Mr. Beam said that while he thought that at some point investing in these REITs would be a risk worth taking, Salient isn't investing in shares of these REITs just yet. "Investing in the equities at this point is for adults only," he said.

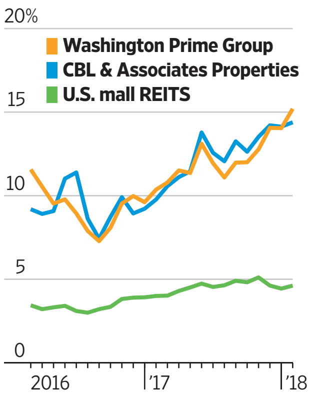
Mall operators cite their ample dividends as a selling point. "Our dividend is an attractive component of our overall value proposition for prospective investors and an important way we return value to our shareholders," said Stephen Lebovitz, chief executive officer of CBL. He said the company's payout is well covered by cash flow.

Washington Prime CEO Louis Conforti said there are big differences between mall managers, and he hopes the market would recognize his company's management expertise in the same category as industry giant **Simon Property Group** Inc., which focuses more on upscale properties than middle-tier malls.

Risk-averse, income-focused investors typically flock to REITs, which are generally seen as stable investments that provide a hedge against inflation. REITs have underperformed the S&P 500 index over the past year, in part because of the perception that rising interest rates are negative for REITs.

Trending Up

Monthly dividend yield of some mall owners.



Note: 2018 data are through January
Source: S&P Market Intelligence
THE WALL STREET JOURNAL.

"It might be seen as attractive income, but you're not buying something as secure as a Treasury bond," said Keven Lindemann, senior director of global real estate at S&P Market Intelligence.

"When dividend yields get that far out of step with its peer group, there's usually a reason," said Mr. Lindemann, noting that class A mall REITs, such as Simon Property Group, **Taubman Centers** Inc., **GGP** Inc. and **Macerich** Co. have dividend yields below 5%.

CBL and Washington Prime still have access to capital from the debt markets. Washington Prime recently said it has secured an extension for its $1 billion credit and term-loan facility that can be increased to $1.5 billion.

Other investors are steering clear of the two REITs, noting that while there might be opportunity in these shares, questions about tenant health, availability of capital and cotenancy clauses are making it difficult to value individual properties.

PUSH

Continued from page B1

Preqin. That brought the funds' infrastructure-focused capital to roughly $70 billion, up more than 40% since the end of 2015.

Those numbers don't include Blackstone's fund.

"The extensive discussion of infrastructure during the presidential election created a significant amount of excitement about the sector," said Mike Parker, U.S. infrastructure advisory leader at EY. "And you've seen significant fundraising on the backs of that."

U.S. infrastructure has been a tough nut for investors to crack. The U.S. market is the largest in the world for privately owned infrastructure, but it also is behind other countries when it comes to privatizing critical transportation assets such as roads and airports. Unlike other countries in which the federal government often has more control, decisions about how U.S. infrastructure projects are financed are often made at the state and local level.

The U.S. also has a larger and more liquid municipal-bond market than other countries. While voters tend to support transportation-spending ballot measures, the idea of giving Wall Street control of key highways or ports is often a hard sell.

That makes buying or leasing public infrastructure assets difficult for private investors. Deals often take years to get done and are notorious for falling apart at the last minute when an administration changes or legislatures reverse course.

Mr. Trump's plan would streamline the permitting and approval process for new projects, but not do much to change the dynamics of leasing or selling existing assets. The 53-page plan allocates $200 billion of federal spending to new infrastructure projects over a decade. The administration hopes state and local governments and private investors will provide the remainder of the tab, subsequently raised to $1.5 trillion.

SPENCER PLATT/GETTY IMAGES

Investors are more interested in privatizing assets than building new ones. A bridge's damaged wall.

These and other provisions could change considerably—or die—as they wind their way through Congress.

Still, the anticipation of the Trump plan appears to have helped Blackstone land a commitment of up to $20 billion from Saudi Arabia's Public Investment Fund, or PIF, last May. When the investment was announced, Yasir Al Rumayyan, PIF's managing director, said it reflected "our positive views around the ambitious infrastructure initiatives being undertaken in the United States as announced by President Trump."

Blackstone, whose Chief Executive Stephen Schwarzman headed Mr. Trump's policy advisory council of executives until it disbanded in August, has said the firm's talks with PIF began in May 2016—before Mr. Trump was elected. The firm is now in the initial phase of raising as much as $20 billion to match PIF's money.

"[I]t's very fudgy, historically, trying to do things with the public sector," Mr. Schwarzman said on an analyst conference call Feb. 1. Legislation that encourages private infrastructure investment in public projects "would be sort of a cherry on a sundae for us," he said.

That hasn't stopped Blackstone from making public infrastructure projects a major selling point for its fund. In a marketing document obtained by The Wall Street Journal under a public-records request, Blackstone listed $122 billion of public-investment opportunities, primarily new projects, that could be financed with private capital.

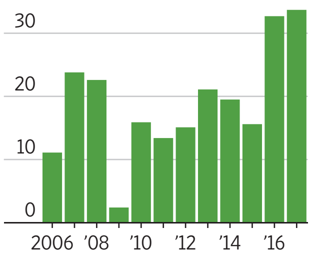
Last month, the **Pennsylvania Public School Employees' Retirement System** approved a $500 million commitment to the Blackstone fund. A memo recommending the investment cited Blackstone's $122 billion list and concluded President Trump's infrastructure plan "could have a meaningful positive effect" on the buyout firm's ability to invest in the projects.

A spokeswoman for the Pennsylvania fund said the memo's intent was to illustrate "the enormous need" to upgrade U.S. infrastructure.

Structural Change

Infrastructure fundraising had a record year in 2017.

North America-focused fund total



Source: Preqin

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Blackstone Names a Veteran Executive As the New No. 2

By Miriam Gottfried

Hamilton "Tony" James is handing over day-to-day management of **Blackstone Group** LP to Jonathan Gray, solidifying Mr. Gray's role as heir apparent to Chief Executive Stephen A. Schwarzman.

Mr. Gray, who runs the firm's $115 billion real-estate business, will become president and chief operating officer, reporting to Mr. Schwarzman, the private-equity firm said Tuesday. Mr. James will continue in a full-time role as executive vice chairman.

The move, in the works for years, clears the way for Mr. Gray to one day succeed Mr. Schwarzman at the top of the nation's biggest buyout firm by assets. Mr. Gray, 48 years old, has long been seen as the top candidate to succeed Mr. Schwarzman, who has nonetheless indicated he has no plans to retire soon.

"I think culture is our biggest asset, and Jon is an embodiment of our culture," Mr. James said in an interview.

Mr. Gray started at Blackstone in 1992 straight out of college. After stints in private-equity and mergers-advisory divisions, he joined the real-estate group the firm was launching. He has led that business since 2005, helping turn it into a dominant player in the sector through deals like the $26 billion purchase of Hilton Hotels Corp. Blackstone said in October that its $6.5 billion investment in Hilton had produced about $14 billion in profit, including the value of shares it hadn't sold, making it one of the most successful private-equity deals ever. Real estate has accounted for about half of Blackstone's earnings in recent years.

"We have a big competitive advantage because of our size, our reach and our global nature," Mr. Gray said in an interview. "I want to build on that and to continue to innovate for our investors."

Mr. James, 67, joined Blackstone in 2002 as chief operating officer following stints at Credit Suisse and Donaldson, Lufkin & Jenrette. He added the title of president after the retirement of Blackstone cofounder Peter G. Peterson. As the firm's No. 2 executive, he has shaped Blackstone's strategy, orchestrating its 2007 initial public offering and bringing it into new businesses, including infrastructure.

The move bolsters Jonathan Gray's role as heir apparent to Stephen Schwarzman.

Blackstone's assets stood at $434 billion as of the end of the fourth quarter, more than five times what they were at the time of its IPO and much more than at some competitors.

In his new role, Mr. James will continue to sit on the firm's investment committee, help develop new businesses and manage "strategic external relationships," Blackstone said. Blackstone also said Tuesday that Ken Caplan and Kathleen McCarthy—chief investment officer and chief operating officer of the firm's real-estate group, respectively—will become global co-heads of the unit.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **% CHG**-Daily percentage change from the previous trading session.

Tuesday, February 13, 2018

Stock	Sym	52-Wk Hi/Lo	% Chg
Highs			
ADT	ADT	13.02	-4.2
AdvDrainageSys	WMS	27.25	2.6
AllianceOne	AOI	22.10	12.7
Aptargroup	ATR	92.32	8.6
arGEN-X	ARGX	87.00	0.9
AristaNetworks	ANET	292.73	2.8
AtaraBiotherap	ATRA	45.20	14.1
Avianca	AVH	8.53	4.8
BlackRidgeAcqn	BRACU	10.40	-0.2
CSRA	CSRA	40.65	0.5
Cactus	WHD	22.58	2.5
Cardlytics	CDLX	19.41	14.5
Chegg	CHGG	19.96	17.1
CymaBayTherap	CBAY	13.79	10.2
DecipheraPharm	DCPH	29.48	3.5
DigitalTurbine	APPS	2.39	5.5
eGain	EGAN	6.83	13.6
EmclaireFin	EMCF	33.98	5.2
EnovaIntl	ENVA	21.43	2.6
EnsignGroup	ENSG	26.07	-0.5
FlowersFoods	FLO	20.79	1.3
Fluidigm	FLDM	7.75	10.5
Fortinet	FTNT	48.16	3.5
ForumMergerRt	FMCIR	0.88	1.3
HMG Court	HMG	15.25	8.9
HailiangEduc	HLG	56.23	4.2
IONGeophysical	IO	31.45	-0.2
InflaRx	IFRX	32.61	7.0
Innoviva	INVA	17.21	10.0
Insperity	NSP	64.00	0.5
Instructure	INST	43.80	11.1
KaryopharmTherap	KPTI	14.85	7.3
LianluoSmart	LLIT	3.49	-11.6
MatchGroup	MTCH	39.66	4.2
Mimecast	MIME	35.05	3.1
Moelis	MC	52.98	1.2
MudrickCap	MUDSU	10.21	0.2
NaturalAlt	NAII	11.75	2.9
NewRelic	NEWR	66.67	4.1
PierisPharm	PIRS	9.75	6.4
Qualys	QLYS	67.95	7.5
QuinStreet	QNST	13.25	5.3
RingCentral	RNG	58.70	7.1
TechTarget	TTGT	17.24	3.7
uniQure	QURE	22.79	-0.9
VictoryCapital	VCTR	12.84	3.1
Vipshop	VIPS	17.99	6.7
VirtuFinancial	VIRT	29.00	3.6
Wayfair	W	95.08	0.6
Workiva	WK	24.65	0.2
Zedge	ZDGE	3.71	-6.5
Lows			
ADOMANI	ADOM	1.31	5.8
Aceto	ACET	7.06	-7.3
Aemetis	AMTX	0.45	-3.9
Aircastle	AYR	20.64	-4.7
AllenaPharm	ALNA	6.24	-3.8
AllerganPfdA	AGNpA	565.59	-2.4
Allergan	AGN	156.11	-2.3
Altimmune	ALT	1.34	-6.7
AmElecTch	AETI	1.20	8.0
AnnalyCapPfdG	NLYpG	23.72	-0.6
AppliedOptoelec	AAOI	28.56	-2.4
ArcturusTherap	ARCT	4.78	-6.2
Ardagh	ARD	17.43	2.6
ArgosTherap	ARGS	1.48	-5.7
AscentCapital A	ASCMA	6.35	-3.9
AtlanticPower	AT	1.85	-2.6
Avinger	AVGR	2.50	-21.9
BlackBox	BBOX	2.05	-12.8
CSS Industries	CSS	19.78	-2.7
CapitalOnePfdD	COFpD	25.97	-0.1
CedarRealtyPfB	CDRpB	23.73	-3.0
CedarRealty	CDR	4.11	-3.3
ChinaMobile	CHL	46.95	-2.0
ChinaTelecom	CHA	43.68	-2.9
ClementiaPharm	CMTA	12.76	0.5
Cogint	COGT	2.60	5.0
CollectorsUniv	CLCT	15.40	-2.0
CorpOfficeProp	OFC	24.78	...
DDR PfdK	DDRpK	22.67	-0.4
DDR PfdA	DDRpA	23.69	-1.3
DareBioscience	DARE	1.65	-39.8
DAVIDsTEA	DTEA	3.40	-1.4
Determine	DTRM	1.53	-5.6
DieboldNixdorf	DBD	12.90	-1.7
EaglePointPfdB	ECCB	25.50	-0.6
EstreAmbWt	ESTRW	0.56	-3.3
FedAgricMtgPfdB	AGMpB	26.05	-0.9
FederalStrAcqn	FSAC	9.65	...
FormulaSys	FORTY	35.20	-2.6
GGP PfdA	GGPpA	24.50	-0.8
GabelliDivPfdG	GDVpG	24.10	-0.7
GabelliHlthPfdB	GRXpB	25.55	...
GenworthFin	GNW	2.71	-1.8
GeospaceTech	GEOS	11.90	-1.3
GramercyPfdA	GPTpA	25.43	-0.4
GreatAjaxNts24	AJXA	24.54	-0.1
GreenlightCapRe	GLRE	17.46	...
GulfportEnergy	GPOR	8.27	-2.7
HCP	HCP	21.98	-0.2
HaymakerAcqWt	HYACW	0.72	-3.8
HenrySchein	HSIC	63.01	-6.6
ImperialOil	IMO	27.15	-2.6
Invitae	NVTA	5.15	-3.2
iPicEnt	IPIC	11.59	-1.0
Iridex	IRIX	7.05	0.8
JMP Nts2027	JMPD	24.11	0.2
KCAPFinancial	KCAP	3.11	-1.9
KlondexMines	KLDX	1.52	-3.7
KoreaElcPwr	KEP	14.84	-4.7
KosmosEnergy	KOS	5.15	-0.7
LSC Comm	LKSD	12.18	-2.1
LegacyAcqnWt	LGC.WS	0.37	-2.6
MagneGas	MNGA	1.40	-2.7
Manning&Napier	MN	2.95	-1.6
Mesoblast	MESO	4.74	-1.2
MYndAnalytics	MYND	2.21	-9.4
NebulaAcquisition	NEBUU	9.98	-0.2
Neovasc	NVCN	0.32	-7.0
NewYorkREIT	NYRT	1.93	-1.0
NuSTAR PfdC	NSpC	24.50	-0.6
Oi	OIBR.C	4.76	5.1
Owens&Minor	OMI	14.26	-4.8
OxfordImmunotec	OXFD	10.00	0.6
PacBiosciCA	PACB	2.21	-2.8
PacGE pfG	PCGpG	21.53	-3.5
PacGE pfH	PCGpH	19.61	-6.3
PacGE pfI	PCGpI	20.50	-4.1
Patterson	PDCO	28.77	-5.2
PA REIT PfdD	PEIpD	21.51	-1.5
PA Reit Pfd B	PEIpB	22.81	-1.0
PennREITPfdC	PEIpC	22.10	-1.7
Precipio	PRPO	0.60	-17.7
PrestigeBrands	PBH	32.74	-2.7
PriceSmart	PSMT	77.50	0.8
RadiantLogistics	RLGT	3.56	-0.6
RegalwdGlbEnWt	RWGE.WS	1.10	-4.3
SapiensInt	SPNS	9.52	-5.0
SaulCentersPfdC	BFSpC	24.91	-0.4
SparkEnergyPfdA	SPKEP	22.84	-3.0
Strats USC GJH	GJH	9.65	-0.9
SynthesisEnSys	SES	2.00	6.7
TileShop	TTS	7.90	-2.4
TremontMortgage	TRMT	13.94	4.3
UnivElectro	UEIC	41.95	-1.3
VornadoPfdM	VNOpM	23.10	-0.3
WageWorks	WAGE	54.45	-0.2
WashingtonPrmPfH	WPGpH	21.01	-3.5
WashingtonPrmPfI	WPGpI	19.79	-7.8
WaysideTech	WSTG	12.75	-0.8
WeatherfordIntl	WFT	2.62	-3.5
XpresSpa	XSPA	0.87	...
ZosanoPharma	ZSAN	3.61	-23.8

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings based on total net assets for Nasdaq-published share classes. **NAV** is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. **NET CHG** is change in NAV from previous trading day. **YTD%RET** is year-to-date return. **f**-Previous day's quotation. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **t**-Footnotes p and r apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Tuesday, February 13, 2018

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	44.41	+0.12	2.3
American Funds Cl A			
AmcpA p	32.22	+0.07	2.3
AMutlA p	40.44	+0.09	-0.9
BalA p	26.92	+0.04	-0.8
BondA p	12.63	...	-1.8
CapIBA p	61.48	+0.04	-2.1
CapWGrA	51.19	+0.09	0.2
EupacA p	56.21	+0.16	...
FdInvA p	62.24	+0.15	...
GwthA p	50.74	+0.16	2.4
HI TrA p	10.23	-0.03	-0.7
ICAA p	40.54	+0.10	0.4
IncoA p	23.04	+0.03	-1.4
N PerA p	43.82	+0.11	1.5
NEcoA p	46.12	+0.27	3.3
NwWrldA	66.80	+0.30	-0.2
SmCpA p	55.59	+0.13	-0.4
TxExA p	12.83	...	-1.3
WshA p	45.54	+0.11	-0.2
Baird Funds			
AggBdInst	10.64	...	-1.9
CorBdInst	11.00	...	-1.8
BlackRock Funds A			
GlblAlloc p	19.62	...	-0.4
BlackRock Funds Inst			
EqtyDivd	22.59	+0.07	-0.8
GlblAlloc	19.74	...	-0.4
HiYldBd	7.66	-0.03	-1.2
StratIncOpptyIns	9.98	-0.02	0.6
Bridge Builder Trust			
CoreBond	NA	...	NA
Dimensional Fds			
5GlbFxdInc	10.79	...	-0.7
EmgMktVa	31.81	+0.09	1.9
EmMktCorEq	23.41	+0.14	0.8
IntlCoreEq	14.33	-0.02	-1.4
IntlVal	20.37	-0.05	-0.6
IntSmCo	20.98	...	-1.4
IntSmVa	22.41	-0.09	-2.4
US CoreEq1	22.63	+0.06	-0.7
US CoreEq2	21.31	+0.06	-1.2
US Small	34.79	+0.04	-3.2
US SmCpVal	36.39	+0.05	-4.0
US TgdVal	23.99	+0.03	-3.6
USLgVa	38.66	+0.13	-1.2
Dodge & Cox			
Balanced	106.40	+0.17	-0.6
GblStock	13.77	+0.03	-0.6
Income	13.61	...	-1.1
Intl Stk	46.10	+0.01	-0.5
Stock	202.80	+0.51	-0.4
DoubleLine Funds			
TotRetBdI	NA	...	NA
Edgewood Growth Instituti			
EdgewoodGrInst	30.75	+0.06	4.0
Federated Instl			
StraValDivIS	5.80	+0.01	-5.6
Fidelity			
500IdxInst	93.26	+0.25	-0.2
500IdxInstPrem	93.26	+0.25	-0.2
500IdxPrem	93.26	+0.25	-0.2
ExtMktIdxPrem r	60.89	+0.23	-1.9
IntlIdxPrem r	42.57	-0.10	-1.4
SAIUSLgCpIndxFd	14.25	+0.03	-0.2
TMktIdxF r	75.99	+0.22	-0.5
TMktIdxPrem	75.98	+0.21	-0.5
USBdIdxInstPrem	11.32	...	-2.0
Fidelity Advisor I			
NwInsghtI	32.08	+0.06	2.3
Fidelity Freedom			
FF2020	16.47	+0.03	-0.6
FF2025	14.32	+0.02	-0.6
FF2030	17.97	+0.04	-0.5
Freedom2020 K	16.44	+0.02	-0.7
Freedom2025 K	14.29	+0.02	-0.6
Freedom2030 K	17.94	+0.03	-0.5
Freedom2035 K	15.16	+0.03	-0.3
Freedom2040 K	10.65	+0.03	-0.4
Fidelity Invest			
Balanc	23.66	+0.05	-0.3
BluCh	89.81	+0.29	2.3
Contra	124.44	+0.28	3.2
ContraK	124.38	+0.28	3.2
CpInc r	10.17	-0.01	-0.8
DivIntl	39.56	-0.01	-1.1
GroCo	186.05	+0.74	4.1
GrowCoK	186.03	+0.73	4.1
InvGB	7.75	+0.01	-1.9
InvGrBd	11.00	...	-1.9
LowP r	53.80	+0.03	-1.3
MagIn	106.41	+0.26	1.8
OTC	112.61	+0.80	2.5
Puritn	23.42	+0.04	...
SrsEmrgMkt	21.79	+0.15	1.8
SrsGroCoRetail	17.35	+0.07	4.3
SrsIntlGrw	15.99	+0.01	-1.0
SrsIntlVal	10.63	-0.03	-0.6
TotalBond	10.43	...	-1.7
First Eagle Funds			
GlbA	58.27	-0.04	-1.3
FPA Funds			
FPACres	NA	...	NA
FrankTemp/Frank Adv			
IncomeAdv	2.29	...	-2.1
FrankTemp/Franklin A			
CA TF A p	7.31	...	-1.8
IncomeA p	2.31	...	-2.1
RisDv A p	60.10	-0.02	-1.7
FrankTemp/Franklin C			
Income C t	2.34	...	-2.2
FrankTemp/Temp A			
GlBond A p	11.91	-0.08	0.4
Growth A p	26.92	+0.01	-1.2
FrankTemp/Temp Adv			
GlBondAdv p	11.86	-0.08	0.3
Harbor Funds			
CapApInst	72.03	+0.29	3.7
IntlInst r	67.18	-0.13	-0.5
Harding Loevner			
IntlEq	NA	...	NA
Invesco Funds A			
EqIncA	10.90	...	-0.5
John Hancock Class 1			
LSBalncd	15.08	+0.02	-0.7
LSGwth	15.99	+0.03	-0.6
John Hancock Instl			
DispValMCI	22.89	+0.04	-1.8
JPMorgan Funds			
MdCpVal L	NA	...	NA
JPMorgan R Class			
CoreBond	NA	...	NA
Lazard Instl			
EmgMktEq	20.59	+0.15	2.8
Lord Abbett A			
ShtDurIncmA p	4.22	...	-0.3
Lord Abbett F			
ShtDurIncm	4.22	...	-0.3
Metropolitan West			
TotRetBd	10.44	...	-1.8
TotRetBdI	10.44	+0.01	-1.8
TRBdPlan	9.82	...	-1.8
MFS Funds Class I			
ValueI	40.41	+0.10	-0.9
MFS Funds Instl			
IntlEq	25.17	...	-1.1
Mutual Series			
GlbDiscA	31.27	+0.03	-1.7
Oakmark Funds Invest			
EqtyInc r	32.22	+0.02	0.1
Oakmark	84.95	+0.12	0.7
OakmrkInt	28.83	+0.08	0.9
Old Westbury Fds			
LrgCpStr	14.35	+0.05	-0.8
Oppenheimer Y			
DevMktY	43.49	+0.27	1.3
IntGrowY	43.36	-0.05	-0.6
Parnassus Fds			
ParnEqFd	42.36	+0.15	-0.7
PIMCO Fds Instl			
AllAsset	NA	...	NA
TotRt	10.09	+0.01	-1.5
PIMCO Funds A			
IncomeFd	NA	...	NA
PIMCO Funds D			
IncomeFd	NA	...	NA
PIMCO Funds Instl			
IncomeFd	NA	...	NA
PIMCO Funds P			
IncomeP	NA	...	NA
Price Funds			
BlChip	100.68	+0.44	4.5
CapApp	28.14	...	-0.5
EqInc	32.98	...	-1.1
EqIndex	71.55	+0.19	-0.2
Growth	64.56	+0.25	3.0
HelSci	71.55	+0.10	1.7
InstlCapG	38.37	+0.17	4.0
IntlStk	18.50	...	-0.9
IntlValEq	14.92	-0.01	-1.3
MCapGro	88.08	+0.14	1.2
MCapVal	29.76	+0.02	-2.1
N Horiz	53.46	+0.24	1.7
N Inc	9.29	...	-1.8
OverS SF r	11.23	-0.01	-0.7
R2020	22.35	...	-0.8
R2025	17.46	...	-0.7
R2030	25.75	...	-0.7
R2035	18.86	...	-0.6
R2040	27.10	...	-0.5
Value	36.92	+0.12	-1.1
PRIMECAP Odyssey Fds			
AggGrowth r	45.98	+0.05	3.7
Growth r	38.33	-0.03	2.9
Principal Investors			
DivIntlInst	13.79	+0.01	-0.8
Prudential Cl Z & I			
TRBdZ	14.20	-0.01	-2.3
Schwab Funds			
S&P Sel	NA	...	NA
TIAA/CREF Funds			
EqIdxInst	19.55	+0.06	-0.5
IntlEqIdxInst	19.93	-0.04	-1.2
Tweedy Browne Fds			
GblValue	27.91	...	-2.0
VANGUARD ADMIRAL			
500Adml	246.31	+0.66	-0.2
BalAdml	34.36	+0.06	-1.0
CAITAdml	11.61	...	-1.1
CapOpAdml r	154.24	+0.38	0.4
EMAdmr	38.82	+0.31	1.7
EqIncAdml	76.34	+0.21	-2.1
ExplrAdml	88.76	+0.46	0.4
ExtndAdml	83.16	+0.30	-1.9
GNMAAdml	10.25	+0.01	-1.7
GrwthAdml	73.07	+0.21	1.0
HlthCareAdml r	85.79	-0.24	-1.0
HYCorAdml r	5.80	-0.01	-1.5
InfProAd	25.08	+0.02	-2.0
IntlGrAdml	97.59	+0.40	2.1
ITBondAdml	11.07	+0.01	-2.2
ITIGradeAdml	9.53	-0.01	-1.9
LTGradeAdml	10.05	...	-5.2
MidCpAdml	189.29	+0.62	-1.2
MuHYAdml	11.23	-0.01	-1.4
MuIntAdml	13.91	...	-1.2
MuLTAdml	11.43	...	-1.6
MuLtdAdml	10.85	...	-0.2
MuShtAdml	15.72	...	0.2
PrmcpAdml r	134.49	+0.39	0.7
SmCapAdml	68.91	+0.17	-2.6
STBondAdml	10.30	...	-0.6
STIGradeAdml	10.55	...	-0.5
TotBdAdml	10.51	...	-1.9
TotIntBdIdxAdm	21.54	-0.01	-0.6
TotIntlAdmIdx r	30.21	+0.02	-1.0
TotStAdml	66.39	+0.18	-0.5
TxMIn r	14.16	-0.02	-1.7
ValAdml	40.95	+0.12	-1.1
WdsrIIAdml	66.41	+0.07	-1.1
WellsIAdml	63.73	+0.04	-2.4
WelltnAdml	71.43	+0.07	-1.6
WndsrAdml	78.33	+0.15	-0.8
VANGUARD FDS			
DivdGro	26.26	+0.01	-1.1
HlthCare r	203.42	-0.56	-1.0
INSTTRF2020	22.30	+0.02	-1.0
INSTTRF2025	22.64	+0.03	-1.0
INSTTRF2030	22.91	+0.03	-0.9
INSTTRF2035	23.17	+0.03	-0.9
INSTTRF2040	23.44	+0.04	-0.8
INSTTRF2045	23.62	+0.04	-0.8
IntlVal	39.61	+0.04	-0.7
LifeCon	19.73	+0.02	-1.2
LifeGro	33.39	+0.05	-0.8
LifeMod	26.87	+0.03	-1.0
PrmcpCor	26.79	+0.04	-0.4
SelValu r	30.30	-0.04	-3.1
STAR	26.64	+0.04	-0.6
STIGrade	10.55	...	-0.5
TgtRe2015	15.17	+0.01	-1.0
TgtRe2020	31.07	+0.03	-1.0
TgtRe2025	18.32	+0.03	-1.0
TgtRe2030	33.32	+0.04	-0.9
TgtRe2035	20.51	+0.03	-0.9
TgtRe2040	35.49	+0.06	-0.8
TgtRe2045	22.33	+0.04	-0.8
TgtRe2050	35.93	+0.06	-0.7
TgtRetInc	13.41	+0.01	-1.0
TotIntBdIxInv	10.77	-0.01	-0.6
WellsI	26.30	+0.01	-2.4
Welltn	41.36	+0.04	-1.6
WndsrII	37.43	+0.04	-1.1
VANGUARD INDEX FDS			
500	246.28	+0.66	-0.2
ExtndIstPl	205.23	+0.75	-1.9
SmValAdml	55.01	+0.10	-3.5
TotBd2	10.47	...	-2.0
TotIntl	18.06	+0.01	-1.0
TotSt	66.37	+0.19	-0.5
VANGUARD INSTL FDS			
BalInst	34.37	+0.07	-1.0
DevMktsIndInst	14.18	-0.02	-1.7
DevMktsInxInst	22.17	-0.02	-1.7
ExtndInst	83.16	+0.30	-1.9
GrwthInst	73.07	+0.21	1.0
InPrSeIn	10.21	...	-2.1
InstIdx	242.96	+0.65	-0.2
InstPlus	242.98	+0.65	-0.2
InstTStPlus	59.18	+0.17	-0.5
MidCpInst	41.82	+0.14	-1.2
MidCpIstPl	206.23	+0.67	-1.2
SmCapInst	68.91	+0.17	-2.6
SmCapIstPl	198.91	+0.49	-2.6
STIGradeInst	10.55	...	-0.5
TotBdInst	10.51	...	-1.9
TotBdInst2	10.47	...	-2.0
TotBdInstPl	10.51	...	-1.9
TotIntBdIdxInst	32.32	-0.02	-0.6
TotIntlInstIdx r	120.82	+0.09	-1.0
TotItlInstPlId r	120.84	+0.08	-1.0
TotStInst	66.41	+0.19	-0.5
ValueInst	40.95	+0.12	-1.1
Western Asset			
CorePlusBdI	11.56	...	-2.0

BIGGEST 1,000 STOCKS

WSJ.com/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.
↓-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.

Tuesday, February 13, 2018

A B C

Stock	Sym	Close	Net Chg
ABB	ABB	24.36	-0.24
AES	AES	10.32	0.05
Aflac	AFL	86.07	0.94
AGNC Invt	AGNC	18.94	0.08
ANGI Homesvcs	ANGI	13.89	0.27
Ansys	ANSS	154.20	0.46
ASML	ASML	185.24	-1.10
AT&T	T	36.60	0.23
AbbottLabs	ABT	57.64	0.23
AbbVie	ABBV	111.86	-0.07
Abiomed	ABMD	233.99	0.27
Accenture	ACN	156.24	1.89
ActivisionBliz	ATVI	68.05	-0.23
AcuityBrands	AYI	148.87	-1.62
Adient	ADNT	62.45	-1.46
AdobeSystems	ADBE	193.48	1.33
AdvanceAuto	AAP	106.22	-3.26
AdvMicroDevices	AMD	11.78	0.10
AdvSemiEng	ASX	6.72	-0.01
Aegon	AEG	6.59	0.04
AerCap	AER	51.06	-0.19
Aetna	AET	178.52	1.14
AffiliatedMgrs	AMG	181.93	0.74
AgilentTechs	A	68.34	-0.09
AgnicoEagle	AEM	43.92	-0.13
AirProducts	APD	159.44	-0.24
AkamaiTech	AKAM	64.49	-0.44
AlaskaAir	ALK	66.89	0.88
Albemarle	ALB	106.45	-0.77
Alcoa	AA	47.30	0.65
AlexandriaRlEst	ARE	120.36	1.28
AlexionPharm	ALXN	113.97	-1.46
Alibaba	BABA	175.29	1.81
AlignTech	ALGN	233.73	0.60
Alkermes	ALKS	54.69	-0.67
Alleghany	Y	576.06	1.51
Allegion	ALLE	79.65	-0.10
Allergan	AGN	158.72	-3.74
AllianceData	ADS	246.26	-1.46
AlliantEnergy	LNT	38.63	0.15
AllisonTrans	ALSN	41.72	0.05
Allstate	ALL	92.13	1.40
AllyFinancial	ALLY	28.31	0.24
AlnylamPharm	ALNY	119.26	1.96
Alphabet A	GOOGL	1054.14	-0.42
Alphabet C	GOOG	1052.10	0.16
Altaba	AABA	71.31	0.21
AlticeUSA	ATUS	19.54	-0.09
Altria	MO	65.64	0.29
AlumofChina	ACH	14.88	-0.03
Amazon.com	AMZN	1414.51	28.28
Ambev	ABEV	6.67	-0.01
Amdocs	DOX	65.27	-0.06
Amerco	UHAL	351.96	-2.38
Ameren	AEE	55.25	0.18
AmericaMovil	AMOV	17.77	-0.05
AmericaMovil	AMX	17.84	0.05
AmerAirlines	AAL	50.87	0.78
AEP	AEP	65.58	0.78
AmerExpress	AXP	94.56	0.13
AmericanFin	AFG	109.16	-0.20
AIG	AIG	59.43	-0.18
AmerTowerREIT	AMT	136.31	0.08
AmerWaterWorks	AWK	78.77	0.25
Ameriprise	AMP	156.62	0.71
AmerisourceBrgn	ABC	97.77	8.32
Ametek	AME	74.42	0.47
Amgen	AMGN	175.94	1.07
Amphenol	APH	86.81	0.27
AnadarkoPetrol	APC	57.18	-0.64
AnalogDevices	ADI	84.34	-0.71
Andeavor	ANDV	97.77	0.14
AndeavorLog	ANDX	49.83	1.18
AB InBev	BUD	103.80	-0.40
AnnalyCap	NLY	10.45	0.15
Anthem	ANTM	233.45	0.68
Aon	AON	139.51	0.27
Apache	APA	37.70	-0.41
ApartmtInv	AIV	39.28	0.01
ApolloGlbMgmt	APO	33.57	0.55
Apple	AAPL	164.34	1.63
ApplMaterials	AMAT	49.55	0.05
Aptiv	APTV	90.77	-0.67
AquaAmerica	WTR	34.09	0.22
Aramark	ARMK	40.90	0.20
ArcelorMittal	MT	33.98	0.64
ArchCapital	ACGL	87.42	0.51
ArcherDaniels	ADM	41.34	0.07
Arconic	ARNC	24.78	-0.06
AristaNetworks	ANET	292.58	8.04
ArrowElec	ARW	78.41	0.47
AstraZeneca	AZN	34.06	-0.03
Athene	ATH	47.00	-0.39
Atlassian	TEAM	51.80	0.59
AtmosEnergy	ATO	80.42	0.03
Autodesk	ADSK	109.79	1.41
Autohome	ATHM	80.73	2.40
Autoliv	ALV	141.93	0.19
ADP	ADP	111.82	0.17
AutoZone	AZO	711.88	-18.32
Avalonbay	AVB	159.40	0.65
Avangrid	AGR	48.08	0.09
AveryDennison	AVY	116.88	1.23
AxaltaCoating	AXTA	31.00	0.40
BB&T	BBT	53.33	0.33
BCE	BCE	44.48	-0.45
BHPBilliton	BHP	47.74	0.94
BHPBilliton	BBL	42.71	0.71
BOK Fin	BOKF	93.39	-0.44
BP	BP	39.69	-0.18
BRF	BRFS	9.21	0.03
BT Group	BT	16.05	-0.12
BWX Tech	BWXT	61.91	0.02
Baidu	BIDU	225.60	3.96
BakerHughes	BHGE	25.94	-0.91
Ball	BLL	37.76	0.21
BancoBilbaoViz	BBVA	8.67	-0.08
BancodeChile	BCH	101.21	0.22
BancoMacro	BMA	96.73	0.41
BcoSantChile	BSAC	32.10	
BcoSantMex	BSMX	7.29	-0.02
BancoSantander	SAN	6.49	0.02
BanColombia	CIB	43.70	-0.27
BankofAmerica	BAC	31.18	0.06
BankofMontreal	BMO	76.34	0.35
BankNY Mellon	BK	54.81	0.20
BkNovaScotia	BNS	61.03	-0.06
BankofOzarks	OZRK	49.56	0.54
Barclays	BCS	10.85	-0.05
BarrickGold	ABX	13.22	-0.04
BaxterIntl	BAX	64.63	-0.37
BectonDickinson	BDX	215.40	-3.49
BeiGene	BGNE	122.09	-1.38
Berkley	WRB	68.22	0.40
BerkHathwy A	BRK.A	297500	-1440.00
BerkHathwy B	BRK.B	197.99	-0.90
BerryGlobal	BERY	55.12	0.32
BestBuy	BBY	70.10	1.28
Bio-RadLab A	BIO	237.36	-2.33
Biogen	BIIB	316.99	0.36
BioMarinPharm	BMRN	81.57	-1.71
Bioverativ	BIVV	103.70	0.10
BlackKnight	BKI	46.09	0.06
BlackBerry	BB	11.77	0.04
BlackRock	BLK	521.27	-4.11
Blackstone	BX	33.55	0.27
BlueBuffaloPet	BUFF	33.05	0.06
bluebird	BLUE	199.60	2.10
Boeing	BA	343.16	-0.64
BorgWarner	BWA	52.31	-0.66
BostonProps	BXP	116.19	1.05
BostonSci	BSX	26.11	-0.07
Braskem	BAK	28.30	0.05
BrightHorizons	BFAM	95.16	2.38
BrighthouseFin	**BHF**	**53.56**	**-4.67**
Bristol-Myers	BMY	63.87	0.71
BritishAmTob	BTI	61.50	-0.71
Broadcom	AVGO	245.86	1.46
BroadridgeFinl	BR	95.49	1.61
BrookfieldMgt	BAM	39.03	0.21
BrookfieldInfr	BIP	40.90	0.26
Brown&Brown	BRO	51.56	0.44
Brown-Forman B	BF.B	66.88	0.64
Brown-Forman A	BF.A	65.56	-0.22
BuckeyePtrs	BPL	51.11	-0.02
Bunge	BG	79.51	-0.15
BurlingtonStrs	BURL	118.61	0.35
CA	CA	34.18	0.16
CBD Pao	CBD	20.85	-0.05
CBRE Group	CBG	44.14	0.99
CBS A	CBS.A	54.62	1.47
CBS B	CBS	54.67	1.51
CDK Global	CDK	70.81	
CDW	CDW	69.37	1.06
CF Industries	CF	39.00	0.56
CGI Group	GIB	57.76	1.79
CH Robinson	CHRW	92.72	1.54
CIT Group	CIT	51.25	0.68
CME Group	CME	160.16	0.03
CMS Energy	CMS	43.05	0.16
CNA Fin	CNA	52.11	0.57
CNOOC	CEO	140.82	-2.09
CPFLEnergia	CPL	13.45	
CRH	CRH	34.40	0.57
CSRA	CSRA	40.58	0.19
CSX	CSX	53.56	0.40
CVS Health	CVS	70.11	0.24
CabotOil	COG	23.73	-0.11
CadenceDesign	CDNS	37.90	-0.20
CaesarsEnt	CZR	12.25	-0.05
CamdenProperty	CPT	81.86	0.57
CampbellSoup	CPB	46.69	0.34
CIBC	CM	91.06	0.07
CdnNtlRlwy	CNI	75.66	-1.20
CanNaturalRes	CNQ	30.65	0.22
CdnPacRlwy	CP	178.83	2.11
Canon	CAJ	36.70	-0.02
CapitalOne	COF	95.31	0.12
CardinalHealth	CAH	65.69	-2.24
Carlisle	CSL	105.79	0.93
Carlyle	CG	23.45	-0.10
CarMax	KMX	63.39	-2.27
Carnival	CCL	68.75	-0.02
Carnival	CUK	68.57	0.13
Carters	CRI	119.61	0.69
Caterpillar	CAT	153.97	1.08
Cavium	CAVM	86.17	0.97
CboeGlobalMkts	CBOE	112.22	1.54
Celanese A	CE	101.15	0.11
Celgene	CELG	91.98	0.47
Cemex	CX	7.37	-0.01
CenovusEnergy	CVE	7.62	-0.19
Centene	CNC	103.00	-0.09
CenterPointEner	CNP	26.77	0.04
CentraisEletBras	EBR	6.99	0.17
CenturyLink	CTL	17.21	0.45
Cerner	CERN	62.49	
CharterComms	CHTR	355.68	-2.20
CheckPoint	CHKP	100.83	1.35
Chemours	CC	47.64	-0.10
ChenierEnergy	LNG	57.40	0.95
ChenierEnerPtrs	CQP	30.27	0.09
ChenierEnHldgs	CQH	28.50	-0.13
Chevron	CVX	113.29	-0.69
ChinaEastnAir	CEA	38.30	-1.00
ChinaLifeIns	LFC	14.60	-0.22
ChinaLodging	HTHT	138.82	-3.46
ChinaMobile	CHL	47.03	-0.49
ChinaPetrol	SNP	77.13	-1.56
ChinaSoAirlines	ZNH	58.48	-1.27
ChinaTelecom	CHA	43.69	-1.30
ChinaUnicom	CHU	12.76	-0.16
Chipotle	CMG	251.33	-3.12
Chubb	CB	145.12	0.51
ChunghwaTel	CHT	36.50	-0.30
Church&Dwight	CHD	48.64	0.01
Cigna	CI	195.44	1.88
CimarexEnergy	XEC	99.78	-1.12
CincinnatiFin	CINF	73.97	-0.34
Cintas	CTAS	156.07	1.67
CiscoSystems	CSCO	41.23	0.43
Citigroup	C	75.18	0.42
CitizensFin	CFG	44.39	0.43
CitrixSystems	CTXS	86.87	0.08
Clorox	CLX	128.53	0.58
Coca-Cola	KO	44.19	0.22
Coca-Cola Euro	CCE	37.40	0.02
Coca-Cola Femsa	KOF	72.16	-0.20
Cognex	CGNX	55.17	0.28
CognizantTech	CTSH	78.11	0.68
ColgatePalm	CL	70.10	0.31
Comcast A	CMCSA	38.96	0.42
Comerica	CMA	93.84	0.54
CommerceBcshrs	CBSH	57.52	0.43
CommScope	COMM	37.71	0.41
SABESP	SBS	10.70	0.19
ConagraBrands	CAG	35.47	-0.23
ConchoRscs	CXO	141.66	-1.82
ConocoPhillips	COP	53.32	-0.09
ConEd	ED	77.03	0.34
ConstBrands A	STZ	213.47	0.46
ContinentalRscs	CLR	51.21	-0.17
Cooper	COO	225.82	-0.94
Copart	CPRT	43.19	0.36
Corning	GLW	29.24	-0.21
CoStar	CSGP	343.01	8.95
Costco	COST	184.15	3.09
Coty	COTY	20.56	0.14
Credicorp	BAP	217.02	2.63
CreditAcceptance	CACC	315.36	-5.22
CreditSuisse	CS	17.68	0.06
CrownCastle	CCI	106.36	
CrownHoldings	CCK	50.62	-0.41
Ctrip.com	CTRP	43.93	0.33
Cullen/Frost	CFR	104.89	0.97
Cummins	CMI	165.63	0.74

D E F

Stock	Sym	Close	Net Chg
DISH Network	DISH	44.33	0.33
DTE Energy	DTE	102.21	0.96
DXC Tech	DXC	97.24	-0.66
Danaher	DHR	94.98	-0.43
Darden	DRI	94.72	0.50
DaVita	DVA	73.54	0.13
Deere	DE	161.30	2.09
DellTechnologies	DVMT	68.30	0.27
DeltaAir	DAL	52.17	0.12
DentsplySirona	XRAY	56.99	-0.39
DeutscheBank	DB	15.90	-0.11
DevonEnergy	DVN	34.57	-1.21
Diageo	DEO	137.07	0.43
DiamondbkEner	FANG	115.03	-0.98
DigitalRealty	DLR	105.12	0.07
DiscoverFinSvcs	DFS	76.50	0.55
DiscoveryComm A	DISCA	24.67	0.09
DiscoveryComm B	DISCB	31.75	
DiscoveryComm C	DISCK	23.33	0.10
Disney	DIS	104.12	0.73
DolbyLab	DLB	62.52	0.08
DollarGeneral	DG	96.86	1.77
DollarTree	DLTR	104.84	0.10
DominionEner	D	75.07	-0.19
Domino's	DPZ	208.00	-3.87
Donaldson	DCI	46.78	0.06
DouglasEmmett	DEI	36.34	0.35
Dover	DOV	98.12	-0.35
DowDuPont	DWDP	70.75	-1.09
DrPepperSnap	DPS	115.95	-0.79
Dr.Reddy'sLab	RDY	34.00	-0.02
DukeEnergy	DUK	77.08	0.27
DukeRealty	DRE	25.62	0.32
ENI	E	33.16	-0.12
EOG Rscs	EOG	102.47	-0.67
EPAM Systems	EPAM	110.46	0.43
EQT	EQT	47.37	-0.37
E*TRADE	ETFC	50.05	-0.15
EXACT Sci	EXAS	47.57	0.04
EastWestBncp	EWBC	64.75	0.50
EastmanChem	EMN	97.90	0.38
Eaton	ETN	81.83	-0.19
EatonVance	EV	53.90	0.15
eBay	EBAY	42.15	-0.17
Ecolab	ECL	129.34	-0.82
Ecopetrol	EC	16.50	-0.33
EdisonInt	EIX	60.17	0.11
EdwardsLife	EW	127.35	0.46
ElbitSystems	ESLT	147.50	2.69
ElectronicArts	EA	122.28	0.06
EmersonElec	EMR	70.38	0.07
EnbridgeEnPtrs	EEP	13.54	0.06
Enbridge	ENB	35.03	0.30
Encana	ECA	10.63	-0.23
EnelAmericas	ENIA	11.09	-0.09
EnelChile	ENIC	6.08	-0.02
EnelGenChile	EOCC	28.15	0.09
EnergyTransferEq	ETE	17.34	0.30
EnergyTransfer	ETP	18.95	0.29
EnLinkMidPtrs	ENLK	16.53	-0.02
Entergy	ETR	75.05	0.42
EnterpriseProd	EPD	27.18	0.37
Equifax	EFX	114.55	0.15
Equinix	EQIX	416.35	0.05
EquityLife	ELS	83.63	1.07
EquityResdntl	EQR	56.99	0.38
Ericsson	ERIC	6.55	-0.02
EssexProp	ESS	228.08	2.23
EsteeLauder	EL	137.50	0.47
EverestRe	RE	238.18	-1.30
EversourceEner	ES	57.62	0.09
Exelixis	EXEL	28.70	-0.25
Exelon	EXC	37.01	-0.07
Expedia	EXPE	101.76	-1.06
ExpeditorsIntl	EXPD	63.12	0.75
ExpressScripts	ESRX	73.99	0.17
ExtraSpaceSt	EXR	82.59	1.78
ExxonMobil	XOM	76.30	-0.12
F5Networks	FFIV	142.43	2.28
FMC	FMC	81.86	-3.36
Facebook	FB	173.15	-3.26
FactSet	FDS	195.59	2.72
Fastenal	FAST	53.57	0.73
FederalRealty	FRT	110.26	0.02
FedEx	FDX	240.32	0.39
Ferrari	RACE	123.77	1.22
FiatChrysler	FCAU	21.54	-0.26
FibriaCelulose	FBR	16.82	-0.13
FidNatlFin	FNF	40.52	0.41
FidNatlInfo	FIS	96.17	1.02
FifthThirdBncp	FITB	32.93	0.52
58.com	WUBA	72.66	1.48
FirstAmerFin	FAF	57.04	0.87
FirstData	**FDC**	**15.50**	**-0.82**
FirstHorizonNatl	FHN	19.06	0.07
FirstRepBank	FRC	91.06	0.62
FirstSolar	FSLR	64.22	1.70
FirstEnergy	FE	32.10	0.60
Fiserv	FISV	139.09	-0.19
FleetCorTech	FLT	194.20	1.51
Flex	FLEX	16.92	-0.10
FlirSystems	FLIR	48.21	0.53
Fluor	FLR	55.82	-0.49
FomentoEconMex	FMX	90.25	0.03
FootLocker	FL	46.64	0.30
FordMotor	F	10.59	-0.11
Fortinet	FTNT	44.96	
Fortis	FTS	32.31	-0.38
Fortive	FTV	74.14	-0.16
FortBrandsHome	FBHS	63.08	-0.07
Franco-Nevada	FNV	71.50	0.71
FranklinRscs	BEN	38.84	0.01
FreeportMcM	FCX	17.80	0.23
FreseniusMed	FMS	52.96	0.27

G H I

Stock	Sym	Close	Net Chg
GGP	GGP	22.35	-0.15
Galapagos	GLPG	112.83	-2.36
Gallagher	AJG	66.98	0.77
Gaming&Leisure	GLPI	33.55	0.24
Gap	GPS	32.43	1.01
GardnerDenver	GDI	33.08	0.38
Garmin	GRMN	62.43	0.46
Gartner	IT	118.85	0.61
Gazit-Globe	GZT	9.67	0.27
GeneralDynamics	GD	211.81	2.28
GeneralElec	GE	14.67	-0.15
GeneralMills	GIS	54.79	-0.13
GeneralMotors	GM	41.40	-0.60
Genpact	**G**	**30.32**	**-1.98**
Gentex	GNTX	22.97	0.19
GenuineParts	GPC	96.73	-0.99
Gerdau	GGB	4.39	0.03
Gildan	GIL	30.47	-0.08
GileadSciences	GILD	80.79	-0.25
GlaxoSmithKline	GSK	36.46	0.09
GlobalPayments	GPN	106.85	0.45
GoDaddy	GDDY	53.22	0.63
Goldcorp	GG	12.68	-0.15
GoldmanSachs	GS	255.53	2.37
Goodyear	GT	29.34	-0.67
Graco	GGG	42.24	0.26
Grainger	GWW	271.37	1.94
GreatPlainsEner	GXP	29.74	0.50
Grifols	GRFS	22.48	-0.15
GrubHub	GRUB	87.97	1.27
GpoAvalAcc	AVAL	8.95	0.19
GpoFinGalicia	GGAL	62.06	-0.40
GpoTelevisa	TV	18.83	-0.26
Guidewire	GWRE	77.26	-0.33
HCA Healthcare	HCA	98.92	0.64
HCP	HCP	22.80	-0.05
HDFC Bank	HDB	101.36	0.09
HD Supply	HDS	36.24	0.18
HP	HPQ	20.58	0.17
HSBC	HSBC	51.68	0.30
Halliburton	HAL	47.29	-0.31
HanesBrands	HBI	19.93	0.24
HarleyDavidson	HOG	47.25	-0.73
Harris	HRS	153.02	0.23
HartfordFinl	HIG	53.92	0.27
Hasbro	HAS	95.56	-1.07
Heico A	HEI.A	64.10	1.00
Heico	HEI	76.83	0.51
Helm&Payne	HP	63.73	-0.91
HenrySchein	**HSIC**	**67.39**	**-4.79**
Herbalife	HLF	81.04	-2.15
Hershey	HSY	99.54	-0.24
Hess	HES	42.80	-1.34
HewlettPackard	HPE	15.67	-0.06
Hexcel	HXL	65.40	0.89
Hilton	HLT	83.21	1.39
HollyFrontier	HFC	45.26	0.53
Hologic	HOLX	37.80	-0.24
HomeDepot	HD	183.72	-0.34
HondaMotor	HMC	34.60	-0.67
Honeywell	HON	148.50	0.97
HormelFoods	HRL	33.08	0.01
DR Horton	DHI	44.85	0.01
HostHotels	HST	19.52	0.10
HuanengPower	HNP	23.95	-0.17
Hubbell	HUBB	133.58	0.26
Humana	HUM	268.07	1.02
JBHunt	JBHT	118.33	2.45
HuntingtonBcshs	HBAN	15.52	0.04
HuntingIngalls	HII	237.46	2.53
Huntsman	HUN	32.01	0.21
HyattHotels	H	78.64	0.88
IAC/InterActive	IAC	143.75	3.41
ICICI Bank	IBN	10.18	-0.03
IdexxLab	IDXX	175.39	0.33
IHSMarkit	INFO	45.30	0.09
ING Groep	ING	18.19	-0.13
Invesco	IVZ	32.51	-0.01
IPG Photonics	IPGP	243.70	4.30
IQVIA	IQV	100.06	1.43
IRSA Prop	IRCP	50.00	1.51
IcahnEnterprises	IEP	55.62	-0.05
Icon	ICLR	109.36	-0.19
IDEX	IEX	133.00	0.37
IllinoisToolWks	ITW	161.85	0.43
Illumina	ILMN	220.44	-0.59
ImperialOil	IMO	27.32	-0.72
Incyte	INCY	88.03	0.51
Infosys	INFY	17.46	-0.16
Ingersoll-Rand	IR	90.26	-0.65
Ingredion	INGR	128.37	-1.10
Intel	INTC	44.46	-0.37
InteractiveBrkrs	IBKR	63.87	0.19
ICE	ICE	69.12	0.52
InterContinental	IHG	63.34	-0.02
IBM	IBM	150.75	-0.65
IntlFlavors	IFF	143.06	0.64
IntlPaper	IP	58.03	0.15
Interpublic	IPG	22.22	0.31
Intuit	INTU	159.36	-0.02
IntuitiveSurgical	ISRG	402.00	3.49
InvitationHomes	INVH	21.05	0.05
IonisPharma	IONS	47.59	1.06
IronMountain	IRM	33.54	0.24
IsraelChemicals	ICL	3.96	
ItauUnibanco	ITUB	15.65	0.02

J K L

Stock	Sym	Close	Net Chg
JD.com	JD	44.55	0.83
JPMorganChase	JPM	112.43	0.69
JackHenry	JKHY	117.13	0.83
JacobsEngg	JEC	62.27	-0.82
JamesHardie	JHX	18.34	0.28
JanusHenderson	JHG	34.72	0.29
JazzPharma	JAZZ	141.41	1.49
JetBlue	JBLU	19.96	0.09
J&J	JNJ	129.96	-0.31
JohnsonControls	JCI	37.39	-0.13
JonesLang	JLL	153.99	2.02
JuniperNetworks	JNPR	26.19	0.39
JunoTherap	JUNO	86.08	0.24
KAR Auction	KAR	50.26	-0.04
KB Fin	KB	58.33	-1.01
KKR	KKR	21.25	-0.28
KLA Tencor	KLAC	104.21	0.30
KT	KT	13.00	0.10
KSCitySouthern	KSU	103.84	-1.30
Kellogg	K	67.49	0.42
KeyCorp	KEY	20.55	-0.04
KeysightTechs	KEYS	44.47	0.44
KilroyRealty	KRC	66.15	1.42
KimberlyClark	KMB	110.39	0.40
KimcoRealty	KIM	14.34	0.02
KinderMorgan	KMI	17.39	0.09
Knight-Swift	KNX	48.69	1.04
Kohl's	KSS	62.90	1.78
KoninklijkePhil	PHG	37.13	0.03
KoreaElcPwr	KEP	14.88	-0.74
KraftHeinz	KHC	71.71	-0.10
Kroger	KR	28.12	0.92
Kyocera	KYO	56.11	-0.45
LATAMAirlines	LTM	15.64	-0.13
L Brands	LB	48.54	0.54
LG Display	LPL	14.00	0.25
LINE	LN	39.62	-0.84
LKQ	LKQ	40.53	0.37
LPL Financial	LPLA	62.67	-0.02
L3 Tech	LLL	206.61	2.17
LabCpAm	LH	171.01	2.52
LamResearch	LRCX	172.56	-0.39
LamarAdv	LAMR	67.05	-0.11
LambWeston	LW	54.54	-0.54
LandstarSystem	LSTR	108.65	1.85
LasVegasSands	LVS	73.15	1.61
Lazard	LAZ	54.51	0.32
Lear	LEA	186.97	-2.05
Leggett&Platt	LEG	44.39	-0.53
Leidos	LDOS	64.62	0.28
Lennar B	LEN.B	47.24	0.42
Lennar A	LEN	59.96	0.62
LennoxIntl	LII	200.03	-1.78
LeucadiaNatl	LUK	24.60	-0.24
LibertyBroadband A	LBRDA	88.78	-0.31
LibertyBroadband C	LBRDK	89.07	-0.29
LibertyGlobal C	LBTYK	33.99	-0.13
LibertyGlobal A	LBTYA	35.38	-0.15
LibertyQVC A	QVCA	27.45	0.47
LibertyVenturesA	LVNTA	55.16	-0.50
LibertyFormOne C	FWONK	34.43	-0.37
LibertyFormOne A	FWONA	32.56	-0.44
LibertyBraves C	BATRK	22.76	0.07
LibertyBraves A	BATRA	22.64	0.07
LibertySirius C	LSXMK	40.98	0.07
LibertySirius A	LSXMA	41.37	0.03
LibertyProperty	LPT	39.65	0.02
EliLilly	LLY	76.21	-0.40
LincolnElectric	LECO	89.08	0.50
LincolnNational	LNC	74.34	-1.13
LionsGate A	LGF.A	27.74	0.69
LionsGate B	LGF.B	26.61	0.74
LiveNationEnt	LYV	44.16	0.75
LloydsBanking	LYG	3.80	0.04
LockheedMartin	LMT	350.23	4.92
Loews	L	48.09	0.59
LogitechIntl	LOGI	38.60	0.41
LogMeIn	LOGM	125.95	1.20
Lowe's	LOW	96.06	-1.72
lululemon	LULU	77.27	0.47
LyondellBasell	LYB	109.64	-0.06

M N

Stock	Sym	Close	Net Chg
M&T Bank	MTB	186.15	1.40
MGM Resorts	MGM	33.13	-0.07
MPLX	MPLX	36.14	0.15
MSCI	MSCI	140.59	3.26
Macerich	MAC	60.83	0.03
Macy's	M	24.88	0.69
MagellanMid	MMP	67.78	0.08
MagnaIntl	MGA	54.49	0.74
Manpower	MAN	119.43	1.99
ManulifeFin	MFC	19.60	-0.11
MarathonOil	MRO	16.07	-0.20
MarathonPetrol	MPC	66.08	1.31
Markel	MKL	1097.52	9.02
MarketAxess	MKTX	193.30	2.22
Marriott	MAR	140.61	1.51
Marsh&McLen	MMC	81.28	0.24
MartinMarietta	MLM	218.41	5.65
MarvellTech	MRVL	22.32	0.40
Masco	MAS	42.76	-0.36
Mastercard	MA	170.12	1.93
MatchGroup	MTCH	39.60	1.61
Mattel	**MAT**	**16.36**	**-1.00**
MaximIntProducts	MXIM	58.34	-0.41
McCormick	MKC	102.71	0.41
McCormickVtg	MKC.V	101.77	-0.65
McDonalds	MCD	160.11	-0.23
McKesson	MCK	146.18	-2.84
Medtronic	MDT	80.22	-0.02
MelcoResorts	MLCO	27.11	0.29
MercadoLibre	MELI	366.51	13.06
Merck	MRK	54.90	-0.53
MetLife	MET	45.20	0.58
MettlerToledo	MTD	613.69	-0.18
MichaelKors	KORS	62.38	1.49
MicroFocus	MFGP	27.95	0.06
MicrochipTech	MCHP	80.81	-2.21
MicronTech	MU	42.63	0.44
Microsemi	MSCC	59.17	-0.11
Microsoft	MSFT	89.83	0.70
MidAmApt	MAA	87.99	0.25
Middleby	MIDD	130.45	-2.92
MitsubishiUFJ	MTU	7.15	-0.14
MizuhoFin	MFG	3.64	-0.05
MobileTeleSys	MBT	11.05	-0.09
MohawkInds	MHK	251.28	-3.27
MolsonCoors B	TAP	75.70	-0.07
MolsonCoors A	TAP.A	82.75	1.75
Momo	MOMO	28.29	-0.03
Mondelez	MDLZ	42.80	0.27
Monsanto	MON	120.11	-0.33
MonsterBev	MNST	63.39	-0.69
Moody's	MCO	161.60	2.32
MorganStanley	MS	53.39	-0.04
Mosaic	MOS	25.21	
MotorolaSol	MSI	101.94	0.64
Mylan	MYL	40.41	-0.19
NRG Energy	NRG	24.61	-0.11
NTTDoCoMo	DCM	24.58	-0.22
NVR	NVR	2915.02	41.51
NXP Semi	NXPI	116.20	-0.34
Nasdaq	NDAQ	78.50	0.94
NationalGrid	NGG	52.01	-0.68
NatlInstruments	NATI	47.49	0.66
NatlOilwell	NOV	33.66	-0.05
NatlRetailProp	NNN	37.57	0.08
NektarTherap	NKTR	75.66	-3.04
NetApp	NTAP	58.74	1.01
Netease	NTES	300.11	5.21
Netflix	NFLX	258.27	0.32
Neurocrine	NBIX	83.69	1.52
NewOrientalEduc	EDU	85.68	-1.03
NY CmntyBcp	NYCB	13.54	0.10
NewellBrands	NWL	26.60	-0.70
NewfieldExpl	NFX	27.14	-0.49
NewmontMining	NEM	37.02	0.11
NewsCorp B	NWS	16.55	0.40
NewsCorp A	NWSA	16.22	0.47
NextEraEnergy	NEE	151.07	1.07
NiSource	NI	23.13	0.02
Nike	NKE	65.81	-0.11
NobleEnergy	NBL	25.53	-0.44
Nokia	NOK	5.51	
NomuraHoldings	NMR	6.04	-0.03
Nordson	NDSN	137.37	-0.36
Nordstrom	JWN	49.17	0.80
NorfolkSouthern	NSC	140.31	0.40
NorthernTrust	NTRS	99.35	-0.01
NorthropGrum	NOC	343.36	5.92
NorwegCruise	NCLH	57.50	0.05
Novartis	NVS	83.60	-0.41
NovoNordisk	NVO	50.15	-0.32
Nucor	NUE	64.08	0.64
NVIDIA	NVDA	232.63	4.60

O P Q

Stock	Sym	Close	Net Chg
OGE Energy	OGE	30.96	0.09
ONEOK	OKE	56.84	0.29
OReillyAuto	ORLY	245.31	-2.94
OccidentalPetrol	OXY	69.72	-0.15
OldDomFreight	ODFL	135.60	3.54
Omnicom	OMC	79.56	0.78
ON Semi	ON	21.76	0.42
OpenText	OTEX	34.70	
Oracle	ORCL	48.49	0.34
Orange	ORAN	16.73	-0.07
OrbitalATK	OA	131.40	-0.07
Orix	IX	86.13	-1.76
Oshkosh	OSK	85.39	0.48
OwensCorning	OC	85.72	0.50
PG&E	PCG	39.83	0.49
PLDT	PHI	29.14	0.03
PNC Fin	PNC	153.29	1.01
POSCO	PKX	83.72	-0.22
PPG Ind	PPG	114.56	0.58
PPL	PPL	30.70	0.24
PTC	PTC	69.25	0.81
PVH	PVH	146.98	0.20
Paccar	PCAR	68.14	-0.10
PackagingCpAm	PKG	116.03	-0.66
PacWestBancorp	PACW	52.30	0.15
PaloAltoNtwks	PANW	156.89	1.64
ParkerHannifin	PH	179.83	-1.15
ParsleyEnergy	PE	22.57	-0.23
Paychex	PAYX	64.63	-0.06
PayPal	PYPL	74.97	-0.31
Pearson	PSO	9.07	-0.09
PembinaPipeline	PBA	31.88	0.07
Pentair	PNR	67.99	-0.80
People'sUtdFin	PBCT	19.13	0.06
PepsiCo	PEP	112.14	0.21
PerkinElmer	PKI	74.22	-0.28
Perrigo	PRGO	85.81	0.51
PetroChina	PTR	67.94	-0.53
PetroleoBrasil	PBR	12.47	0.01
PetroleoBrasilA	PBR.A	11.77	0.03
Pfizer	PFE	34.94	0.28
PhilipMorris	PM	105.05	0.65
Phillips66	PSX	93.76	0.17
PilgrimPride	PPC	25.14	-0.16
PinnacleFoods	PF	58.54	0.98
PinnacleWest	PNW	76.82	0.09
PioneerNatRscs	PXD	172.17	1.14
PlainsAllAmPipe	PAA	22.39	0.33
PlainsGP	PAGP	22.37	0.49
PolarisInd	PII	113.48	1.16
Praxair	PX	153.83	0.08
Priceline	PCLN	1797.86	7.86
PrincipalFin	PFG	61.72	-0.12
Procter&Gamble	PG	81.50	0.17
Progressive	PGR	53.22	0.84
Prologis	PLD	61.16	1.01
PrudentialFin	PRU	106.89	-0.97
Prudential	PUK	50.24	0.36
PublicServiceEnt	PEG	48.04	0.42
PublicStorage	PSA	189.20	1.38
PulteGroup	PHM	29.00	-0.18
Qiagen	QGEN	32.01	0.09
Qorvo	QRVO	79.35	0.18
Qualcomm	QCOM	65.70	0.04
QuestDiag	DGX	101.39	2.32

R S

Stock	Sym	Close	Net Chg
RELX	RENX	20.21	-0.37
RELX	RELX	20.62	-0.19
RPM	RPM	49.38	0.50
RalphLauren	RL	104.54	1.15
RandgoldRscs	GOLD	85.11	-0.51
RaymondJames	RJF	88.73	-0.28
Raytheon	RTN	209.53	2.01
RealtyIncome	O	48.99	0.31
RedHat	RHT	132.03	2.71
RegencyCtrs	REG	57.54	0.27
RegenPharm	**REGN**	**324.57**	**-18.10**
RegionsFin	RF	18.85	0.38
ReinsGrp	RGA	150.23	1.81
RelianceSteel	RS	86.30	1.12
RepublicSvcs	RSG	63.28	0.66
ResMed	RMD	91.52	-0.21
RestaurantBrands	QSR	57.78	-2.17
RioTinto	RIO	55.71	0.52
RobertHalf	RHI	54.64	1.04
Rockwell	ROK	184.44	-1.86
RockwellCollins	COL	134.06	-0.62
RogersComm B	RCI	45.59	0.15
Rollins	ROL	47.18	0.10
RoperTech	ROP	270.47	0.35
RossStores	ROST	77.82	0.47
RoyalBkCanada	RY	79.24	0.14
RoyalBkScotland	RBS	7.83	0.01
RoyalCaribbean	RCL	129.03	-0.24
RoyalDutchA	RDS.A	64.42	0.19
RoyalDutchB	RDS.B	65.44	0.31
Ryanair	RYAAY	119.00	3.00
SAP	SAP	102.80	0.05
S&P Global	SPGI	181.94	1.58
SBA Comm	SBAC	161.42	1.79
SEI Investments	SEIC	71.35	0.19
Sina	**SINA**	**112.25**	**6.51**
SINOPEC	SHI	57.28	-0.29
SK Telecom	SKM	24.50	-0.05
SLGreenRealty	SLG	93.82	1.13
SS&C Tech	SSNC	49.01	0.53
SVB Fin	SIVB	239.45	-0.41
SageTherap	SAGE	160.10	0.76
Salesforce.com	CRM	107.69	-0.86
Sanofi	SNY	39.40	-0.19
SantanderCons	SC	16.68	-0.05
Sasol	SSL	32.74	0.16
Schlumberger	SLB	65.92	-0.92
Schwab	SCHW	51.15	0.21
ScrippsNetworks	SNI	87.50	0.21
Seagate	STX	49.63	0.46
SealedAir	SEE	41.72	-0.80
SeattleGenetics	SGEN	52.15	-0.16
SempraEnergy	SRE	106.81	0.19
SensataTech	ST	51.96	-0.03
ServiceCorp	SCI	37.65	-0.05
ServiceMaster	SERV	51.44	-0.01
ServiceNow	NOW	147.55	0.31
ShawComm B	SJR	20.33	-0.21
SherwinWilliams	SHW	405.76	2.07
ShinhanFin	SHG	43.91	-1.21
Shire	SHPG	132.67	0.40
Shopify	SHOP	126.06	-1.88
SignatureBank	SBNY	150.93	1.49
SimonProperty	SPG	155.49	0.64
SiriusXM	SIRI	5.96	0.11
SkechersUSA	SKX	40.15	0.15
Skyworks	SWKS	103.58	-0.52
SmithAO	AOS	62.73	0.75
Smith&Nephew	SNN	35.34	0.22
Smucker	SJM	119.69	0.29
Snap	SNAP	18.58	-0.05
SnapOn	SNA	157.64	-1.61
SOQUIMICH	SQM	53.46	0.29
Sony	SNE	47.22	-1.05
Southern	SO	44.62	-0.06
SoCopper	SCCO	48.30	1.43
SouthwestAir	LUV	57.16	0.35
SpectraEnerPtrs	SEP	41.35	0.28
SpectrumBrands	SPB	102.45	0.44
SpiritAeroSys	SPR	90.70	1.21
Splunk	SPLK	88.78	0.10
Sprint	S	5.26	-0.01
Square	**SQ**	**42.11**	**2.19**
StanleyBlackDck	SWK	157.07	-0.97
Starbucks	SBUX	55.67	0.29
StateStreet	STT	101.27	-0.51
Statoil	STO	22.13	0.20
SteelDynamics	STLD	44.86	0.14
Stericycle	SRCL	72.17	0.80
STMicroelec	STM	21.65	0.14
Stryker	SYK	154.56	0.90
SumitomoMits	SMFG	8.75	-0.15
SunComms	SUI	85.74	0.46
SunLifeFinancial	SLF	40.83	-0.18
SuncorEnergy	SU	33.50	0.13
SunTrustBanks	STI	67.92	0.33
Symantec	SYMC	26.58	0.48
SynchronyFin	SYF	36.01	-0.23
Synopsys	SNPS	85.50	0.17
SynovusFin	SNV	48.93	0.25
Sysco	SYY	58.42	0.29

T U V

Stock	Sym	Close	Net Chg
TAL Education	TAL	32.46	1.37
TD Ameritrade	AMTD	55.38	-0.05
TE Connectivity	TEL	98.79	0.09
Telus	TU	35.53	-0.37
Ternium	TX	34.34	0.27
TIM Part	TSU	21.10	0.08
TJX	TJX	75.55	-0.16
T-MobileUS	TMUS	57.69	-0.43
TRowePrice	TROW	105.73	0.80
TableauSftwr	DATA	79.80	0.82
TaiwanSemi	TSM	42.38	-0.15
TakeTwoSoftware	TTWO	107.78	-2.15
Tapestry	TPR	50.14	0.23
TargaResources	TRGP	47.30	0.27
Target	TGT	73.88	2.00
TataMotors	TTM	28.63	-0.14
TechnipFMC	FTI	29.22	-0.47
TeckRscsB	TECK	29.63	1.14
TelecomArgentina	TEO	32.51	-0.52
TelecomItalia	TI	8.57	-0.22
TelecomItalia A	TI.A	7.38	0.06
TeledyneTech	TDY	182.25	2.06
Teleflex	TFX	254.95	-0.25
TelefonicaBrasil	VIV	16.18	-0.03
Telefonica	TEF	9.27	-0.08
TelekmIndonesia	TLK	29.77	0.52
Tenaris	TS	31.70	-0.17
Teradyne	TER	40.48	-1.55
Tesla	TSLA	323.66	7.93
TevaPharm	TEVA	18.52	-0.75
TexasInstruments	TXN	100.98	-0.96
Textron	TXT	57.55	
ThermoFisherSci	TMO	203.50	-1.01
ThomsonReuters	TRI	39.84	-0.16
ThorIndustries	THO	128.89	-0.33
3M	MMM	231.36	2.17
Tiffany	TIF	100.96	0.23
TimeWarner	TWX	94.31	0.70
TollBros	TOL	45.59	0.57
Torchmark	TMK	84.04	0.51
Toro	TTC	60.99	0.44
TorontoDomBk	TD	56.73	0.13
Total	TOT	56.04	0.32
TotalSystem	TSS	84.98	0.94
ToyotaMotor	TM	135.04	-3.72
TractorSupply	TSCO	66.16	-0.51
TransCanada	TRP	42.95	0.20
TransDigm	TDG	285.80	-0.40
TransUnion	**TRU**	**54.95**	**4.37**
Travelers	TRV	138.58	0.44
Trimble	TRMB	39.27	-0.73
TurkcellIletism	TKC	10.08	-0.04
21stCenturyFoxA	FOXA	36.58	0.18
21stCenturyFoxB	FOX	36.19	0.24
Twitter	**TWTR**	**33.44**	**2.49**
TylerTech	TYL	193.64	1.67
TysonFoods	TSN	74.73	0.20
UBS Group	UBS	18.62	-0.09
UDR	UDR	34.00	0.27
UGI	UGI	43.40	0.11
US Foods	USFD	29.93	0.20
UltaBeauty	ULTA	206.79	-2.69
UltiSoftware	ULTI	230.95	5.98
UltrapartPart	UGP	24.09	0.05
UnderArmour A	**UAA**	**16.70**	**2.47**
UnderArmour C	**UA**	**15.29**	**2.11**
Unilever	UN	54.08	-0.43
Unilever	UL	53.08	-0.29
UnionPacific	UNP	128.30	-0.34
UnitedContinental	UAL	65.75	1.50
UnitedMicro	UMC	2.38	
UPS B	UPS	107.56	1.25
UnitedRentals	URI	166.33	0.27
US Bancorp	USB	54.14	0.17
US Steel	X	36.80	0.58
UnitedTech	UTX	125.77	-1.61
UnitedHealth	UNH	226.64	0.95
UnivDisplay	OLED	146.10	-1.85
UniversalHealthB	UHS	116.20	0.59
UnumGroup	UNM	50.82	0.34
VEON	VEON	3.58	-0.03
VEREIT	VER	6.89	0.04
VF	VFC	82.11	1.41
Visa	V	118.35	-0.12
VailResorts	MTN	212.51	1.76
Vale	VALE	13.27	0.20
ValeantPharm	VRX	17.95	-0.08
ValeroEnergy	VLO	89.48	0.64
VarianMed	VAR	116.24	-0.46
Vedanta	VEDL	19.62	0.03
VeevaSystems	VEEV	56.90	0.18
Ventas	VTR	50.72	0.26
VeriSign	VRSN	110.57	-0.46
VeriskAnalytics	VRSK	94.88	0.58
Verizon	VZ	49.69	0.05
VertexPharm	VRTX	154.14	2.19
Viacom B	VIAB	33.10	0.22
Viacom A	VIA	39.05	0.60
Vipshop	**VIPS**	**17.49**	**1.10**
VistraEnergy	VST	18.25	0.29
VMware	VMW	120.08	3.50
Vodafone	VOD	28.32	-0.13
VornadoRealty	VNO	67.46	-0.14
VoyaFinancial	VOYA	48.02	-0.05
VulcanMatls	VMC	129.37	2.21

W X Y Z

Stock	Sym	Close	Net Chg
WABCO	WBC	141.23	1.12
WEC Energy	WEC	61.11	0.38
WEX	WEX	158.59	-1.28
W.P.Carey	WPC	61.16	0.06
WPP	WPP	93.04	3.59
Wabtec	WAB	71.98	-0.02
WalgreensBoots	WBA	68.29	-0.17
Walmart	WMT	100.98	1.43
WasteConnections	WCN	68.49	0.64
WasteMgt	WM	80.79	0.22
Waters	WAT	200.20	1.75
Watsco	WSO	164.93	0.68
Wayfair	W	92.55	0.53
Weibo	**WB**	**129.66**	**11.35**
WellCareHealth	WCG	194.33	-0.59
WellsFargo	WFC	56.87	-0.02
Welltower	HCN	55.08	0.81
WestPharmSvcs	WST	93.00	1.04
WestarEnergy	WR	49.93	-0.50
WestAllianceBcp	WAL	58.10	0.68
WesternDigital	WDC	82.97	0.63
WesternGasEquity	WGP	39.90	1.42
WesternGasRes	WES	49.59	0.80
WesternUnion	WU	19.75	-0.02
WestlakeChem	WLK	107.58	1.35
WestpacBanking	WBK	23.86	0.07
WestRock	WRK	63.43	0.16
Weyerhaeuser	WY	34.21	-0.15
Whirlpool	WHR	170.19	-0.86
Williams	WMB	29.77	0.35
WilliamsPartners	WPZ	40.29	0.56
WillisTowers	WLTW	155.31	1.16
Wipro	WIT	5.36	0.04
WooriBank	WF	45.44	1.85
Workday	WDAY	116.63	1.00
Worldpay	WP	73.52	-1.25
Wyndham	WYN	117.92	1.61
WynnResorts	WYNN	161.66	1.74
XPO Logistics	XPO	92.27	2.07
XcelEnergy	XEL	43.96	0.20
Xerox	XRX	29.17	-0.78
Xilinx	XLNX	65.29	0.17
Xylem	XYL	72.77	0.84
YPF	YPF	22.79	0.65
YY	YY	118.62	-0.04
Yandex	YNDX	37.42	0.92
YumBrands	YUM	77.77	0.06
YumChina	YUMC	40.07	0.27
ZTO Express	ZTO	15.35	0.37
ZayoGroup	ZAYO	35.55	0.05
ZebraTech	ZBRA	116.71	0.70
Zillow A	ZG	44.76	0.54
Zillow C	Z	44.72	0.45
ZimmerBiomet	ZBH	115.95	-0.59
ZionsBancorp	ZION	51.96	-0.10
Zoetis	ZTS	73.24	0.50

BANKRATE.COM® MMA, Savings and CDs

Average Yields of Major Banks

Tuesday, February 13, 2018

Type	MMA	1-MO	2-MO	3-MO	6-MO	1-YR	2-YR	2.5YR	5YR
National average									
Savings	0.13	0.06	0.06	0.14	0.22	0.38	0.53	0.52	0.99
Jumbos	0.27	0.06	0.07	0.16	0.24	0.41	0.57	0.60	1.04
Weekly change									
Savings	0.00	-0.01	-0.01	0.00	0.01	-0.01	-0.02	0.00	0.00
Jumbos	0.00	0.00	0.00	0.00	0.01	0.00	-0.02	0.01	0.01

Consumer Savings Rates

Explanation of ratings: Safe Sound SM, (855) 733-0700, evaluates the financial condition of federally insured institutions and assigns a rank of **1,2,3,4 or 5** based on data from the fourth quarter of 2015 from federal regulators. **5:** most desirable performer; **NR:** institution is too new to rate, not an indication of financial strength or weakness. Information is believed to be reliable, but not guaranteed.

High yield savings

Bank/rank, Phone number	Minimum	Yield (%)
Money market and savings account		
DollarSavingsDirect/4, (866) 395-8693	$1	1.60
CIT Bank/5, (855) 462-2652	$100	1.55
Northern Bank Direct/4, (844) 348-8996	$5,000	1.51
One-month CD		
EH National Bank/5, (888) 392-5265	$0	0.81
M.Y. Safra Bank, FSB/NR, (212) 652-7200	$5,000	0.30
VirtualBank/4, (877) 998-2265	$10,000	0.15
Two-month CD		
VirtualBank/4, (877) 998-2265	$10,000	0.15
Applied Bank/5, (800) 616-4605	$1,000	0.05
Three-month CD		
Ally Bank/5, (877) 247-2559	$25,000	1.50
TAB Bank/5, (800) 837-4136	$1,000	1.36
Luana Savings Bank/5, (800) 666-2012	$1,000	1.36
Six-month CD		
Ally Bank/5, (877) 247-2559	$25,000	1.75
First Internet Bank of Indiana/4, (888) 873-3424	$1,000	1.63
TAB Bank/5, (800) 837-4136	$1,000	1.61
One-year CD		
First Internet Bank of Indiana/4, (888) 873-3424	$1,000	2.07
MyBankDirect, A Division of BAC Florida Bank/4, (855) 512-0989	$5,000	2.05
VirtualBank/4, (877) 998-2265	$10,000	2.05
Two-year CD		
VirtualBank/4, (877) 998-2265	$10,000	2.36
Northern Bank Direct/4, (844) 348-8996	$500	2.26
MyBankDirect, A Division of BAC Florida Bank/4, (855) 512-0989	$5,000	2.25
Five-year CD		
Capital One 360/5, (800) 289-1992	$0	2.65
First Internet Bank of Indiana/4, (888) 873-3424	$1,000	2.63
M.Y. Safra Bank, FSB/NR, (212) 652-7200	$5,000	2.60

High yield jumbos - Minimum is $100,000

Bank/rank, Phone number	Yield (%)
Money market and savings account	
Discover Bank/5, (877) 505-4051	1.30
M.Y. Safra Bank, FSB/NR, (212) 652-7200	1.26
California First National Bank/5, (800) 735-2465	1.25
One-month CD	
EH National Bank/5, (888) 392-5265	0.81
M.Y. Safra Bank, FSB/NR, (212) 652-7200	0.30
USAA/NR, (800) 583-8295	0.22
Two-month CD	
VirtualBank/4, (877) 998-2265	0.15
Applied Bank/5, (800) 616-4605	0.05
Citizens Trust Bank/4, (404) 659-5959	0.01
Three-month CD	
Luana Savings Bank/5, (800) 666-2012	1.51
First Internet Bank of Indiana/4, (888) 873-3424	1.26
EverBank/4, (855) 228-6755	1.25
Six-month CD	
Luana Savings Bank/5, (800) 666-2012	1.66
First Internet Bank of Indiana/4, (888) 873-3424	1.63
MyBankDirect, A Division of BAC Florida Bank/4, (855) 512-0989	1.60
One-year CD	
First Internet Bank of Indiana/4, (888) 873-3424	2.07
MyBankDirect, A Division of BAC Florida Bank/4, (855) 512-0989	2.05
VirtualBank/4, (877) 998-2265	2.05
Two-year CD	
VirtualBank/4, (877) 998-2265	2.36
MyBankDirect, A Division of BAC Florida Bank/4, (855) 512-0989	2.25
First Internet Bank of Indiana/4, (888) 873-3424	2.22
Five-year CD	
First Internet Bank of Indiana/4, (888) 873-3424	2.63
M.Y. Safra Bank, FSB/NR, (212) 652-7200	2.60
VirtualBank/4, (877) 998-2265	2.58

Notes: Accounts are federally insured up to $250,000 per person effective Oct. 3, 2008. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., North Palm Beach, FL 33408
Internet: www.bankrate.com

Dividend Changes

Dividend announcements from February 13.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
Baldwin & Lyons Cl A	BWINA	4.8	.28/.27	Q	Mar09/Feb23
Baldwin & Lyons Cl B	BWINB	4.9	.28/.27	Q	Mar09/Feb23
CSX	CSX	1.6	.22/.20	Q	Mar15/Mar01
D&B	DNB	1.7	.5225/.5025	Q	Mar09/Feb22
Jack Henry & Associates	JKHY	1.3	.37/.31	Q	Mar16/Mar01
Kinsale Capital Group	KNSL	0.6	.07/.06	Q	Mar15/Feb28
L3 Technologies	LLL	1.5	.80/.75	Q	Mar15/Mar01
MarketAxess Holdings	MKTX	0.9	.42/.33	Q	Feb28/Feb14
Ryder System	R	2.5	.52/.46	Q	Mar16/Feb20
Foreign					
Allegion	ALLE	1.1	.21	Q	Mar29/Mar15
Allergan	AGN	1.8	.72	Q	Mar28/Feb28
CABCO Tr GS Cap Fltg Rate	GYB	3.6	.20764	Q	Feb15/Feb14
CAE Inc	CAE	1.5	.07161	Q	Mar30/Mar15
Restaurant Brands Intl	QSR	3.1	.45	Q	Apr02/Mar15
Sanofi ADR	SNY	4.7	1.86087	A	Jun04/May10
Special					
National Presto Inds	NPK	1.0	5.00		Mar15/Mar01

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

24640.45 ▲39.18, or 0.16%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	25.15	20.82
P/E estimate *	16.03	17.38
Dividend yield	2.14	2.31
All-time high	26616.71, 01/26/18	

S&P 500 Index

2662.94 ▲6.94, or 0.26%

High, low, open and close for each trading day of the past three months.

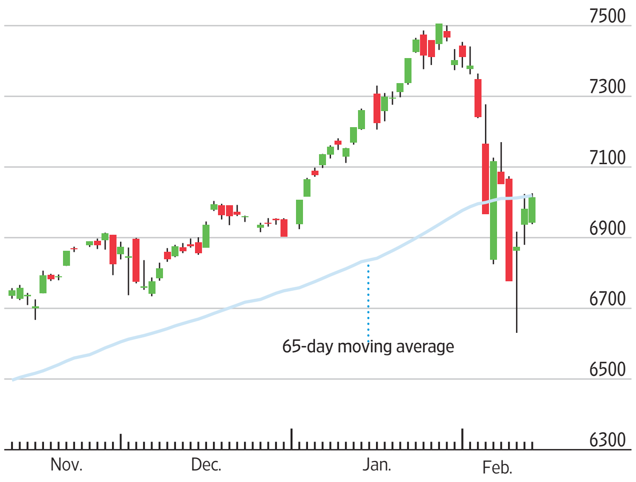
	Last	Year ago
Trailing P/E ratio	19.00	24.48
P/E estimate *	16.35	17.75
Dividend yield	2.00	2.04
All-time high:	2872.87, 01/26/18	

Nasdaq Composite Index

7013.51 ▲31.55, or 0.45%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.32	25.15
P/E estimate *	18.92	19.65
Dividend yield	1.09	1.15
All-time high:	7505.77, 01/26/18	



*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	24705.72	24421.03	24640.45	39.18	0.16	26616.71	20404.49	20.2	-0.3	11.0
Transportation Avg	10415.00	10196.57	10380.71	79.43	0.77	11373.38	8783.74	9.9	-2.2	4.7
Utility Average	672.46	659.90	670.08	3.10	0.46	774.47	647.90	0.4	-7.4	4.1
Total Stock Market	27544.03	27233.54	27486.72	76.58	0.28	29630.47	24125.20	13.0	-0.7	7.9
Barron's 400	702.99	696.01	701.89	1.90	0.27	757.37	610.89	12.5	-1.3	8.1
Nasdaq Stock Market										
Nasdaq Composite	7025.68	6938.16	7013.51	31.55	0.45	7505.77	5782.57	21.3	1.6	12.7
Nasdaq 100	6567.62	6478.41	6553.86	30.01	0.46	7022.97	5271.07	24.3	2.5	14.3
S&P										
500 Index	2668.84	2637.08	2662.94	6.94	0.26	2872.87	2328.95	13.9	-0.4	8.3
MidCap 400	1846.22	1823.55	1843.73	4.58	0.25	1995.23	1681.04	6.6	-3.0	7.1
SmallCap 600	914.62	905.35	912.74	1.43	0.16	979.57	815.62	7.0	-2.5	9.0
Other Indexes										
Russell 2000	1497.02	1481.94	1494.95	3.97	0.27	1610.71	1345.24	7.0	-2.6	6.9
NYSE Composite	12599.72	12481.98	12574.37	14.25	0.11	13637.02	11324.53	9.6	-1.8	4.4
Value Line	545.35	540.52	544.49	0.68	0.13	589.69	503.24	3.8	-3.2	2.1
NYSE Arca Biotech	4529.72	4441.83	4523.21	13.83	0.31	4939.86	3377.11	32.3	7.1	6.8
NYSE Arca Pharma	534.21	528.81	532.29	-0.84	-0.16	593.12	497.85	6.9	-2.3	-1.5
KBW Bank	110.37	108.72	110.21	0.66	0.60	116.52	88.02	14.9	3.3	15.0
PHLX§ Gold/Silver	81.56	80.49	81.06	-0.02	-0.03	94.46	76.42	-14.0	-4.9	1.7
PHLX§ Oil Service	136.87	134.34	135.56	-2.19	-1.59	182.73	117.79	-25.8	-9.4	-12.8
PHLX§ Semiconductor	1279.88	1266.61	1278.51	-0.64	-0.05	1392.86	960.01	32.8	2.0	21.9
Cboe Volatility	27.82	24.47	24.97	-0.64	-2.50	37.32	9.14	132.5	126.2	19.3

§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
Blackstone Group	BX	8,034.7	33.55	...	unch.	33.55	33.28
General Electric	GE	7,139.9	14.70	0.03	0.20	14.71	14.62
SPDR S&P 500	SPY	7,094.0	266.16	0.16	0.06	266.43	263.98
Merck	MRK	6,446.7	54.94	0.04	0.07	55.09	54.52
Fossil Group	FOSL	3,996.1	17.37	8.33	92.15	18.06	8.90
HP	HPQ	2,848.9	20.65	0.07	0.34	20.65	20.49
CenturyLink	CTL	2,794.0	17.24	0.03	0.17	17.24	17.07
Bank of America	BAC	2,059.5	31.17	-0.01	-0.03	31.29	30.98

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Fossil Group	FOSL	3,996.1	17.37	8.33	92.15	18.06	8.90
Talend ADR	TLND	33.2	45.00	6.73	17.59	46.00	38.27
Tandem Diabetes Care	TNDM	45.1	2.79	0.36	14.81	2.79	2.45
Century Communities	CCS	12.2	32.25	2.95	10.07	33.00	29.30
Carbonite	CARB	17.1	23.40	1.70	7.83	25.00	21.50

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Tetraphase Pharma	TTPH	909.1	2.23	-3.20	-58.93	5.43	2.10
Avadel Pharm ADR	AVDL	24.1	8.01	-0.98	-10.90	8.99	7.75
ChannelAdvisor	ECOM	18.5	8.75	-0.60	-6.42	9.35	8.10
Neurocrine Biosciences	NBIX	42.5	80.00	-3.69	-4.41	83.69	75.49
Omega Hlthcare Investors	OHI	69.4	26.00	-0.96	-3.56	26.96	25.70

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	801,468,964	8,621,854
Adv. volume*	427,778,749	3,757,516
Decl. volume*	359,959,264	4,709,328
Issues traded	3,082	331
Advances	1,698	158
Declines	1,280	156
Unchanged	104	17
New highs	21	2
New lows	55	11
Closing tick	370	20
Closing Arms†	1.08	1.31
Block trades*	5,842	89

	Nasdaq	NYSE Arca
Total volume*	1,797,521,360	231,209,791
Adv. volume*	1,122,897,377	154,917,235
Decl. volume*	638,899,090	67,126,210
Issues traded	3,066	1,344
Advances	1,721	849
Declines	1,165	470
Unchanged	180	25
New highs	29	5
New lows	57	30
Closing tick	68	2
Closing Arms†	0.84	0.81
Block trades*	5,926	1,033

*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	% chg	YTD % chg
World	The Global Dow	3060.60	7.21	0.24	-0.8
	DJ Global Index	393.16	1.18	0.30	-1.0
	DJ Global ex U.S.	262.78	0.87	0.33	-1.5
Americas	DJ Americas	637.22	1.59	0.25	-0.8
Brazil	Sao Paulo Bovespa	80898.70	...	Closed	5.9
Canada	S&P/TSX Comp	15216.47	-25.41	-0.17	-6.1
Mexico	S&P/BMV IPC	47926.73	96.24	0.20	-2.9
Chile	Santiago IPSA	4155.56	-42.68	-1.02	-1.3
EMEA	Stoxx Europe 600	370.58	-2.35	-0.63	-4.8
Eurozone	Euro Stoxx	371.34	-2.81	-0.75	-3.7
Belgium	Bel-20	3884.71	-33.47	-0.85	-2.3
France	CAC 40	5109.24	-30.82	-0.60	-3.8
Germany	DAX	12196.50	-86.27	-0.70	-5.6
Israel	Tel Aviv	1467.17	-1.33	-0.09	-2.8
Italy	FTSE MIB	22034.42	-302.36	-1.35	0.8
Netherlands	AEX	520.57	-3.53	-0.67	-4.4
Russia	RTS Index	1226.92	20.70	1.72	6.3
Spain	IBEX 35	9650.70	-120.40	-1.23	-3.9
Sweden	SX All Share	551.55	-2.32	-0.42	-3.0
Switzerland	Swiss Market	8752.64	-69.54	-0.79	-6.7
U.K.	FTSE 100	7168.01	-9.05	-0.13	-6.8
Asia-Pacific					
Australia	S&P/ASX 200	5855.90	35.20	0.60	-3.4
China	Shanghai Composite	3184.96	30.83	0.98	-3.7
Hong Kong	Hang Seng	29839.53	379.90	1.29	-0.3
India	S&P BSE Sensex	34300.47	...	Closed	0.7
Japan	Nikkei Stock Avg	21244.68	-137.94	-0.65	-6.7
Singapore	Straits Times	3415.07	30.09	0.89	0.4
South Korea	Kospi	2395.19	9.81	0.41	-2.9
Taiwan	Weighted	10421.09	...	Closed	-2.1

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Zion Oil Gas	ZN	4.30	2.00	86.96	6.90	1.07	233.3
Aqua Metals	AQMS	3.00	0.80	36.36	22.75	1.42	-82.4
Opiant Pharmaceuticals	OPNT	24.79	4.77	23.82	51.90	5.00	221.9
Dragon Victory Intl	LYL	4.68	0.80	20.62	14.99	3.70	...
GNC Holdings A	GNC	4.95	0.76	18.14	10.95	3.13	-39.6
Under Armour A	UAA	16.70	2.47	17.36	23.46	11.40	-23.3
Chegg Inc.	CHGG	19.15	2.79	17.05	19.96	7.21	139.4
Ossen Innovation ADR	OSN	3.11	0.45	16.92	8.90	1.50	30.1
Under Armour Cl C	UA	15.29	2.11	16.01	21.81	10.36	-21.2
ITUS	ITUS	3.28	0.44	15.49	6.43	0.60	-32.4
Cardlytics	CDLX	17.80	2.25	14.47	19.41	11.10	...
Atara Biotherapeutics	ATRA	45.05	5.58	14.12	45.20	11.80	186.0
Veeco Instruments	VECO	17.20	2.10	13.91	34.38	10.85	-34.7
eGain Corp.	EGAN	6.70	0.80	13.56	6.83	1.30	226.8
KBS Fashion Group	KBSF	5.41	0.64	13.42	15.00	1.41	-33.0

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Dare Bioscience	DARE	1.68	-1.11	-39.78	35.80	1.65	-88.3
Helios Matheson Analy	HMNY	5.43	-2.56	-32.04	38.86	2.20	48.8
Zosano Pharma	ZSAN	3.66	-1.14	-23.75	70.78	3.61	-90.9
Avinger	AVGR	2.68	-0.75	-21.86	117.43	2.50	-97.2
Kadmon Holdings	KDMN	3.81	-1.03	-21.28	5.86	2.05	-4.0
Affimed	AFMD	2.05	-0.40	-16.33	2.95	1.15	-6.8
Black Box	BBOX	2.05	-0.30	-12.77	11.00	2.05	-77.1
U.S. Gold	USAU	2.06	-0.30	-12.71	6.67	1.05	-67.4
Invuity	IVTY	3.95	-0.55	-12.22	9.70	3.75	-43.2
CGG ADR	CGG	4.77	-0.63	-11.67	10.19	3.26	-53.2
Lianluo Smart	LLIT	2.74	-0.36	-11.55	3.49	1.05	74.5
Qualstar	QBAK	11.05	-1.43	-11.46	13.20	3.43	176.3
Renmin Tianli Group	ABAC	2.45	-0.26	-9.49	4.76	1.60	-30.9
MYnd Analytics	MYND	2.21	-0.23	-9.43	8.25	2.21	-72.4
iFresh	IFMK	11.92	-1.18	-9.01	28.88	10.00	-2.6

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Bank of America	BAC	74,568	-2.3	31.18	0.19	32.67	22.07
SPDR S&P 500	SPY	74,044	-26.6	266.00	0.25	286.63	231.61
General Electric	GE	66,546	-27.0	14.67	-1.01	30.59	14.23
Twitter	TWTR	56,734	129.4	33.44	8.05	35.00	14.12
iShares MSCI Emg Markets	EEM	54,441	-17.4	47.51	0.76	52.08	37.39
Weatherford International	WFT	42,387	77.9	2.76	-3.50	7.09	2.62
Finl Select Sector SPDR	XLF	41,108	-38.2	28.19	0.43	30.33	22.00
GNC Holdings A	GNC	37,284	690.9	4.95	18.14	10.95	3.13
iPath S&P 500 VIX ST Fut	VXX	35,540	-23.9	47.98	0.06	76.24	25.59
Ford Motor	F	34,908	-21.1	10.59	-1.03	13.48	10.19

* 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
GS Access Inv Grade Cp Bd	GIGB	479	4776	48.63	-0.35	50.44	48.58
SPDR SSgA Ultra Shrt	ULST	442	4681	40.28	0.00	41.27	40.17
Electrum Special Acqn	ELEC	432	2474	10.35	0.00	10.35	9.92
PowerSh Dynamic Oil Svs	PXJ	1,111	2261	8.61	-1.26	13.24	7.99
WisTree EM Qlty Div Grwth	DGRE	471	1920	27.23	0.29	28.95	22.33
Hardinge	HDNG	1,034	1883	18.35	7.44	19.47	9.97
MSB Financial	MSBF	66	1185	17.75	-0.14	18.70	15.05
Modern Media Acquisition	MMDM	164	1107	9.82	0.31	9.94	9.65
Exactech	EXAC	1,875	1095	49.25	-0.10	50.95	23.75
Nationstar Mortgage Hldgs	NSM	4,284	1038	16.63	-2.75	20.71	14.67

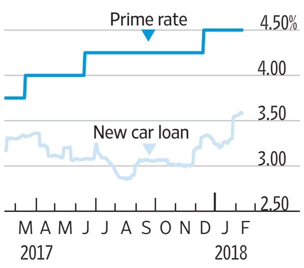
* Common stocks priced at $2 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

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†:	3.58%
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
Think Mutual Bank	2.49%
Rochester, MN	800-288-3425
Broadway National Bank	2.50%
San Antonio, TX	210-283-6500

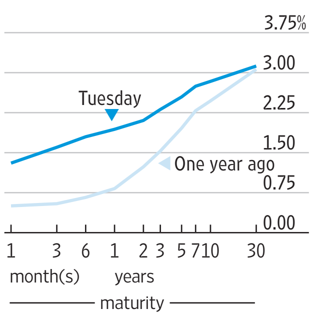
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.25-1.50	1.25-1.50	0.50	1.50	1.25
Prime rate*	4.50	4.50	3.75	4.50	1.25
Libor, 3-month	1.84	1.79	1.04	1.84	1.58
Money market, annual yield	0.29	0.33	0.25	0.36	-0.03
Five-year CD, annual yield	1.56	1.56	1.21	1.56	0.06
30-year mortgage, fixed†	4.39	4.33	3.73	4.39	0.47
15-year mortgage, fixed†	3.82	3.76	2.99	3.82	0.70
Jumbo mortgages, $424,100-plus†	4.66	4.62	4.21	4.96	0.14
Five-year adj mortgage (ARM)†	4.21	4.18	3.20	4.35	0.22
New-car loan, 48-month	3.58	3.56	2.85	3.59	0.64

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

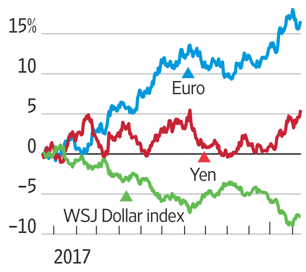
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Tues in US$	Tues per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0500	19.9960	7.5
Brazil real	.3034	3.2958	-0.5
Canada dollar	.7941	1.2593	0.2
Chile peso	.001672	598.20	-2.8
Ecuador US dollar	1	1	unch
Mexico peso	.0536	18.6568	-5.2
Uruguay peso	.03475	28.7800	-0.1
Venezuela b. fuerte	.000040249	24845.0001	2414124.9
Asia-Pacific			
Australian dollar	.7859	1.2724	-0.6
China yuan	.1577	6.3413	-2.5
Hong Kong dollar	.1278	7.8230	0.1
India rupee	.01556	64.265	0.6
Indonesia rupiah	.0000733	13648	1.2
Japan yen	.009275	107.82	-4.3
Kazakhstan tenge	.003089	323.71	-2.7
Macau pataca	.1241	8.0567	0.1
Malaysia ringgit	.2539	3.9390	-3.0
New Zealand dollar	.7274	1.3748	-2.5
Pakistan rupee	.00905	110.550	-0.1
Philippines peso	.0192	52.015	4.1
Singapore dollar	.7560	1.3227	-1.1
South Korea won	.0009216	1085.06	1.7
Sri Lanka rupee	.0064533	154.96	1.0
Taiwan dollar	.03414	29.293	-1.3
Thailand baht	.03178	31.470	-3.4
Vietnam dong	.00004402	22715	0.02

Country/currency	Tues in US$	Tues per US$	US$ vs, YTD chg (%)
Europe			
Czech Rep. koruna	.04869	20.540	-3.5
Denmark krone	.1658	6.0323	-2.8
Euro area euro	1.2354	.8095	-2.8
Hungary forint	.003960	252.54	-2.5
Iceland krona	.009847	101.55	-1.9
Norway krone	.1270	7.8749	-4.0
Poland zloty	.2965	3.3728	-3.0
Russia ruble	.01735	57.643	-0.1
Sweden krona	.1246	8.0276	-1.9
Switzerland franc	1.0695	.9350	-4.0
Turkey lira	.2623	3.8124	0.5
Ukraine hryvnia	.0373	26.8304	-4.7
UK pound	1.3894	.7197	-2.7
Middle East/Africa			
Bahrain dinar	2.6525	.3770	-0.03
Egypt pound	.0565	17.7110	-0.3
Israel shekel	.2828	3.5362	1.6
Kuwait dinar	3.3352	.2998	-0.5
Oman sul rial	2.5974	.3850	0.01
Qatar rial	.2747	3.641	-0.2
Saudi Arabia riyal	.2666	3.7503	...
South Africa rand	.0836	11.9615	-3.2

	Close	Net Chg	% Chg	YTD% Chg
WSJ Dollar Index	83.74	-0.30	-0.35	-2.61

Sources: 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	1426.900	2.611	2.561	2.634	1.818	0.137	0.292
10-yr Treasury, Ryan ALM	1669.848	2.837	2.766	2.857	2.058	1.211	-0.528
DJ Corporate	370.996	3.595	3.439	3.595	2.879	2.595	2.230
Aggregate, Barclays Capital	1905.180	3.100	3.010	3.100	2.380	1.070	1.267
High Yield 100, Merrill Lynch	2820.539	6.314	6.055	6.319	4.948	2.990	3.589
Fixed-Rate MBS, Barclays	1953.150	3.340	3.240	3.340	2.660	0.532	1.100
Muni Master, Merrill	515.861	2.395	2.351	2.412	1.736	2.745	1.901
EMBI Global, J.P. Morgan	785.680	6.026	5.795	6.026	5.279	3.329	5.457

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

COMMODITIES

	Close	Tuesday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	620.27	4.40	0.71	645.87	532.01	5.93	-0.82
TR/CC CRB Index	189.84	0.75	0.40	200.52	166.50	-1.27	-2.08
Crude oil, $ per barrel	59.19	-0.10	-0.17	66.14	42.53	11.26	-2.04
Natural gas, $/MMBtu	2.594	0.042	1.65	3.63	2.55	-10.71	-12.16
Gold, $ per troy oz.	1328.10	3.90	0.29	1362.40	1200.10	8.51	1.67

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Feb	3.0785	3.1525		3.0785	**3.1545**	0.0770	970
March	3.0865	3.1690		3.0795	**3.1625**	0.0760	94,048
Gold (CMX)-100 troy oz.; $ per troy oz.							
Feb	1324.50	1329.60		1323.40	**1328.10**	3.90	1,148
April	1325.00	1333.50		1323.70	**1330.40**	4.00	350,898
June	1329.70	1338.60		1329.10	**1335.40**	3.90	78,966
Aug	1336.30	1343.50		1335.70	**1340.40**	3.80	25,130
Oct	1340.10	1347.70		1340.10	**1345.70**	3.80	5,753
Dec	1346.50	1352.90		1346.00	**1351.30**	3.90	36,703
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
March	978.00	988.75		976.55	**980.70**	4.55	20,779
June	975.85	985.45		973.00	**977.50**	4.55	7,841
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Feb	...	...		...	**972.70**	2.90	1
April	973.10	981.90		971.90	**975.70**	2.90	77,544
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Feb	...	...		...	**16.507**	−0.041	142
March	16.515	16.645		16.410	**16.528**	−0.042	92,463
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
March	59.35	59.73		58.39	**59.19**	−0.10	208,657
April	59.24	59.53		58.23	**59.03**	−0.05	430,124
May	58.82	59.18		57.95	**58.75**	0.02	214,096
June	58.43	58.78		57.59	**58.41**	0.06	284,718
July	58.11	58.31		57.22	**58.02**	0.10	154,639
Dec	55.92	56.21		55.22	**56.03**	0.20	238,432
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
March	1.8422	1.8562	▼	1.8169	**1.8369**	−.0020	86,829
April	1.8395	1.8541	▼	1.8177	**1.8364**	...	102,788
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
March	1.6802	1.6946	▼	1.6519	**1.6853**	.0068	87,004
April	1.8642	1.8758	▼	1.8384	**1.8662**	.0038	119,137
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
March	2.566	2.642		2.562	**2.594**	.042	178,007
April	2.590	2.653		2.590	**2.623**	.044	230,491
May	2.631	2.679		2.630	**2.654**	.042	195,075
June	2.669	2.714		2.668	**2.692**	.041	74,887
July	2.712	2.755		2.712	**2.736**	.040	98,182
Oct	2.730	2.770		2.730	**2.751**	.039	119,220

Agriculture Futures

Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
March	366.50	368.50	▲	366.00	**366.75**	−.25	499,812
May	374.00	376.00	▲	373.75	**374.25**	−.50	460,577
Oats (CBT)-5,000 bu.; cents per bu.							
March	274.75	280.50	▲	272.25	**273.50**	−1.50	1,965
May	274.00	279.00	▲	272.50	**273.25**	−.75	3,684
Soybeans (CBT)-5,000 bu.; cents per bu.							
March	1001.00	1013.50	▲	998.75	**1011.75**	10.00	226,578
May	1011.50	1024.00	▲	1009.75	**1022.25**	9.75	232,242
Soybean Meal (CBT)-100 tons; $ per ton.							
March	359.00	371.60	▲	357.20	**365.20**	7.40	106,697
May	362.70	372.80	▲	359.30	**366.70**	6.30	174,378
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
March	31.83	32.01	▼	31.40	**31.57**	−.28	126,737
May	32.04	32.21	▼	31.61	**31.78**	−.27	187,559
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
March	1240.00	1242.50		1227.50	**1228.50**	−10.50	5,514
May	1264.00	1265.00		1252.00	**1251.00**	−12.00	2,690
Wheat (CBT)-5,000 bu.; cents per bu.							
March	465.00	467.25	▲	459.00	**460.75**	−3.25	152,603
May	476.75	479.50	▲	472.00	**473.75**	−2.25	178,784
Wheat (KC)-5,000 bu.; cents per bu.							
March	477.25	482.50		473.00	**474.50**	−3.00	72,032
May	492.75	497.75		488.00	**489.25**	−3.50	98,699
Wheat (MPLS)-5,000 bu.; cents per bu.							
March	609.50	612.00		601.25	**601.75**	−8.25	21,987
May	622.00	624.50		614.25	**614.75**	−7.75	19,811
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
March	147.925	148.325		146.750	**147.275**	−.400	21,881
April	149.725	150.075		148.625	**149.500**	−.025	13,304
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Feb	127.350	127.925	▲	126.725	**126.825**	−.300	15,180
April	125.525	125.975		124.650	**124.775**	−.225	148,471
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Feb	73.300	73.450		73.100	**73.350**	.275	8,725
April	70.325	70.425		69.300	**69.425**	−1.100	95,088
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
March	486.60	495.00		486.00	**491.50**	6.00	4,947
May	482.60	489.70	▲	482.00	**486.80**	5.80	2,112

Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Milk (CME)-200,000 lbs., cents per lb.							
Feb	13.48	13.49		13.45	**13.48**	.01	3,267
March	13.56	13.75		13.55	**13.75**	.19	4,755
Cocoa (ICE-US)-10 metric tons; $ per ton.							
March	1,975	2,012		1,966	**1,999**	29	9,091
May	2,014	2,053		2,005	**2,036**	29	128,038
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
March	121.40	123.00		120.50	**122.75**	1.35	40,515
May	123.55	125.30		122.65	**125.05**	1.55	117,644
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
March	13.65	13.70		13.35	**13.48**	−.25	199,498
May	13.53	13.60		13.29	**13.44**	−.17	342,436
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
May	25.87	25.87	▼	25.80	**25.87**	.01	2,886
July	26.66	26.66		26.66	**26.62**	.07	2,471
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
March	76.41	76.50	▼	75.66	**76.38**	−.07	38,711
May	77.49	77.54	▼	76.66	**77.40**	−.05	112,084
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
March	148.60	149.50		147.35	**147.80**	−.60	4,378
May	148.45	149.25		147.30	**147.45**	−1.35	4,993

Interest Rate Futures

Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
March	144-080	144-300		144-060	**144-180**	5.0	824,667
June	143-100	143-280		143-060	**143-170**	5.0	10,614
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	120-270	121-045		120-270	**121-000**	3.5	3,572,934
June	120-105	120-180		120-095	**120-140**	3.5	86,610
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	114-187	114-240		114-187	**114-205**	.7	3,327,264
June	114-102	114-145		114-092	**114-112**	.7	106,336
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
March	106-217	106-227		106-205	**106-212**	−.7	2,001,152
June	106-152	106-160		106-137	**106-140**	−1.2	62,995
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Feb	98.583	98.583		98.580	**98.583**	...	247,738
April	98.365	98.370		98.360	**98.365**	...	380,538
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
March	94.344	94.422		94.219	**94.313**	.141	30,049
1 Month Libor (CME)-$3,000,000; pts of 100%							
Feb	98.4150	98.4150	▼	98.4100	**98.4100**	...	5,785
April	98.1575	98.1575		98.1500	**98.1500**	...	960
Eurodollar (CME)-$1,000,000; pts of 100%							
Feb	98.1300	98.1375		98.1300	**98.1350**	.0075	164,776
June	97.8550	97.8700		97.8500	**97.8550**	...	1,548,032
Dec	97.6250	97.6400		97.6100	**97.6200**	−.0050	1,734,652
Dec'19	97.3050	97.3400		97.3000	**97.3150**	...	1,566,177

Currency Futures

Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Feb	.9201	.9306	▲	.9201	**.9289**	.0083	854
March	.9217	.9329	▲	.9212	**.9304**	.0083	250,861
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Feb	.7947	.7950		.7930	**.7943**	.0014	518
March	.7951	.7960		.7923	**.7945**	.0014	153,354
British Pound (CME)-£62,500; $ per £							
Feb	1.3849	1.3925		1.3842	**1.3879**	.0050	909
March	1.3866	1.3942		1.3850	**1.3893**	.0050	192,149
Swiss Franc (CME)-CHF 125,000; $ per CHF							
March	1.0679	1.0754		1.0668	**1.0728**	.0051	74,505
June	1.0753	1.0835		1.0750	**1.0811**	.0051	618
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Feb	.7858	.7875		.7829	**.7857**	.0015	1,674
March	.7856	.7876		.7826	**.7856**	.0016	111,393
April	.7859	.7874		.7828	**.7857**	.0016	748
May	.7861	.7874		.7829	**.7856**	.0015	195
June	.7854	.7875		.7832	**.7857**	.0015	2,789
Dec	.7868	.7868		.7861	**.7866**	.0017	300
Mexican Peso (CME)-MXN 500,000; $ per MXN							
March	.05345	.05355		.05324	**.05332**	−.00004	195,453
June	.05268	.05273		.05246	**.05252**	−.00004	1,799
Euro (CME)-€125,000; $ per €							
Feb	1.2300	1.2375		1.2294	**1.2359**	.0072	1,859
March	1.2319	1.2398		1.2311	**1.2381**	.0072	539,629

Index Futures

Contract	Open	High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
March	24573	24674		24371	**24626**	43	123,063
June	24600	24685		24396	**24641**	36	1,025
S&P 500 Index (CME)-$250 x index							
March	2655.20	2666.00		2636.00	**2661.70**	6.50	77,807
June	...	2667.10		2638.30	**2664.80**	6.50	139
Mini S&P 500 (CME)-$50 x index							
March	2653.25	2667.50		2634.25	**2661.75**	6.50	3,217,706
June	2656.50	2670.50		2637.50	**2664.75**	6.50	114,479
Mini S&P Midcap 400 (CME)-$100 x index							
March	1837.90	1845.90		1819.80	**1843.00**	5.10	77,170
Mini Nasdaq 100 (CME)-$20 x index							
March	6529.8	6571.0		6470.8	**6560.5**	28.8	224,108
June	6557.0	6591.0		6494.8	**6583.0**	28.8	5,236
Mini Russell 2000 (ICE-US)-$100 x index							
March	1485.70	1497.50		1476.00	**1496.20**	3.80	22,867
Mini Russell 1000 (ICE-US)-$100 x index							
March	1463.80	1475.20		1463.80	**1473.40**	4.20	281
U.S. Dollar Index (ICE-US)-$1,000 x index							
March	90.06	90.07		89.49	**89.59**	−.50	36,880
June	89.74	89.75		89.16	**89.25**	−.51	2,616

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Tuesday, February 13, 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.

	Tuesday
Energy	
Propane,tet,Mont Belvieu-g	0.8391
Butane,normal,Mont Belvieu-g	0.8710
NaturalGas,HenryHub-i	2.570
NaturalGas,TranscoZone3-i	2.530
NaturalGas,TranscoZone6NY-i	2.590
NaturalGas,PanhandleEast-i	2.160
NaturalGas,Opal-i	2.330
NaturalGas,MarcellusNE PA-i	2.030
NaturalGas,HaynesvilleN.LA-i	2.480
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	1328.90
Engelhard fabricated	1428.57
Handy & Harman base	1325.35
Handy & Harman fabricated	1471.13
LBMA Gold Price AM	*1321.70
LBMA Gold Price PM	*1322.30
Krugerrand,wholesale-e	1381.33
Maple Leaf-e	1394.61
American Eagle-e	1394.61
Mexican peso-e	1609.41
Austria crown-e	1304.90
Austria phil-e	1394.61
Silver, troy oz.	
Engelhard industrial	16.5500
Engelhard fabricated	19.8600
Handy & Harman base	16.5450
Handy & Harman fabricated	20.6810
LBMA spot price	£11.9400
(U.S.$ equivalent)	16.6050
Coins,wholesale $1,000 face-a	12247
Other metals	
LBMA Platinum Price PM	*965.0
Platinum,Engelhard industrial	972.0
Platinum,Engelhard fabricated	1072.0
Palladium,Engelhard industrial	998.0
Palladium,Engelhard fabricated	1098.0
Aluminum, LME, $ per metric ton	*2129.5
Copper,Comex spot	3.1545
Iron Ore, 62% Fe CFR China-s	77.9
Shredded Scrap, US Midwest-s,m	339
Steel, HRC USA, FOB Midwest Mill-s	749
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.6400
Cotton,1 1/16 std lw-mdMphs-u	0.7538
Cotlook 'A' Index-t	*87.55
Hides,hvy native steers piece fob-u	66.000
Wool,64s,staple,Terr del-u,w	5.10
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	113
Corn,No. 2 yellow,Cent IL-bp,u	3.4600
Corn gluten feed,Midwest-u,w	108.6
Corn gluten meal,Midwest-u,w	475.0
Cottonseed meal-u,w	300
Hominy feed,Cent IL-u,w	100
Meat-bonemeal,50% pro Mnpls-u,w	238
Oats,No.2 milling,Mnpls-u	2.9850
Rice, Long Grain Milled, No. 2 AR-u,w	25.50
Sorghum,(Milo) No.2 Gulf-u	8.5138
SoybeanMeal,Cent IL,rail,ton48%-u	369.20
Soybeans,No.1 yllw IL-bp,u	9.8300
Wheat,Spring14%-pro Mnpls-u	7.2425
Wheat,No.2 soft red,St.Louis-bp,u	4.6850
Wheat - Hard - KC (USDA) $ per bu-u	4.6950
Wheat,No.1soft white,Portld,OR-u	5.3938
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	191.89
select 1-3,600-900 lbs.-u	186.81
Broilers, National comp wghtd-u,w	0.9063
Butter,AA Chicago	2.0625
Cheddar cheese,bbl,Chicago	136.25
Cheddar cheese,blk,Chicago	151.00
Milk,Nonfat dry,Chicago lb.	73.00
Cocoa,Ivory Coast-w	2290
Coffee,Brazilian,Comp	1.2149
Coffee,Colombian, NY	1.4278
Eggs,large white,Chicago-u	1.5250
Flour,hard winter KC	15.40
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	70.62
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.8958
Steers,Tex.-Okla. Choice-u	n.a.
Steers,feeder,Okla. City-u,w	171.88
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	30.2000
Grease,choice white,Chicago-h	0.2225
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.3005
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 2/12

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					
1905.18	-2.0	U.S. Aggregate	3.100	2.380	3.100
U.S. Corporate Indexes Bloomberg Barclays					
2727.63	-2.6	U.S. Corporate	3.640	3.030	3.640
2582.93	-1.4	Intermediate	3.280	2.530	3.280
3742.50	-5.0	Long term	4.420	3.990	4.680
555.65	-2.2	Double-A-rated	3.110	2.470	3.110
705.12	-2.3	Triple-B-rated	3.910	3.340	3.910
High Yield Bonds Merrill Lynch					
412.69	-1.2	High Yield Constrained	6.394	5.373	6.394
421.91	0.4	Triple-C-rated	10.765	9.584	11.091
2820.54	-1.4	High Yield 100	6.314	4.948	6.319
375.37	-0.9	Global High Yield Constrained	5.681	4.934	5.738
304.19	-0.7	Europe High Yield Constrained	2.793	1.897	3.196
U.S Agency Bloomberg Barclays					
1621.89	-1.0	U.S Agency	2.480	1.690	2.490
1455.34	-0.5	10-20 years	2.330	1.490	2.350
3260.48	-3.7	20-plus years	3.310	2.730	3.410
2418.88	-1.8	Yankee	3.310	2.610	3.310
Mortgage-Backed Bloomberg Barclays					
1953.15	-1.8	Mortgage-Backed	3.340	2.660	3.340
1918.77	-1.8	Ginnie Mae (GNMA)	3.340	2.630	3.340
1145.41	-1.7	Fannie mae (FNMA)	3.340	2.670	3.340
1764.42	-1.8	Freddie Mac (FHLMC)	3.360	2.680	3.360
515.86	-1.2	Muni Master	2.395	1.736	2.412
358.54	-1.9	7-12 year	2.521	1.744	2.540
404.62	-1.8	12-22 year	2.793	2.213	2.872
392.68	-1.9	22-plus year	3.189	2.716	3.449
Global Government J.P. Morgan†					
537.09	-1.3	Global Government	1.620	1.300	1.630
745.86	-1.2	Canada	2.300	1.570	2.340
368.01	-0.7	EMU§	1.267	0.956	1.363
703.00	-1.1	France	1.020	0.690	1.210
499.94	-1.5	Germany	0.730	0.210	0.740
288.56	-0.05	Japan	0.410	0.340	0.460
552.24	-1.5	Netherlands	0.820	0.390	0.820
903.81	-2.9	U.K.	1.780	1.340	1.790
785.68	-2.8	Emerging Markets **	6.026	5.279	6.026

*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

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

February 13, 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.	1.37	1.35	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	1.4500	0.6000
High	1.5625	1.5625	1.6500	0.8125
Low	1.4000	1.3000	1.4100	0.4500
Bid	1.4000	1.4100	1.4300	0.5600
Offer	1.4300	1.4300	1.4400	0.6700
Treasury bill auction				
4 weeks	1.360	1.480	1.480	0.400
13 weeks	1.570	1.500	1.570	0.515
26 weeks	1.785	1.650	1.785	0.645

Secondary market

	Latest	Week ago	52-Week High	Low
Fannie Mae				
30-year mortgage yields				
30 days	3.983	3.895	3.991	3.253
60 days	4.004	3.916	4.016	3.281

Other short-term rates

	Latest	Week ago	52-Week high	low
Call money				
	3.25	3.25	3.25	2.50
Commercial paper (AA financial)				
90 days	1.61	1.72	1.72	0.72
Libor				
One month	1.58750	1.57926	1.58750	0.77000
Three month	1.83875	1.79070	1.83875	1.03733
Six month	2.05715	1.99188	2.05715	1.33656
One year	2.32688	2.27825	2.32688	1.69511
Euro Libor				
One month	-0.403	-0.406	-0.388	-0.420
Three month	-0.383	-0.381	-0.350	-0.387
Six month	-0.330	-0.334	-0.244	-0.339
One year	-0.255	-0.258	-0.109	-0.263
Euro interbank offered rate (Euribor)				
One month	-0.369	-0.369	-0.366	-0.375
Three month	-0.329	-0.329	-0.325	-0.332
Six month	-0.276	-0.279	-0.237	-0.279
One year	-0.191	-0.191	-0.104	-0.194

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	1.396	21.700	1.836	0.489
MBS	1.435	70.520	1.852	0.496

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Feb	98.555	unch.	4231	1.445
Treasury Mar	98.420	-0.010	836	1.580
Treasury Apr	98.265	-0.010	480	1.735

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective December 14, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective December 14, 2017. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

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	2.110 ▲	2.081	2.002	1.206			
2.750	10	2.839 ▼	2.860	2.549	2.433			
4.500	**Australia** 2	1.993 ▼	2.005	2.037	1.809	-11.7	-7.7	60.3
2.750	10	2.862 ▼	2.899	2.732	2.712	2.3	3.8	27.8
0.000	**France** 2	-0.430 ▲	-0.431	-0.420	-0.504	-254.1	-251.2	-171.0
0.750	10	0.993 ▲	0.993	0.864	1.026	-184.6	-186.7	-140.7
0.000	**Germany** 2	-0.581 ▲	-0.582	-0.562	-0.790	-269.2	-266.4	-199.6
0.500	10	0.751 ▼	0.758	0.515	0.335	-208.8	-210.2	-209.8
0.050	**Italy** 2	-0.205 ▲	-0.217	-0.177	-0.009	-231.5	-229.9	-121.4
2.050	10	2.079 ▲	2.026	1.987	2.227	-76.1	-83.4	-20.6
0.100	**Japan** 2	-0.150 ▼	-0.149	-0.134	-0.210	-226.0	-223.0	-141.5
0.100	10	0.070 ▲	0.070	0.075	0.091	-276.9	-279.0	-234.2
2.750	**Spain** 2	-0.361 ▲	-0.369	-0.379	-0.277	-247.1	-245.1	-148.3
1.450	10	1.517 ▲	1.471	1.507	1.662	-132.3	-139.0	-77.1
1.750	**U.K.** 2	0.718 ▲	0.685	0.572	0.114	-139.2	-139.6	-109.2
4.250	10	1.619 ▲	1.602	1.338	1.392	-122.	-125.8	-104.1

Source: Tullett Prebon

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Tuesday, February 13, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	10.85	1.40	0.6
CnsmrDiscSelSector	XLY	102.73	0.52	4.1
CnsStapleSelSector	XLP	54.51	0.46	−4.2
EnSelectSectorSPDR	XLE	67.48	−0.41	−6.6
FinSelSectorSPDR	XLF	28.19	0.43	1.0
GuggS&P500EW	RSP	99.57	0.24	−1.4
HealthCareSelSect	XLV	82.93	0.07	0.3
IndSelSectorSPDR	XLI	75.17	0.23	−0.7
iShIntermCredBd	CIU	107.50	−0.01	−1.6
iSh1-3YCreditBond	CSJ	104.06	−0.05	−0.5
iShCoreMSCIEAFE	IEFA	65.36	−0.34	−1.1
iShCoreMSCIEmgMk	IEMG	57.39	0.75	0.9
iShCoreMSCITotInt	IXUS	62.58	−0.02	−0.8
iShCoreS&P500	IVV	267.96	0.29	−0.3
iShCoreS&P MC	IJH	184.21	0.28	−2.9
iShCoreS&P SC	IJR	74.91	0.07	−2.5
iShS&PTotlUSStkMkt	ITOT	60.78	0.40	−0.6
iShCoreUSAggBd	AGG	106.82	0.03	−2.3
iShSelectDividend	DVY	95.72	0.38	−2.9
iShEdgeMSCIMinEAFE	EFAV	71.94	−0.12	−1.4
iShEdgeMSCIMinUSA	USMV	51.73	0.31	−2.0
iShGoldTr	IAU	12.76	0.63	2.0
iShiBoxx$InvGrCpBd	LQD	117.18	−0.03	−3.6
iShiBoxx$HYCpBd	HYG	85.26	−0.32	−2.3
iShJPMUSDEmgBd	EMB	111.63	−0.37	−3.9
iShMBSETF	MBB	104.46	0.12	−2.0
iShMSCI ACWI	ACWI	71.75	0.18	−0.5
iShMSCIBrazil	EWZ	44.01	0.53	8.8
iShMSCI EAFE	EFA	69.43	−0.30	−1.3
iShMSCI EAFE SC	SCZ	63.86	−0.17	−1.0
iShMSCIEmgMarkets	EEM	47.51	0.76	0.8
iShMSCIEurozone	EZU	43.39	−0.28	0.0
iShMSCIJapan	EWJ	59.48	−1.23	−0.8
iShNasdaqBiotech	IBB	107.54	0.18	0.7
iShNatlMuniBd	MUB	108.68	0.03	−1.9
iShRussell1000Gwth	IWF	136.40	0.37	1.3
iShRussell1000	IWB	147.94	0.31	−0.5
iShRussell1000Val	IWD	121.56	0.26	−2.2
iShRussell2000Gwth	IWO	183.95	0.29	−1.5
iShRussell2000	IWM	148.48	0.22	−2.6
iShRussell2000Val	IWN	120.90	0.17	−3.9
iShRussell3000	IWV	157.17	0.30	−0.6
iShRussellMid-Cap	IWR	204.34	0.33	−1.8
iShRussellMCValue	IWS	86.13	0.36	−3.4
iShS&PMC400Growth	IJK	213.28	0.46	−1.2
iShS&P500Growth	IVW	155.14	0.32	1.6
iShS&P500Value	IVE	111.63	0.25	−2.3
iShUSPfdStk	PFF	36.93	−0.03	−3.0
iShShortTreaBd	SHV	110.23	−0.02	−0.0
iShTIPSBondETF	TIP	111.66	0.07	−2.1
iSh1-3YTreasuryBd	SHY	83.57	...	−0.3
iSh7-10YTreasuryBd	IEF	102.36	0.17	−3.0
iShRussellMCGrowth	IWP	120.75	0.32	0.1
PIMCOEnhShMaturity	MINT	101.61	...	0.0
PwrShQQQ1	QQQ	159.69	0.52	2.5
PwrShS&P500LoVol	SPLV	46.30	0.41	−3.0
PwrShSrLoanPtf	BKLN	23.09	−0.17	0.2
SPDR BlmBarcHYBd	JNK	35.82	−0.28	−2.5
SPDR Gold	GLD	126.08	0.57	2.0
SchwabIntEquity	SCHF	33.49	−0.27	−1.7
SchwabUS BrdMkt	SCHB	64.17	0.31	−0.5
SchwabUS Div	SCHD	50.16	0.08	−2.0
SchwabUS LC	SCHX	63.57	0.28	−0.3
SPDR DJIA Tr	DIA	246.57	0.16	−0.3
SPDR S&PMdCpTr	MDY	335.24	0.30	−2.9
SPDR S&P 500	SPY	266.00	0.25	−0.3
SPDR S&P Div	SDY	91.38	0.22	−3.3
TechSelectSector	XLK	64.83	0.25	1.4
UtilitiesSelSector	XLU	49.15	0.45	−6.7
VanEckGoldMiner	GDX	22.00	0.14	−5.3
VangdInfoTech	VGT	168.05	0.31	2.0
VangdSC Val	VBR	128.04	0.17	−3.6
VangdSC Grwth	VBK	158.28	0.26	−1.6
VangdDivApp	VIG	101.06	0.33	−1.0
VangdFTSEDevMk	VEA	44.07	−0.38	−1.8
VangdFTSE EM	VWO	46.63	0.78	1.6
VangdFTSE Europe	VGK	58.47	−0.24	−1.1
VangdFinls	VFH	70.55	0.51	0.7
VangdFTSEAWxUS	VEU	54.23	0.06	−0.9
VangdGrowth	VUG	141.98	0.28	0.9
VangdHlthCr	VHT	155.07	0.04	0.6
VangdHiDiv	VYM	84.17	0.33	−1.7
VangdIntermBd	BIV	81.61	−0.01	−2.6
VangdIntrCorpBd	VCIT	84.96	−0.02	−2.8
VangdLC	VV	122.36	0.31	−0.2
VangdMC	VO	152.86	0.34	−1.2
VangdMC Val	VOE	109.40	0.19	−1.9
VangdRealEst	VNQ	74.70	0.70	−10.0
VangdS&P500	VOO	244.56	0.34	−0.3
VangdST Bond	BSV	78.53	0.01	−0.7
VangdSTCpBd	VCSH	78.65	−0.06	−0.8
VangdSC	VB	143.85	0.29	−2.7
VangdTotalBd	BND	79.66	0.09	−2.3
VangdTotlntlBd	BNDX	53.96	0.04	−0.8
VangdTotIntlStk	VXUS	56.40	...	−0.7
VangdTotalStk	VTI	136.45	0.32	−0.6
VangdTotlWrld	VT	73.74	0.07	−0.7
VangdValue	VTV	105.00	0.30	−1.2
WisdTrEuropeHdg	HEDJ	61.80	−0.87	−3.0
WisdTrJapanHdg	DXJ	56.15	−2.26	−5.4

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
JPMorgan Chase	JPM	7.900	April 30, '49	18	−66	35	112.43	0.62
Ford Motor Credit	F	3.336	March 18, '21	72	−32	78	...	...
Sysco	SYY	2.500	July 15, '21	28	−30	n.a.	58.42	0.50
Suntory Holdings	SUNTOR	2.550	June 28, '22	63	−16	n.a.	...	...
General Electric	GE	4.375	Sept. 16, '20	76	−9	58	14.67	−1.01
3M	MMM	3.000	Aug. 7, '25	37	−8	38	231.36	0.95
Qualcomm	QCOM	3.000	May 20, '22	94	−7	62	65.70	0.06
Boeing	BA	4.875	Feb. 15, '20	23	−5	18	343.16	−0.19

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
AmerisourceBergen	ABC	4.300	Dec. 15, '47	161	20	137	97.77	9.30
Walgreens Boots Alliance	WBA	4.650	June 1, '46	172	20	n.a.	68.29	−0.25
JPMorgan Chase	JPM	2.776	April 25, '23	73	19	55	112.43	0.62
Prudential Financial	PRU	4.500	Nov. 15, '20	75	19	47	106.89	−0.90
Dell International	DELL	8.350	July 15, '46	330	17	309	...	...
AbbVie	ABBV	2.300	May 14, '21	80	16	60	111.86	−0.06
Sumitomo Mitsui Banking	SUMIBK	2.450	Oct. 20, '20	70	16	n.a.	...	...
Jefferies	JEF	4.850	Jan. 15, '27	163	15	148	...	...

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
Continental Resources	CLR	4.500	April 15, '23	101.625	2.50	99.750	51.21	−0.33
Bristow	BRS	6.250	Oct. 15, '22	85.750	1.50	83.520	15.23	−2.37
Hexion	HXN	10.375	Feb. 1, '22	98.000	1.28	95.375	...	...
Ahern Rentals	AHEREN	7.375	May 15, '23	96.500	1.25	97.250	...	...
Iheartcommunications	IHRT	9.000	Sept. 15, '22	74.750	0.88	n.a.	...	...
Pilgrims Pride	PPC	5.875	Sept. 30, '27	98.375	0.86	99.625	25.14	−0.63
Northwest Acquisitions	NORACQ	7.125	Nov. 1, '22	101.750	0.75	102.200	...	...
J. C. Penney	JCP	5.650	June 1, '20	99.152	0.66	99.000	3.54	2.02

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
Windstream Services	WIN	8.750	Dec. 15, '24	63.000	−2.56	69.750	1.48	2.78
Sprint	S	7.875	Sept. 15, '23	103.750	−2.47	104.750	5.26	−0.19
Frontier Communications	FTR	9.250	July 1, '21	85.750	−2.00	91.250	7.90	3.40
Valeant Pharmaceuticals International	VRXCN	9.000	Dec. 15, '25	99.000	−1.81	101.230	...	...
Avis Budget Car Rental	CAR	5.500	April 1, '23	99.000	−1.67	100.000	...	...
First Quality Finance	FIRSTQ	5.000	July 1, '25	98.500	−1.50	100.750	...	...
Gray Television	GTN	5.125	Oct. 15, '24	96.470	−1.50	n.a.	15.45	1.98
QEP Resources	QEP	5.625	March 1, '26	97.000	−1.50	99.500	7.51	−3.72

*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


TOBY MELVILLE/REUTERS

The City of London. KPMG counters a widely held view that the U.K. is attractively taxed compared with countries on the continent.

Tax Cuts Target U.K. Expats

By Max Colchester

Some of Europe's most legendary tax-heavy countries—among them France and Italy—are cutting special deals to woo rich expats with the promise of smaller personal tax bills.

KPMG LLP calculated the personal tax bill of a hypothetical expatriate earning €250,000 ($306,000) a year in five European countries—France, Spain, Ireland, Germany and the Netherlands—for The Wall Street Journal. The results show that in all of them, the expat would pay less in income tax and social-security charges than he or she would in the U.K.

The savings aren't trivial. An expat living in France earning €250,000 could take home an extra €27,588 after tax and charges compared with one living in the U.K., according to the calculations.

That extra pay climbs to €42,545 in Spain if all the tax breaks are applied. Even Germany, which doesn't have an expat regime, leaves the worker some €2,500 better off than in Britain.

The findings counter a widely held view that the U.K. is an attractively taxed island in Europe's sea of suffocating taxes.

"What is less well understood is how significant the incentives and other special treatments that some locations offer can be," said Christopher Cowell, a partner at KPMG.

London's legion of foreign financiers is taking note. International banks in the U.K. are forming plans to bulk up in cities across the EU so that they can continue selling products to clients based there after Brexit.

Around 10,000 finance jobs in Britain may disappear when the U.K. quits the EU, according to an estimate by the Bank of England.

Across Europe, fiscal red carpets are being rolled out in preparation.

Take France. In 2012, the French president at the time, François Hollande, called finance the "enemy" and imposed a wealth tax. But soon after the U.K. voted for Brexit, Mr. Hollande's government extended rules that allow employees recruited abroad to claim 30% of their salary as an "impatriate premium," which is income-tax free for up to eight years.

There are further tax rebates including those for days worked outside France. In total, expats based in France can get up to half of their salary exempted from income tax.

The French aren't alone. In Spain, expats pay a special 24% tax rate on earnings up to €600,000. The Dutch allow 30% of salary to be paid as an income-tax-free expatriate allowance.

In Ireland, the tax-exemption deal extends to children's school fees. The Belgians allow expats to deduct the cost of decorating their new house from their tax bill. Last year, Italy unveiled a deal that doles out a 50% tax break to skilled workers coming from abroad. The U.K., by comparison, doesn't offer many such generous income-tax breaks to foreigners domiciled there, advisers say.

Conditions and time limits apply to the European tax sweeteners. In France, for instance, to qualify you need to have lived abroad for the last five years. In Spain, you have to be paid from an entity outside the country to get a lower tax rate, which can prove tricky to structure. The Irish need expats to earn at least €75,000 a year to get the tax breaks. In the Netherlands, you can't have been living within 150 kilometers (about 93 miles) of the Dutch border within the last 16 months (which bizarrely means that some people residing on the U.K.'s south coast aren't eligible). Another issue to consider in the Netherlands is a cap on bonuses for bankers.

The sweet deals are for personal tax, not corporate tax. The U.K.'s corporate tax rate is lower than, say, France's. Labor laws also are far more stringent in countries such as Germany than in the U.K. That has made some companies think twice about relocating big chunks of business into the continent.

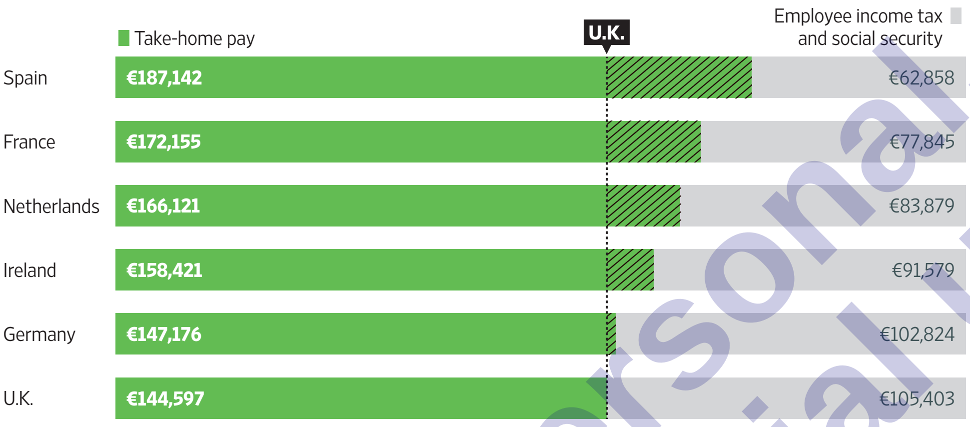
Finally, money isn't everything. Factors such as language and the availability of private-school seats also play an important role in deciding whether to move abroad. But the lower tax rate is making it easier to persuade staffers to give up London for another European city, bank executives say.

"When I say 'Go and live in Paris for a few years and pay less tax,' people suddenly aren't so skeptical," said one senior U.S. banker in London.

Brexit Migration: Five Lower-Tax EU Regimes

Several European Union nations offer breaks that can lower personal taxes of London expats, according to a KPMG report prepared for The Wall Street Journal.

Estimated take-home pay on a €250,000 salary including expat tax adjustments*



*Married with nonworking spouse, two children and a resident of the country for tax purposes
Source: KPMG
THE WALL STREET JOURNAL.

MetLife Pegs Number Of Workers Missing Benefits at 13,500

By Leslie Scism And Aisha Al-Muslim

MetLife Inc. said roughly 13,500 workers were left without their monthly retirement benefits over the past quarter century because of a records mistake, the first time the insurance giant disclosed the specific number of people affected by the pension snafu.

In a regulatory filing Tuesday, MetLife attributed the problems to a policy established 25 years ago to contact would-be pension recipients twice. This was rather than employing aggressive search techniques to track down people and make them aware of their eligibility for monthly income. It then shrank balance-sheet reserves that reflected MetLife's payment obligation to these people.

The company also said it lacked a system under which details about the missing payments were escalated throughout the company. At least some top executives, the company has previously said, didn't become aware of the problems until last fall.

The number of people who didn't receive payments represents about 2% of the 600,000 people for whom MetLife has responsibility for paying pensions. Previously it said fewer than 5% of the 600,000—or as many as 30,000—were affected.

The problems originated within a MetLife business known as "pension risk transfer," in which the insurer assumes responsibility for some or all of the payments due participants in private-sector pension plans.

In mid-December, MetLife determined that it had failed to aggressively search for plan participants and that reserves for the pension-risk business needed to be bolstered to account for improper releases in prior years. In January it said it expected to increase its reserves by $525 million to $575 million pretax and take a pretax charge for 2017's fourth quarter of $135 million to $165 million. At a 35% tax rate, that would equate to $88 million on an after-tax basis.

On Tuesday MetLife adjusted the total reserve increase to $510 million pretax and lowered the quarterly charge to $70 million after tax because the number of people affected was lower than initially estimated.

The new math means that an average of about $38,000 is added to reserves for each of the 13,500 retirees.

MetLife also said Tuesday an internal review concluded that some procedures need "further enhancement" to ensure there aren't missing or unresponsive beneficiaries in other lines of business. But no "issues which would be material" were identified in other products and other parts of its global enterprise.

For the fourth quarter MetLife reported a profit of $2.09 billion, or $1.97 a share, up from a loss of $2.23 billion, or $2.03 a share, a year earlier. The company recorded a net $1.2 billion after-tax benefit in the quarter after the U.S. tax overhaul.


RICHARD DREW/ASSOCIATED PRESS

Timothy Sloan says the bank has plans to address the Fed's concerns.

Wells Fargo CEO Says Fed Move Won't Harm It

By Emily Glazer

Wells Fargo & Co. Chief Executive Timothy Sloan worked to reassure investors that the Federal Reserve's unprecedented action capping its assets this month won't hurt the bank.

The move by the Fed, which also said the San Francisco-based lender would replace four directors in 2018, is unlikely to affect the bank's annual filing with the Fed for the "stress test," a review of the bank's financial health that has become an important postcrisis ritual for banks looking to approve larger dividends and share buybacks.

Speaking at an investor conference Tuesday, Mr. Sloan said the moves by the Fed and the bank's response are unlikely to affect its stress-test submission "positively or negatively."

Mr. Sloan also said there "haven't been any major changes" to the bank since the Fed announced its enforcement action on Feb. 2 and Wells Fargo gave some updates on a hastily arranged conference call later that day.

"We have plans to address the Fed's concerns," said Mr. Sloan on Tuesday, adding that the bank "will meet the deadlines" the Fed has set.

Investors are focusing on those deadlines to monitor when the bank can begin expanding its assets more freely again.

Each morning, Mr. Sloan said he checks metrics like loan, liquidity and deposits.

"It's pointing to a slow but steady recovery," he said. "It's never as fast as I would like, but it's absolutely occurring."

On the stress test, he said even though the Fed's assumptions are more conservative, the underlying credit quality shouldn't affect the bank's balance sheet. He added that he and Chief Financial Officer John Shrewsberry have been clear that Wells Fargo's goal over the next two to three years is to get its capital levels down to about 10%, an amount that should provide cushion above the regulatory minimum.

"That's absolutely doable and that's what our plan is," he said. Still, banks are often concerned they may fail the qualitative portion of the test.

Mr. Sloan said the bank's asset cap has had a nonexistent customer impact. Mr. Sloan was responding to a question about customers, in which he detailed the bank's focus on reiterating that it is open for business.

He added that wholesale customers, who are likely to be most affected by the asset cap, have a sticky relationship with the bank if they use it for services like treasury management.

The Fed imposed an asset cap that Wells Fargo has said affects its earnings by $300 million to $400 million. Mr. Sloan said there hasn't been any change in estimates so far.

"We wanted to provide as much clarity as possible, how we were thinking about operating within the asset cap," he said. "None of that has changed."

Latvian Bank Faces U.S. Market Ban

By Ian Talley in Washington and Max Colchester in London

The Treasury Department plans to sever ties between one the Baltic's largest banks and U.S. markets, charging the institution with laundering billions of dollars in illicit funds, including for companies connected to North Korea's banned ballistic-missile program, the Trump administration said.

The rarely used action, part of a broader pressure campaign against North Korea and Russia, is one of the Treasury's most powerful tools. Tuesday's sanction makes Latvia-based **ABLV Bank**, which is based in Riga but has an office in Luxembourg and a subsidiary in the U.S., a pariah to the other financial institutions. It effectively cuts access to the dollar and funding flows from the world's most important market.

Washington has used the sanction—which can be a death blow to banks—just a handful of times in the past decade.

ABLV said the allegations were unfounded and the bank added it "shall make every care to rebut this outrageous defamatory information."

Sigal Mandelker, the Treasury's undersecretary for terrorism and financial intelligence, said the bank handled transactions for corrupt politicians and funneled billions of dollars in public corruption and other illegal proceeds through shell-company accounts. The institution acted as a financial bridge between customers primarily in the former Soviet satellite nations and Western banks, allowing clients to tap global accounts, the Treasury said.

"ABLV failed to mitigate the risk stemming from these accounts, which involved large-scale illicit activity connected to Azerbaijan, Russia and Ukraine," she said in remarks to a financial-markets event in New York.

ABLV is the largest privately held bank in the small Baltic state of Latvia, a country well known as a way point for money flows between Russia and the European Union's banking sector. ABLV, which was founded in 1993, mainly caters to clients outside Latvia, so any local impact of the sanctions is expected to be limited, some analysts said.

In proposing the ban, a rule-making procedure that will take at least two months to complete, the administration said the bank managed transactions for clients connected to several long-sanctioned North Korean firms. North Korea's Foreign Trade Bank, for example, is the institution that manages Pyongyang's foreign-currency earnings, revenue that U.S. and United Nations officials say go directly to North Korea's nuclear and missile programs.

The Treasury accuses ABLV Bank with laundering billions of dollars in illicit funds.

ABLV also handled transactions connected to Korea Mining & Development Trading Corp., the country's primary arms dealer, and Ocean Maritime Management Co., the North Korean firm linked to international arms dealing.

While the bank had some legitimate customers, U.S. officials said most of the bank's clients are "high-risk shell companies" registered in jurisdictions valued for concealing corporate information and known as havens for money-laundering firms. The institution, which has around $4.6 billion in recorded assets, handled transactions valued at tens of billions of dollars for shell companies in offshore jurisdictions known for their secrecy, the U.S. said.

"The bank proactively pushes money laundering and regulatory circumvention schemes to its client base and ensures that fraudulent documentation produced to support financial schemes, some of which is produced by bank employees themselves, is of the highest quality," the Treasury said.

Treasurys Rise Before Report on Inflation

By Daniel Kruger

Longer-term U.S. government-bond prices gained Tuesday, a day ahead of the release of inflation data that some expect may mark a turning point in market sentiment.

CREDIT MARKETS

The yield on the benchmark 10-year Treasury note fell from its highest closing level in more than four years to 2.837%, from 2.857% Monday. Bond yields fall when prices rise.

Investors have tightened their focus on inflation data after a Labor Department report this month said wages rose 2.9% in January on a year-over-year basis, surpassing most forecasts and spurring speculation across financial markets that the Federal Reserve could raise interest rates more than the three times it forecast for 2018. Investors sold both stocks and bonds in the wake of that report, and the moves signaled a return of volatility to asset prices.

Economists surveyed by The Wall Street Journal expect Wednesday's consumer-price index, which measures changes in what Americans pay for everything from milk to airline fares, to have risen by 1.9% in January from a year earlier.

Investors have been looking for confirmation that inflation is quickening, which would support this year's move higher in bond yields. The 10-year Treasury yield ended 2017 at 2.409% and has been pushed up by expectations for faster growth and inflation after the passage of a $1.5 trillion tax-cut bill at the end of last year. An increase in government borrowing has also increased expectations for yields to rise.

"There's a lot of reasons" for yields to rise, said Thomas di Galoma, managing director and head of Treasury trading at Seaport Global Holdings. Tuesday's gain in prices is a result of "some nervousness about the equity market," with investors preparing for potential volatility that could appear after the inflation data, he said.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	$163,485,360,600
Accepted bids	$50,000,064,200
" noncompetitively	$598,798,900
" foreign noncompetitively	$0
Auction price (rate)	99.894222 (1.360%)
Coupon equivalent	1.380%
Bids at clearing yield accepted	88.13%
Cusip number	912796NW5

The bills, dated Feb. 15, 2018, mature on March 15, 2018.

Dow Ends Higher, Erasing Slide

Investors await data on consumer prices; a survey finds funds rotating into cash

By Michael Wursthorn And Georgi Kantchev

TUESDAY'S MARKETS

Major U.S. stock indexes rose slightly, gaining for a third consecutive session, though investors remained on edge ahead of a key report on inflation.

The Dow Jones Industrial Average fell 180 points earlier in the day before recovering those losses to eke out a gain. Despite the intraday swing, investors appeared to avoid making any drastic trades ahead of Wednesday's Bureau of Labor Statistics report on consumer prices.

Further evidence of inflation will likely prolong the market selloff, similar to how strong wage growth in January pressured U.S. bonds ahead of last week's correction, analysts said.

"Never before has a monthly [consumer-price index] number received so much attention," said Leo Grohowski, chief investment officer of BNY Mellon Wealth Management. "Traders and those much shorter-term oriented are reluctant to take big positions in advance of the data."

The Dow industrials rose 39.18 points, or 0.2%, to 24640.45, while the S&P 500 added 6.94 points, or 0.3%, to 2662.94. The Nasdaq Composite climbed 31.55 points, or 0.5%, to 7013.51.

Despite the gains in recent sessions, the Dow remain on pace for their worst month since August 2015, while the Nasdaq faces its biggest monthly decline since January 2016. The indexes are off about 7% from their Jan. 26 highs.

A short-term acceleration in inflation is unlikely, but prices

39.18

Point increase by the Dow Jones Industrial Average

could start to rise later in the year, making it important for investors to consider rebalancing their investments now, several analysts said.

Northwestern Mutual Wealth Management, for example, has been urging clients to increase their exposure to commodities at the expense of equities since earlier this year, suggesting prices will move higher as inflation sets in, said Brent Schutte, the firm's chief investment strategist.

In a sign of skittishness, investors say they are reducing risk by rotating into cash and out of equities, according to the February survey of global fund managers by Bank of America Merrill Lynch released Tuesday.

The survey also noted a record one-month jump in the percentage of investors indicating they have taken out protection against a sharp fall in equity markets in the next three months.

The moves followed last week's vertiginous plunge, when the S&P 500 fell more than 5% in a selloff sparked by signs of increasing inflation and rising bond yields. Bets on continuing low market volatility were upended, with the Cboe Volatility Index, or VIX, a measure of expected swings in the S&P 500, ending the week up nearly 70%.

Investors say a strong global economy and solid corporate earnings should offer support, but the market recovery will be uneven. Some analysts added that they expect the Federal Reserve to proceed carefully with its interest-rate increase plan to avoid putting further pressure on U.S. stocks.

"I believe the actual hard data [on inflation] will start to show up at the end of 2018," said Mr. Schutte, even though there are signs of it now, he added. "There's still some time before the Fed plays their role in moderating the boom."

In Europe, the Stoxx Europe 600 declined 0.6%.

Most Asian markets gained, though Japan's Nikkei Stock Average dropped 0.6%. At midday Wednesday, the Nikkei was down a further 0.6%. Hong Kong's Hang Seng Index was up 0.6% early Wednesday.

How a Popular Trade Reversed in a Hurry

By Jon Sindreu

Investors' bet on calm markets shifted to a record trade in favor of volatility last week, new data show, a move that unleashed a wave of selling that analysts say fueled the worst equity rout in years.

After a long period of market calm, many investors were betting against swings in equities through futures on the Cboe Volatility Index, or VIX, which tracks how much volatility investors expect on the S&P 500.

They did that by selling VIX futures to insure against market swings, taking up the profitable role of insurer. When markets turned, investors scrambled to offset the damage either by buying back those futures—or selling stocks, which drop as volatility increases—overwhelming the market with sellers.

That sudden shift from selling VIX futures to buying them was loud and clear in weekly data from the U.S. Commodity Futures Trading Commission released late Friday.

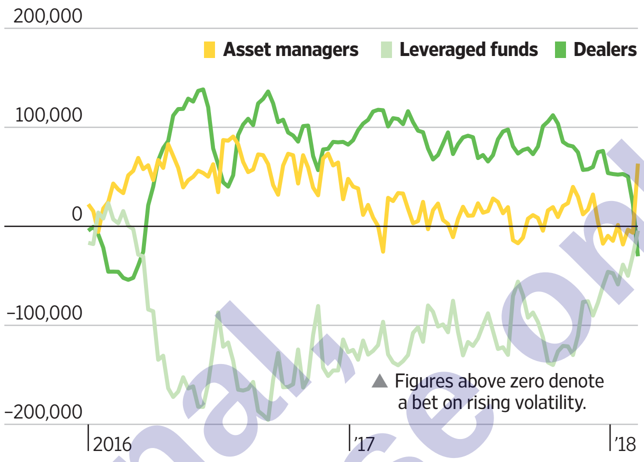
Speculative investors, or those classed as noncommercial by the CFTC, swung from a net 60,000 contracts that wagered against the VIX the week before the market turned, to an 86,000-contract bet in its favor by this past Friday. That is both the largest ever shift in these positions by speculative investors and their biggest bet in favor of the VIX since records start in 2006.

A closer look at the figures also shows some interesting trends that were at the center of last week's roller-coaster ride in global markets.

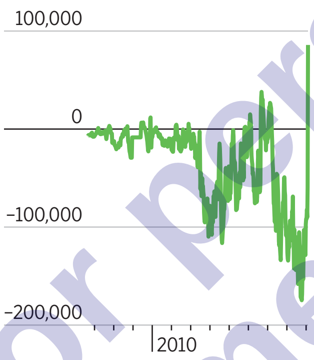
Volatility's Return Rattles the Shorts

A long period of market placidity ended with a jolt, as the Dow posted two of its largest-ever point declines and a number of smaller rebounds. The reversals forced many investors who were betting on continued calm to unwind wagers to that effect, sending volatility indexes soaring and vastly changing futures prices for coming periods.

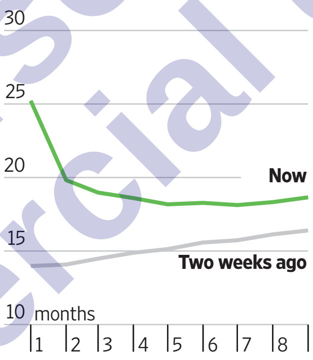
Net position on the VIX using futures, by number of contracts



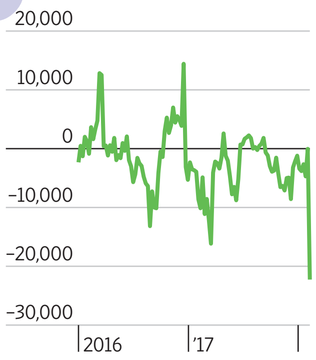
Net position on the VIX held by speculators using futures, by number of contracts



VIX futures maturing a number of months ahead*



Net position by speculators on the S&P 500 using futures, by number of contracts



*A downward sloping curve signals more demand than supply for short-term protection.

Sources: U.S. Commodity Futures Trading Commission, via FactSet and Thomson Reuters; FactSet (VIX futures)

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The CFTC breaks down investors in terms of dealers, which are mostly banks providing clients with a counterparty for their trades, asset managers, which include steady institutional investors like pension funds and insurers, and leveraged-funds investors, which are hedge funds and other speculators—similar to the noncommercial category.

Over the past few years, speculators have doubled down on their bets against the VIX, in expectation that the long period of calm markets would continue and forcing dealer banks to take the other side of those trades.

Analysts say that this can mellow market swings in itself, as banks offset these exposures by buying stocks as they fall and selling them as they rise. This can create a feedback loop in which betting against volatility suppresses it.

The CFTC numbers show that even institutional investors—who have usually been the main buyers of insurance against sharp market moves—began moving the other way in 2016, forcing banks into even larger positions in favor of the VIX. In late 2017, even pension funds were net sellers of insurance as they looked to cash in on what had been a profitable trade.

Last week, it all sharply corrected, with asset managers and speculators scrambling for insurance to offset their misfired bets, and banks selling that insurance—bets on the VIX that the market will be volatile—at high premiums. The feedback loop reversed, analysts say, as expensive insurance drove investors to offset their losses by betting against the S&P 500, both through futures and by selling actual stocks, because stock markets usually fall as volatility rises. CFTC data show that as speculators launched their bets in favor of the VIX last week, they simultaneously started betting heavily against the S&P 500.

There is one bit of good news in the CFTC numbers: It suggests many investors have already offset their losing bets. An analysis by statistical research firm Quant Insight finds that the VIX's moves are now once again explained by economic and stock-market trends, which hadn't been the case in 2017, as the market was inundated by new volatility sellers.

Some analysts warn, however, that a large chunk of the so-called short-volatility trade could still be unaccounted for.

Bond Investors Ready for Tax Overhaul's Long-Term Cost

By Daniel Kruger And Michael S. Derby

PETER FOLEY/BLOOMBERG NEWS

William Dudley of the Federal Reserve Bank of New York: 'There is no such thing as a free lunch.'

Bond investors are grappling with concerns that the U.S. government's decisions to cut taxes and increase spending are stoking an economy that doesn't need a boost, at the expense of long-term financial health.

Selling in government bonds that began after the passage of tax cuts and accelerated amid fears of a pickup in inflation has darkened investors' outlook in recent weeks.

Even as the government boosts its borrowing, the Federal Reserve has stepped away from bond purchases and is now shrinking its holdings, raising worries about the appetite from private investors who will need to make up the difference.

Because the 10-year Treasury note is a bedrock of global financial markets, rising yields—which climb as bond prices fall—can lift borrowing costs, affecting everything from state and local governments to mortgages, credit cards and corporate loans. Rising yields also can spook stock investors, reducing the appeal of riskier assets relative to Treasurys.

After years of central-bank support for markets helped cap volatility, investors are becoming increasingly worried that the Fed's decision to step back from crisis-era policies is pulling cash from the economy at a time when many financial assets are perceived as relatively overvalued.

The new course of U.S. spending comes at a time when the bond market is wrestling with a significant shift in global economic performance, with improving growth in the U.S. and elsewhere broadly credited for propelling an increase in real yields, which measure the purchasing power of bonds' fixed payments after accounting for inflation.

The upswing in inflation expectations reflects investors' concerns about everything from the effect of U.S. expansion to rising commodities prices. Investors will get a new view of inflation—which threatens the value of government bonds because it erodes that purchasing power—from Wednesday's release of January's consumer-price index.

The crosscurrents of rising government-bond yields and increased volatility in other assets last week contributed to the largest weekly percentage decline for the Dow Jones Industrial Average in two years, underscoring the importance of the bond market's reaction to a surge of fiscal stimulus and borrowing that comes after eight years of slow but steady economic expansion.

U.S. government-bond yields have risen to multiyear highs since Congress passed the tax cuts, which economists and investors have said will modestly accelerate growth, potentially leading employers to raise wages and increase capital investment.

To fund it, the government began increasing the amount of bonds it will sell, and analysts expect it will announce additional increases in May. Analysts say new budget plans and a possible increase in infrastructure spending also could boost issuance.

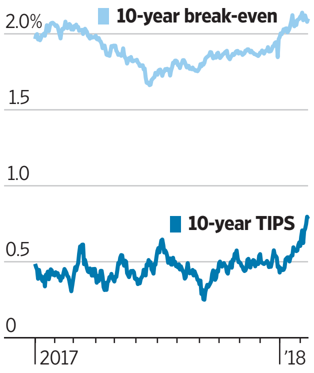
Moody's Investors Service said in a report Friday that "the federal government's balance sheet is set to deteriorate materially" as mandated spending on Social Security, Medicare and debt service, along with a jump in military spending and a decline in tax revenue, weakens the U.S. fiscal outlook.

Concerns about inflation also have contributed to the selling in government debt. Signs of accelerating wage growth in January helped push a market-based measure of inflation expectations to an average of 2.14% through 2028, the highest since September 2014, according to Thomson Reuters data.

That break-even rate reflects the difference in yield between the 10-year Treasury note and its inflation-protected counterpart. A wider gap attracts investors seeking protection from rising consumer prices.

Crosscurrents

Inflation expectations have risen, but so have yields on inflation-protected securities, suggesting demand for protection is limited.



Source: Thomson Reuters

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Fed officials don't seem to be all that worried by the recent rise in yields, but they are becoming increasingly anxious about the longer-run outlook for the market and the cost of credit in the U.S. economy.

Some Fed officials view the recent uptick in government borrowing costs in a somewhat positive light, saying the bond-market shift appears to reflect investors finally coming to terms with the fact that major central banks' crisis-era easy-money policies are coming to an end. But they worry there is a bigger storm looming.

Although they usually refrain from offering opinions about government spending, Fed officials have long warned that a surge in social-welfare spending—as baby boomers retire in an economy with a smaller labor force and already large deficits—is unsustainable.

"There is no such thing as a free lunch," Federal Reserve Bank of New York President William Dudley said in mid-January, after the tax bill's passage but before the market's recent turmoil. The tax law "will increase the nation's longer-term fiscal burden, which is already facing other pressures, such as higher debt service costs and entitlement spending as the baby-boom generation retires."

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY WSJ.com/Heard

The Rise and Risk of Private Markets

The world of investing is going private, but long-term returns are under threat.

The past decade has seen a flood of capital into hard-to-see, less liquid assets, transforming the scale and scope of the private-equity firms managing this money.

The biggest firms see this as adding to their advantages in an increasingly competitive world. But the fight for assets will inevitably lead to some bad deals, while the growing potential for conflicts of interest in many of their activities seems likely to provoke demands for transparency.

These firms are no longer the simple buyout shops of old, rehabilitating badly run businesses. Today, big private-equity firms are financial conglomerates reaching into all corners of the markets. They act not only as fund managers, but also proprietary investors, traders and investment bankers. In some ways, they are resurrecting the lightly regulated investment-bank partnerships of old.

Big private-capital firms now typically encompass traditional buyout arms plus private debt, real estate, infrastructure and energy funds. The industry's assets under management have tripled since the end of 2006 to $4.8 trillion as of June 2017, according to Preqin, a specialist research firm. That is roughly double the assets of hedge funds globally, according to Eurekahedge, another research firm.

The biggest firms have taken a growing share of the market even as the overall pie has expanded: They now have more power and influence in markets than ever.

That can help them cut out the banks. Last summer, **KKR** won a $3.7 billion deal for a Dutch car-parks company then used its own capital markets arm to distribute the chunks of debt and equity it didn't want. Regulators will watch this changing role.

It also helps them jump the queue for assets. For example, KKR and **Carlyle Group** can ensure their credit funds get access to loans to each firm's buyout deals if they want the debt and have the capacity. That is great when competition is so high, but some investors already demand extra reassurance that one fund's returns won't suffer for the sake of another's.

Then there is **Blackstone Group**'s recent use of derivatives trading to subsidize lending to U.S. home builder **Hovnanian** at the direct expense of some hedge funds, which seems to undermine the spirit, if not the law, of that market.

But it isn't just in markets; their importance to the economy has grown, too. Their decisions on whether to invest or cut costs now hold ultimate sway over millions of jobs, from shop assistants to pharmaceutical scientists. KKR's portfolio companies have almost one million employees world-wide and Carlyle's have 650,000. In comparison, **Walmart**, the biggest U.S. employer, has 2.3 million staff globally and the next-largest, **Amazon.com**, has about 540,000.

The heft and diversity of the biggest firms is also turbocharging their fundraising. Their stock of money raised and not yet invested (known as dry powder) keeps breaking records. The industry has about $1.7 trillion, of which $1 trillion is in buyout funds. **Apollo Global Management** last year raised the biggest buyout fund ever at $25 billion.

The greater the fight for assets, the more likely buyers will overpay, especially when so many markets are so highly valued. The industry has a history of overpaying during booms: The deals for energy utility **TXU** and **Caesars Entertainment** were two aggressive deals from the last cycle that went wrong.

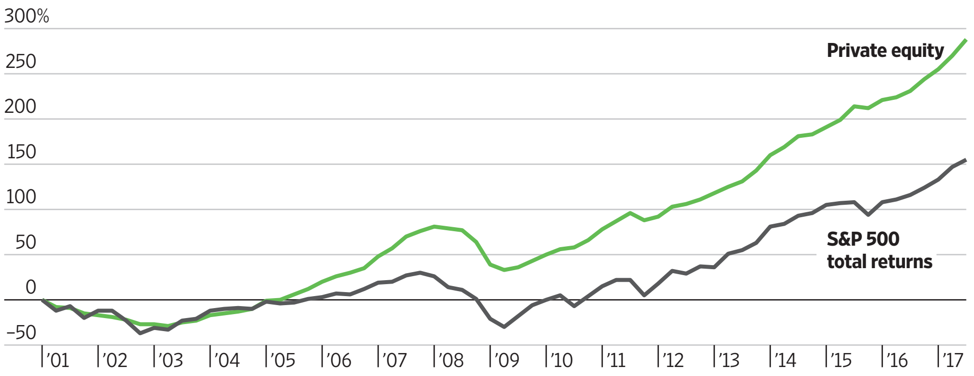
Private-equity firms' great advantage is time: Investor money is locked up for years, so firms can wait for what they think is the best moment to invest and cash in. The big firms also argue that their ever-growing ability to use market intelligence from across asset classes and around the world to inform their deal making gives them an edge over smaller rivals and public markets.

But that is exactly the thing investors and regulators should worry about. As more companies and assets are sucked into the world of private capital, the potential for unfair dealing out of the public spotlight will grow.

Growth and success will likely attract increasing regulatory attention—and ultimately costs. That as much as the battle for assets is likely to mean lower returns in time.

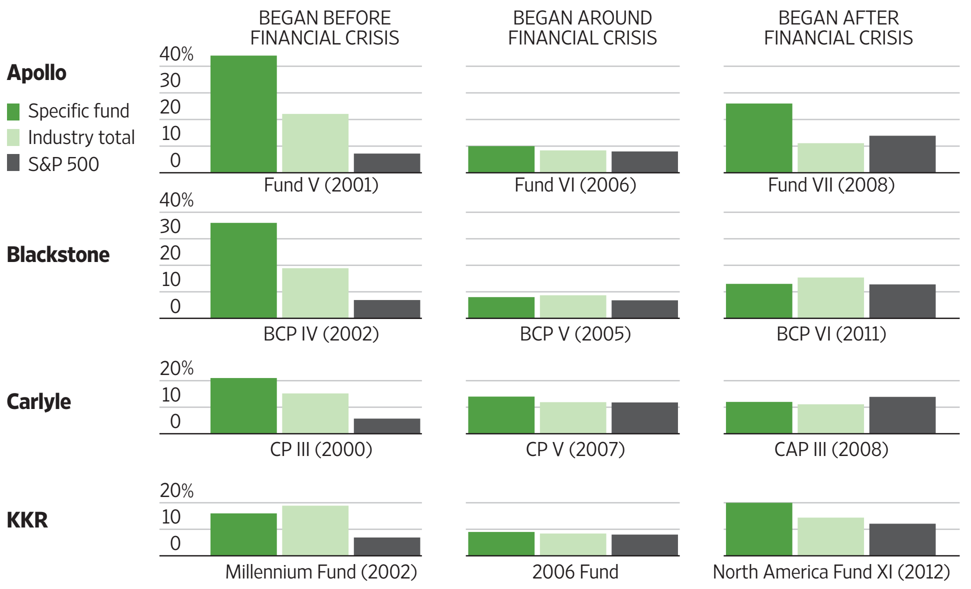
—Paul J. Davies

Private-equity returns beat stocks over time when measured as internal rates of return...



...and the biggest funds have had mixed results

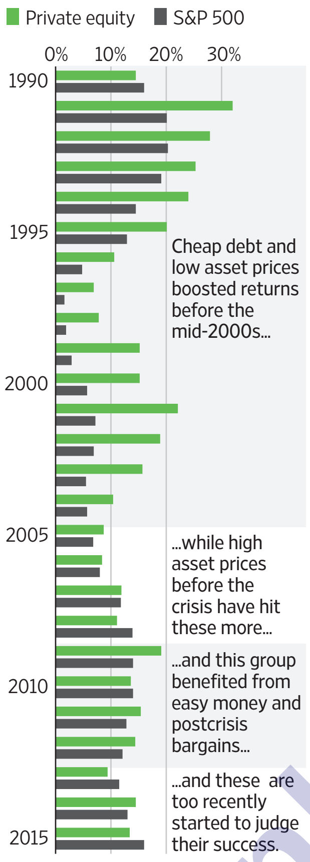
Funds' annual internal rates of return since inception compared with the private-equity industry and a public markets equivalent.



Sources: Prequin (average returns); Cambridge Associates (annual rate, industry total since inception); the companies (specific funds)

...but returns are much choppier versus comparable public markets equivalents when measured by vintage, or the year private-equity funds launch...

Annual rate of return on private-equity funds since the year they started vs. a comparable public-markets equivalent



THE WALL STREET JOURNAL.

U.S. Oil Drillers Flood the World

As oil rebounded last year, it seemed that the U.S. shale patch had found religion—the worship of cash flow. That would have been bullish for oil prices and, in the long run, good for investors in those companies.

The brief era of discipline by drillers is over. Analysts at Raymond James surveyed about 150 industry representatives last week at the North American Prospects Expo, a large industry gathering. Only 9% predicted that U.S. exploration and production companies would "live within cash flows" with crude at $60 a barrel.

The analysts concluded that "there still appears to be a fairly significant disconnect between what investors want to see E&Ps do and what industry representatives think E&P companies will do."

A report released Tuesday by the International Energy Agency put an exclamation point on the consequences for the global oil market. Even though the agency sees ample demand growth this year, it said that "producers are enjoying a second wave of growth so extraordinary that in 2018 their increase in liquids production could equal global demand growth."

Reports in recent days from the Organization of the Petroleum Exporting Countries and the U.S. Energy Information Administration both ratcheted expectations of U.S. output higher. The cartel's monthly report predicted that non-OPEC supply growth this year would be higher than previously projected at 1.4 million barrels a day, nearly all of which would come from U.S. shale producers.

The EIA said last week in its Annual Energy Outlook that U.S. output would reach a record 11 million barrels a day by the fourth quarter, a year ahead of schedule. Perhaps even more impressive is the agency's prediction that the U.S. could become a net oil exporter in four years.

Even at this year's projection, the U.S. would pump more than Saudi Arabia, the biggest producer in OPEC.

While not yet an exporter, U.S. production would equal that of four Kuwaits, 10 Algerias, or 20 Ecuadors. Net crude imports have dropped below 3 million barrels a day compared with nearly 13 million roughly 12 years ago when President George W. Bush said in his State of the Union speech that America was "addicted" to oil from unstable countries.

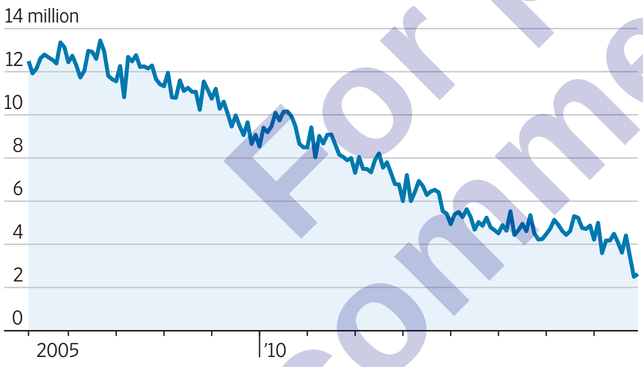
What is different between the U.S. and OPEC is that shale production is heavily dependent on price and reliant on constant reinvestment of cash flows. The recent 10% slide in U.S. benchmark crude, in part a response to lofty supply projections, that has pushed it below $60 is enough, in theory, to take marginal wells off the drawing board. Energy executives don't seem to be blinking, though.

If the drillers keep drilling, prices could tumble as supply grows. That would hurt profits of all producers, but more important would make investors wary of buying into shale producers when prices tick up again.

—Spencer Jakab

Watch Out OPEC

U.S. net oil imports



Source: U.S. Energy Information Administration

THE WALL STREET JOURNAL.

OVERHEARD

Teva Pharmaceutical Industries just can't catch a break.

After warning last week that a new migraine drug's launch might be delayed due to an issue at a South Korean supplier's manufacturing plant, the struggling drugmaker's string of bad luck has continued.

Competitor **Novartis** announced Tuesday that it had won Food and Drug Administration approval of a generic version of Teva's proprietary drug Copaxone, which treats multiple sclerosis.

Copaxone sales accounted for 15% of Teva's revenue in the fourth quarter.

That is the second generic approved for Copaxone's lucrative 40-milligram dosage, which should push prices lower.

Teva last week had warned investors to expect a second generic approval, as soon as April.

Spring thus came early for Teva shareholders. In this case, however, a jump on the season isn't an occasion to celebrate.

Low Bar Set For Under Armour

Expectations for **Under Armour**'s results were dismal. So investors shouldn't give the sportswear maker too much credit for exceeding them.

The grim outlook was set in the latest quarter when Under Armour reported its first quarterly sales decline since going public in 2005 and lowered its guidance for fiscal 2017. Shares tumbled. But after Under Armour reported earnings Tuesday morning, they climbed 16%, recouping that loss.

Revenue in the fourth quarter climbed 4.6% to $1.37 billion, beating estimates of $1.31 billion, thanks to a surge in international markets. Sales abroad jumped 47%.

Yet Under Armour's domestic market is still troubled. Sales in North America were down 4.5% from the year-earlier period, and the company reported a loss of $88 million, or 20 cents a share, compared with profit of $103 million, or 23 cents a share, in the prior year.

The company expects additional restructuring charges of $110 million to $130 million through 2018, but says it will save $75 million annually starting in 2019. On a call with analysts, Chief Executive Kevin Plank said sales growth abroad will continue to offset weakness in the company's domestic market.

Yet **Adidas**, **Lululemon**, and **Nike** are also aggressively chasing international consumers. The last of those three has said it aiming for revenue of $50 billion by 2020, with international sales accounting for 75% of growth. And, as Simon Siegel, a retail analyst at Nomura Securities points out, Nike has a far stronger international brand than Under Armour.

The bigger problem is Under Armour's valuation, which is more than twice as much as Nike's.

Exceeding low expectations is admirable, but at some point investors will hold the company to a higher standard.

—Elizabeth Winkler

Google's Cloud Needs Light

Google's owner is the world's second-largest company by market value. But even for huge businesses, little things can count for a lot.

Google Cloud Platform isn't really small. In fact, parent company **Alphabet** says the division is now generating about $1 billion in revenue per quarter. That, however, is about 3% of what the core Google business reported for its most recent quarter. It is also notably smaller than **Amazon.com**'s AWS segment. AWS logged revenue of $5.1 billion in the fourth quarter.

Still, Alphabet considers the Google Cloud Platform one of its biggest "bets"—on par with its efforts in branded hardware as well as YouTube. It is also a major force behind the parent company's spending. Google Cloud Chief Executive Diane Greene said at a conference Tuesday that the division was "the largest driver of head-count additions" at Alphabet last year.

Google has kept the performance of its cloud business mostly shrouded in mystery. Its operating results are lumped into a segment called "Google Other," which logged revenue of $14.3 billion last year—up 42% from the year before. That includes cloud, Google devices and content bought from the Google Play online store.

Google would benefit from shedding more light. Investors have dimmed on the stock of late, mostly on concerns about rising costs associated with the core advertising business. Amazon, meanwhile, has drawn high praise from investors since it first started making AWS results public in early 2015.

Google may feel its cloud business is still not big enough to merit disclosure. But investors want to know more. And with growth under pressure in its advertising business, Google can use all the good news it can get.

—Dan Gallagher

Market Shapes Up for Goldman

Lloyd Blankfein is hoping the market has come to **Goldman Sachs**.

During the lean, low-volatility years, Mr. Blankfein cut Goldman's big trading business by less than Wall Street rivals. Now he sees evidence the bet will start to pay off. Investors should take heed.

Speaking at a **Credit Suisse** financial forum, Mr. Blankfein cited strengthening global growth, rising wages and improving confidence among businesses and consumers as signs of a shift. Higher volatility and yields at multiyear highs have investors re-evaluating their portfolios.

Mr. Blankfein also argued that one major cause of low volatility for the past several years was "central banks around the world buying everything in sight." With the Federal Reserve now shrinking its bondholdings and raising rates, and other central banks possibly following suit before long, this has fundamentally shifted.

In the near term, the shift in interest-rate expectations has been painful for stocks, something no investment bank is happy to see. But if it marks a more permanent change, investment banks will benefit from the flood of fees as they help clients adjust, and perhaps none more so than Goldman with its large trading operation.

There are important caveats: Goldman has been hit not just by generally weak trading, but also by poor execution over the past year. Misplaced bets on energy, and a client base too geared toward hedge funds, caused it to underperform peers.

Mr. Blankfein acknowledges these missteps and says the firm is making progress diversifying its client base, but results must still be demonstrated in the form of more stable revenues.

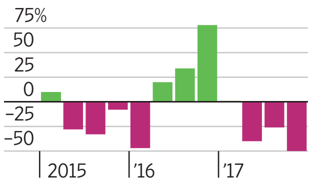
There also is the risk that the global reflation trade under way is yet another false dawn, and will soon give way to continued stagnation. But Goldman has demonstrated that it can weather such conditions fairly well, having posted double-digit returns on equity in five of the past six years.

Goldman shares are perhaps best thought of as an option on faster economic growth and higher volatility, but with limited downside if those conditions fail to materialize. It is a bet worth making.

—Aaron Back

Tough Trade

Goldman Sachs fixed-income, currency and commodities trading revenue, change from year earlier



Source: the company

THE WALL STREET JOURNAL.

THE NEW TAX LAW

THE WALL STREET JOURNAL. Wednesday, February 14, 2018 | R1

PHOTO ILLUSTRATION BY LINDSAY HOLMES FOR THE WALL STREET JOURNAL

SCHEDULE A, LINES 16-19

CHARITABLE CONTRIBUTIONS

BY LAURA SAUNDERS

The number of tax returns claiming deductions for charitable contributions will drop by more than 50% as a result of the tax overhaul, according to estimates from the Tax Policy Center.

The nonprofit group expects 16 million filers to take advantage of the deduction for tax year 2018, down from 36 million for tax year 2017.

Here is why. The standard deduction for 2018 is nearly double the level for 2017, rising from $6,350 to $12,000 for single filers and from $12,700 to $24,000 for couples filing jointly.

The standard deduction is the amount filers can subtract from income if they don't list "itemized" write-offs for mortgage interest, charitable donations, state taxes and the like on Schedule A.

As a result, a filer's itemized deductions for 2018 will need to be greater than new standard-deduction amounts for the filer to benefit from listing deductions separately.

Say that Jane and her husband, Robert, donate $10,000 to charities each year, but their mortgage is paid off and their only other itemized deduction is $10,000 of state and local taxes, for a total of $20,000.

16 million
Returns deducting charitable donations for 2018

For tax year 2017, this couple will want to itemize deductions on Schedule A because the $20,000 total exceeds the $12,700 standard deduction. But for tax year 2018, they will want to take the standard deduction of $24,000, because it exceeds the $20,000 total on Schedule A.

This means that Jane and Robert won't get a specific tax benefit for giving to charity in tax year 2018.

For charitable donors who want a tax break, there are ways around this change. One is to "bunch" donations every few years to surmount the higher standard deduction. If Jane and Robert donate $20,000 every other year, they could itemize in those years and claim the standard deduction in the years they don't donate.

Givers should also consider so-called donor-advised funds. These popular accounts enable donors to bunch smaller gifts into one large amount and take a deduction in the year of the gift.

The donor can then designate charities as recipients later. Meanwhile, the assets can be invested and grow tax-free, although the accounts have fees.

Donors who are 70½ or older have another good strategy if they have individual retirement accounts. Many can benefit from contributing up to $100,000 of IRA assets directly to one or more charities.

FORM 706

ESTATE AND GIFT TAX

Beginning in 2018, the estate- and gift-tax exemption—a combined amount that applies to an individual's gifts made during life or assets left at death—is doubling to nearly $11.2 million per individual or $22.4 million per married couple. The exemption is also adjusted for inflation.

This increase is set to lapse after 2025.

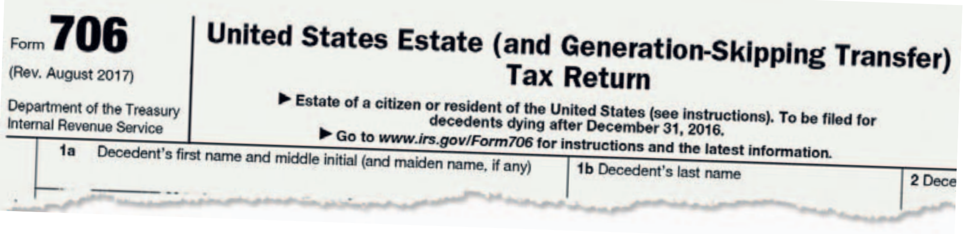
The number of estates the tax will apply to is expected to drop sharply as a result. According to estimates by the Tax Policy Center, about 1,700 estates are expected to owe that tax for 2018 out of about 2.7 million U.S. deaths. For 2017, an estimated 5,300 estates owed the tax.

◆ **No change on capital gains:** One thing the tax overhaul didn't change: Assets held at death still aren't subject to capital-gains tax. This is known as the "step-up in basis."

For example, say that John dies owning shares of stock worth $100 each that he bought for $5, and he held them in a taxable account rather than a tax-favored retirement plan such as an IRA.

John's estate won't owe capital-gains tax on the $95 of growth in each share of stock. Instead, the shares go into John's estate at their full market value of $100 each. Heirs who receive the shares then have a cost of $100 each as a starting point for measuring taxable gain when they sell.

◆ **Unused portion of exemption is 'portable':** The tax overhaul also didn't change the rules on "portability," a generous tax benefit for many married couples. It allows a surviving spouse to


Form 706 (Rev. August 2017) Department of the Treasury Internal Revenue Service
United States Estate (and Generation-Skipping Transfer) Tax Return
▶ Estate of a citizen or resident of the United States (see instructions). To be filed for decedents dying after December 31, 2016.
▶ Go to www.irs.gov/Form706 for instructions and the latest information.
1a Decedent's first name and middle initial (and maiden name, if any) | 1b Decedent's last name | 2 Dece

receive the unused portion of the federal estate-tax exemption of the spouse who died.

If John dies in 2018 leaving an estate of $2 million to his heirs other than his wife Susan, she could claim the $9.2 million of John's unused exemption for her estate.

The law also allows any taxpayer to give annual gifts to anyone—a neighbor, friend or relative, or even a stranger—up to a certain amount free of federal gift tax. An inflation adjustment raised this exemption from $14,000 to $15,000 per recipient for 2018. It's expected to take effect despite lower inflation adjustments mandated by the overhaul that will affect other inflation adjustments for 2018.

1,700
Number of estates expected to owe tax for 2018

Above that amount, taxable gifts are subtracted from an individual's lifetime estate- and gift-tax exemption.

These annual gifts aren't deductible from income tax, but they do gradually remove assets from the giver's estate, and the total can add up. A husband and wife with three married children and six grandchildren, for example, could shift $360,000 a year to the 12 family members by using this benefit.

◆ **'Bunching' gifts:** In an alternative strategy, givers can "bunch" five years of annual $15,000 gifts to a 529 education-savings plan, typically for children or grandchildren.

No tax is due, but a gift-tax form should be filed, says Mark Kantrowitz, a college-savings specialist in Chicago.

The annual exemption can be used to transfer complex assets, such as fractional shares of a business, but expert help is recommended.

—Laura Saunders

INSIDE

AN ITEM-BY-ITEM GUIDE TO UNDERSTANDING THE NEW LAW

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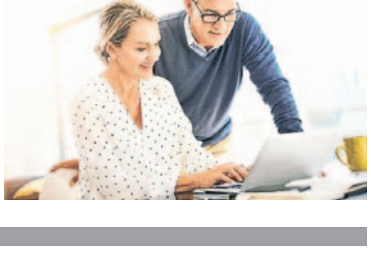


SCHEDULE A, LINES 5-7

STATE AND LOCAL TAXES

BY LAURA SAUNDERS

In a landmark change, lawmakers put a cap on deductions for state and local taxes, which are often referred to as SALT. In prior law, these deductions were unlimited for individuals, although many people who owed the alternative minimum tax lost the benefit of some or all of these write-offs.

For 2018, taxpayers can deduct property and income or sales taxes, but only up to $10,000 per return.

For example, say that Don is a single filer who owes $6,000 of state-income tax and $6,000 of local-property tax.

For 2017, he can deduct the $12,000 total of these taxes. But for 2018, the deduction is capped at $10,000 per return.

According to the Tax Foundation, this change is expected to hit hardest in the six states where SALT deductions are highest as a percentage of income: New York, New Jersey, Connecticut, California, Maryland, and Oregon.

Lawmakers in some states are considering strategies to preserve the deductibility of state and local taxes.

One proposed fix would, in effect, convert these levies to charitable contributions that could be deducted on the federal return, while another would change part of the state income tax into a payroll tax that is deductible by the employer. It isn't yet clear whether these strategies are legally viable or will take effect.

The new cap will also affect many married couples who file jointly more than it will affect singles, as the $10,000 limit is per return and not per person.

Some Wall Street Journal readers have asked whether two spouses can each file separately for 2018 and claim two $10,000 deductions. The answer is no. Although married couples can file separate returns, in this case each spouse would get a $5,000 deduction for state and local taxes. To qualify for two $10,000 deductions, the couple would have to divorce.

Others are confused about whether prepayments of state and local property taxes for 2018 are deductible on 2017 tax returns.

The new law specifically bars deductions for 2017 of state income-tax payments if they are earmarked for 2018 taxes, but it doesn't explicitly address property-tax prepayments.

Many residents rushed to prepay property taxes for 2018 before the end of 2017. But late in the year, the IRS issued a warning saying that some property-tax prepayments might not be allowable on 2017 returns.

Thomas Barthold, chief of staff of Congress's Joint Committee on Taxation, said publicly in early February that lawmakers didn't consider whether to bar deductions for prepayments of 2018 property taxes, in part because some locales have fiscal years.

The law in this area can be confusing and local practices vary, so tax specialists advise seeking local guidance.

Some believe that prepayments of property taxes aren't deductible if they are estimates that are subject to change.

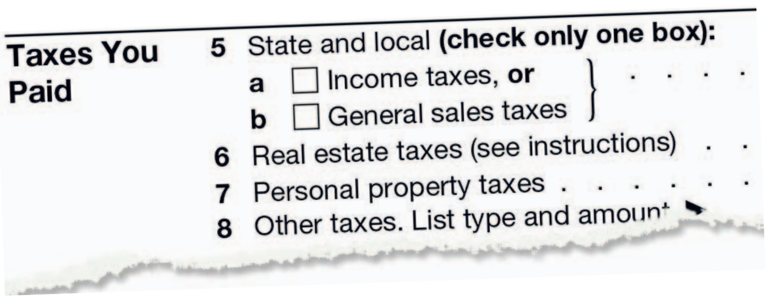
Others disagree. According to Lawrence Axelrod, an attorney at Ivins, Phillips & Barker in Washington, taxpayers and their preparers have good authority for claiming a deduction on a 2017 return for "a good-faith estimate of 2018 property taxes paid in 2017. But the prepaid taxes shouldn't extend beyond 2018."

TAX FACTS

States Affected Most

States where SALT deductions are highest as a percentage of income

New York	Connecticut	Maryland
New Jersey	California	Oregon


Taxes You Paid
5 State and local (check only one box):
a ☐ Income taxes, or
b ☐ General sales taxes
6 Real estate taxes (see instructions)
7 Personal property taxes
8 Other taxes. List type and amount

HOME SELLERS

House Republicans voted to pare back a popular benefit for people selling their primary homes, but in the end lawmakers retained the existing provisions.

Married couples filing jointly can continue to exclude $500,000 of profit on the sale of a primary home from taxes. For single filers, the exemption is $250,000 of profit.

For example, say that John and Jane bought a home many years ago for $120,000 and later made improvements that added $100,000 to its cost.

This year, they sell the home for $600,000.

The gain, or profit, on the sale is $380,000. All of it would be exempt from capital-gains tax due to the $500,000 exemption.

To be eligible for this benefit, the homeowner must have used the house as a primary residence for two of the previous five years.

In general, taxpayers aren't eligible for the exemption if they excluded the gain from the sale of another home during the two years before the sale.

Other limits and exceptions apply, such as for certain military personnel. For additional information, see IRS Publication 523, Selling Your Home.

—Laura Saunders

SCHEDULE A, LINES 10-11

MORTGAGE INTEREST

The tax overhaul contains new curbs on deductions for mortgage interest, both indirect and direct.

For 2018, millions fewer filers will benefit from deducting mortgage interest on Schedule A because of the near-doubling of the standard deduction to $24,000 for married couples and $12,000 for singles. Instead, they will opt for the expanded standard deduction.

For example, if a married couple's mortgage interest, state taxes and charitable contributions average about $15,000 per year, they benefited from listing these deductions on Schedule A in prior years. For 2018 they won't, because it is to their advantage to take the $24,000 standard deduction instead.

The Tax Policy Center estimates that the number of returns claiming the mortgage-interest deduction for 2018 will drop to 16 million from almost 40 million because of the change.

◆ **New limit on eligible mortgage debt:** Lawmakers also made important changes for those who do take the mortgage-interest deduction.

The new law allows homeowners with existing mortgages to continue to deduct interest on a total of $1 million of debt for a first and second home.

But for new buyers, the $1 million limit fell to $750,000 for a first and second home.

For example, if Charles already has a $750,000 mortgage on a first home and a $200,000 mortgage on a second home, then he can continue to deduct the interest on both on Schedule A.

What if Charles already has one home with a $750,000 mortgage and wants to use a new $200,000 mortgage to buy a second home this year?

In this case, he couldn't deduct the interest on the second loan, according to a spokesman for the National Association of Realtors, or NAR.

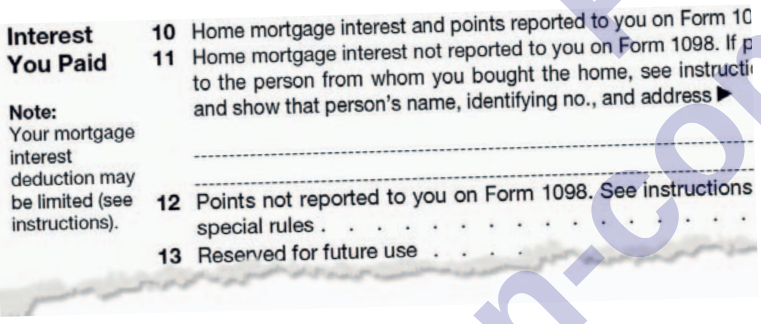
◆ **Impact on mortgage refinancing:** When it comes to refinancings, the NAR says it believes homeowners can refinance mortgage debt up to $1 million that existed on Dec. 14, 2017, and deduct the interest. But the new loan often can't exceed the amount of the mortgage being refinanced.

So if Linda has a $1 million mortgage she has paid down to $800,000, then she can refinance up to $800,000 of debt and continue to deduct interest on it. If she refinances for $900,000 and uses $100,000 of cash to upgrade the home, she could also deduct the interest on $900,000, according to the NAR.

But if Linda refinances for $900,000 and simply pockets $100,000 of cash, then she couldn't deduct interest on any of the $900,000 refinancing.

The changes also suspend deductions for interest on home-equity loans through 2025—unless the proceeds of the loan are used to make substantial improvements to the home, and the combined total of the first mortgage and the home-equity line of credit or second mortgage doesn't exceed $750,000, according to the NAR.

—Laura Saunders


Interest You Paid
Note: Your mortgage interest deduction may be limited (see instructions).
10 Home mortgage interest and points reported to you on Form 1098
11 Home mortgage interest not reported to you on Form 1098. If p... to the person from whom you bought the home, see instructi... and show that person's name, identifying no., and address ▶
12 Points not reported to you on Form 1098. See instructions special rules
13 Reserved for future use

16 million vs. 40 million

Estimated number of returns taking the mortgage deduction as a result of the new law vs. the old law

GETTY IMAGES/ISTOCKPHOTO

RETIREMENT SAVINGS

Lawmakers backed off a controversial proposal to lower the amount Americans can contribute before taxes to 401(k) and similar retirement-savings plans. But they did make other changes affecting savers who have these plans.

Savers who leave a company with a 401(k) loan outstanding will now have until the day they file their federal tax return to repay the loan. Under prior law, such employees typically had to repay such loans within 60 days of departure or pay income tax on the loan's balance and in some cases a 10% penalty.

The legislation also ended the ability of savers to "undo" Roth IRA conversions and thus nullify tax bills they would owe.

With a traditional IRA, savers typically get a tax deduction for contributions and owe ordinary income tax on withdrawals. With a Roth IRA, there is no upfront tax deduction, but withdrawals are usually tax-free in retirement.

Savers can also convert all or part of a traditional IRA to a Roth IRA, but they owe income tax on the conversion. Future tax-free withdrawals from the Roth conversion won't push the saver into a higher tax bracket or trigger higher Medicare premiums.

Until the overhaul, savers could also undo a Roth conversion by "recharacterizing" it by the October tax-filing date of the year following the original conversion.

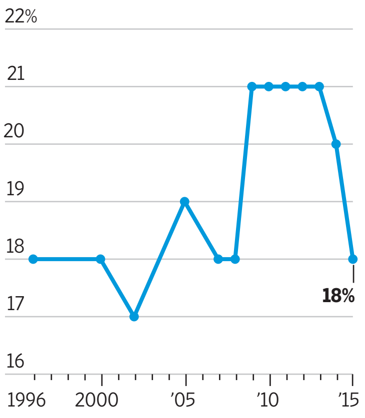
Reasons for undoing the conversion typically include a lower account balance than at the time of the switch, or a lack of cash to pay the tax bill.

The IRS has confirmed that people have until Oct. 15, 2018, to undo 2017 Roth IRA conversions.

—Anne Tergesen

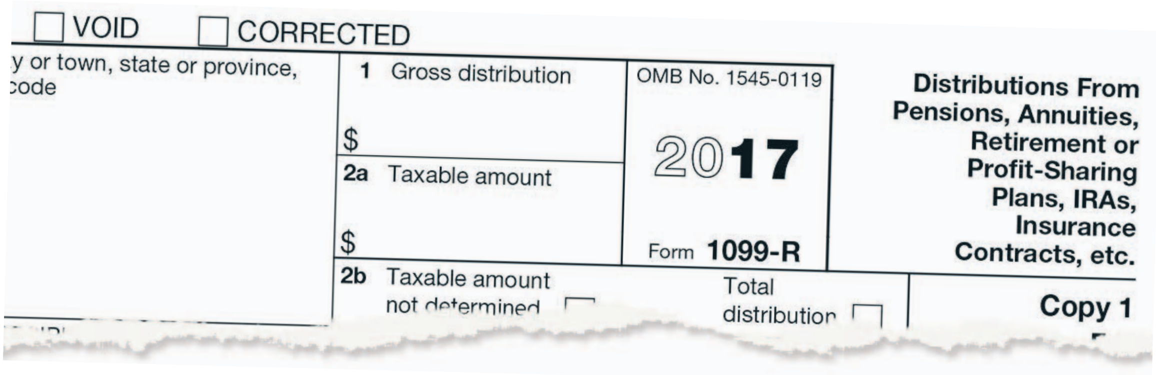
Plan Withdrawals

Percentage of eligible 401(k) participants with loans outstanding



Sources: Investment Company Institute; Employee Benefit Research Institute

THE WALL STREET JOURNAL.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How Tax Plan Will Affect the Economy

It is seen boosting growth in the short term. Beyond that is less clear.

BY NICK TIMIRAOS

President Donald Trump and Republicans are betting the 2017 tax overhaul will invigorate the U.S. economy after a long but slow expansion, putting controversial economic theories about growth to a crucial test.

A large cut in the corporate tax rate is designed to spur investment and hiring by businesses. Lower individual rates and fewer breaks for households are designed make the economy more efficient and put more money in the pockets of people to decide on their own whether to spend or save. Revamping tax laws governing profits earned abroad is designed to bring home corporate funds parked overseas.

Economists expect the tax cut to give a boost to the gross-domestic-product growth rate in the coming year or two.

Goldman Sachs Group Inc. has revised up its growth forecasts for 2018 and 2019 by 0.3 percentage point and 0.2 percentage point, respectively, to 2.6% and 1.7%. Economists there also expect stronger demand, primarily from increased consumption, to push unemployment down from its 4.1% rate in January to 3.5% by the end of 2018 and 3.3% in 2019, which would be the lowest level since the 1950s.

BLOOMBERG NEWS

The cut in the corporate income tax is designed to spur investment and hiring.

Mixed evidence

It is less clear whether tax cuts can raise the economy's growth rate over a longer period of time. Goldman still sees long-run potential growth at 1.75%.

History offers mixed evidence. Economic growth advanced solidly in the 1960s and 1980s after Democrats and Republicans lowered individual and corporate rates, but growth languished in the 2000s after two rounds of tax cuts. Moreover, a tax increase on top income earners in the early 1990s didn't hamper a burgeoning economic boom.

The Trump administration says growth of 3% or more is possible after a decade of near 2% growth. To get there, the economy must overcome significant headwinds that include an aging workforce full of retiring baby boomers and sluggishness in worker productivity that economists are struggling to understand.

A December Wall Street Journal survey of private-sector economists showed nine out of 10 professional forecasters expect the tax bill to boost the U.S. growth rate in the next two years, but with most seeing a modest increase. Forecasters are split on long-term effects, with nearly half saying growth will eventually return to or fall below the pace that prevailed before the tax cut took effect.

If the tax cut doesn't deliver the long-term growth Republicans have promised, larger deficits are likely. Independent budget analysts that evaluated the bill for Congress say the cuts will drive deficits higher by $1 trillion over a decade even after accounting for the benefits of stronger growth.

Corporate optimism

For months leading up to passage of the tax cuts, and for several weeks after, markets rocketed higher. That bulked up household 401(k) plans, making consumers more inclined to spend money. It also bolstered CEO confidence. Scores of large businesses announced bonuses for some of their workers or plans to increase investments.

"For the first time in several decades, tax reform enables us to competitively consider investment in the U.S.," Amgen Inc.'s Chief Financial Officer David Meline said in a conference call with analysts after the tax cut. Three-quarters of its $3.5 billion in capital spending over the next five years will be in the U.S., up from about half in recent years, he said.

Still, it isn't easy to tease out how much corporate optimism is due solely to tax cuts and how much is due to broader economic trends. Walmart Inc., for example, announced it would raise starting pay for hourly workers to $11 in February. It has done that before. The pay increase follows two others, in 2015 and 2016, when the retailer increased starting wages to $9 and $10 an hour, respectively.

"It is too early to quantify the benefits," Rockwell Automation Inc. CEO Blake Moret told investors after the tax cut. He said the tax overhaul would increase how much it can invest, while giving the company greater flexibility to do so, though it doesn't alter the firm's overall priorities.

"I don't get up in the morning and take my after-tax income and figure out how I'm going to spend it," said Joel Shine, chief executive of Woodside Homes Inc., which builds homes in four Western states. "That's driven more by whether you see opportunities to drive expansion in your product areas."

Housing winners, losers

The housing market illustrates how a GOP tax bill creates winners and losers. Stronger job growth and consumer confidence should boost overall housing demand, particularly from nearly five in six households who should enjoy stronger purchasing power as their after-tax income rises.

But some changes—such as caps on the deductibility of state and local income and property taxes—could make housing less affordable in expensive metro areas situated in high-tax states, such as New York, San Francisco, and Washington, D.C.

The tax cut could also influence interest-rate policy depending on how officials at the U.S. Federal Reserve judge its potential influences over investment and hiring decisions.

The overhaul could boost growth two ways: by raising demand or raising supply. In the short run, by giving businesses and consumers more money, it could spur demand for equipment, homes and other goods. In the long run, by encouraging people to work more and businesses to invest more, it could permanently raise the economy's supply capacity by increasing the number of workers and their productivity.

Interest-rate risk

If Fed officials conclude the tax cut is boosting demand without increasing the economy's supply capacity, they might raise interest rates more aggressively than planned to avoid a substantial pickup in inflation. The economic backdrop already has the Fed raising rates, with the economy in the ninth of year of expansion and the unemployment rate, at 4.1%, down to a 17-year low.

9 of 10

Number of professional forecasters who expect the tax bill to boost the U.S. growth rate in the next two years.

More stimulus also could lead to bigger deficits later. Goldman and J.P. Morgan expect deficits to grow from $664 billion in the fiscal year ended September 2017—or around 3.4% of GDP—to $1 trillion, or 5% of GDP, in 2019. Larger deficits, in turn, could push up borrowing costs further and also leave the government with less capacity to fight the next downturn.

The economy, in other words, is enjoying an upswing now, but may pay a price for it down the road.

FORM 1040, LINE 45

ALTERNATIVE MINIMUM TAX

Legislators almost repealed the alternative minimum tax, a parallel tax system that is both complex and unpredictable. But in the end they retained it, with some alterations.

The purpose of the AMT is to limit tax breaks allowed by the regular tax system to ensure that those who get many benefits pay some tax.

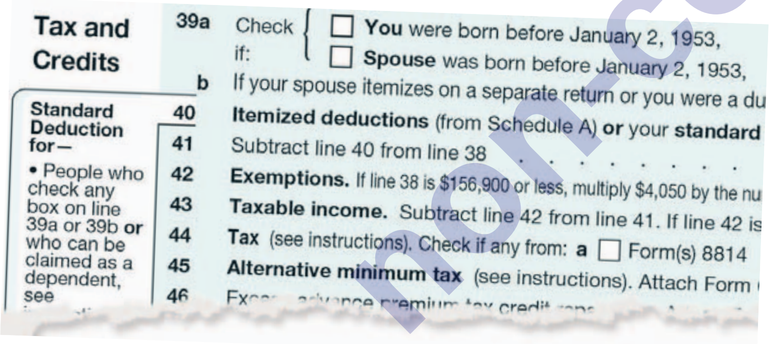
Many effects of the new AMT are still unclear. The good news for most current AMT payers is that it will affect far fewer people, said economist Joe Rosenberg of the **Tax Policy Center**.

The AMT in effect through the end of 2017 affected the filers of about five million returns, with many of them earning between $200,000 and $600,000. Mr. Rosenberg expects the revised AMT to affect the filers of about 200,000 returns, with many of them earning more than $600,000.

Several triggers of the prior AMT—such as state and local tax deductions, personal exemptions and miscellaneous deductions—have been reduced or repealed. In addition, the AMT exemption was expanded.

According to Mr. Rosenberg, the tax breaks that trigger the revised AMT are likely to be more unusual items such as incentive stock options, interest from certain municipal bonds, and net operating losses.

—Laura Saunders



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Standard Deduction for— • People who check any box on line 39a or 39b **or** who can be claimed as a dependent, see
40 **Itemized deductions** (from Schedule A) **or** your **standard**
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42 **Exemptions.** If line 38 is $156,900 or less, multiply $4,050 by the nu
43 **Taxable income.** Subtract line 42 from line 41. If line 42 is
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45 **Alternative minimum tax** (see instructions). Attach Form
46

RATES AND BRACKETS

Congress rejiggered tax rates and brackets for 2018 and beyond, but the changes weren't as radical as some proposed. Instead, the major changes affecting many taxpayers stem from other provisions.

As in prior years, the tax code taking effect for 2018 has seven income brackets.

The top rate drops from 39.6% to 37%, and it takes effect at $600,000 of taxable income for married couples rather than about $480,000. For single filers, the top rate takes effect at $500,000 rather than about $427,000.

The lowest rate remains 10%, which takes effect at the first dollar of taxable income.

However, taxpayers may have more or less income before the 10% rate applies than they did in the past, due to changes to deductions, exemptions and other provisions.

—Laura Saunders

Overhaul means new rates and thresholds for millions of tax filers.

Single filers

Prior law, for 2018: Taxable Income	Rate	Current law, for 2018: Rate	Taxable Income
Over $426,700	39.6%	37%	Over $500,000
$424,951-426,700	35%	35%	$200,001-500,000
$195,451-424,950	33%	32%	$157,501-200,000
$93,701-195,450	28%		
$38,701-93,700	25%	24%	$82,501-157,500
		22%	$38,701-82,500
$9,526-38,700	15%	12%	$9,526-38,700
Up to $9,525	10%	10%	Up to $9,525

Married, filing jointly

Prior law, for 2018: Taxable Income	Rate	Current law, for 2018: Rate	Taxable Income
Over $480,050	39.6%	37%	Over $600,000
$424,951-480,050	35%	35%	$400,001-600,000
$237,951-424,950	33%	32%	$315,001-400,000
$156,151-237,950	28%		
$77,401-156,150	25%	24%	$165,001-315,000
		22%	$77,401-165,000
$19,051-77,400	15%	12%	$19,051-77,400
Up to $19,050	10%	10%	Up to $19,050

Sources: Internal Revenue Service; Conference Committee

THE WALL STREET JOURNAL.

FORM 1040, LINE 61

INDIVIDUAL MANDATE

Republicans used the tax overhaul to achieve a health-policy aim, repealing the individual mandate to have health insurance, a centerpiece of the 2010 Affordable Care Act.

A principal feature of the ACA, often called Obamacare, was that most individuals had to pay a penalty if they didn't have health coverage that met new federal standards. The law exempted certain groups from the payment, including the very poor, members of certain religious groups and people with brief coverage gaps.

Some projections suggest that the repeal of the mandate will lead to millions fewer people getting insurance. Health plans worry more specifically that fewer young, low-risk people will get insurance, forcing up premiums further. Some analysts counter that the mandate has never been particularly aggressively enforced.

The individual mandate will be gone starting in 2019. It isn't clear how strictly the administration will enforce the penalty payment for 2018.

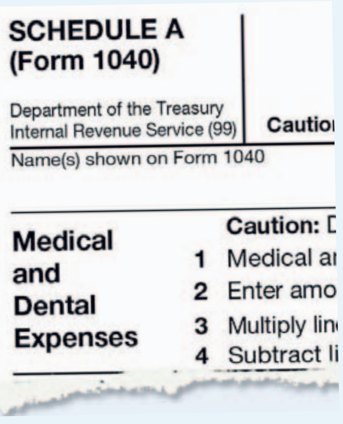
—Louise Radnofsky

SCHEDULE A, LINES 1-4

MEDICAL EXPENSES

An attempt by the House to end the deduction for medical expenses provoked an intense reaction because it would have affected people in nursing homes and those with expensive chronic illnesses.

In the end, lawmakers retained the deduction and made it slightly more generous. For tax years 2017 and 2018, taxpayers can deduct medical expenses that exceed 7.5% of adjusted gross income. In 2019, the threshold rises to 10% of adjusted gross income for all filers, according to Gil Charney, director of the Tax Institute at H&R Block.



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Medical and Dental Expenses
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7.5%

Income threshold above which medical expenses are deductible

This deduction is only available to filers who itemize.

Above that threshold, taxpayers can deduct many out-of-pocket costs, including some that aren't typically covered by health insurance. These include nursing-home costs, insurance premiums paid with after-tax dollars, prostheses, eyeglasses, and even a wig if needed after chemotherapy, among others. For details, see IRS Publication 502.

—Laura Saunders

FORM 1040, SCHEDULE A

OTHER WRITE-OFFS

Lawmakers also ended or imposed new limits on many other write-offs.

On Schedule A, Congress eliminated deductions for miscellaneous expenses, a grab bag of items. The change removed deductions for unreimbursed employee expenses for travel, meals and entertainment; union dues; uniforms; subscriptions; safe-deposit box fees; tax-preparation fees; certain investment advisory fees; and many more.

People often found the miscellaneous-expenses deduction hard to qualify for, because total eligible expenses had to exceed 2% of income.

$250

Maximum amount teachers can still deduct for classroom-supply expenses

Also on Schedule A, lawmakers ended the deduction for casualty and theft losses other than for major disasters. This deduction often came with significant limits.

Elsewhere on the return, Congress ended the deduction for moving expenses by taxpayers who aren't in the military. However, educators can still deduct up to $250 of personal expenses for classroom supplies.

—Laura Saunders

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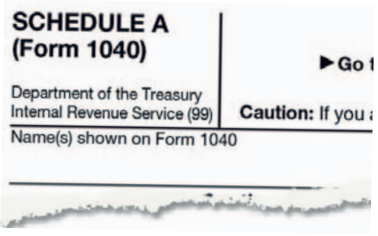

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FORM 1099-Q

EDUCATION: 529 PLANS

BY LAURA SAUNDERS

So-called 529 accounts have gotten a lot more flexible. But there is also a downside.

Named after a section of the tax code enacted two decades ago, 529 accounts allow savers to contribute dollars after federal taxes have been paid on them. The assets are invested and can grow free of federal and state taxes.

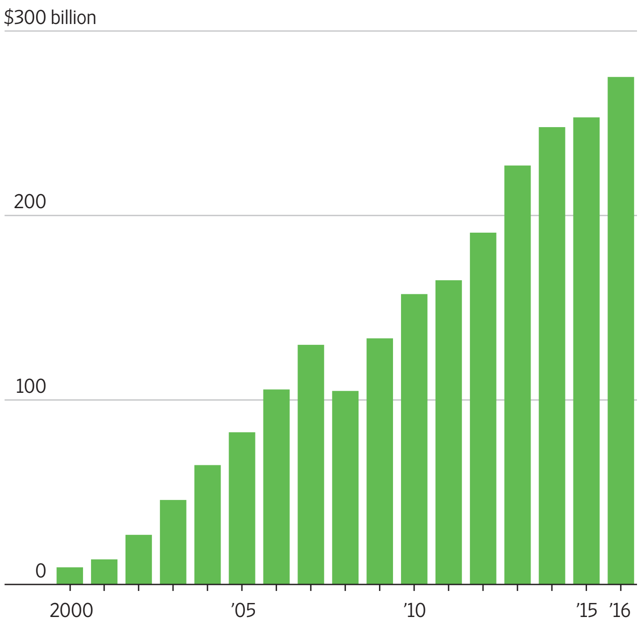
Withdrawals are tax-free if they are used to pay eligible education expenses such as college tuition, books, and often room and board.

$15,000

Amount that may be transferred per year from a regular 529 to a 529 ABLE account

Set Aside

Assets under management in 529 plans rose to $275 billion in 2016.



Source: College Savings Plans Network

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These plans are popular with middle- and upper-income families. According to the latest data from the College Savings Plans Network, assets in 529 plans grew to $275 billion in 2016 from $106 billion a decade earlier.

Most 529 plans are offered by states, and almost all states have them. Savers dissatisfied with their own state's investment offerings or fees can go elsewhere, although investment options are limited in most states, said Mark Kantrowitz, a college-savings analyst from Chicago.

◆ **Paying for K-12 education:** A big change in the new tax law allows 529 plan assets to be used for up to $10,000 per year, per student, for private-school tuition for K-12.

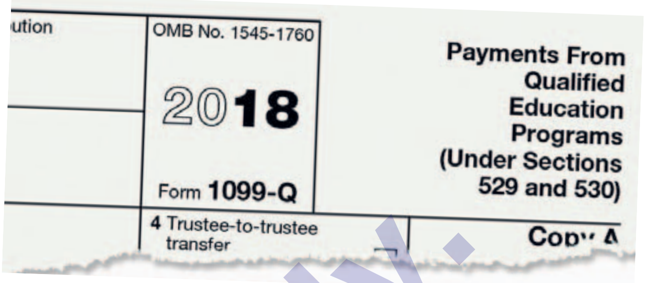
This change provides savers who have a 529 plan with more flexibility. At the same time, though, private schools will likely want to know about families' 529 savings and may take that information into account when making financial-aid decisions for the 2019-20 school year, according to a spokeswoman for the National Association of Independent Schools.

Those who want to use this new break should also check carefully to make sure that these withdrawals are approved for their specific plan. Several states have clarified that they are, but New York has warned account owners that such withdrawals could have state-tax consequences and that it is still evaluating the new law.

◆ **Transfers to 529 ABLE accounts:** In another significant change, the overhaul also enables savers to transfer funds from 529 plans to 529 ABLE accounts. ABLE accounts are for people who become blind or disabled before age 26 and don't limit the person's access to Medicaid and Social Security income, or SSI benefits.

Like 529 plans, 529 ABLE plans allow assets to grow tax-free. Annual contributions are capped at $15,000, and withdrawals can be tax-free if used to pay expenses such as housing, legal fees and employment training. Total assets in an account can reach $100,000 without affecting SSI benefits.

The recent change allows transfers of up to $15,000 a year from a regular 529 plan to a 529 ABLE account. The ability to make such transfers avoids a significant drawback: that after the disabled person's death, remaining funds in an ABLE account typically go to the state to repay benefits if the person was receiving Medicaid—as many are.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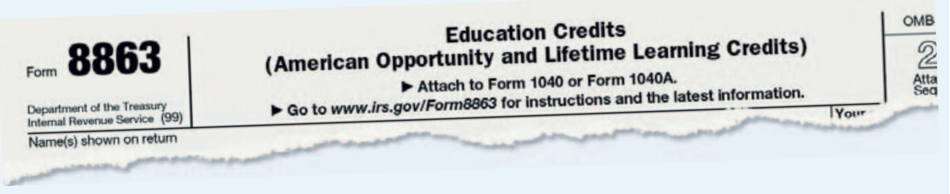
Form 1099-Q
Payments From Qualified Education Programs (Under Sections 529 and 530)
4 Trustee-to-trustee transfer
Copy A

But the assets of a regular 529 plan needn't go to the state at death. So under the new rules, Mr. Kantrowitz said, someone could fund a 529 account for a disabled person and transfer money from it as needed to a 529 ABLE account. This arrangement offers tax-free growth and perhaps a state-tax deduction, without giving up ownership of assets.

Owners of 529 and 529 ABLE accounts who want to use this new break should check their state plans to make sure that it is allowed.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Education Credits
(American Opportunity and Lifetime Learning Credits)
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▶ Go to www.irs.gov/Form8863 for instructions and the latest information.
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FORM 8863

OTHER EDUCATION BENEFITS

Many changes related to education seemed to be on the horizon as the tax overhaul took shape. But, in the end, aside from adjustments related to 529 plans, Congress put aside most other education changes that been approved by the House of Representatives.

One important change would have repealed tax-free tuition waivers for graduate students, researchers and family members of university faculty and staff. Others would have ended the student-loan interest deduction of up to $2,500 per tax return and a tax benefit for employer-paid tuition.

In addition, Congress didn't enact the House Republicans' changes to the American Opportunity tax credit for college, Coverdell education savings accounts and the Lifetime Learning tax credit.

The overhaul did make an important change for people with student loans who die or become disabled: Loans that are forgiven due to death or disability are no longer taxable.

For more information, see IRS Publication 970, Tax Benefits for Education.

—Laura Saunders

GETTY IMAGES/ISTOCKPHOTO

PASS-THROUGH INCOME

The tax overhaul created a new deduction of 20% of net income for many pass-through business owners, effectively lowering their top rate to 29.6% from 37%. Lawmakers made the change as a boon to firms that won't benefit from the cut in the top corporate rate to 21% from 35%.

So-called pass-through businesses include millions of partnerships, limited-liability companies, S corporations and sole proprietorships that don't pay corporate taxes or dividends. Instead, their income flows directly to the owner's personal return and is only taxed once, at the owner's individual rate.

Businesses organized as pass-throughs include large private companies, as well as fast-food franchises, manufacturers, investment funds, law firms and mom-and-pop businesses.

Pass-through owners can claim the 20% deduction if their taxable income is under $315,000 for joint filers or $157,500 for single filers. Above that, the new law has important limits that are designed to reduce the measure's cost and prevent higher-earning pass-through owners from claiming a business tax break for what is really their own labor income.

High-earning doctors, lawyers, accountants, consultants, investment advisers and other owners of service businesses generally can't claim the 20% deduction. Separate restrictions are tied to the level of wages paid and capital investment.

Phase-outs, exceptions and gray areas in these limits make this new tax break highly complex, and tax advisers are struggling to figure it out.

For example, tax specialists say the owner of a chain of tanning salons should qualify for the new tax break, while someone who earns the same amount from a group of dermatology clinics won't.

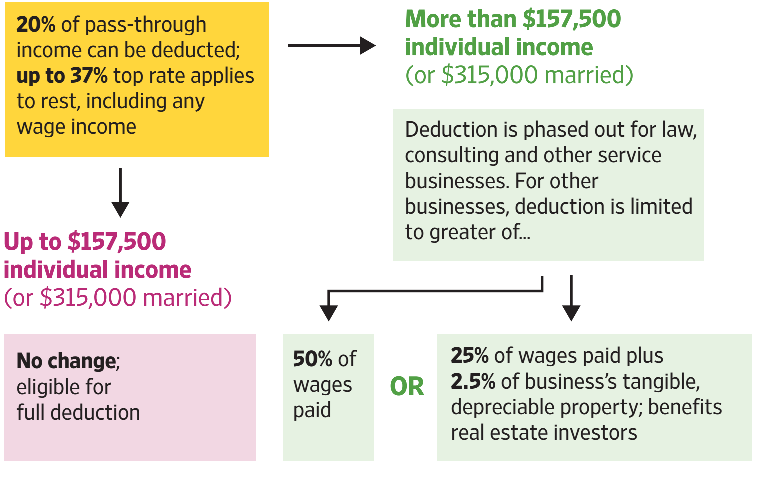
A high-earning chef who owns her restaurant can expect to get the new deduction—unless she is a celebrity chef. In that case, she may not be able to qualify because the write-off isn't available to owners earning above the limit if the business's principal asset is the "reputation or skill" of its employees or owners.

Tax specialists are looking to the IRS for guidance on these and other issues raised by the new pass-through deduction.

—Michael Rapoport and Ruth Simon

A Pass-Through Primer

How different types of businesses will be affected by the tax overhaul's rules on 'pass-through' business income.



Note: Trusts are now eligible for pass-through treatment.

THE WALL STREET JOURNAL.

FORM 1040, LINE 31A

ALIMONY

Alimony payments won't be tax-deductible for divorce and separation agreements signed after 2018, a development that is likely to affect the size of future settlements.

At the same time, future alimony recipients won't have to report the payments as income. This means that the tax treatment of alimony will be similar to that of child support.

Deductions will still be allowed for alimony paid as a result of agreements signed in 2018 and before. Divorcing couples considering alimony payments should be aware of this deadline.

In many cases, the change will be negative for both members of the couple because the payer and the payee typically are in very different tax brackets, divorce specialists say.

For example, say that high-earning Spouse A agrees to make alimony payments of $100,000 annually for 10 years to Spouse B. In the current system, Spouse A might save about $37,000 of tax per year due to the deduction, while Spouse B—who is in a lower tax bracket—might owe $15,000 of tax on the $100,000 of alimony received.

But if that couple were to divorce next year, Spouse A might be more likely to push to pay lower alimony to Spouse B because the lack of a deduction makes such payouts more expensive.

The move "changes the economics of many divorces," said Madeline Marzano-Lesnevich, a New Jersey-based lawyer and national head of the American Academy of Matrimonial Lawyers. She said the payments to lower-earning spouses are likely to shrink as a result.

Alimony, also called maintenance, is typically used when one spouse of a divorcing couple earns far more than the other. Alimony payments continue for a period of years and help defray the expense of splitting one household into two.

The alimony deduction is especially important when the paying spouse is short of liquid assets to fund a settlement or pay support—since it reduces the overall cost of the payment. "The deduction helps with cash flow," said Elena Karabatos, a matrimonial lawyer in New York.

Tax specialists say the write-off has also been an important bargaining chip if divorcing couples are considering a lump-sum settlement, which isn't tax-deductible. Recipients tend to favor such settlements in order to receive the money sooner, but for payers it means missing out on a series of deductions, which gives both parties an incentive to agree on a lower lump-sum amount. Ms. Marzano-Lesnevich said $1 million of alimony due over 10 years could thus turn into a lump-sum payment of about $500,000.

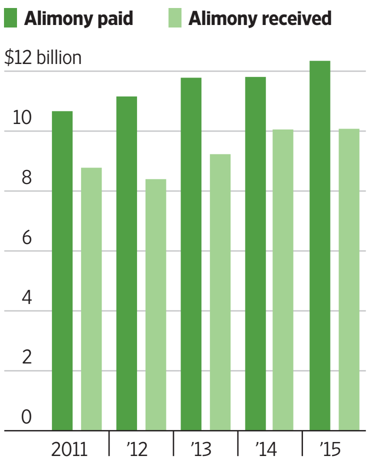
With no alimony deduction, the ability to negotiate a much-lower lump-sum payment will shrink.

The repeal of the alimony deduction for divorces concluded after 2018 does have one beneficiary: the Internal Revenue Service. The IRS could spend less time policing a large tax gap between amounts deducted by alimony payers and what is reported by alimony recipients.

—Laura Saunders

Mismatch

The amount of alimony taxpayers said they paid is greater than the amount ex-spouses said they received.



Source: Internal Revenue Service

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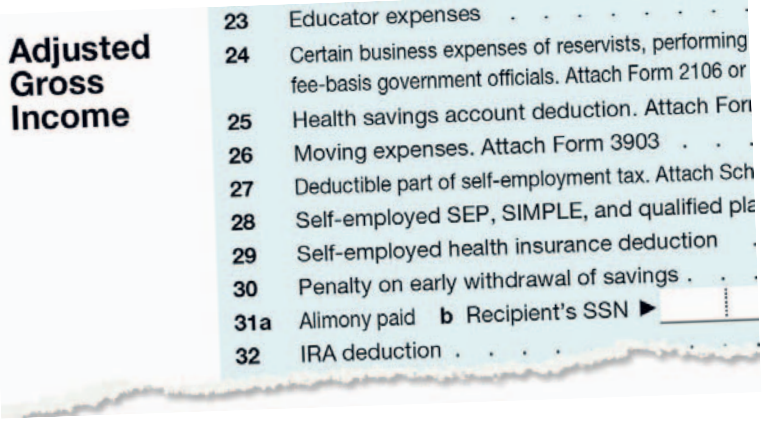

Adjusted Gross Income
23 Educator expenses
24 Certain business expenses of reservists, performing fee-basis government officials. Attach Form 2106 or
25 Health savings account deduction. Attach For
26 Moving expenses. Attach Form 3903
27 Deductible part of self-employment tax. Attach Sch
28 Self-employed SEP, SIMPLE, and qualified pla
29 Self-employed health insurance deduction
30 Penalty on early withdrawal of savings
31a Alimony paid b Recipient's SSN ▶
32 IRA deduction

SCHEDULE D

INVESTMENT INCOME

BY LAURA SAUNDERS

Lawmakers didn't change the favorable rates for long-term capital gains and many dividends, and a popular zero tax rate on these types of investment income will continue to exist.

In 2018, the zero rate will apply to married couples, filing jointly, that have up to $77,200 of taxable income ($38,600 for singles). A 15% rate then takes effect for joint filers with up to $479,000 of taxable income ($425,800 for singles), and a 20% rate applies above that. These rates and brackets are similar to those in effect for 2017.

Long-term capital gains are net profits on investments held longer than a year. As in prior law, short-term capital gains on investments held a year or less are taxed at the same rates as ordinary income.

The favorable rate for dividends applies to those that are "qualified," which most are. Nonqualified dividends are taxed at ordinary-income rates.

◆ **How the zero rate applies:** Some readers have asked how the zero rate on investment income applies. Here is a simplified example:

Say that Herbert is a single taxpayer with $30,000 of taxable ordinary income after deductions and exemptions, such as for tax-free municipal-bond interest or the sale of a home. This income is taxed at regular rates up to 12%, as detailed in the new tax brackets.

But Herbert also has a $20,000 long-term capital gain. This $20,000 "stacks" on top of his $30,000 of other income. As a result, he would owe zero tax on $8,600 of his gain and 15% on the remaining $11,400.

◆ **Surtax is left in place:** Many readers have also asked whether Congress repealed the 3.8% surtax on net investment income. It did not. This levy takes effect at $250,000 of adjusted gross income for most married couples and $200,000 for most single filers.

As a result, top-bracket taxpayers typically owe 23.8% instead of 20% on their long-term gains and dividends. Some investors in the 15% bracket owe the 3.8% surtax because their adjusted gross income is above the $250,000/$200,000 thresholds, while others don't because their income is lower.

◆ **No FIFO rule change:** Lawmakers also didn't enact a proposed provision for individual investors known as FIFO, for "first-in, first-out." This change would have forced investors selling part of a holding in a taxable account—as opposed to a retirement account—to sell their oldest shares first, raising taxes in many cases.

Congress also preserved most tax exemptions for municipal-bond interest.

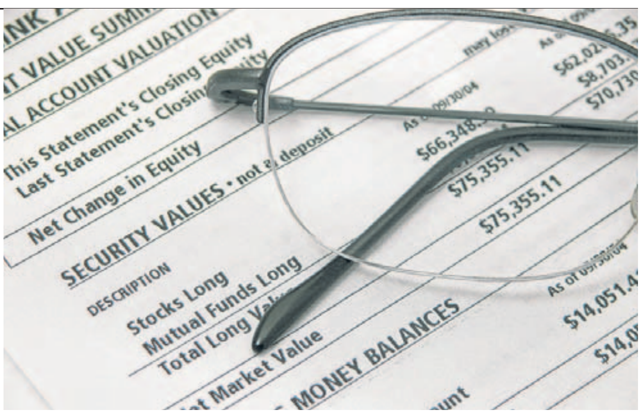
Investment Rates

2018 taxes on long-term capital gains and qualified dividends

Taxable income for...

Single filers	Married, filing jointly	Rate
up to $38,600	up to $77,200	0%
$38,601-$425,800	$77,201-$479,000	15%
above $425,800	above $479,000	20%

Source: Conference Committee
THE WALL STREET JOURNAL.



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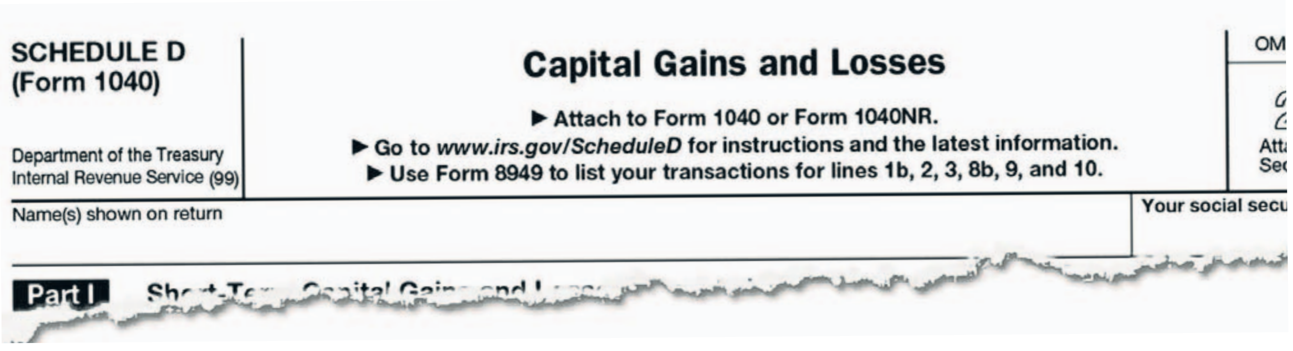


FORM 1040, LINE 40

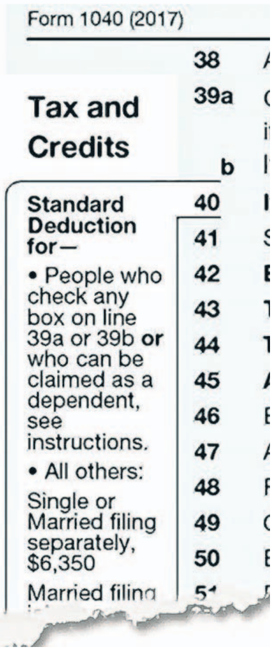
STANDARD DEDUCTION

For many taxpayers, the tax overhaul's most sweeping changes are the near-doubling of the standard deduction and repeal of the personal exemption.

The standard deduction is the amount filers can subtract from income if they don't break out deductions for mortgage interest, charitable contributions, state and local taxes and other items on Schedule A. Listing these deductions is called "itemizing."

The tax overhaul raises the 2018 standard deduction to $24,000 per married couple and $12,000 for singles, compared with $13,000 and $6,500, respectively, under prior law for 2018.

As a result, the number of filers who itemize for 2018 is expected to drop by more than half—from nearly 47 million to about 19 million out of about 150 million tax returns, according to the Tax Policy Center.



Switching to the standard deduction will simplify the returns of more than 25 million filers. It will also lighten the IRS's burden, because the agency will have fewer deductions to monitor.

But the change also means these filers won't get a specific benefit for having mortgage interest or making charitable donations. That could affect future decisions about donations or owning a home.

◆ **Personal exemption repealed:** The repeal of the personal exemption is also a landmark shift. In prior law, this provision was a subtraction from income for each person included on a tax return—typically the members of a family. The 2018 amount was set to be $4,150 per person, and it phased out for higher earners.

The personal exemption was also integral to figuring an employee's withholding from pay.

The interaction of the new standard deduction, repeal of the personal exemption and expansion of the child credit is complex, and the effects will vary widely compared with prior law.

This is in part because the personal exemption was a deduction, while the child credit that is a partial replacement is a dollar-for-dollar offset of taxes.

Many families with children will come out ahead under the new law for 2018, especially if they took the standard deduction in the past. But some others won't—especially if their children are 17 or older, according to Roberton Williams of the Tax Policy Center.

—Laura Saunders

TAX FACTS

Buying Homes, Making Donations

The larger standard deduction means tax returns will be simpler for millions of filers because they won't itemize their deductions. They won't get a specific benefit for having a mortgage or making charitable donations, which could affect future decisions about owning a home or giving to charity.

FORM 1040, LINE 52

CHILD TAX CREDIT

Lawmakers expanded the tax credit to $2,000 from $1,000 for each child in a family who is under age 17 at year-end.

More families are also eligible for this credit. The credit now begins to phase out at $400,000 of income for couples and $200,000 for singles, compared with 2017 levels of $110,000 for couples and $75,000 for singles.

For many filers with children under 17, the expanded credit will be a more valuable benefit than the personal exemption was. The personal exemption allowed filers to deduct $4,150 for each household member as of this year, but was repealed as part of the tax overhaul. The exemption was a benefit that phased out for higher earners.

The reason the expanded child credit is more valuable than the personal exemption to many families with children under 17 is that a tax credit is a dollar-for-dollar offset of taxes, while a deduction merely reduces taxable income.

For example, a married couple with three young children and taxable income of about $200,000 last year wouldn't have qualified for the prior child tax credit. The personal exemption could have saved them about $1,100 in tax per child, according to tax specialist Roberton Williams of the Tax Policy Center.

For 2018, the child credit would save such a family $2,000 of tax per child.

But families with dependents 17 and older, such as college students or an elderly parent, generally fare less well under the new regime. The tax credit for each of these dependents is $500.

The new provisions don't alter existing tax-code rules defining who is a dependent. The changes to these credits expire after 2025.

—Laura Saunders

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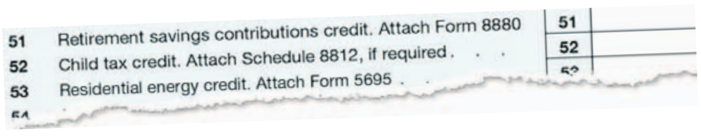

The child tax credit doubles to $2,000 under the new tax law.

W-4

PAYROLL WITHHOLDING

More than 90% of workers will see bigger paychecks due to the tax overhaul, according to government estimates. The changes began to show up in early February.

But tax specialists warn that changes to paychecks may not reflect what a taxpayer will owe for tax year 2018, or the size of future tax refunds. So they are advising employees to fine-tune their withholding by filing a new W-4 form. Some who don't do so risk being underwithheld and subject to penalties, while others could receive smaller refunds than expected.

80%
Estimate of filers with a tax cut in 2018

5%
Estimate of filers with a tax increase in 2018

"Individual results are going to vary widely, and people can't assume that paycheck withholding equals their tax bill for 2018," says Mary Hevener, a payroll tax specialist and attorney at Morgan, Lewis & Bockius LLP.

Overall, about 80% of filers will see a tax cut for 2018 and about 5% will see a tax increase, with no change for the rest, according to the Tax Policy Center.

Treasury officials said the new withholding tables have been adjusted to reflect the larger standard deduction, new tax rates and repeal of the personal exemption. But these tables don't take into account other important tax changes such as the expanded child credit or the new limits on deductions for state and local taxes.

To adjust for their individual circumstances, taxpayers need to fill out a new W-4 withholding form. The IRS expects to post this form in February, along with a new withholding calculator.

In general, employees must pay in at least 90% of what they owe by year-end or risk an interest-based penalty on the underpayment.

—Laura Saunders

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Employer changes to paychecks may not reflect what a taxpayer will owe for 2018, so taxpayers should fill out a new W-4 withholding form.

BUSINESS DEBT

Heavily indebted companies will face new limits on their ability to deduct interest payments from their tax returns, a change that makes business debt less attractive.

Interest payments have long been deductible, but the tax overhaul creates a cap on that break that will raise $253 billion in tax revenue over the next decade, according to Congress's Joint Committee on Taxation.

> TAX FACTS
> **No Exceptions**
>
> The law doesn't make exceptions for previously issued debt. Companies that borrowed in the past will face new limits immediately.

Under the new rule, companies will be able to deduct their net interest costs, but only up to 30% of earnings before interest, taxes, depreciation and amortization.

The law doesn't make any exceptions for previously issued debt, so companies that borrowed in the past will be facing the stringent new limits immediately.

Starting in 2022, unless Congress acts again, the restriction will get even tougher.

At that point, the 30% limit will apply to a different measure of income: earnings before interest and taxes. The change would hit even more companies.

◆ **No impact on small firms, car dealers:** Small firms won't be affected. The limit applies only to businesses with average gross receipts of at least $25 million for the preceding three years. Car dealers and other similar companies also will be exempt from the limit on the loans they use to get inventory on their showroom floors.

The legislation exempts electric utilities from the limit and lets farmers and many real-estate firms opt out of the limit. Real-estate companies don't get the benefit of immediate write-offs for capital investments that tax policy experts view as the trade-off for the interest limits.

—Richard Rubin

GETTY IMAGES

The tax overhaul's 100% deductions for equipment purchases will apply to used equipment as well as new.

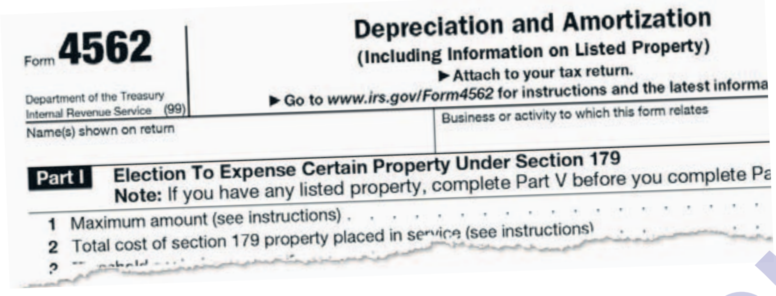
FORM 4562, LINE 22

DEPRECIATION

Businesses buying equipment will get an extraordinary new benefit from the new tax law: the ability to deduct the entire cost of their purchases in the first year.

That is a major change in the income-tax system, replacing the prior framework that required companies to deduct those costs over several years according to depreciation schedules. Economists encouraged Republicans to try what is known as "full expensing" so that companies would have an incentive to make the kinds of investments that can improve productivity and output.

> TAX FACTS
> **Ephemeral Benefit**
>
> The 100% write-offs are available for items acquired and used after Sept. 27, 2017, and before 2023. After that, the amount eligible for the deduction declines each year until 2027. Then, regular depreciation schedules resume.



Form 4562

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)
▶ Attach to your tax return.
▶ Go to www.irs.gov/Form4562 for instructions and the latest informa

Name(s) shown on return

Business or activity to which this form relates

Part I Election To Expense Certain Property Under Section 179
Note: If you have any listed property, complete Part V before you complete Pa

1 Maximum amount (see instructions)
2 Total cost of section 179 property placed in service (see instructions)

The 100% deductions are an expanded form of the "bonus depreciation" that has been in place for most of the past 20 years. They are newly available to firms that buy used equipment, not just items that are placed into service for the first time.

There is a catch. The 100% write-offs are available for items acquired and used after Sept. 27, 2017, and before 2023. After that, the amount eligible for the deduction declines each year until 2027, when the regular depreciation schedules resume.

◆ **Small companies and real-estate firms:** Many small companies had already been getting 100% deductions for capital investments, under what is known as Section 179 of the tax code. The new law retains and expands those rules.

The new rules don't apply to real-estate businesses. Generally, these firms will continue to operate under the old system that includes depreciation deductions and the ability to fully deduct interest costs, which are now limited for most other companies.

—Richard Rubin

RETIREES

One key change in the tax overhaul will be positive for many retirees: the near doubling of the standard deduction to $12,000 for individuals and $24,000 for married couples who file jointly.

The standard deduction is the amount taxpayers can deduct if they don't itemize write-offs. Many retirees who have paid off their mortgages take the standard deduction.

Congress also retained the "additional standard deduction" for people 65 and older in the new law.

As a result of these changes, many retirees will see an income boost, even with the elimination of the personal exemption.

> TAX FACTS
> **Additional Standard Deductions**
>
> For those 65 and older:
> ◆ $1,600 for singles
> ◆ $1,300 for each partner of a married couple

Here is an example. Say Henry and Lois are a married couple, 67 and 65, with no children at home. Prior law for 2018 would have given them a standard deduction of $13,000, additional deductions of $2,600, and personal exemptions totaling $8,300, for a total of $23,900.

Under the new law, Henry and Lois will get a standard deduction of $24,000, plus an additional standard deduction of $2,600, for a total of $26,600—or $2,700 more.

◆ **No changes to IRA charitable transfers:** There is no change to charitable transfers from individual retirement accounts, or IRAs. This popular benefit allows retirees 70½ or older to donate IRA assets up to $100,000 directly to charities and have the donations count toward their required annual payout.

For IRA owners who give to charity, this is often a tax-efficient move. The donor can still take the standard deduction and receive a tax break for giving to charity.

While there is no deduction for gifts of IRA assets, the withdrawal doesn't count as taxable income. This can help reduce Medicare premiums that rise with income and taxes on other investment income.

—Laura Saunders