THE WALL STREET JOURNAL.

DOW JONES | News Corp ******

THURSDAY, FEBRUARY 1, 2018 ~ VOL. CCLXXI NO. 26

WSJ.com

★★★★ $4.00

DJIA 26149.39 ▲ 72.50 0.3% NASDAQ 7411.48 ▲ 0.1% STOXX 600 395.46 ▼ 0.2% 10-YR. TREAS. ▲ 1/32, yield 2.722% OIL $64.73 ▲ $0.23 GOLD $1,339.00 ▲ $3.60 EURO $1.2414 YEN 109.18

What's News

Business & Finance

The Fed held rates steady at Yellen's final policy meeting and offered nothing to dispel expectations for an increase in March. **A1**

◆ **Treasury yields** are rising, some investors say, in part because more government bonds are hitting markets as U.S. budget deficits grow. **B1**

◆ **The Dow edged up** 72.50 points to 26149.39, but concerns about higher rates continued to rattle markets. **B12**

◆ **Facebook's profit** surged 61%, powered by its dominance in digital advertising, though users began to shave back their time on the site. **A1**

◆ **Fox's $3.3 billion deal** for Thursday night football signals that the network will continue to be an aggressive bidder for content. **B1**

◆ **Chicken companies** were accused by food distributors Sysco and US Foods of conspiring to limit stocks and rig prices. **B1**

◆ **Xerox unveiled** a complex deal with Fujifilm aimed at shoring up its future and now must sell two big investors on the plan. **B1**

◆ **Microsoft took** a $13.8 billion charge tied to the tax law but reported strong growth in its cloud operations. **B4**

◆ **A Wynn casino project** in Massachusetts may be at risk because of sexual-misconduct allegations. **B6**

◆ **An appeals court** upheld the CFPB's one-director format but threw out fines levied on a mortgage firm. **B11**

◆ **The CFTC is reviewing** its process for approving new derivatives following the launch of bitcoin futures. **B12**

World-Wide

◆ **The FBI publicly urged** Trump not to release a classified memo detailing GOP allegations of improper surveillance in the Russia election probe. **A1**

◆ **A train carrying** GOP lawmakers to a policy retreat in West Virginia collided with a truck, killing one person in the vehicle. **A4**

◆ **The CDC director** resigned following a report that she had bought stock in a tobacco company after assuming her post. **A3**

◆ **GOP Rep. Gowdy**, oversight committee chairman, said he would leave Congress this year. **A4**

◆ **Prosecutors won't retry** New Jersey Sen. Menendez on corruption charges, clearing the way for the Democrat to run for re-election. **A4**

◆ **Trump's plan** for what he called a compromise on immigration got a chilly reaction from both Democrats and Republicans. **A5**

◆ **Russia is returning** to the Caribbean, a region it abandoned after the Cold War, with investment, diplomacy and weapons. **A6**

◆ **Attacks in Afghanistan** claimed by the Taliban and Islamic State have cast doubt on optimistic assessments in the 17th year of the war. **A7**

◆ **San Francisco plans** to dismiss or reduce thousands of marijuana convictions dating back to 1975. **A3**

◆ **Britain's prime minister** arrived in Beijing in a visit clouded by discontent at home over Brexit talks. **A16**

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Train Carrying GOP Lawmakers Hits Truck in Fatal Crash

JUSTIN JECROZET VOLUNTEER FIRE DEPARTMENT/REUTERS

QUICK AID: First responders and passengers from a train that hit a garbage truck Wednesday carried one of the injured to an ambulance. One person in the truck died. The chartered Amtrak train was taking GOP members of Congress from Washington to a retreat in West Virginia. **A4**

FBI Chief, Trump Clash Over Memo

Agency cites 'grave concerns' over release of document about 2016 election probe

By Michael C. Bender And Byron Tau

WASHINGTON—The FBI publicly urged President Donald Trump not to release a classified memo, escalating a simmering dispute over Republican allegations of improper surveillance in the probe examining whether Russia interfered in the 2016 election.

In a sign of the unusual public tension between the intelligence agency and the president, the Federal Bureau of Investigation issued a statement Wednesday after FBI Director Christopher Wray tried privately to persuade the White House to keep the memo under wraps. The document is a summary of classified information written by Republicans on the House Intelligence Committee.

"The FBI was provided a limited opportunity to review this memo the day before the committee voted to release it," the bureau's statement said. "We have grave concerns about material omissions of fact that fundamentally impact the memo's accuracy."

Friction between a U.S. president and FBI isn't unusual. But rarely has a president clashed as repeatedly and as publicly with the intelligence agencies as Mr. Trump.

In his first year in office, Mr. Trump described the investigation into whether his campaign colluded with Russia to influence the 2016 presidential election a hoax and wrote on Twitter that the FBI's "reputation is in tatters." He fired then-FBI Director James Comey last spring and is now in a public dispute with Mr. Comey's successor, Mr. Wray, whom he handpicked to lead the agency.

The FBI statement came after Mr. Wray and Deputy Attorney General Rod Rosenstein met with White House chief of

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Gap in Email Disclosure

FBI lagged in disclosing discovery of Clinton emails before election.................... **A4**

As Yellen Departs, Fed Holds Steady

By Nick Timiraos

WASHINGTON—Federal Reserve Chairwoman Janet Yellen concluded her final policy meeting Wednesday by holding interest rates steady and leaving it to her successor to decide whether to lift them more quickly to prevent the economy from overheating.

Fed governor Jerome Powell, who is scheduled to be sworn in as chairman Monday, will have to weigh how closely to stick with Ms. Yellen's approach of very gradually raising interest rates from still-low levels.

The Fed held its benchmark short-term interest rate steady in a range between 1.25% and 1.5% and offered nothing to dispel market expectations that it would deliver its next rate increase in March.

The policy statement released Wednesday signaled greater confidence in officials' upbeat economic outlook. In December, Fed officials raised rates to their current range and penciled in three increases for 2018. The statement hinted that officials might favor more than three rate increases this year because it offered slightly more conviction that inflation would pick up in 2018.

Markets see-sawed Wednesday. The Dow Jones Industrial Average, which rallied in trading before the afternoon release of the statement, initially lost those gains and then largely recovered them, closing up 72.50

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Triple Treat for Lunar Viewers

JUSTIN SULLIVAN/GETTY IMAGES

BRIGHT NIGHT: A 'blue moon' coincided with a supermoon and a lunar eclipse Wednesday over San Francisco's Golden Gate Bridge.

Facebook Surges, But Users Dial Back

By Deepa Seetharaman

Facebook Inc.'s dominance in digital advertising powered another surge in quarterly profit, though it said users were starting to shave back their time on its platform as it tries to address critics' claims that the social network has harmful effects.

The company said its profit, excluding a $3.19 billion tax charge, soared 61% in the fourth quarter, typically the heaviest spending period for advertisers. About $2.27 billion of the charge stemmed from the U.S. tax overhaul.

That financial momentum is now being challenged. In January, Chief Executive Mark Zuckerberg said he has resolved to fix problems that threaten to damage the company he cofounded in 2004, even if it sacrifices profitability, including discouraging users from passively consuming content found in their news feed.

Those changes—including showing fewer viral videos in the latest quarter—reduced the collective time Facebook users spend on the platform by about 5%, or 50 million hours a day, in

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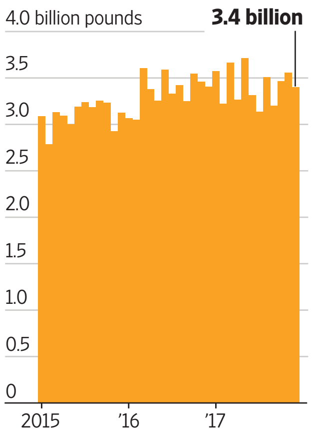
◆ Heard on the Street: No bill yet for Facebook fixes........ B13

Chicken Firms Face Lawsuits

Largest food distributors allege conspiracy to fix prices. B1

Monthly U.S. production of ready-to-cook, chilled chicken



Source: U.S. Department of Agriculture

Mystery of Firm That Acquired J.D. Power

Acquirer XIO Group, founded in Hong Kong, is embroiled in suit over source of funding

By Simon Clark

A plan for the sale of the car-rating business J.D. Power was a month old when the seller, New York-based information giant S&P Global Inc., grew uneasy. It wasn't quite sure to whom it had agreed to sell the company.

"I wanted to raise a point with you that is causing our team here some concern," S&P Global executive Jason Gibson wrote on May 19, 2016, to the purchaser, a firm called XIO Group that had been set up in Hong Kong and was planning to do the deal through an offshore private-equity fund. Mr. Gibson emailed that he hadn't received information he expected about who owned XIO and where it was getting the money for the purchase.

The sale went through. XIO acquired J.D. Power four months later for $1.1 billion. The deal left a U.S. company famed for enhancing transparency—shining a light on the automotive and other industries—owned by a private company that was soon embroiled in a largely hidden dispute in China over its funding.

Most XIO employees knew little about where its funding came from. Some advisers to XIO received differing accounts.

The J.D. Power deal was completed amid a wave of overseas acquisitions by cash-rich, privately owned Chinese companies. Some of them have unclear ownership structures that bankers

Please see DEAL page A8

Why Didn't I Keep My Nick Foles Jersey?

* * *

QB rejoins Eagles, makes Super Bowl, sparks giant hunt

By Andrew Beaton And Ben Cohen

Dwayne Eckert received a birthday present in 2014 that would have made any Philadelphia Eagles fan envious. It was his very own Nick Foles jersey.

Mr. Foles, the Eagles' star quarterback at the time, was coming off one of the greatest seasons in National Football League history, and Mr. Eckert was proud to wear his uniform every Sunday.

Then the Eagles traded Mr. Foles after he struggled and got hurt the next year, and Mr. Eckert buried his jersey in the bottom of his dresser. When he found it a couple years later

Please see JERSEY page A8

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Yellen Bequeaths a New Normal for Rates

Janet Yellen leaves a huge and largely unappreciated imprint on interest rates that will reverberate long after her last Federal Reserve policy meeting Wednesday.

This isn't because of the rate increases the Federal Reserve chairwoman engineered over the past four years. Rather, it is because she persuaded her colleagues and the broader public to change their views radically on where interest rates should be in the long run.

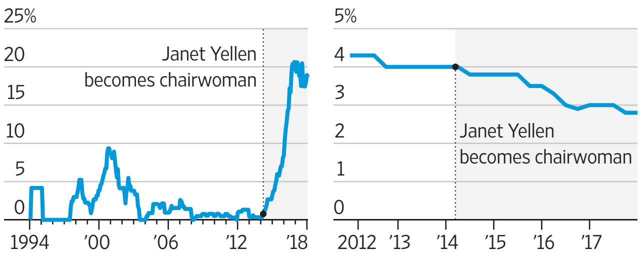
When Ms. Yellen took office in February 2014, her colleagues generally believed short-term rates, then zero, would eventually return to their precrisis average of 4% (or 2%, after inflation). The notion of where rates will settle in the long run is also called the equilibrium, natural or neutral rate: low enough to keep the economy growing and unemployment low but high enough to maintain stable inflation. Over the course of Ms. Yellen's term, thanks to her persuasion, Fed officials ratcheted down their estimates of neutral to 2.8% (0.8% after inflation).

The decline in neutral, in turn, plays a key and largely unappreciated role in how the Fed has, and will continue to, set interest rates. Just as distance to the runway determines how soon and how rapidly an aircraft descends, the distance to neutral determines when the Fed raises rates and how quickly. By convincing her colleagues the neutral rate had fallen, Ms. Yellen has anchored the Fed's entire rate path, justifying the glacial pace of increases Ms. Yellen pursued and her successor, Jerome Powell, plans to continue.

The Swedish economist Knut Wicksell first described the neutral rate a century ago. Think of a market in which savers supply and borrowers demand funds. At the neutral rate, the supply and demand for funds is in balance. It can't be directly observed, but it can be inferred. If the economy is overheating, then rates are probably below neutral, fueling excess borrowing and spending. If inflation is dropping, rates are probably above neutral; there is too little borrowing and spending.

Neutral Ain't What It Used to Be

Under Janet Yellen, Federal Reserve officials have scrutinized the neutral interest rate more closely and lowered projections of it.



*Percentage of Fed speeches, testimony, statements and minutes mentioning neutral, natural or equilibrium interest rate, 1 year moving average.
Sources: Prattle (Fedspeak), Federal Open Market Committee (projections)
THE WALL STREET JOURNAL.

For years, central banks paid little attention to neutral. It had been pegged to around 4% in the early 1990s and didn't seem to have moved much since. The term, and its variants, appeared in barely 1% of Fed speeches and statements before 2014. Shortly after Ms. Yellen took office, neutral began to occupy the Fed's attention. By 2017, it was cropping up in nearly 20% of Fed speeches and statements, according to an analysis by Prattle Analytics LLC, which quantifies market-moving language from companies and central banks.

After her first full meeting as chairwoman, Ms. Yellen had the accompanying statement hint that neutral had dropped, at least for the time being. More dovish colleagues began making the case in public, and by that summer, most were marking down their estimates.

Initially, Ms. Yellen was looking for an explanation for why such low rates were generating only modest growth. She blamed temporary headwinds, such as the need to pay down crisis-era debts. As the crisis receded, economists such as Larry Summers argued there was more to it: The world had entered a low-rate era. Aging populations and low productivity growth sapped the demand for funds, while high saving in the likes of China and investor hunger for safety buoyed the supply.

The implication: The U.S. economy simply couldn't tolerate rates as high as in the past. If the Fed ignored the lesson, it could trigger a new recession. "My colleagues and I began to realize, Gee, the new normal was very different," Ms. Yellen recalled last year, which "led to a big rethink about how much we would actually need to raise" interest rates.

Ms. Yellen faced resistance from insiders and outside critics, who thought scrapping long-standing estimates of neutral risked inflation, asset bubbles and lost credibility for the Fed. But the majority sided with her. A low neutral rate is likely to remain the consensus within the Fed for some time after Ms. Yellen leaves.

The risk for Mr. Powell, as Mr. Wicksell noted a century ago and Ms. Yellen has more recently, is that neutral is uncertain, and it changes. The forces holding back growth and borrowing may in fact be temporary.

Ms. Yellen's bet on a low neutral rate has served the economy well so far. If Mr. Powell has to undo the bet, his term promises to be a lot rockier.

FED

Continued from Page One
points, or 0.3% at 26149.39. Yields on the 10-year Treasury note ticked up after the meeting but closed at 2.722%, down from Tuesday's nearly four-year high of 2.725%.

Fed officials want inflation to rise to 2%, a level they view as healthy for an expanding economy, but don't want it to surge out of control.

Mr. Powell might have to boost the pace of rate increases if the economy appears to be gathering too much steam.

He and other officials have to figure out how much the recently enacted federal tax cuts will spur economic growth and inflation, given that unemployment is at a 17-year low. Consumer and business spending could deliver a further boost because of recent declines in the dollar and gains in stock prices.

Mr. Powell's choices could shape how history remembers Ms. Yellen's four-year term as chief. If he moves too slowly to raise rates, low borrowing costs risk fueling an asset bubble like those that triggered recessions in 2001 and 2007.

Alternately, her record could be tarnished if inflation continues to limp below the central bank's 2% target, confounding the Fed's forecasts and damaging officials' credibility.

The Fed held short-term rates near zero from late 2008 until late 2015 to support the economy through the recession and fitful recovery.

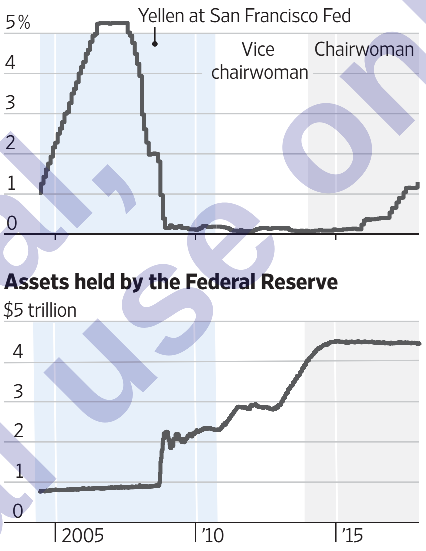
Under Ms. Yellen, who became chairwoman in February 2014, officials raised the benchmark federal-funds rate five times, most recently in December. In October, the Fed started shrinking its more than $4 trillion portfolio of bonds it purchased to stimulate the economy by lowering long-term rates.

"She guided us through an exit strategy that wasn't straightforward," said Boston Fed President Eric Rosengren in an interview. "We are the only central bank in the world that has successfully started the reduction" in the bond portfolio.

When Ms. Yellen became chairwoman, Fed officials were anxious to avoid a repeat of the so-called taper tantrum, the market turbulence triggered by then-Fed Chairman Ben Bernanke's comments in May 2013 suggesting the Fed might soon slow its asset purchases.

Time to Tighten

During the recession, the federal-funds rate tumbled while the Fed expanded its balance sheet. Under Janet Yellen, the rate started to rise, while the Fed began slowly shrinking its bondholdings.



Source: The Federal Reserve
THE WALL STREET JOURNAL.

The episode hung over many of Ms. Yellen's policy moves as an example of the costs of imprecise communications during an unprecedented policy shift.

In each of her first three years as chairwoman, critics warned that Ms. Yellen was risking excessive inflation by moving so slowly to raise borrowing costs. The Fed lifted rates just once in 2015 and once in 2016. After she did start raising rates, other critics said the moves risked smothering the sluggish economic recovery.

Mr. Powell's choices could shape how history remembers Ms. Yellen's term.

So far, neither outcome has materialized, which Ms. Yellen's allies say vindicates her approach. "She held off when moving would have been a mistake, but she also correctly perceived when gradual liftoff could begin without great threat to the economy," said Daniel Tarullo, who served as a Fed governor from 2009 until last April.

After the taper tantrum, many expected the rest of the process of withdrawing stimulus "would be an utter nightmare," said Andrew Levin, a Dartmouth College economist and former Fed adviser. "I'm not sure even the most optimistic person four or five years ago would have expected it would have gone this smoothly."

President Donald Trump opted not to nominate Ms. Yellen for a second term as Fed chief, breaking with a 35-year precedent in which new presidents have offered a second term to the sitting Fed chairman regardless of party.

Still, in picking Mr. Powell, an ally of Mr. Bernanke and then Ms. Yellen during his 5½ years on the Fed's board, Mr. Trump signaled his preference for an evolution rather than a revolution in monetary policy.

Ms. Yellen's Fed colleagues, joined by Mr. Bernanke, feted her at a reception Tuesday that included speeches from Ms. Yellen, Mr. Powell, Mr. Rosengren and New York Fed President William Dudley. The Fed's staff has planned a separate send-off for Ms. Yellen on Thursday.

Mr. Powell's decisions loom large in assessing her tenure. Former Fed Chairman Alan Greenspan left office in 2006 on a cloud of praise, only to have his performance reassessed after the housing bust set off the 2008 financial crisis.

The history of monetary policy includes so many unforced errors that not making one is itself an accomplishment, wrote John Cochrane, an economist at Stanford University's Hoover Institution, reflecting on Ms. Yellen's record last November. "Not screwing up doesn't earn you as big a place in history," he said, "but perhaps it should."

U.S. WATCH

ECONOMY

Workers Saw Faster Wage Growth in 2017

Compensation for American workers accelerated in 2017, signaling that historically low unemployment might be starting to put upward pressure on wages and benefits.

The employment-cost index, a measure of wages and benefits for civilian workers, rose 2.6% last year, matching the largest annual increase since 2015, when compensation also increased at a 2.6% rate, according to Wednesday's Labor Department report. Growth in the index hasn't exceeded 2.6% since 2008.

"We are starting to see the elements that drive wage growth [picking up]," said Gregory Daco, chief economist at Oxford Economics, pointing to the report's slowly firming productivity growth and inflation.

Still, economists say wages have room to move higher. Employment cost growth is "faster than it had been, but it's still shy of what we would expect if we were at or near full employment," said Richard Moody, chief economist at Regions Financial Corp.

—*Sarah Chaney*

MICHIGAN STATE UNIVERSITY

Ex-Gov. Engler Hired As Interim President

Former Michigan Gov. John Engler was named interim president of Michigan State University, providing some stability as the school works through legal and reputational threats stemming from the sex-abuse-scandal around onetime university physician Larry Nassar.

Dr. Nassar was sentenced last week to up to 175 years in prison on sexual-abuse charges, following a week of emotional testimony by more than 150 women, including several members of the U.S. Olympic gymnastic team.

Mr. Engler, a Michigan State graduate, served as a Republican governor in the state from 1991 to 2003. Lou Anna K. Simon, Michigan State's prior president, resigned last week amid mounting criticism of how the school has handled its response to the abuse charges.

—*Melissa Korn*

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CORRECTIONS & AMPLIFICATIONS

During the 1998-99 school year, 4,218 students attending religious schools in Milwaukee used school vouchers, making up 32% of the total 13,387 students in the religious schools that participated in the program. A graphic with Monday about school vouchers incorrectly said that 71% of religious-school students that year used vouchers, based on incorrect numbers of 4,335 using vouchers out of a total participating religious-school population of 6,085.

The catagen phase of the hair-growth cycle is a transitional phase that follows the anagen phase, when hair grows. The telogen phase is the resting phase. Hair falls out during the exogen phase, which begins after the telogen phase and continues to the start of another follicle's anagen phase. A Life & Arts article on Jan. 25 about facial hair incorrectly said that the catagen phase is when hair is resting and the telogen phase is when hair falls out of the follicles.

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

Top Colleges Speed Read Applications

Influx of applicants means one staffer can't read the whole file; 500 in one day

By Melissa Korn

As application numbers surge, admissions officers at some elite colleges say they don't have time to read an entire file.

Instead, staffers from more schools—including the Georgia Institute of Technology, Rice University and Bucknell University—now divvy up individual applications. One person might review transcripts, test scores and counselor recommendations while another handles extracurricular activities and essays.

They read through their portions simultaneously, discuss their impressions about a candidate's qualifications, flag some for admission or rejection, and move on. While their decision isn't always final, in many cases theirs are the last eyes to look at the application itself.

The entire process can take less than eight minutes.

The new approach puts students at a disadvantage because an admissions officer doesn't get a comprehensive view of the candidate, some high-school guidance counselors say.

"If they're splitting it up, it's not holistic. Nobody has a full feeling" of the applicant, said Chris Reeves, a counselor at Beechwood High School in Fort Mitchell, Ky., and a director at the National Association for College Admission Counseling.

Caleb Richmond, an 18-year-old senior at the Derryfield School in Manchester, N.H., says he wrote about seven drafts of his main college-admission essay. "I put in four years of super-hard work. To know that it's all over in 10 minutes is just mind-blowing," he said.

Committee-based evaluation, which involves a panel of two people, is admissions workers' answer to ballooning application volume. Admissions directors say it is better for staffers than spending solitary months reading essays, transcripts and recommendation letters. They also say it helps train new readers and minimizes bias by forcing readers to defend why they think a candidate is qualified or not, and as a result they are more confident in the decisions the new committees are making.

Admissions officers estimate that upward of 30 elite schools have embraced the method, championed early by the University of Pennsylvania. Colorado College, Case Western Reserve University, Swarthmore College and the California Institute of Technology use variations, as well.

Schools say they are making the shift in part to stem staff turnover, as many now quit at the end of the reading season. "It's a more humane way of reviewing applications," said Marylyn Scott, senior associate dean of admissions at Bucknell. The Pennsylvania school adopted the approach during the last admissions cycle.

Readers at Bucknell, which gets more than 10,000 applications annually, used to take 12 to 15 minutes to review each application. Now a team of two is done in six to eight minutes. Combined, Ms. Scott noted, that is still up to 16 "person minutes." Last year, the school admitted about 3,200 students and enrolled just shy of 1,000.

A three-person committee reviews the team's notes before making a final call. Efficiency is crucial, since more students are using the Common Application, which allows them to submit material to multiple schools. Nearly 902,000 students used it last year. As of Jan. 15 this year, the number was 898,000 students submitting to an average of 4.8 schools.

Applications to Georgia Tech jumped 13% for the coming academic year to 35,600. The current freshman class has roughly 2,800 students.

"There's just no way we could have gotten things done" without significant strain, said Rick Clark, director of undergraduate admissions.

The school introduced committee-based reading in the fall, and as many as 12 teams of two now plow through about 500 applications a day.

"I've legitimately read—not skimmed, but read—more counselor recommendations in the last round than I have in the last three years," Mr. Clark said. "I have time to read them."

Critics say fragmented reading provides little insight into candidates' nuanced applications and that the team-based process can lead readers to reinforce one another's opinions.

Jim Conroy, chairman of the post-high-school counseling department at New Trier High School in Winnetka, Ill., says he spends years teaching colleges' territory managers about his high school. Now, though, "There's no context to their reading."

DUSTIN CHAMBERS FOR THE WALL STREET JOURNAL

Georgia Tech personnel looking over applications last week. As many as 12 teams of two people each at the school make their way through about 500 applications a day.

How To Stand Out In Eight Minutes

Admissions officials and high-school counselors give tips on getting a close look during quick application reviews

Do:

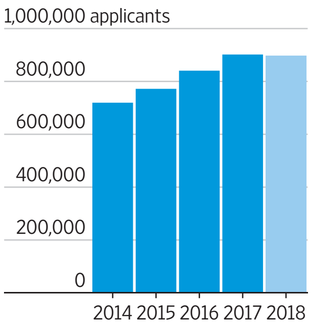
- Keep essays focused and personal
- Highlight extracurricular activities you cared about
- Tell a coherent story across essays, transcript and activities

Don't:

- Use acronyms that only people familiar with your school would understand
- Assume the reader knows anything about where you grew up

Upswing

As more colleges accept the Common Application, the number of applicants using the option is growing.



Note: Dates are end of academic year. 2018 figure through Jan. 15.
Source: Common Application
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CDC Chief Resigns After Tobacco Stocks Revealed

By Betsy McKay And Michelle Hackman

The director of the Centers for Disease Control and Prevention resigned Wednesday following difficulties unwinding investments in two health-care-related firms and a report she had bought stock in a tobacco company after assuming her post.

In an interview, Brenda Fitzgerald said she stepped down because she felt the investment issues were detracting from her job and the agency's work on flu, polio and other issues. "I want the CDC to do well, and I don't want the fact that I have two investments that are too difficult to sell to interfere with what the CDC is doing," she said.

She said she and her husband had been trying to sell the investments, which are in his retirement account, but had trouble because they aren't liquid. "We spent hours trying to do this," said Dr. Fitzgerald, 71 years old.

"I am very sad personally," she said of her move to resign.

Lawmakers in Washington had grown increasingly frustrated over Dr. Fitzgerald's conflicts from the health-care-related investments, after she was forced on a few occasions to recuse herself and send deputies to testify before Congress on the opioid crisis and emergency-preparedness.

Sen. Patty Murray (D., Wash.), the Senate Health Committee's top Democrat, said Dr. Fitzgerald's resignation represents "yet another example of this administration's dysfunction and questionable ethics."

Dr. Fitzgerald has said that she was trying to divest herself of the holdings, and that she was able to engage in policy work.

A spokesman for the Department of Health and Human Services said in a statement: "Due to the nature of these financial interests, Dr. Fitzgerald could not divest from them in a definitive time period."

Her resignation came less than a day after Politico reported she purchased shares in Japan Tobacco Inc. the month after she became director of an agency whose leading priorities include preventing smoking and tobacco use. Japan Tobacco sells brands such as Winston, Camel and Benson & Hedges. Dr. Fitzgerald sold the shares in October, Politico said.

Dr. Fitzgerald said she had been unaware of the tobacco-stock purchase. In an email, the Fitzgeralds said that the purchase was made by an outside entity contracted by the couple's investment manager and that they didn't have control over which stocks were bought and sold. Dr. Fitzgerald said that she had directed the stocks to be sold as soon as she learned what they were.

Cigarette smoking is the leading cause of preventable death in the U.S. "I have been a vocal opponent of tobacco use in any form my entire professional life," Dr. Fitzgerald said.

She said she was also unaware of previous holdings in other tobacco firms that were sold before she became CDC director. Dr. Fitzgerald was commissioner of Georgia's Department of Public Health for six years before coming to the CDC, and an obstetrician-gynecologist in private practice.

The CDC's principal deputy director, Anne Schuchat, will become the agency's acting director, a spokesman said.

Dr. Fitzgerald's exit is one of several from the Trump administration. President Donald Trump's first health secretary, Tom Price, was forced to resign after revelations he had spent taxpayer dollars for private jet travel. The White House Office on Drug Control Policy is also leaderless: The administration's nominee, Tom Marino, stepped aside following backlash over his reported role in a 2016 law that made it tougher to limit the spread of opioid drugs.

KENT D. JOHNSON/ATLANTA JOURNAL-CONSTITUTION/ASSOCIATED PRESS

Brenda Fitzgerald quit as chief of the Centers for Disease Control and Prevention amid concerns about her private investments.

City Plans To Dismiss Pot Cases After Law

By Zusha Elinson

SAN FRANCISCO—Thousands of people convicted of marijuana offenses in this city going back to 1975 will have their convictions dismissed or reduced, San Francisco's district attorney announced Wednesday.

It marks one of the most aggressive moves to wipe away old convictions in the face of new laws legalizing marijuana in California and other states.

San Francisco District Attorney George Gascón said that his office would dismiss and seal 3,038 misdemeanor marijuana convictions, and review and possibly resentence 4,940 felonies—all of which were adjudicated before California voters legalized marijuana in 2016.

Under the state legalization measure, Californians can petition the courts to get old marijuana possession and other convictions dismissed. Mr. Gascón said his office is taking the extra step of doing it for people in order to lift the burden of past convictions.

"A criminal conviction can be a barrier to employment, housing and other benefits, so instead of waiting for the community to take action, we're taking action for the community," said Mr. Gascón.

Nine states and Washington, D.C., have legalized recreational marijuana use.

In Nevada, where recreational marijuana was legalized, Gov. Brian Sandoval vetoed a bill last year that would have required certain offenses to be dismissed and sealed. Mr. Sandoval, a Republican, said in his veto message that such issues were better handled on a case-by-case basis.

FBI Lagged in Clinton Email Disclosure

Officials learned of messages on a laptop at least a month prior to alerting Congress

By Del Quentin Wilber And Aruna Viswanatha

Top FBI officials were aware for at least a month before alerting Congress that emails potentially related to an investigation of Hillary Clinton had emerged during a key stretch of the 2016 presidential campaign, according to text messages reviewed by The Wall Street Journal.

FBI Deputy Director Andrew McCabe had learned about the thousands of emails by Sept. 28, 2016, and Director James Comey informed Congress about them on Oct. 28, 11 days before the presidential election, the messages show. Mr. Comey later said nothing in the new emails had changed the FBI's decision that Mrs. Clinton had committed no prosecutable offenses.

That lag is one focus of an investigation by the Justice Department's inspector general, or in-house watchdog, into a variety of FBI actions in advance of the 2016 election, according to people familiar with the matter. Mr. McCabe stepped down this week, and FBI Director Christopher Wray in a note to bureau employees announcing the departure said he wouldn't comment on the inspector-general probe. The Washington Post first reported the inspector general's interest in the time lag. Mr. McCabe has declined to comment on his departure and the inspector-general probe.

In the text messages reviewed by the Journal, FBI agent Peter Strzok, who led the probe into Mrs. Clinton's use of a private email server, told FBI lawyer Lisa Page on Sept. 28 that he had just been summoned to speak to Mr. McCabe about the newly discovered emails.

Agents in New York had found them on a laptop belonging to Anthony Weiner, a former congressman and husband of Huma Abedin, one of Mrs. Clinton's closest advisers. The FBI was investigating Mr. Weiner for sexting a 15-year-old girl; he would later plead guilty to transferring obscene material to a minor and was sentenced to 21 months in prison.

"Got called up to Andy's earlier," Mr. Strzok wrote in a Sept. 28 text, "hundreds of thousands of emails turned over by Weiner's atty to sdny, includes a ton of material from spouse. Sending team up tomorrow to review .... this will never end ...." SDNY refers to the U.S. attorney's office for the Southern District of New York, which was investigating Mr. Weiner.

Republicans and critics of the FBI have suggested the bureau may have sat on the emails to avoid hurting Mrs. Clinton before the Nov. 8 election. They are especially suspicious of Mr. McCabe, whose wife ran unsuccessfully for a Virginia state Senate as a Democrat with the help of former Virginia Gov. Terry McAuliffe, a longtime Clinton ally.

Agents in New York had found the emails on a laptop belonging to Anthony Weiner.

Supporters of Mr. McCabe say it was natural for him to deliberate carefully about the significance of the newly discovered emails, which were later deemed irrelevant by investigators to the Clinton probe. Justice Department guidelines recommend against taking significant public actions shortly before an election that could sway the outcome.

Democrats say the true mistake was Mr. Comey's decision in late October to tell Congress that the FBI was reopening its investigation into Mrs. Clinton due to the new emails, a move they blame in part for her election loss.

Several months earlier, in July 2016, Mr. Comey had called a news conference to say he was recommending that no charges be brought against Mrs. Clinton for the way she handled classified material on her private email server.

MEMO

Continued from Page One

staff John Kelly and White House counsel Don McGahn in the West Wing on Monday. Messrs. Wray and Rosenstein expressed their opposition to the release of the memo at that meeting, which the Washington Post reported Tuesday.

Mr. Rosenstein cautioned about the accuracy of the memo, while Mr. Wray, who took over the agency in August, expressed concern about the precedent it would set to release such a document, according to people familiar with the matter. Mr. Kelly told the men that the president was inclined to release the memo, but assured them it first would be vetted by the National Security Council and White House attorneys, these people said.

On Tuesday, a day after that meeting, Mr. Trump told a Republican lawmaker that he was "100%" certain he would release the document. Mr. Trump's comment was captured by an open microphone as he left the House following his State of the Union address. White House officials insisted the president hadn't yet read the document.

The memo was written under the direction of Rep. Devin Nunes (R., Calif.), an ally of Mr. Trump who serves as chairman of the House Intelligence Committee. It outlines allegations of improper surveillance against an associate of Mr. Trump during the 2016 election.

The allegations relate to the use of a warrant sought by the FBI during the fall of 2016 and approved by the Foreign Intelligence Surveillance Court—a secretive federal court that approves warrants against suspected spies. The memo alleges that the court warrant obtained in the final weeks of the campaign was based in part upon information paid for by the Democratic Party, according to people who have seen the memo.

"It's clear that top officials used unverified information in a court document to fuel a counterintelligence investigation during an American political campaign. Once the truth gets out, we can begin taking steps to ensure our intelligence agencies and courts are never misused like this again," said Mr. Nunes, in a statement responding to the FBI's concerns.

The FBI said the memo contains significant omissions about the surveillance decisions made during the time period in question.

BILL CLARK/CQ ROLL CALL/NEWSCOM/ZUMA PRESS

FBI Director Christopher Wray testified in December before a House Judiciary Committee hearing.

Democrats said the document is misleading, cherry-picked and part of a continuing GOP effort to discredit special counsel Robert Mueller's probe into whether Mr. Trump or his associates colluded with Russia during the election. Mr. Mueller's team is also investigating whether the president obstructed justice when he fired Mr. Comey, who was spearheading the Russia probe.

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

"I certainly haven't seen any abuse of the investigative process by the FBI or the Justice Department," said Rep. Adam Schiff of California, the top Democrat on the House Intelligence Committee. "What I have seen instead is a deliberate attempt from the very beginning of this investigation to distract attention from the Russia probe."

The committee voted Monday evening to release the memo. The four-page document has been made available to all House members for more than a week, but many GOP lawmakers have pushed for it to be released to the public.

The committee voted along party lines against releasing a separate Democratic memo that purports to rebut the Republican one, but members of the GOP-dominated panel said they would be open to releasing the dissenting memo in the coming days or weeks.

Under House rules, Mr. Trump has a five-day window to decide whether to object to the release of the material. If he does, the full House can override his decision. If he doesn't object, the material will be released.

Late Wednesday, Democrats made a last-ditch effort to try to halt the release of the memo—with Mr. Schiff, the top Democrat, saying the copy that had been sent to the White House for review has been "secretly altered" since the Intelligence Committee first saw the document on Jan. 18. Democrats charged that the document has changed since the committee took two votes on it, arguing the committee should vote again.

According to people who have seen the memo, the document expresses concerns about how prosecutors used an unverified dossier, paid for by opponents of Mr. Trump, in their application for a FISA warrant to monitor Carter Page, a former foreign-policy adviser to Mr. Trump. Mr. Page hasn't been accused of wrongdoing.

—Peter Nicholas contributed to this article.

ZACK WAJSGRASU/ASSOCIATED PRESS

The scene of a crash Wednesday involving an Amtrak train and a garbage truck in Crozet, Va. One person in the truck was killed.

Train With Lawmakers Hits Truck

A train carrying House Speaker Paul Ryan of Wisconsin and other Republican members of Congress to a policy retreat in West Virginia collided Wednesday with a truck, killing one of the people in the vehicle.

By Kristina Peterson, Siobhan Hughes and Byron Tau

All the lawmakers on board the train appeared to be safe, although Rep. Jason Lewis (R., Minn.) was examined at a hospital and discharged after being diagnosed with a concussion.

Mr. Lewis is believed to be one of three passengers, along with two train crew members, who Amtrak said were taken to a hospital with non-life-threatening injuries. Aside from the man who was killed, two other people were in the truck when it was hit, according to witnesses at the scene.

The University of Virginia Health System said six people in total were transported to UVA Medical Center in Charlottesville, including one in critical condition.

Sen. Mike Lee (R., Utah), who was a passenger on the train, said there was no warning before the collision.

"Leading up to the crash, the train was just going along full speed, and all of a sudden we felt some kind of an impact," he said. "There was a strong jolt."

A spokesman for Amtrak said the collision occurred at a grade crossing at 11:20 a.m. in Crozet, Va., a small town west of Charlottesville.

The National Transportation Safety Board said it was opening an investigation, and the U.S. Department of Transportation said a team from the Federal Railroad Administration was on its way to support it. Amtrak declined to release the number of passengers.

At a press conference Wednesday evening at the Albemarle County Police Department in Charlottesville, NTSB member Earl Weener said that although it was too early to draw conclusions, the fact that his agency is involved presumes that the crash was an accident.

Mr. Weener said that if his team comes to believe that the crash was deliberate, the investigation will be handed over "to the proper authorities."

THE WALL STREET JOURNAL.

The train was a special charter traveling from Washington to the Greenbrier resort in White Sulphur Springs, W.Va., site of the annual legislative conference. Onboard were dozens of members of the House and Senate and their families, staff and security personnel.

The train struck a truck carrying trash, causing the cab of the truck to separate from its cargo. Lawmakers and others on the scene said crossing-guard rails establishing the train's right of way were in the down position.

The truck bore the logo of Time Disposal, a locally owned company that hauls residential and commercial garbage in rural areas without municipal garbage collection. A Time Disposal representative declined to comment.

Several lawmakers told CNN that several people were on the truck and that one appeared to have been thrown clear of the vehicle. A GOP aide said many lawmakers had minor injuries.

Rep. Chuck Fleischmann (R., Tenn.) was maneuvering around Rep. Tom Cole (R., Okla.), who was in the aisle talking to another member, when he felt the collision. "All of a sudden there was just a large impact that thrust me backwards at least three or four seats," Mr. Fleischmann said.

Sen. Bill Cassidy (R., La.), who is a physician, said he awoke abruptly from a nap when the train hit the truck. When he went outside to see about helping people in the truck, he could see Rep. Phil Roe (R., Tenn.), who is also a physician, and some others looking at the person who was eventually pronounced dead. They attempted CPR, "but it was pretty clear he was dead," Mr. Cassidy said.

—Valerie Bauerlein, Natalie Andrews and Paul Berger contributed to this article.

GOP's Gowdy Set To Leave Congress

By Reid J. Epstein

House oversight committee Chairman Trey Gowdy said that he would leave Congress after this year, the latest House Republican to resign or announce he won't stand for re-election.

Mr. Gowdy, of South Carolina, is the second oversight committee chairman to quit in the past seven months. The post, one of the most powerful in Congress, allows for investigations into any aspect of the federal government. Mr. Gowdy became chairman in June when his predecessor, Rep. Jason Chaffetz of Utah, quit Congress to pursue a career as a television commentator.

About 40 House Republicans have resigned or said they won't seek re-election in the past year. Including Mr. Chaffetz, Mr. Gowdy is the 10th House GOP committee chairman to resign or announce they will leave Congress in the past year. Reasons for their departures vary but include being term-limited out of their chairmanship, facing competitive challenges from Democrats for the first time in decades and seeking statewide office.

JACQUELYN MARTIN/ASSOCIATED PRESS

Rep. Trey Gowdy

Also on Wednesday, veteran Democratic Rep. Bob Brady of Pennsylvania said he wouldn't seek re-election. Mr. Brady, who is the top Democrat on the House Administration Committee and chairman of the Democratic Party of Philadelphia, spent part of 2017 under federal investigation. An aide pleaded guilty in federal court to a charge of lying to FBI agents in the case, which involved illegal payments to a 2012 primary challenger. Mr. Brady hasn't been charged with a crime.

Mr. Gowdy chaired the House committee investigating the 2012 attack on the U.S. mission in Benghazi, Libya.

Prosecutors Won't Retry Sen. Menendez

By Corinne Ramey And Kate King

Prosecutors said they won't retry New Jersey Sen. Bob Menendez on federal corruption charges, clearing the way for the two-term Democrat to run for re-election in a November race he is favored to win.

Prosecutors had accused the 64-year-old senator of a bribery scheme involving nearly $1 million in political contributions and gifts from his co-defendant, Florida eye doctor Salomon Melgen, in exchange for advocating on the doctor's behalf. An earlier attempt to convict the pair ended in a mistrial because of a deadlocked jury. Prosecutors recently said they would retry them.

But in a filing on Wednesday, Justice Department prosecutors asked the judge to dismiss the indictment against both men. A Justice Department spokeswoman said the decision was prompted by a judge's decision last week to acquit both men of some of the charges and the evidence admissible in a retrial.

"From the very beginning, I never wavered in my innocence and my belief that justice would prevail," Mr. Menendez said in a statement.

A lawyer for Mr. Menendez said he was "pleased and grateful that the Justice Department made the right decision."

WASHINGTON WIRE

PUBLIC HEALTH

President Supports 'Right to Try' Law

President Donald Trump, in his State of the Union address, gave a boost to so-called Right to Try legislation that would give terminally ill patients greater access to experimental drugs.

Public-health advocates are pushing back, characterizing the Right to Try movement as a solution to a nonexistent problem.

Right to Try laws, having passed in 38 states, give patients access to as-yet-unproven drugs that are in clinical trials. Driving the adoption of these laws is the conservative Goldwater Institute think tank, which contends that there is too much red tape getting in the way of desperately ill people whose lives might be saved by medicines that lack Food and Drug Administration approval.

Public-health advocates note the vast majority of terminally ill patients already have access to experimental drugs in the U.S. The FDA has a compassionate-use program in place for patients in dire circumstances.

—Thomas M. Burton

IMMIGRATION

U.S. to Target Recent Asylum Applications

The Trump administration said Wednesday it would prioritize asylum applications from people who have most recently entered the U.S., an effort to deport those without valid claims quickly and discourage others from coming.

The change turns a critical piece of immigration policy on its head by handling new asylum arrivals first, instead of sending them to the back of a long line.

Under the previous asylum policy, the U.S. Citizenship and Immigration Services agency considered applications in the order in which they were filed. Because there is a large backlog of cases, the result is people can wait years for a decision.

—Laura Meckler

Immigration Plan Draws Skeptics

Lawmakers from both parties fail to embrace Trump's proposal in State of Union address

By Peter Nicholas

WASHINGTON—President Donald Trump's call for lawmakers to embrace what he termed a compromise proposal on immigration got a chilly reaction Wednesday from both Democrats and Republicans, who are struggling to make progress in their negotiations.

In his State of the Union speech Tuesday night, Mr. Trump highlighted the details of his plan, which include funding for a wall on the southern border, offering a path to citizenship for 1.8 million people brought to the country illegally when they were young, limiting a family-based migration program, and ending the diversity-visa lottery.

Lawmakers have been struggling to find a consensus on immigration, a volatile issue that touched off a three-day government shutdown in January. With another spending deadline coming up this month, a shutdown replay looms unless lawmakers strike an immigration deal. Moreover, protections for young undocumented immigrants brought to the country as children, dubbed Dreamers, start to expire in March unless Congress passes legislation extending them.

"I think we are nowhere" on immigration, said Rep. Jackie Speier (D., Calif.) on CNN.

Ms. Speier said "compromise is possible, but you don't say, 'This is the compromise.' You sit down and negotiate."

Sen. Joe Manchin (D., W.Va.) said on MSNBC that the president has "managed with his proposal right now to tee off both the far right and the far left."

A sticking point among Republicans is how the Trump administration will deal with Dreamers. The president has said he wants to protect them and has proposed a path to citizenship, which is unpopular with many conservative lawmakers.

Sen. Marco Rubio (R., Fla.), said lawmakers need to develop a Plan B in the event Mr. Trump's proposal fails.

"There are a number of my colleagues that are against a pathway to citizenship," Mr. Rubio told Fox News. "They're fine with potential legalization, but not a pathway. So we've got some issues to work through, which is why I say we have to have a Plan B."

Mr. Trump also touted his infrastructure ambitions during the speech, remarks that drew bipartisan applause. He is calling on Congress to pass a bill that would underwrite a program to repair the nation's roads, bridges and ports, relying on a blend of state- and local-government funding along with private investment that would add up to $1.5 trillion.

The concept has bipartisan support, but some lawmakers raised concerns about the cost of the federal government's share.

"The question is how are you going to pay for it?" said Sen. John Cornyn (R., Texas). "You tell me how we can pay for it, and I'll tell you what we can do."

Aside from calling for major, bipartisan deals on infrastructure and immigration, Mr. Trump also lauded the improving economy and rising stock market but warned about continuing threats from North Korea.

Mr. Trump steered clear of direct attacks on political opponents while holding open the possibility of bipartisan cooperation in an era that he dubbed "our new American moment" for rebuilding the country culturally and economically.

"Tonight, I call upon all of us to set aside our differences, to seek out common ground and to summon the unity we need to deliver for the people," Mr. Trump said.

Republicans lauded Mr. Trump's performance while Democrats dismissed it as showmanship.

Rep. Michelle Lujan Grisham (D., N.M.), chairwoman of the Hispanic caucus, called the address more of a "campaign speech" and "less like a speech by an executive."

Newt Gingrich, the former Republican House speaker and a Trump ally, said the president needs to capitalize on the speech and avoid letting out distracting tweets that bury the message.

Speaking to Fox News, Mr. Gingrich said: "The most important thing he could do is stay on message at least through the Sunday talk shows" and "avoid all temptations to go off and tweet about something irrelevant."

As of Wednesday evening Washington time, Mr. Trump hadn't tweeted.

—Louise Radnofsky, Siobhan Hughes and Natalie Andrews contributed to this article.

WIN MCNAMEE/PRESS POOL

President Donald Trump pitched what he called a compromise immigration plan in his speech Tuesday.

North Korean Has Moment in Spotlight

The sight of North Korean defector Ji Seong-ho hoisting homemade crutches above his head during extended applause will be one of the enduring images of the 2018 State of the Union address.

The 35-year-old managed to escape the dictatorship in 2006, President Donald Trump explained, even though he had lost a leg and a hand stealing coal from a train as a teenager.

Since then he has worked as an activist helping others escape and directing pro-democracy radio broadcasts into North Korea. He spoke to The Wall Street Journal on Jan. 23.

The story he told began in North Hamgyong province, a frigid northeastern region near North Korea's border with China and Russia, at the height of a famine in the 1990s. His town was near Camp 22, a gulag 30 miles long and 20 miles wide where tens of thousands of prisoners toil at mines, farms and other hard labor.

"The rumor we heard was if the prisoners failed to mine their daily quota of coal, they weren't allowed to leave the mine," Mr. Ji said.

In 1995, government food rations stopped, he said. North Korea's benefactor, the Soviet Union, collapsed years earlier, and North Korea's economy ground to halt. The Ji family—his parents and a younger sister and brother—started going to the mountains to collect grass and bark to eat.

Eventually, they dug up and ate the roots. When those were gone, government officials told them to eat patches of earth that supposedly carried nutrients, Mr. Ji said. He made a kind of cookie from the dirt. His grandmother starved to death.

Mr. Ji resolved to defect after sneaking into China to obtain food in 2000. When he returned with rice, North Korean authorities arrested him and tortured him. "We didn't even get to eat the rice," he said. "They took everything."

In 2006, he nearly drowned crossing the Tumen River into China with his younger brother. He eventually made it to South Korea. Mr. Ji's mother and sister also made it out, but he believes his father was captured and tortured to death.

—John Lyons and Eun-Young Jeong

PROFIT

Continued from Page One

the three-month period, Mr. Zuckerberg said. That decline translates to a little more than two minutes a day on average for each of the company's 1.4 billion daily users.

Mr. Zuckerberg said he expects users are more likely to stick around for ads if they like what they are seeing. "When you care about something, you're willing to see ads to experience it," he said on a call with analysts. "But if you just come across a viral video, then you're more likely to skip over it if you see an ad."

On Wednesday, Facebook's stock fell about 5% in after-hours trading shortly after the earnings report was released. But the stock recovered during the analyst call, and was up about 1.5% to $189.70. The shares have risen about 43% over the past 12 months.

Facebook acknowledged the first-ever quarter-to-quarter decline in the number of users who log in to the service daily in its most lucrative market, the U.S. and Canada. Facebook lost about 700,000 daily users in that market to total about 184 million, though it gained 33 million globally.

David Wehner, Facebook's financial chief, said he expects daily active users to fluctuate given the large numbers but said Facebook doesn't "see this as an ongoing trend."

Still, Facebook's revenue leapt 47% to $12.97 billion, and it managed to extract nearly $6 more revenue per user in the latest three months, a 26% increase. The average price per ad rose 43%.

The growth underscores Facebook's still potent ability to attract new users and advertising dollars even as it confronts crises that have forced the company to rethink the way it feeds content to roughly a quarter of the world's population.

Critics of Facebook content the company has allowed hate speech, violent live videos and fabricated news articles to spread on its platform, harming people's mental health and enabling bad actors to sway political discourse.

Some advertisers and ad agencies have joined the chorus in criticizing Facebook for failing to police its platform. They are also still wary of its video-ad products after the company disclosed a series of mistakes in the way it calculated advertising performance starting in the fall of 2016.

Facebook accounted for about 17% of the global digital-ad market last year, behind Alphabet Inc.'s Google, which accounted for 32%, according to data from eMarketer.

Facebook last fall outlined plans to double the number of employees and contractors who handle safety and security issues to 20,000 by the end of 2018.

Analysts say many users in the U.S. are starting to spend less time on the site.

And in January, Facebook said it would start favoring posts that sparked discussion among users at the expense of news, video and other types of content that typically perform well in its news feed but encourage the kind of passive use of Facebook's platform that the company is trying to minimize.

To improve news quality on its site, Facebook is starting to rank publisher posts in the U.S. based on user evaluations of trustworthiness. Facebook has said the change will benefit "broadly trusted" publications.

On Wednesday, Mr. Zuckerberg referenced The Wall Street Journal and The New York Times as examples of publications that are both well-known and generally regarded as "high-quality journalism." This type of sentiment typically signals content that is "unlikely to be polarizing, that is unlikely to be false news," he said.

Analysts say many users in the U.S. are starting to spend less time on the site. Facebook, in April 2016, said users collectively spent 50 minutes a day on Facebook, its Instagram service and Messenger. According to a recent Pivotal Research analysis of Nielsen data, Facebook's U.S. users spent 7% less time on the site in August compared with a year ago and 4.7% less time in September.

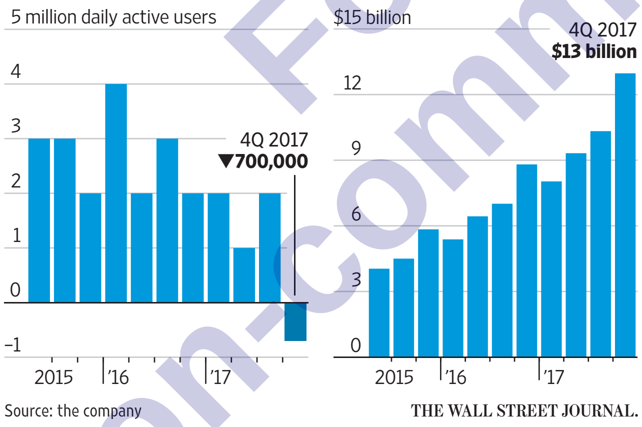
Tech rivals, including Amazon.com Inc., are starting to encroach on Facebook's territory in digital advertising.

And there are broader, more existential challenges. Last fall, several U.S. lawmakers raised the prospect of further regulating Facebook after the company disclosed that Russian-backed actors had used its tools to foment U.S. social divisions during and after the 2016 presidential election.

For now, the intensifying debate over Facebook's future doesn't appear to have undercut the company's financial performance.

Two Faces

Facebook's daily users fell for the first time in its most lucrative market, but revenue continues to soar.



Source: the company

THE WALL STREET JOURNAL.

Russia Returns to America's Backyard

Moscow rebuilds ties in Caribbean and Latin America; officials see a bid to challenge U.S.

BY BRETT FORREST

RUSSIAN LOOK/ZUMA PRESS

Russian President Vladimir Putin and Grenada ambassador Oleg Firer, left, at a Kremlin credential-presentation ceremony in October.

MIAMI—Russia is solidifying its footing close to U.S. shores, in the Caribbean, a region Moscow abandoned after the Cold War and has gradually returned to with investment, diplomacy and military hardware.

In recent months Russia has developed a multidimensional relationship with the tiny nation of Grenada, whose name has resonated with many Americans since President Ronald Reagan invaded in 1983.

Russia's presence in the Caribbean is now "stronger than at any time since the end of the Cold War," said the Caribbean Council, a London consulting firm.

The stakes in a regional U.S.-Russia rivalry are small compared with the Cold War era, with its Cuban Missile Crisis and fears of nuclear war.

But that hasn't halted a competition for influence in the Caribbean and Latin America. Gen. John Kelly, who is now White House chief of staff and was then in charge of the U.S. Southern Command, said in 2015 that President Vladimir Putin's Russia was challenging the U.S. in the region.

Gen. Kelly's successor, Adm. Kurt W. Tidd, echoed that view last year: Moscow, he said, "uses soft power tools in an attempt to challenge U.S. leadership in the Western Hemisphere."

Secretary of State Rex Tillerson left this week for Mexico, Argentina, Peru, Colombia and Jamaica, an opportunity to nurture regional relations.

The U.S. Southern Command, which administers a naval base at Guantanamo Bay, Cuba, oversees approximately 7,000 soldiers in the Caribbean and Central and South America.

Russia has been pursuing its own avenues. Grenada opened an embassy in Moscow last summer, with a Soviet-born dual U.S.-Grenadian citizen, Oleg Firer, as ambassador. The countries have since granted each other visa-free travel.

"Russia is a gateway to Eurasia for us," said Mr. Firer. "We see it as a huge market."

The two governments are working on deals in agriculture, energy, real estate and technology. Global Petroleum Group, a subsidiary of the Moscow-based conglomerate **Sistema**, discovered natural gas in Grenadian waters in the fall.

"We're not going to start purchasing arms," said Nickolas Steele, Grenada's minister of health, social security and international business. "Our relationships are based purely on economic benefit."

Arms sales wouldn't be unusual for Russia. In the fall, Moscow said it was preparing to sign a military cooperation agreement with Suriname. Russian officials didn't respond to requests to comment.

Niermala Badrising, Suriname's ambassador to the U.S., said her country is also pursuing broader engagement with Russia. "As a small country, in terms of geopolitical and geostrategic cooperation, I think it makes sense to forge stronger relations in many areas with different countries," he said.

In January, U.S. Navy officials said they spotted a Russian spy ship in the Caribbean, heading toward Florida. Some experts regard Russian maneuvers as a calculated response to what Moscow sees as an encroachment in Eastern Europe by the U.S. and the North Atlantic Treaty Organization.

"Russia was looking for a way to send a strategic message to the U.S....'If you muck around with us, we can muck around in your backyard also,' " said Evan Ellis, an associate professor of Latin American studies at the U.S. Army War College Strategic Studies Institute.

During the Cold War, the Soviet Union provided aid to Cuba, propping up a communist ally in the Western Hemisphere. Russian interest in Latin America dwindled in the 1990s, but revived following the Russo-Georgian War in 2008, when Nicaraguan President Daniel Ortega recognized the Georgian breakaway republics of Abkhazia and South Ossetia as sovereign states.

Soon, Mr. Ortega accepted a shipment of Russian transport helicopters. Also in 2008, Russia conducted Caribbean maneuvers with the Venezuelan navy.

With the Ukraine crisis of 2013 and 2014, Russia redoubled its efforts to strengthen ties. Mr. Putin visited Argentina, Brazil, Cuba and Nicaragua.

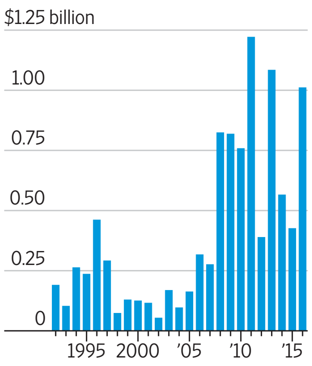
Deals to emerge since then include a 2015 agreement with Nicaragua to let Russian warships access its ports; energy projects in Bolivia and Ecuador; and bauxite mines in Jamaica and Guyana.

"We maintain our traditional relationships, but we are seeking new relationships at the same time," said Mr. Steele, the Grenadian minister. "One cannot expect an island nation to develop on its own."

Back on the Islands

Russia is re-engaging with some of the U.S.'s southern neighbors.

Russia's exports to the Caribbean*



*Includes Antigua and Barbuda, Barbados, Cuba, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Netherlands Antilles, St. Kitts and Nevis, St. Lucia, and Trinidad and Tobago.
Source: International Monetary Fund
THE WALL STREET JOURNAL.

Ecuador's Leader Turns Against His Mentor

BY JOHN OTIS

JONATAN ROSAS/ANADOLU AGENCY/GETTY IMAGES

Lenín Moreno, center, awaiting election results in Quito in April with then-President Rafael Correa, left.

SANTO DOMINGO, Ecuador—When Lenín Moreno was elected president last year, he was pegged as a stand-in for his powerful predecessor, destined to play a placeholder role much like Dmitry Medvedev's between terms of Russian President Vladimir Putin.

But Mr. Moreno has blazed a very different path. Setting off a bitter power struggle, he has broken with former President Rafael Correa, an anti-American leftist who guided this small country into alliances with Cuba and Venezuela and is known world-wide for letting WikiLeaks founder Julian Assange take refuge in the Ecuadorean Embassy in London.

Mr. Moreno, who served for six years as Mr. Correa's vice president, now accuses his old boss of concealing the weak state of Ecuador's oil-dependent economy, ignoring government corruption, and turning into an authoritarian during his three terms in office. Mr. Moreno is improving relations with Washington and even talking about negotiating a trade agreement with the U.S.

The 64-year-old president, who uses a wheelchair since being paralyzed from the waist down in a carjacking two decades ago, is also maneuvering to stop Mr. Correa from ever returning to the presidency he left in May. On Sunday, Ecuadoreans will vote in a referendum on seven proposed constitutional changes, one of which would limit presidents to two terms.

At a rally in Santo Domingo, a farm town at the foot of the Andes, Mr. Moreno compared his old boss to Napoleon, who espoused democratic ideals but turned into a despot.

"It's dangerous for a country to be governed by just one person, because people end up as that person's slaves," Mr. Moreno said.

Mr. Correa returned to Ecuador last month from his wife's native Belgium and is barnstorming to convince voters the referendum violates their right to choose the most qualified candidates.

But after a decade in power, the former president may have worn out his welcome. When he rolled into the village of El Carmen on a flatbed truck last week, protesters pelted Mr. Correa and his entourage with eggs, forcing them to use their campaign signs as shields.

A fierce critic of Washington, Mr. Correa in 2009 ended antidrug missions by U.S. aircraft operating out of the Manta air base, and later expelled the U.S. ambassador. Mr. Correa signed one of the most restrictive media laws in the hemisphere.

In 2015 Mr. Correa secured a constitutional tweak to allow unlimited re-election for public officials, a move widely seen as indicating his interest in running again. But with the economy stalling and his job-approval rating sagging, he sat out last year's election and endorsed his former sidekick.

Mr. Moreno served as Mr. Correa's vice president from 2007 to 2013, focusing on improving rights for the disabled. Campaigning on a platform of continuity, he won the presidency by a slim margin in April 2017.

Mr. Correa has most furiously denounced Mr. Moreno for accusing him of economic mismanagement as prosecutors investigate numerous Correa administration officials for corruption. In December, Jorge Glas, a top aide to Mr. Correa who briefly served as Mr. Moreno's vice president, was sentenced to six years in prison for accepting $13.5 million in bribes from a construction company.

Mr. Correa and his allies say Mr. Moreno has betrayed the ruling Alianza País party. Nearly 30 of the 74 Alianza País legislators have abandoned the party to form a new one run by Mr. Correa.

Data Show Upturn in Canadian Economy

BY PAUL VIEIRA

OTTAWA—The Canadian economy rebounded in November after stalling in October, led by a manufacturing sector that recorded its best performance in nearly four years as some auto-assembly plants resumed production following a brief shutdown.

Canada's gross domestic product, or the broadest measure of goods and services produced in an economy, increased 0.4% in November from the previous month to a seasonally adjusted 1.759 trillion Canadian dollars (about US$1.427 trillion), Statistics Canada said Wednesday. The result matched market expectations, as provided by economists at Royal Bank of Canada, and marked the best one-month gain in economic output since May.

On a one-year basis, the Canadian economy advanced 3.5% in November.

In January, the Bank of Canada raised its benchmark interest rate by a quarter-percentage point to 1.25%, the third increase in seven months, on strength in the underlying economy. The unemployment rate is at a four-decade low, and 2017 marked the best year for job creation since 2002. Meanwhile, the latest inflation data indicate annual price increases are hovering near the central bank's target of 2%, and measures of core, or underlying, inflation continue to strengthen.

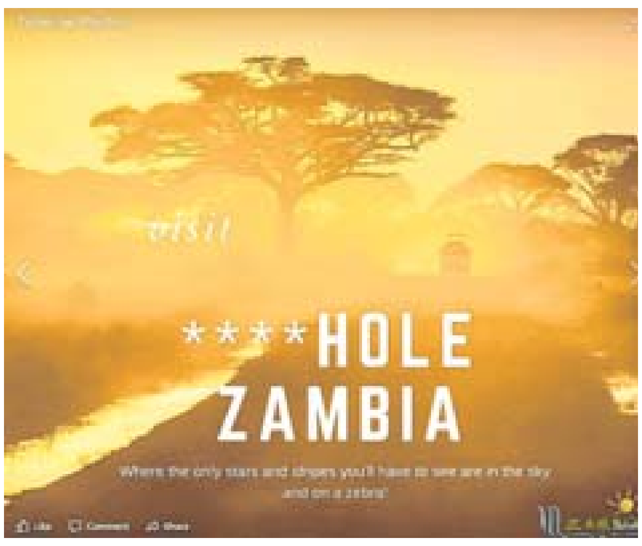
November's reading and the trend in inflation data "present evidence to somewhat hawkishly inform the BoC's data dependent posture in support of our forecast for another rate hike by spring," said Derek Holt, Bank of Nova Scotia economist.

The central bank said its economic outlook is expected to "warrant higher interest rates over time," with growth for 2017 expected to come in at 3% and 2.2% this year. GDP data for the fourth quarter of 2017 is scheduled for release on March 2.

The Bank of Canada has signaled it would remain cautious on further rate increases.

Africa Finds Ace in the 'Hole' With Trump's Alleged Insult

BY MATINA STEVIS-GRIDNEFF AND JOE PARKINSON



ZAMIBIATOURISM/FACEBOOK

Zambia is taking a lighthearted approach while courting visitors.

NAIROBI, Kenya—Sometimes, there is no such thing as bad publicity.

Across Africa—from the savanna to the Atlantic Coast—tourism professionals are reframing President Donald Trump's alleged "shithole" comment to lure visitors, parlaying the global attention—and outcry—the obscenity drew into tongue-in-cheek guerrilla marketing.

Two U.S. senators—one Democratic, one Republican—confirmed that Mr. Trump made the incendiary comment during a private meeting in mid-January to discuss legislation to replace the Deferred Action for Childhood Arrivals program. Mr. Trump denied using the specific slur against immigrants from Africa, El Salvador and Haiti.

Governments, corporations and small businesses in more than a dozen countries have launched themed tourism campaigns and merchandise.

African tour operators are hoping the efforts provide a shot in the arm to a largely unsung economic-success story, fueled by a surge of visitors from Asia, Europe and the Middle East, along with a rise from the U.S.

The number of foreign tourists visiting sub-Saharan African countries swelled to some 40 million annually in 2017 from just over 20 million a decade earlier, according to data aggregated by the World Travel and Tourism Council.

Now, some tourism executives with a sense of humor and an eye for a good opportunity have embraced the moment.

In the southwest African nation of Namibia—famed for its sunburst-colored sand dunes—a private tourism operator called the Gondwana Collection has released a video featuring wildlife and natural beauty narrated by a Trump impersonator inviting people to visit "Africa's No. 1 shithole."

"It's really tough out here....Namibia has over 300 days of sunshine every year," the narrator says, before reminding viewers of an earlier gaffe when Mr. Trump met African leaders and mistakenly referred to the country as "Nambia."

A Facebook page run by a marketing group promoting tourism in Zambia—famed for the Zambezi River that feeds the spectacular Victoria Falls—includes a slogan welcoming visitors to "shithole Zambia." "Where beautiful vistas and breathtaking wildlife are our Trump card!" says an accompanying post.

Botswana's government is rebranding the nation a "Waterhole Country."

At the World Economic Forum in Davos, President Ernest Mnangagwa of Zimbabwe said that, given the chance, he would explain to Mr. Trump what a great destination his country is.

"[I would] say 'Oh, Mr. President, Zimbabwe is open for business. I know Americans like to play golf. Come build golf courses at Victoria Falls!' " he said. "We'll give you incentives, five-year incentives to do all those things."

Australia Gets Tough On Foreign Investment

By Rob Taylor

CANBERRA, Australia—Australia's government will harden rules on foreign investment in critical energy infrastructure and prime farmland, handing new security powers to the country's deals watchdog as concerns mount about Chinese interference in the country.

Treasurer Scott Morrison will give Australia's Foreign Investment Review Board new powers to examine sales involving energy assets to ensure no overseas company accumulates too much control of the national grid. The move follows controversies over Chinese investment in farms and energy grids, as well as rising alarm over meddling in politics and Australian society by Beijing and other nations.

"All future applications for the sale of electricity transmission and distribution assets, and some generation assets, will attract ownership restrictions or conditions for foreign buyers," Mr. Morrison said Thursday.

Australian farmers will now be given first option on buying prime agricultural land parcels worth more than 15 million Australian dollars ($12 million) to ensure they aren't locked out of sales, he added.

The country has since 2015 increased its scrutiny of takeover deals from abroad, after the U.S. raised questions about a long-term lease to a Chinese group of the Port of Darwin—used each year for training by thousands of U.S. Marines.

Australia's domestic intelligence agency on Wednesday warned the parliamentarians considering tough new counterintelligence and espionage laws that foreign interference and meddling—blamed mostly on Beijing—had exceeded levels seen at the height of the Cold War.

Attacks Cloud U.S. Afghan Strategy

More than 16 years into the American war in Afghanistan, Taliban fighters managed to penetrate one of Kabul's most tightly guarded landmarks, rampaging through the Inter-Continental Hotel. Militants stunned the capital twice more in the next 10 days. In all, 141 people were killed, including four Americans.

By Craig Nelson in Kabul, Dion Nissenbaum in Washington and Saeed Shah in Islamabad

The ferocious attacks—two claimed by the Taliban and one by Islamic State—have cast doubt on optimistic assessments by the U.S. military and Afghan government and raised questions about the pillars of the Trump administration's strategy: a greater reliance on Afghan security forces, modest increase in the U.S. troops supporting them and stepped-up pressure on Pakistan to cut off support to the insurgents.

Gen. Joseph Votel, the head of U.S. Central Command who was in Kabul on Saturday when a suicide bomber detonated an explosives-packed ambulance along a busy commercial street, told reporters the increasing violence "does not impact our commitment to Afghanistan" and that victory in the war, America's longest, was "absolutely" possible.

The administration's war plan, first announced in August, relies on raising troop levels from about 11,500 then to about 15,000 now, deploying more air power against militants and moving American military advisers back to the front line to train Afghan units and call in air and artillery strikes. Not least, it calls for cutting off up to $2 billion in military aid to Pakistan until it does more to crack down on Taliban sanctuaries.

American military commanders and political leaders have repeatedly expressed optimism since the U.S. first sent forces into Afghanistan in 2001 to remove the Taliban from power and to hunt down al Qaeda leader Osama bin Laden.

BRENNAN LINSLEY/PRESS POOL

U.S. special-operations soldiers in a helicopter near Khwaja Bahuaddin, Afghanistan, in November 2001.

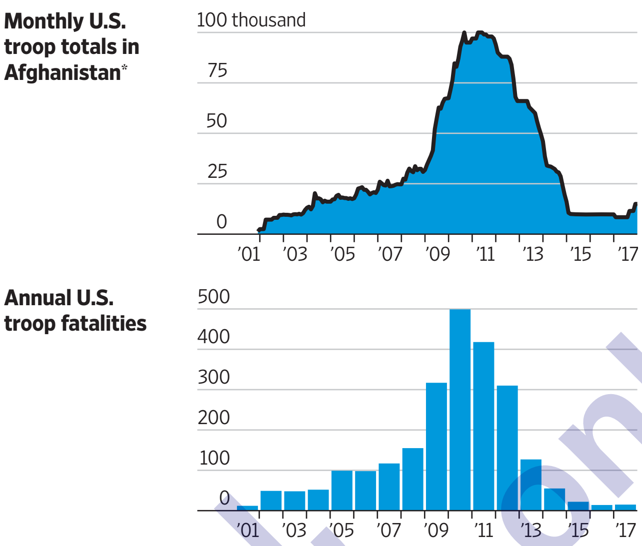
Mr. Trump deliberately steered clear of predictions about the war in his State of the Union address on Tuesday, two years after his predecessor, Barack Obama, declared in the same forum that the U.S. combat mission in Afghanistan was over. "Our military is no longer undermined by artificial timelines," Mr. Trump said at the Capitol, "and we no longer tell our enemies our plans."

U.S. officials expressed alarm at the January attacks but said it would be unfair to blame the surge in violence on Washington's strategy.

"You can't really judge based on what's happened in the last 10 days," said a National Security Council representative. "At this point, we haven't had enough time to really carry out the full strategy. I don't think anybody would claim it would change within a period of a few months."

The carnage in Kabul has roiled already fraught relations between Afghanistan and its neighbor Pakistan, which has a long history of supporting the Taliban and other militant groups, sometimes tacitly and sometimes more actively.

Long Engagement



*Figures after July 2017 include troops rotating in and out of Afghanistan
Sources: U.S. Central Command, Congressional Research Service (troops); ICasualties (fatalities)

THE WALL STREET JOURNAL.

Afghan officials have accused Pakistan and its intelligence agency, the Inter-Services Intelligence, of direct involvement in the latest attacks. "The Pakistani spy agency is behind all of the terrorist attacks in Kabul and throughout the country," said Javid Faisal, an Afghan government spokesman.

Pakistani officials deny the allegation. "Why would we poke the bear with relations with the U.S. already strained?" one asked.

The U.S. decision to suspend the military aid to Pakistan in early January may not be its last effort to press its demands. "We are considering what the next steps might be," the NSC representative said. "They recognize that they are under more pressure from this administration on this particular issue, but we've not seen a strategic shift in their actions."

In the 17th year of a war that has cost the lives of at least 120,000 Afghans and 2,269 American military personnel and civilians, it is hardly certain that the new, get-tough approach to Pakistan will bring an end to a conflict that has defied easy explanations and solutions for so long.

Meanwhile, Kabul's almost singular obsession with alleged Pakistani intrigue clouds other big factors in the war. President Ashraf Ghani's government is fragile, facing growing public discontent and political challenges from ethnic politicians and warlords. And the Taliban have proved resilient: According to an investigation by the British Broadcasting Corp. reported Wednesday, they are "openly active" in 70% of the country.

Since the Trump administration unveiled its new Afghanistan strategy in August, the decision to ratchet up the American presence has always posed an obvious question: What can 15,000 American troops achieve that nearly 100,000 troops during the Obama administration couldn't?

With the latest wave of bombings in the Afghan capital—and talk of a political settlement between the Afghan government and the Taliban fading—the question has become all but moot, said Thomas Ruttig, co-director of the Kabul-based Afghanistan Analysts Network.

"War logic has taken over in which all sides—the Taliban, the U.S. government, the Afghan government—believe that military means will win them the war," he said.

DEAL

Continued from Page One

and lawyers say can be a source of confusion. XIO provided full details of its investors to everyone involved in the U.S. regulatory approval process for J.D. Power, a spokesman for XIO said.

A year after it was founded in Hong Kong, XIO opened its headquarters office in London's Shard skyscraper in 2015. A Shanghai-based holding company called Shanghai Li Hong Investment Center invested hundreds of millions of dollars from mainland China in one of XIO's acquisitions, according to a public document at China's Ministry of Commerce. XIO controls Shanghai Li Hong, the XIO spokesman said.

XIO quickly had a capacity to do billion-dollar deals. Yet its executives and a billionaire Chinese tycoon are fighting over its assets in lawsuits in two jurisdictions, with details hidden from public view.

"Beneficial ownership of companies is difficult to understand in China," said Bruno Raschle, vice chairman of Zurich-based private-equity firm Schroder Adveq. "You never know who is really behind a company—an individual or the government—or sometimes the government using individuals or making use of individuals."

"Many companies in China mistakenly believe that extreme secrecy is a form of discretion," said Abel Halpern, a former partner of U.S. private-equity firm TPG who is setting up a business to advise Chinese companies investing outside China.

In China, tracing ownership of companies can be complicated by a practice called *guanxi*, the cultivation of relationships and unwritten favors. This can come into play when wealthy Chinese purchase international assets as a way to move money overseas without their government's knowledge, said lawyers and bankers familiar with the practice.

Goldman Sachs Group Inc. won't advise XIO because of concerns about how it is funding deals, according to a person familiar with Goldman's decision-making.

The spokesman for XIO said it works with "the most reputable global investment banks" and hasn't asked Goldman to advise on an acquisition.

Competition for deal

It is common practice for private-equity firms not to publicly disclose their investors, the spokesman said. "Honoring nondisclosure agreements and client confidentiality is a basic tenet in following international standards accepted by leading global alternative investment firms," he said.

When XIO sought to buy J.D. Power in early 2016, it had competition from better-known companies. XIO faced pressure to convince owner S&P Global that XIO was a credible bidder for the auto-research company, according to people involved in the acquisition process.

XIO Chairwoman Athene Li and Chief Executive Joseph Pacini enlisted Thomas Borer, a well-connected former Swiss diplomat. To vouch for XIO to S&P Global, Mr. Borer introduced XIO to John Negroponte, who had worked for S&P Global when it was called McGraw-Hill and later was U.S. director of national intelligence under President George W. Bush. Mr. Borer, Mr. Negroponte and S&P Global declined to comment. In April 2016 S&P Global announced it had agreed to sell J.D. Power to XIO, "a global alternative investments firm."

XIO would make the purchase using a fund based in the Cayman Islands, which doesn't require firms to publicly disclose their investors. It was in the next month that S&P Global's Mr. Gibson asked XIO for its ownership and funding details as the seller prepared to seek U.S. government approval for the deal, according to emails reviewed by The Wall Street Journal.

An XIO executive responded that Mr. Gibson should have received the information from XIO's legal adviser, Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Gibson wrote back that he had received an email from Skadden, but "the part they did not share are the missing financials and ownership pieces."

"We will not hold up the filing on this matter, but as it's a joint filing we would expect to be able to review," he wrote.

That email was forwarded within XIO to its general counsel. She emailed colleagues she was "not sure why MG has not shared these with the team but will chase up now." MG is Michael Gisser, then head of Skadden's Asian operations and an adviser to the XIO founders.

Mr. Gisser said he is retired from Skadden and declined to comment, as did Skadden.

XIO wouldn't comment on the correspondence. "In the context of the acquisition of J.D. Power, all of the parties

> *Beneficial ownership of firms is hard to understand in China, one investor says.*

(including law firms, advisers and government agencies) who were part of the U.S. regulatory approval process were provided full details of XIO Group's diversified institutional investor base," the XIO spokesman said.

A spokesman for S&P Global wouldn't discuss Mr. Gibson's email. S&P Global is "comfortable that the level of due diligence that we performed in connection with our sale of J.D. Power to XIO Group was appropriate," said spokesman David Guarino.

In June 2016, as XIO was working on getting U.S. government approval for the deal, its general counsel resigned. She left in part because she didn't believe she had sufficient information about XIO's investors to do her job properly, according to former employees, some of whom were employed at XIO at the time.

XIO's spokesman said the general counsel left to pursue a master's degree in business administration and continued to support XIO.

An XIO executive working on the J.D. Power deal departed not long after. The two were among at least 14 investment professionals who have left XIO since the firm started in 2014, according to the professionals and to websites including LinkedIn. The XIO spokesman called staff turnover "lower than average."

Within XIO, only its four founding partners know who the investors are, and no other current or former employees have any knowledge about them, the spokesman said. He said XIO is "legally bound by Cayman confidentiality law" not to disclose its investors without their permission.

Nine of the former XIO employees who left said they were skeptical that XIO had a fund containing money from many separate institutions, which is what they said they were led to believe when they joined. The former employees, at least three of whom worked on the J.D. Power deal, said XIO was more secretive about its investors than other firms where they have worked.

XIO staff appeared on one occasion to give differing accounts of who funds its deals. When a Moody's Investors Service credit officer met with XIO staff after the deal announcement to discuss debt ratings for J.D. Power, he was told XIO's investors were Chinese, according to the Moody's officer, Edmond DeForest.

A Deloitte accountant got a different response weeks later when he referred to XIO's "China resident investors" in an email to XIO that was reviewed by the Journal. "There may be a misconception. The investors into the XIO fund are not primarily Chinese," XIO partner Carsten Geyer replied.

The Deloitte accountant, Anthony Passalaqua, declined to comment.

One firm's response

As the summer of 2016 progressed, XIO contacted financial firms to ask if they would also invest in J.D. Power. On Aug. 8, XIO's Mr. Pacini emailed British pension fund Hermes Investment Management about a "co-investment opportunity with J.D. Power," saying investors could make as much as 2.9 times their money through a resale within three years. Hermes was interested but decided not to invest, in part because it couldn't get comfortable with the lack of information it received about XIO, a person familiar with the talks said.

BlackRock Inc., the world's largest asset manager and a former employer of XIO CEO Mr. Pacini, did invest with XIO, people familiar with the acquisition said. So did Beijing-based China Life Insurance Group, according to an investment manager at the insurer.

The deal for J.D. Power gained approval by the Committee on Foreign Investment in the United States. The committee declined to comment.

XIO completed the acquisition on Sept. 7, 2016, but mystery over funding didn't end.

A New York investment banker who had advised XIO on the acquisition met later that year with a Chinese businesswoman named Carol Xie, who shocked the banker by saying her father's investment group had bought J.D. Power—a notion the banker hadn't heard before—according to a person familiar with the meeting. Her father is Xie Zhikun, a prominent Beijing tycoon.

Within months, Mr. Xie was in full warfare with XIO. As the Journal reported in March 2017, Mr. Xie insisted he had given the firm almost $1 billion to do deals. XIO said he had not, and demanded he stop telling people he was affiliated with the firm.

In a message reviewed by the Journal, XIO's Ms. Li wrote to her lawyers saying Mr. Xie had repeatedly tried "illegally" to sell a company XIO owned. The company was Lumenis Ltd., a medical-equipment maker XIO bought in 2015. Mr. Xie has asserted that his money funded the acquisition.

A representative of Mr. Xie wrote to XIO on Dec. 30, 2016, demanding an explanation of how XIO's investments were performing and how the J.D. Power deal was funded. "We have never received the level of information which we should have," said the letter, which the Journal reviewed. "This is a very unsatisfactory situation and not one that we can allow to continue."

In February 2017, Mr. Xie sued in a Cayman Islands court, accusing XIO's Ms. Li and Mr. Pacini of agreeing to take his money and then receiving "secret profits" in an alleged fraud. He also sued Ms. Li in Hong Kong.

A spokesman for Mr. Xie declined to comment, as did a lawyer for Ms. Xie.

XIO has said it raised a $3.2 billion investment fund in 2014 with a diversified group of investors it didn't name that included fund managers and insurance companies, including some from Asia.

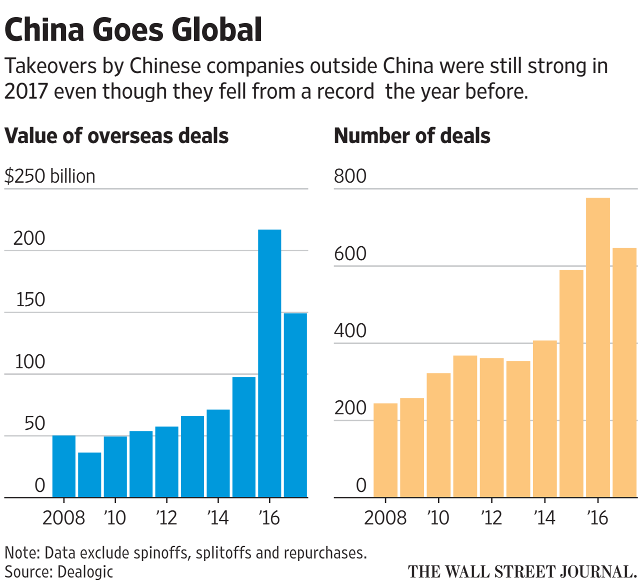
XIO says Mr. Xie isn't one of its investors and never was.

After buying J.D. Power, XIO hired new executives for the California-based company and expanded its operations with the purchase of National Appraisal Guides Inc. XIO is "tremendously proud of the success of J.D. Power and its premier position of 'voice of the consumer,'" the XIO spokesman said.

In July, XIO had J.D. Power borrow $180 million more, in part to fund the acquisition. This made J.D. Power's debt "very high," Moody's said. In July it downgraded J.D. Power's credit deeper into non-investment-grade territory, to B3 from B2.

Another purpose of the borrowing was to enable J.D. Power to pay dividends of about $100 million, according to Moody's. XIO declined to name the investors who would receive these dividends.

XIO Group has an office in Hong Kong's International Commerce Centre, above, and headquarters in London's Shard skyscraper, below.



FROM TOP: ANTHONY KWAN/BLOOMBERG NEWS; SIMON DAWSON/BLOOMBERG NEWS

JERSEY

Continued from Page One

while clearing out junk, he decided it was time to donate his Foles jersey to Goodwill. "There's no way I'm wearing this ever again," he thought.

That was a mistake. An improbable odyssey through the NFL eventually led Mr. Foles back to being the Eagles' starting quarterback, including in Super Bowl LII on Sunday against the New England Patriots. And that's why Eagles fans across the country find themselves wondering: What happened to my Nick Foles jersey?

Mr. Eckert returned to the local Goodwill—without luck. "It wasn't there," the 31-year-old sighed. "I guess someone else got it."

Mr. Foles was among the Eagles' most popular players when he went from backup to starter in 2013 and took Philadelphia to the playoffs with one of the best statistical seasons of any quarterback ever. What followed was an odd turn of events that made Foles jerseys into thrift-shop fare.

He struggled and got hurt in 2014. He was traded to the Rams in 2015. He was benched and then cut by 2016. He signed with the Kansas City Chiefs as their backup, was promoted to starter and returned to the bench later that year.

He returned to the Eagles in 2017—and took the same jersey number—to hold a clipboard behind their young star Carson Wentz. And then came the most unexpected part of his peculiar career. Mr. Foles, 29, was thrust into action when Mr. Wentz, 25, suffered a season-ending injury in December. Philly's long-suffering fans were shattered. They feared the injury had torpedoed the championship hopes of a team that has never won the Super Bowl.

Now they're in the Super Bowl, and the fate of their team is in the hands of Mr. Foles, his jersey has become the NFL's bell-bottoms: in style, incredibly out of style and improbably back in style again.

Chris Boody's old Foles jersey was long gone by the time he went looking for it. He blames his mom. Mr. Boody, who is 28 and lives in Hamilton, N.J., gave his mother permission to give his Foles jersey to their local Goodwill years ago. He regretted his decision after the Eagles' first playoff win in January.

After unsuccessfully scouring eBay, Mr. Boody visited the NFL's online shop in search of another one. Jordan McClellan, a 23-year-old Eagles fan in Pittsburgh, had the same idea after Mr. Wentz's injury several weeks earlier. He found a Foles jersey that was still on sale for 50% off.

GETTY IMAGES

A lonely Nick Foles shirt in a crowd of fans during the Philadelphia Eagles game against the Atlanta Falcons on Jan. 13.

Mr. Boody was so desperate by the time he searched the NFL store that he was willing to pay full price. "But all the sizes were 3XL and 4XL," he said.

Foles jersey sales tripled after he became the Eagles' starting quarterback in December, according to Fanatics, the retailer that operates the NFL's online shop. The company says it sold more Foles jerseys in the five days after the Eagles clinched a Super Bowl spot than in the previous five weeks combined. The extraordinary demand outpaced the supply last week and forced the store to restock its Foles jerseys.

Andrew Scott, 28, made it his mission to find his old Foles jersey before he splurged on a new one. He was crushed when the Eagles traded Mr. Foles not least of all because his investment spent the next three years collecting dust. He swears he never planned to get rid of it, though, even if the jersey's namesake never returned to Philadelphia. It was only a few more years from becoming "a funny retro jersey," Mr. Scott said.

Not long after Mr. Foles replaced Mr. Wentz, he sifted through his jerseys and discovered his needle in a haystack. He's been wearing his Foles jersey ever since.

Josh McClure, a 32-year-old Eagles fan from Mount Holly, N.C., wasn't so lucky. He keeps a strict gameday routine. He pulls his jerseys from his closet. He lays them out on his couch. He doesn't actually wear any of them. But after Mr. Foles became the Eagles' starting quarterback—again—Mr. McClure flipped through his pile of jerseys in a panic. He couldn't remember if he'd given the one he wanted away. "I thought maybe I didn't," Mr. McClure said. "I did."

Nick Thee is one of the few who can say he never had any doubts about Mr. Foles. He ordered his Foles jersey as soon as the Eagles drafted him in 2012. He customized his No. 9 jersey with "Nick" on the back instead of "Foles" to honor his recently deceased father and wore that uniform to every game—even when Mr. Foles was the backup, even when Mr. Foles was traded away from the Eagles and even when Mr. Foles was the backup for other teams. "I never bought another jersey," Mr. Thee said. "I always believed in the guy. For some crazy reason."

It may not be long before the Foles jersey is once again passé. No matter what happens in the Super Bowl, Mr. Foles isn't expected to be the Eagles' starting quarterback come next season, which explains why two players have seen their jerseys sell more on the NFL's online shop than Mr. Foles's in the playoffs. One is Tom Brady. The other is Carson Wentz.

GREATER NEW YORK


SANGSUK SYLVIA KANG FOR THE WALL STREET JOURNAL

Construction workers build an exit ramp from Interstate 95 in Stamford. The state's special transportation fund is running out of cash.

Malloy Seeks to Raise Gas Tax

Connecticut governor also wants to add highway tolls to fund road and bridge repairs

BY JOSEPH DE AVILA

Connecticut Gov. Dannel Malloy on Wednesday proposed raising gas taxes and implementing highway tolls to inject much-needed cash into the state's special transportation fund and help restart work on highway and bridge improvements.

Mr. Malloy, a Democrat, called for increasing the gas tax from 25 cents to 32 cents over a four-year period. He also wants a statewide electronic tolling system up and running by June 2022.

The governor in January suspended $4.3 billion in transportation projects and put routine highway maintenance on hold, citing the state's shortage of cash. He said those projects would remain suspended until the Connecticut General Assembly produced more funds to pay for them.

"We stand at a crossroads here in Connecticut," said Mr. Malloy. "We need to make a decision, and we need to do it soon."

The special transportation fund, which pays for debt service on transportation-related bonds and operations for the Transportation Department, is projected to fall into deficit in the fiscal year that begins in July.

That is a problem for Connecticut, because the state must show its fund is balanced in current and future years to sell bonds to finance transportation projects.

The state's transportation difficulties come amid other budgetary constraints. Connecticut has a deficit exceeding $200 million for the current fiscal year, driven by rising fixed costs for pension obligations, health-care expenses and debt service. The nonpartisan Office of Fiscal Analysis projects the deficit to widen to $1.88 billion in fiscal 2020.

Mr. Malloy on Wednesday also recommended a new $3 fee for the purchase of tires and moving sales tax revenue on motor vehicle purchases to the transportation fund beginning in July. The state legislature had previously approved the move, but not until a later date.

Mr. Malloy's package of proposals, excluding tolls, will generate a total of $47.1 million for fiscal 2019 and rise to $187.9 million annually by fiscal 2022, according to the governor's office. Toll fees are projected to produce $600 million to $800 million annually.

At least 26 states since 2013 have passed legislation to raise gas taxes or that could lead to increases, according to the National Conference of State Legislatures. New Jersey raised its gas taxes in 2016.

Tolls have long been a controversial issue in the state, and could be made more so given that Mr. Malloy's proposal comes in the final year of his administration, when his party holds a narrow majority in the legislature. Democratic and Republican lawmakers largely shut out Mr. Malloy from budget discussions last year.

"We will be voting on tolls," said Speaker of the House Joe Aresimowicz, a Democrat, who supports tolls. "Where that vote goes I don't know."

Republicans remain staunchly opposed to raising gas taxes and tolls.

"This is a way for people who do unrealistic and irresponsible budgeting year after year to try and just grab whatever revenue they can," said Republican House Minority Leader Themis Klarides. "That is certainly something we cannot support."

Mr. Malloy said adding tolls will ensure that out-of-state drivers pay their share for maintaining Connecticut's roads. About 30% of the drivers on the state's roads are traveling between New York and Massachusetts, he said.

The governor said the state risks falling further behind New York and Massachusetts in economic growth if it doesn't pay for transportation upgrades.

"When we work to recruit business to move to Connecticut, the No. 1 concern we hear is about the state of infrastructure," Mr. Malloy said.

Prosecutors Are Accused of Bias In Bribery Case

BY CORINNE RAMEY

A lawyer for former Nassau County Executive Edward Mangano says federal prosecutors discriminated against his client by pursuing bribery charges against him—but not New York City Mayor Bill de Blasio—although key allegations centered on a businessman's guilty plea stemming from efforts to bribe both men.

Attorney Kevin Keating made the so-called selective-prosecution argument in court filings on behalf of Mr. Mangano, who is scheduled to go on trial in March. A witness in that trial, businessman Harendra Singh, pleaded guilty in October 2016 to bribery charges involving payments to influence Mr. Mangano, Mr. de Blasio and former Oyster Bay Town Supervisor John Venditto.

Mr. Mangano and Mr. Venditto, both Republicans, have pleaded not guilty. Mr. de Blasio, a Democrat, wasn't accused of a crime. He has denied wrongdoing, and federal and state prosecutors said they wouldn't bring charges.

Donations to a campaign and bribes to someone in office are treated differently.

In his letter to U.S. District Judge Joan Azrack, Mr. Keating argued that prosecutors discriminated because they had sufficient evidence to charge Mr. de Blasio but didn't.

"The Government could not have accepted Mr. Singh's guilty plea on these counts unless it believed—as Singh himself told the Court under oath—that there was a corrupt agreement between himself and the mayor," Mr. Keating wrote.

Federal prosecutors argued in a letter filed Tuesday in U.S. District Court on Long Island that the selective-prosecution argument was a "last-ditch effort" and "baseless claim." Mr. Mangano and Mr. de Blasio were investigated "for different types of bribery, which have different legal requirements," prosecutors said. Donations to a campaign and bribes to someone in office are treated differently legally.

"Mangano and de Blasio were not and are not similarly situated," prosecutors wrote in the letter. "It is undisputed that Mangano is charged with accepting bribes in the form of kickbacks and gifts in exchange for official action; while de Blasio was investigated for accepting campaign donations in exchange for official action."

The letters come on the heels of court documents unsealed last week that made public Mr. Singh's guilty plea. Three of the counts to which Mr. Singh pleaded guilty relate to the exchange of campaign contributions for official action from a New York City official.

During his plea hearing, Mr. Singh said he raised tens of thousands of dollars in campaign contributions for the official in exchange for action from a New York City agency relating to Water's Edge—his Queens restaurant that closed in 2015.

"I gave these donations to the elected official in exchange for efforts by that official and other City officials to obtain a lease renewal from the City agency for my restaurant on terms that were favorable to me," Mr. Singh told the judge, a transcript shows.

Mr. Singh also pleaded guilty to giving gifts to Mr. Mangano in exchange for Nassau County contracts, and to bribing Mr. Venditto in exchange for $20 million in public-loan guarantees. Mr. Singh is free and awaiting sentencing.

—Mara Gay contributed to this article.


Harendra Singh, left, and Ed Mangano at a 2012 event.

Fixing Boilers to Cost The City $200 Million

BY MARA GAY

New York City Mayor Bill de Blasio said the city will spend $200 million to upgrade aging boiler systems in public-housing projects, where frequent outages have left thousands without heat during a frigid winter.

"The record-setting cold this winter has hit these aging boilers and pipes hard. We're coming to the table with real resources to attack these problems, and urge our federal and state partners to do the same," Mr. de Blasio said in a statement Wednesday.

The mayor said $81.9 million will go to purchase 39 new boilers at 10 housing developments across the city during the next four years. Another $73.9 million will go to heating-system upgrades at 12 developments, and $26.6 million to install temperature controls in the boiler systems at 15 developments.

The investment comes as the city struggles to improve conditions at the roughly 170,000 apartments of the New York City Housing Authority, the largest reserve of affordable housing in the U.S., in the face of dwindling federal aid.

In January, about 11,000 people were left without heat, hot water or in some cases, either service, when boiler systems failed at more than 60 public housing developments in the midst of a storm.

After decades of declining investment, the buildings are in need of upward of $17 billion in infrastructure upgrades, city officials say. City Council Speaker Corey Johnson said Wednesday he supports the boiler-system upgrades but thinks they should be implemented sooner. He said the City Council would hold hearings on the authority's management. "I need more answers to questions," he added.

BNY Mellon to Move Headquarters—Again

BY JUSTIN BAER AND KEIKO MORRIS

Bank of New York Mellon Corp. is moving its global headquarters for the second time in less than four years.

The custody bank plans to relocate all of its employees from Brookfield Place, the downtown office complex formerly known as the World Financial Center, to a nearby building it owns at 101 Barclay St. The move consolidates BNY Mellon's presence in New York, bringing together some 4,500 employees under one roof, a spokesman for the bank said.

"As part of our multiyear corporate real estate strategy, we have continued to review our occupancy needs in Lower Manhattan, and there are real benefits for us bringing together the teams currently at 225 Liberty with our colleagues in 101 Barclay," Michael Santomassimo, BNY Mellon's finance chief, wrote in a memo to employees.

DANIEL TEPPER/BLOOMBERG NEWS

BNY Mellon is planning to consolidate operations in Manhattan.

BNY Mellon signed a 20-year lease at 225 Liberty St., one of the buildings within Brookfield Place, in 2014. The agreement, which covered 350,000 square feet, began the following January. The bank plans to sublet the office space, a person familiar with the company's plans said.

A spokesman for **Brookfield Property Partners**, the building's owner, declined to comment.

BNY Mellon is shedding office space as its new chief executive, Charles Scharf, reviews the bank's businesses and operations.

In January, BNY Mellon reported it had taken a fourth-quarter charge to absorb severance costs related to the review. The bank didn't say how many jobs would be affected by possible cuts.

4,500
Number of BNY Mellon workers who will occupy 101 Barclay St.

The relocation, set to begin this summer, will fill vacant space at 101 Barclay.

BNY Mellon sold its former Wall Street headquarters in 2014, and had weighed several New York and New Jersey locations before striking a deal with Brookfield.

A Room With a Stained-Glass View

Former Lutheran church, also used as recording studio, in the artist enclave of Hudson, N.Y., is listed for $1.59 million

By Josh Barbanel

In the antiques haven of Hudson, N.Y., nestled among the shops and restored historic buildings, sits a home with a living room large enough to host a congregation of dinner guests.

The room is nearly 70 feet long, with a soaring ceiling, arched windows and a balcony suitable for a choir.

Faced with red brick with stone details, the building has three front doors. A glass-covered sign out front is still topped with a cross.

Built in 1869 as a Lutheran church, the property is now a home and music studio and is on the market for $1.59 million.

PROPERTY

It is one of a number of unusual buildings being reimagined in Hudson, a small, once-gritty city two hours north of Manhattan that has reinvented itself as a retreat for artists, musicians and other city émigrés.

A Gothic revival building, St. John's Evangelical Lutheran Church remained a religious property through the city's evolution from a port town on the Hudson River to a factory center to a period of postindustrial decline. Hudson's population peaked at 12,337 in 1930 and is now just over 6,400, according to census figures.

The church's congregation dwindled even as the city of Hudson rebounded, and in 2008 it merged with another Lutheran congregation a few blocks away.

Henry Hirsch, a musician, engineer and songwriter who collaborated with Lenny Kravitz on a number of recordings, paid the church $410,000 in 2008 for the building and operated a recording studio in the space.

Five years later, another musician and producer, Patrick Higgins, paid $600,000 for the building and operated it as studio, Future Past Studios, with a home on the lower level. Among the musicians who have recorded there are Richard Reed Parry of Arcade Fire and The National.

Now, Mr. Higgins, an avant-garde composer and guitarist, said he is spending much of his time traveling and performing and has decided to put the building on the market. He hopes to sell it as a residence, a recording studio or some other commercial space.

The 31-foot-tall ceiling and walls in the main sanctuary have been reclad to reduce sound vibration. Ten stained-glass panels on both sides of the church have been sealed with laminated glass to eliminate street noise.

To market the building, Mr. Higgins came up with an unusual plan. Rather than working with local brokers in Hudson or the surrounding Columbia County, he signed with two Brooklyn-based agents, DeAnna Lenhart and Erika Sackin, of Douglas Elliman Real Estate. The idea was to draw artsy people from the city who are used to higher real-estate prices.

"People in Brooklyn and Manhattan, that is who buys," along with West Coast film people looking for a weekend house near New York, said Mary Mullane, a broker based in Hudson. Still, she wondered whether Brooklyn brokers would know enough about the history of the area.

The Hudson house has some unusual features. Most windows are either stained glass or opaque at street level, allowing for little sunlight to penetrate the interior. A spiral staircase goes up to the choir loft, while a narrower, steeper set of stairs leads up into a steeple. The exterior of the former church is protected as part of the city's downtown historic district, which limits development under a 2003 law.

"Historic preservation is really good economic development," said Hudson Mayor Rick Rector. "That is one of the good reasons for Hudson's renaissance for the last several years."

The 1869 building's grand room is nearly 70 feet long. It features hardwood flooring and moldings as well as 10 stained-glass windows. A stairwell, left, leads to the former choir loft. Faced with red brick with stone details, the building, right, has three front doors. The owner hopes to sell it as a residence, studio or other commercial space.

DOUGLAS ELLIMAN (3)

City Woos Cyber Startups

By Melanie Grayce West

New York City is pushing to become the country's cybersecurity hub, and has attracted several firms in recent months with a $30 million initiative.

Jerusalem Venture Partners, an Israel-based investment firm focused on cybersecurity startups, will announce this week it is reopening an office in New York in a bid to bring more Israeli companies to the city. Two other cybersecurity companies founded in Israel, D-ID and Intezer, also are opening offices in New York. They join Team 8, an Israeli cybersecurity think tank, which recently opened a hub in the city, and Bay Dynamics, which relocated its headquarters from San Francisco to New York last year.

When Erel Margalit, a founder of **Jerusalem Venture Partners**, advises cybersecurity startups, he encourages them to be internationally focused. He says New York—not necessarily Silicon Valley—is critical for expansion.

"Does New York have so many VCs [venture capitalists] like Silicon Valley? No. Does New York have enough engineers like Northern California? No," said Mr. Margalit. "But does New York have some of the most creative people in other categories that will partner with world-class engineers? Yes. That's what's interesting to us."

Global spending on information-security products and services will increase to $93 billion this year, according to industry researcher Gartner Inc. New York City officials primarily are competing against the metropolitan Washington area, Silicon Valley and Boston for cybersecurity firms.

New York City Mayor Bill de Blasio has promised to create 10,000 cybersecurity jobs during the next decade. To get there, the city announced in November that it is establishing a so-called Cyber Center that will support startups. Additionally, the city's $30 million investment aims to increase the number of people trained to work in cybersecurity. This week, members of the city's Economic Development Corp. are in Tel Aviv to recruit groups for the Cyber Center and to woo more firms to New York.

Israel's strength in cybersecurity, experts say, is partly because the government has committed to nurturing technology and an overall ecosystem to fight cybercrime. And tech-savvy soldiers who serve in the Israel Defense Forces' elite Unit 8200—responsible for code encryption, among other missions—often go on to found companies.

RINA CASTELNUOVO/BLOOMBERG NEWS

Jerusalem Venture Partners plans to open an office in New York.

GREATER NEW YORK WATCH

NEW JERSEY

Settlement Eases The Way for Mosque

Bayonne has agreed to pay $400,000 to resolve a lawsuit that alleged religious discrimination against a Muslim group that was seeking to open the city's first mosque, according to a settlement agreement filed in federal court on Wednesday.

The settlement requires zoning officials in Bayonne to allow the group, Bayonne Muslims, to move forward with its plans to renovate a vacant warehouse for use as a mosque. Bayonne's Zoning Board of Adjustment had voted in March 2017 to deny the application. Members who voted against it cited parking and traffic concerns and denied that religion factored into their decision.

Zoning officials will hold another hearing and vote on the application, with the settlement stipulating they can't "impede in any way" the group's efforts to obtain the necessary approvals.

"We are confident our application, considered on its merits, will be approved and we look forward to welcoming Bayonne residents of all faiths to the City's first mosque," said Bayonne Muslims President Abdul Hameed Butt.

Bayonne Mayor Jimmy Davis said the settlement will be paid for by a joint insurance fund. "I am a firm believer that everybody has a right to pray in their own house of worship," he said.

—Kate King

NEW YORK STATE

All Prison Inmates To Get Free Tablets

New York state plans to provide every inmate with a free computer tablet. The Department of Corrections and Community Supervision said the approximately 51,000 inmates in 54 prisons will be eligible to receive one of the portable personal computers being provided to the state by Miami-based JPay Inc. at no cost to taxpayers.

DOCCS officials say the tablets will come preloaded with educational material. The devices won't be able to access the internet, but can be used to purchase music, e-books and videos from JPay.

—Associated Press

LIFE & ARTS

THE MIDDLE SEAT | By Scott McCartney

Crack Your Flight's Complicated Code-Share

AFTER 28 YEARS, airlines still haven't fully cracked the code.

Code-sharing, where one airline puts its flight number on another airline's flight and sells it as its own, is growing more frustrating in many cases. The disconnects between connecting airlines have gotten more complicated as airlines unbundle services and create fees for things that used to be included in tickets, like checked baggage and seat assignments.

If you buy a ticket from one airline for a flight operated by another, which checked-baggage fees must you pay? (Usually those from the airline that sold the ticket.) United has no weight limits on carry-ons in coach. But partner Air China has an 11-pound limit, partner Air New Zealand has a 15-pound limit and partner Lufthansa 18 pounds. If you buy a United ticket for a flight on those airlines, do you need to break out the scale? (Yes.)

U.S. airlines say about 25% of their international passengers use partner airlines under code-sharing arrangements. Policies differ on awarding frequent-flier miles, carrying pets in cabins, perks for elite-level frequent fliers and a host of other issues. Unless you study carefully in advance, you may get tripped up.

"We've been saying for 20 years it should be seamless, so customers reasonably expect that it should be seamless to them," says a former airline executive involved in code-sharing for many years. "The major functionalities are functioning quite well. Some of the finer points are not yet."

One example: Advance seat assignments are still difficult to get on a code-share flight at many airlines. Airlines say they are working on it.

Cathay Pacific and its partner, American Airlines, sell tickets on each other's flights but offer the same seats at very different prices.

"The occasional travelers are somewhat baffled by it," the former executive says. "Frequent travelers know they have to make a separate call to get that seat assignment."

Travelers are also baffled when two airlines offer different prices for the same seat. Jeff Rothman, a Los Angeles accountant, searched for direct flights to Montreal and saw a $513 round-trip price on Air Canada and $651 on United—for the same Air Canada flights. He assumed United was overcharging regular customers who don't bother to shop for cheaper fares.

"Any way they can get another buck out of you, that's what they are going to do," Mr. Rothman says.

United declines to comment on pricing, and says it is spending more to resolve other disconnects. Other airlines say the higher prices on their code-share flights aren't gouging. Unless they have joint ventures with antitrust immunity, they have to set prices independently. Prices reflect supply and demand for seats on particular flights, airlines say. The operating airline has more seats to sell; the code-share partner may only have a limited number of seats.

In most cases, airlines prefer you fly on their own planes. American and Cathay Pacific fly between Los Angeles and Hong Kong, and both are Oneworld alliance partners. For a trip March 7 to 14, Cathay's price on American's flights was $1,327, twice as much as American's $647 fare. For Cathay flights the same day, Cathay offered a $508 fare while American priced the same code-share flights at $1,709.

Why buy the higher fare? An official at American and other airlines say one reason is corporate travel departments agree to give airlines a large percentage of their business in exchange for fare discounts. Booking one airline over another may make sense even if the published price is higher.

Checked baggage fees and allowances promise their own code-share chaos. The U.S. and Canadian governments issued rules a few years ago that for tickets into or out of their countries, the checked baggage rules of the airline that sold the ticket apply to the whole journey. In the rest of the world, the allowance and charges of "the most significant carrier" for that day's trip apply. Different parts of a trip could have different allowances and fees.

Airlines must show checked baggage allowances on tickets when flights are operated by partners.

Code-share confusion even causes travelers to miss flights. Sometimes partners are located in different terminals and passengers may skip over the small print about which airline is actually operating the flight and show up at the wrong place.

After several years of significant profits, carriers finally are spending more to fix problems in code-sharing. Tech advances also make it easier to get airline computer systems to work together.

Delta is working on systems that will recognize its frequent-flier levels at partner airlines, and so Delta can recognize the different tiers of customers from its partners. Currently customers with elite-level status are lumped together, whether top-tier or bottom-tier, in code-sharing situations.

Another change coming: better flow of information when flights get canceled. Delta now automatically rebooks customers on its flights, including code-share passengers. But the partner airlines don't know that and customer contact information may not have transferred to Delta, leaving customers in the dark. Typically partner airlines tell customers to call Delta or to wait in a long airport line.

The closest airline connections are joint ventures with antitrust immunity that let airlines set fares together and share costs. Next step down: Airlines say partners within one of the three big airline alliances—Oneworld, SkyTeam or Star—try to align policies and co-locate gates to make connections easier. Sometimes you can get an advance seat assignment on an alliance partner, sometimes not.

Then there are looser partnerships outside alliances where airlines sell seats on each other's flights to broaden their networks. Not counting regional affiliates, American has 12 code-sharing partners, United 10 and Delta nine.

Avoid Code-Share Confusion

Airlines expand their networks by selling seats on partner airlines. But travelers need to take extra steps to make sure their trip goes smoothly.

Shop Around—Because many partners price independently, you may find a cheaper fare on the same flight booking a partner flight directly. Be aware that rules may change, such as how many miles you collect.

Make the Call—After you book a foreign airline through a U.S. airline flight code, call the operating carrier and ask for a seat assignment if it isn't available online. Some carriers will accommodate, or offer to sell you a seat assignment—an option rarely available through the partner's website.

Go the Extra Mile—When trying to redeem frequent-flier miles for international trips, call your airline in addition to looking online. In many cases, code-share inventory isn't available online, but reservation agents have access to partner flights for mileage redemption.

Number, Please—Make sure your frequent-flier number gets into your passenger record and is on your boarding pass. It's your key to benefits.

Study Up—When flying on a code-share ticket, it's worth checking baggage limits and fees, seat-assignment rules and elite-level benefits on partners. At least you'll know what not to expect.

Help Me—Know where to go for help if you get stranded by a canceled flight or if your bag gets lost between partner airlines. Sometimes the airline that sold the ticket is responsible, even if it didn't operate the flight. Other times you need to be able to contact the airline actually flying you. Keep phone numbers for both.

#UseSocialMedia—You often get a faster response from airlines if you tweet your troubles and include the airline's hashtag.

Pack Carefully—Checked baggage weight limits may be different for code-share flights than what you are used to. Rules are supposed to be printed on your ticket. Use caution with carry-on bags. The operating airline's rules are in force. That may mean only one item, not two, and severe size and weight limits.

CLOCKWISE FROM TOP LEFT: ILLUSTRATION BY ROBERT NEUBECKER; GETTY IMAGES/ISTOCK; VIVEK PRAKASH/BLOOMBERG NEWS

TRENDING

'PADDINGTON 2' BECOMES AN UNLIKELY HIT SEQUEL

BY JOHN JURGENSEN

IT'S OSCAR SEASON and people are arguing over which movie should win Best Picture. Outside the awards race, however, there's a cozy consensus over the unofficial holder of that title.

"Paddington 2," a sequel about a polite bear's adventures in London, holds the record for the most consecutive positive reviews on Rotten Tomatoes, a site that tabulates critics' published opinions. "Paddington 2" has 176 positive reviews—and, so far, no negative ones—besting the 163 unanimous raves for 1999's "Toy Story 2."

Box-office returns remain Hollywood's most important metric, but aggregators such as Rotten Tomatoes and Metacritic are playing a big role in ticket-buyers' decisions. The scores these sites assign to movies, TV shows and other releases surface in internet searches and on-demand services, to the chagrin of producers whose titles get low scores.

"Paddington 2" (which The Journal's Joe Morgenstern compared to "The Godfather Part II" as "a sequel that surpasses the superb original") could still be toppled. Oscar nominee "Lady Bird" was the first movie to break the "Toy Story 2" tally, receiving 197 positive reviews before a negative

Please see TRENDING page A10

WARNER BROS.

'Paddington 2,' above, has earned the most consecutive positive reviews ever on the Rotten Tomatoes website.

ELLEN WEINSTEIN (ILLUSTRATION); FROM LEFT: RACHAEL LEE STROUD; DAMON DAHLEN

Emma Gray's book, 'A Girl's Guide to Joining the Resistance,' comes out this month.

BOOKS

#MeToo, Coming to A Bookstore Near You

The publishing industry is capitalizing on the feminist movement this year with a slew of books that see female empowerment in genres from business and fitness to cooking and crafts

BY ELLEN GAMERMAN

LITERARY AGENT Allison Hunter represents a female sommelier working on a book about sexism and harassment in the wine world. Six months ago, Ms. Hunter says, she would have been worried that it wouldn't sell.

Not anymore.

To explore the commercial possibilities of #MeToo, observers say, look no further than the publishing industry. Editors are tweaking ideas to focus on the strength of the sisterhood, publishers are seeking collaborations with female activists and writers are citing the movement in their pitch letters to agents.

At the same time, the definition of what constitutes a feminist book is changing, expanding to include not only cultural commentaries like Roxane Gay's "Not That Bad: Dispatches From Rape Culture," out in May, but titles that see female empowerment and political resistance in areas as diverse as fitness, cooking, sex and crafts.

Another literary agent, Myrsini Stephanides, says about six, or roughly half her current projects, are related to #MeToo. Two have already sold. In October, she signed Shannon Downey, a feminist embroidery guru whose wry takedown of sexual harassers using a profane play on the phrase "boys will be boys" went viral last fall.

At New York's Carol Mann Agency, where Ms. Stephanides works, she says the appetite for #MeToo books is fierce. "It's been constant conversations of 'How can we contribute to this conversation?' "

Krista Suh, author of 'DIY Rules for a WTF World.'

It isn't clear how many more feminism- and gender-related book deals are on the horizon, or how the flood of new titles will fare at bookstores, but publishing has already struck a #MeToo seven-figure book sale. Kristen Roupenian in December snapped up a two-book deal that publishing sources say went for more than $1 million, after her short story "Cat Person," which related to sexual consent, went viral in the New Yorker.

Ms. Roupenian and her publisher, Scout Press, declined to comment.

What might be called the first #MeToo memoir arrived this week with "Brave," actress Rose McGowan's account of Hollywood misogyny.

In the book, which climbed up Amazon's top 100 bestseller list the day it was released, she details her longstanding accusations of rape by movie mogul Harvey Weinstein, referring to him in the book as "The Monster." "The fact that it comes out at a time that aligns with this global conversation is inexplicable synchronicity," says Hilary Lawson, Ms. McGowan's editor at HarperCollins.

In a statement Tuesday, Ben Brafman, a lawyer for Mr. Weinstein, denied Ms. McGowan's allegations of nonconsensual sexual contact, calling it "erroneous and irresponsible to conflate claims of inappropriate behavior and consensual sexual contact later regretted, with an untrue claim of rape."

Books connected to #MeToo continue a wave of feminist titles released after the election of President Donald Trump. Last year, sales of books around sociology, feminism and feminist theory reached 370,000, a 70% jump from 2016, according to NPD BookScan, which covers most of the trade print market. In children's nonfiction, the girls and women category increased sixfold in 2017 to 300,000 books sold, and young-adult nonfiction sales in that category more than quadrupled to 60,000 over the same period.

In her new book, personal trainer Sarah Hays Coomer combines feminism and fitness. She doesn't order women to 5 a.m. boot camp. Instead, she writes about rejecting diet culture and exercising for "accessing power."

"There is precisely zero chance we will be able to achieve equal stature while chronically apologizing for our own perfectly healthy, unconventionally beautiful bodies," she writes in "Physical Disobedience: An Unruly Guide to Health and Stamina for the Modern Feminist," set to hit shelves in August.

New arrivals like Kayleen Schaefer's "Text Me When You Get Home: The Evolution and Triumph of Modern Female Friendship" were in the works well before #MeToo but use the rallying call in their marketing language. A Dutton publicist calls this February release "the perfect guide" to the current cultural moment.

Amid this competition, books are bound to overlap. This winter marks several women's suffrage histories—two for younger readers as well as Elaine Weiss's "The Woman's Hour," out March 6. The female body is the subject of at least two books coming out in March: "The Wonder Down Under: The Insider's Guide to the Anatomy, Biology, and Reality of the Vagina" by Nina Brochmann and Ellen Støkken Dahl, and Abby Norman's "Ask Me About My Uterus: A Quest to Make Doctors Believe in Women's Pain."

Editors are working to bring out female solidarity and strength in existing projects. A book by ordained western Buddhist nun Lama Tsultrim Allione coming out in May was originally about mandalas, the circular symbol of the universe in Hinduism and Buddhism. But last year, Zhena Muzyka, publisher at large of Enliven Books, an imprint of Atria, asked the writer to refocus the volume on "the fierce feminine."

"We need to give women tools in order to bolster their energy and rejuvenate them," says Ms. Muzyka. The book, whose working title was "Meeting the Mandala," now has a new name: "Wisdom Rising: A Journey into the Mandala of the Empowered Feminine."

Advice manuals are another increasingly popular feminist genre. Emma Gray, HuffPost's executive women's editor, takes a journalistic approach in "A Girl's Guide to Joining the Resistance: A Feminist Handbook on Fighting for Good," landing in February. "Your Story Is Your Power: Free Your Feminine Voice" by Elle Luna and Susie Herrick, due out in March, features what Workman Publishing calls "measured outrage" alongside self-worth exercises and inspirational quotes.

Some publishers are wary about efforts to profit from the movement. "We're at risk of saturating the market," says Brooke Warner, co-founder of the independent feminist publishing house She Writes Press.

"Any issue can be framed as a feminist issue if you twist it around enough," she says. "I think that definitely dilutes the feminist message."

Krista Suh, a 30-year-old cocreator of the Pussyhat Project, says she is all for scholarly conversations around feminism, but she doesn't want to take the same approach in her writing. "I don't have those ego games anymore of like, 'Oh, I want you to recognize these great intellectual ideas,' " she says. "I want it to be practically helping people on the ground and resonating with people and inspiring them."

Ms. Suh's newly released book, "DIY Rules for a WTF World," features make-your-own stamps with the word "Valid" and a new knitting pattern for gloves with big watchful eyes on them.

Other fiction editors, particularly since the success of "Cat Person," see opportunity in female solidarity. Cindy Hwang, editorial director at Berkley, an imprint of Penguin Publishing Group, has moved the release date of debut novel "Vox" from next year to this September.

Written by Christina Dalcher, "Vox" is set in a dystopian future where women are limited to 100 words a day. "This book is so important to talk about now," Ms. Hwang says, "we want to be able to capture the moment."

TRENDING

Continued from page A9

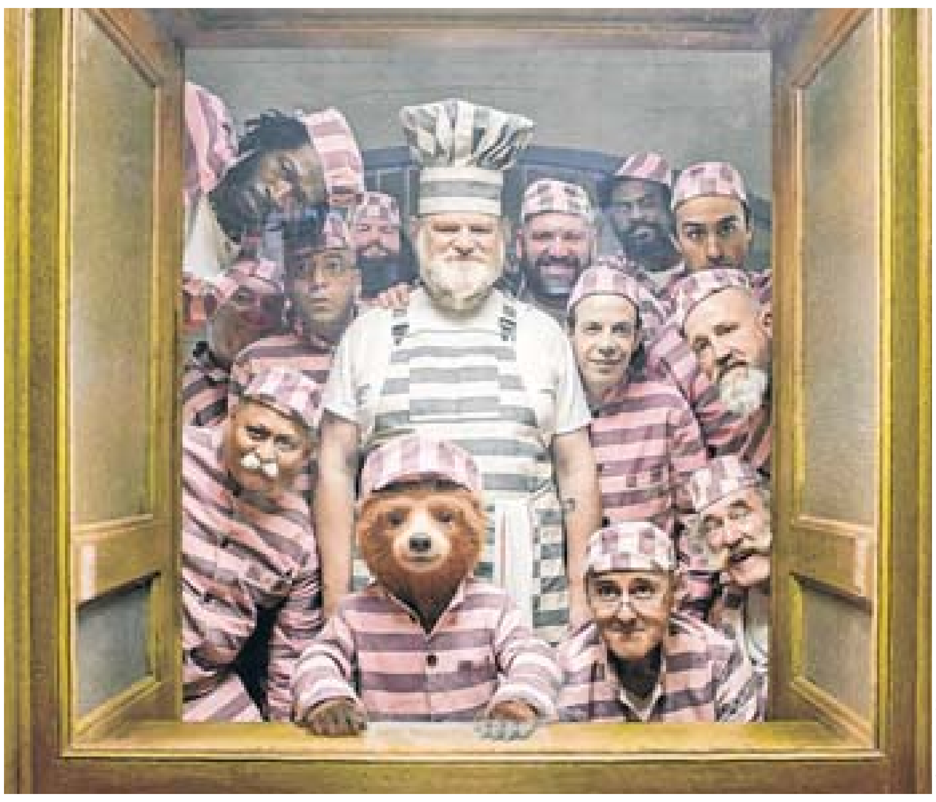
one sullied its record.

Paddington was an unexpected film darling. In 1958, British author Michael Bond introduced the bear who travels to England from "darkest Peru" and is named for the London rail station where he is found. He's a classic character but hardly high profile, especially in an era when family films are ruled by superheroes and sassy creatures that sing and dance. Paddington's strengths are his optimistic mien and impeccable manners, which cause everyone he meets to reevaluate life. The effect is similar to the one Will Ferrell's wildly upbeat character has in "Elf."

"We'd all love to have someone like Paddington in our lives," says producer David Heyman, who also produced the "Harry Potter" films. Mr. Heyman struggled to find financing for the first "Paddington," but the movie succeeded when it came out in 2014, grossing $268 million world-wide. It starred Hugh Bonneville and Sally Hawkins as the parents of Paddington's adoptive family, the Browns, and Nicole Kidman as a villain on a mission to stuff the bear and put him in a museum.

Working independently, the filmmakers didn't face pressure from a studio to find Paddington's next adventure and pump out the sequel. "We weren't working backward from a release date," says Paul King, the writer and director of both "Paddington" films.

Because of his background in comedy and improv, Mr. King took a collaborative approach to the sequel, starting with co-writer Simon Farnaby (who appears in both films as a swaggering security guard). They recruited friends and fellow writers to weigh in on the script and various cuts of the film. The cast, including Hugh Grant as the bad guy on Paddington's block, improvised lines and helped calibrate their characters in rehearsals. "I've never been a part of a project where the layering of comedy and meaning is such an evolutionary process," Mr. Heyman says.



WARNER BROS.

'Paddington 2' reveals to audiences that the optimistic title bear also has backbone.

Why It's Working

THE FILM: 'Paddington 2'

THE PLOT: An animated bear in live-action London survives a stint in prison with the help of his adoptive human family and other allies.

THE REACTION: $192 million world-wide, and the most unanimously positive reviews since 'Toy Story 2,' according to Rotten Tomatoes.

THE FORMULA: Smart comedy, artful style and a low-key message that resonates with adults and kids.

CULTURAL COMMENTARY

Ingmar Bergman's Heart of Darkness

BY KRISTIN M. JONES

TO LOVE THE FILMS of Ingmar Bergman (1918-2007), one can't be afraid of the dark. "Film as dream, film as music," the Swedish stage and film director wrote in his autobiography "The Magic Lantern" (1987). "No form of art goes beyond ordinary consciousness as film does, straight to our emotions, deep into the twilight room of the soul." Theater and film had been obsessions since childhood, when he traded an army of tin soldiers for his brother's cinematograph.

Bergman's towering reputation as a filmmaker is reflected in programs marking the centennial of his birth. At the UC Berkeley Art Museum and Pacific Film Archive, screenings begin on Thursday. On Feb. 7 a series opens at New York's Film Forum. Other venues will follow in North America. Part of a global celebration, the retrospectives include new restorations by the Swedish Film Institute.

His strengths included collaborating with a brilliant stable of performers, as well as the talented cinematographers Gunnar Fischer and Sven Nykvist. The work of the director and actor Victor Sjöström, especially his exquisite ghost story "The Phantom Carriage" (1921), also helped shape Bergman's vision. Sjöström played an orchestra conductor in Bergman's "To Joy" (1949) and a professor haunted by dreams and memories in "Wild Strawberries" (1957).

Bergman's work electrified art-house audiences. It also inspired debate among critics. In an essay in "Totally, Tenderly, Tragically: Essays and Criticism From a Lifelong Love Affair With the Movies" (1998), Phillip Lopate, who as a young cinephile preferred the work of Jean-Luc Godard, recalls, "It was precisely because Bergman was so much an *auteur*, but not 'our kind,' that he posed such a threat."

Bergman's seriousness and deeply personal themes—including preoccupations with death and faith—were forces to be reckoned with. He could also direct with humor and lightness, as in his period comedy intertwining pleasure and death, "Smiles of a Summer Night" (1955), whose glittering dialogue and graceful visuals brought him international attention.

Some of Bergman's most indelible images appeared in "The Seventh Seal" (1957), in which Max von Sydow's disillusioned crusader returns to plague-ravaged Sweden and plays chess with Death. Bergman described it in "The Magic Lantern" as "an uneven film which lies close to my heart, because it was made under difficult circumstances in a surge of vitality and delight."

He directed a string of stories addressing spiritual desolation. In the chamber piece "Through a Glass Darkly" (1961), Harriet Andersson plays a young woman with schizophrenia. Vacationing on an island with her husband (Mr. Von Sydow), father (Gunnar Björnstrand) and brother (Lars Passgård), she waits for God in an empty room. The film's heartbreaking conclusion affirms the sacredness of human love.

A familiar motif, an image of Death, appears on a church wall in "Winter Light" (1962), which unfolds during one frigid Sunday. The pastor (Björnstrand) is suffering from the flu and a crisis of faith. He rejects a former lover (Ingrid Thulin). A parishioner (Mr. Von Sydow) is suicidal. Filmed with bitter austerity, "Winter Light" is still a film of haunting beauty.

In "The Silence" (1963), two sisters—one (Gunnel Lindblom) with a small son (Jörgen Lindström) and the other seriously ill (Thulin)—fail to communicate while staying in a near-empty hotel in a country on the brink of war. Thulin's character, a translator unfamiliar with the local language, connects with an elderly waiter through the music of J.S. Bach.

When he directed his shattering, self-reflexive enigma "Persona" (1966)—in which a nurse (Bibi Andersson) attends to an actress who has become mute (Liv Ullmann)—Bergman made a radical departure. With its disorienting images, searing performances and probing of the boundaries between acting and living, speech and silence, "Persona" has continued to influence countless films, such as David Lynch's "Mulholland Drive" and Olivier Assayas's "Clouds of Sils Maria."

Bergman also delved into the mysteries of longtime relationships between men and women. In "Shame" (1968), a marriage disintegrates under the horrifying pressures of war. "Scenes From a Marriage" (1973) intimately chronicles the married life, divorce and enduring bond of a couple played by Ms. Ullmann and Erland Josephson.

When Bergman filmed "The Magic Flute" (1975), he realized a long-held dream. In "Hour of the Wolf" (1968), demons haunting an artist (Mr. Von Sydow) become subdued while watching a scene from Mozart's opera staged in a marionette theater: Tamino, alone in the dark, learns that his beloved lives. Bergman wrote in his autobiography, "It is no longer a matter of the name of an attractive young woman, but a code word for love: 'Pa-*mi*-na still lives.' Love exists. Love is real in the world of human beings."

The enchanting "Fanny and Alexander" (1982) fluidly combines the earthbound and supernatural. According to Bergman, it had two godfathers: Charles Dickens and E.T.A. Hoffmann. In imagining the benevolent world of the Ekdahls, he resurrected ghosts from his childhood and his electrifying discovery of art, while envisioning love triumphing over darkness.

Ms. Jones writes about film and culture for the Journal.

CLOCKWISE FROM TOP: JANUS FILMS (2); BONNIERS HYLEN/AGENCE FRANCE-PRESSE

Clockwise from above: Bibi Andersson and Liv Ullmann in 'Persona' (1966); Bengt Ekerot and Max von Sydow in 'The Seventh Seal' (1957); Ingmar Bergman on set in the 1960s

SPORTS

Goodell Says Catch Rule Might Get a Revamp

Minneapolis

For anybody who has spent far too much time and energy screaming at a television over the definition of a seemingly simple word in the English language, don't feel bad: The National Football League doesn't know what a catch is, either.

NFL commissioner Roger Goodell (pictured, below) said in his annual Super Bowl-week news conference Wednesday that he would like to "start over again" with the league's perplexing catch rule and rebuild it "fundamentally from the start." He added that the competition committee will focus on the issue in the offseason in hopes of clarifying a rule that remains a consistent source of controversy.

"The officials are officiating that correctly," Goodell said. "What we have to do is find a rule that we think is going to address what we think should be a catch in the league."

Confusion over what constitutes a catch in the NFL continues to plague players and coaches alike, with this season prompting particular questions about receivers going to the ground. A crucial overturned touchdown catch by Pittsburgh tight end Jesse James in the final moments of a December contest between the Steelers and New England Patriots brought the issue further into the forefront.

The competition committee has attempted to clean up the catch rule before by tweaking the language, but it has yet to come up with a viable solution. This time, Goodell doesn't want the committee tinkering with the current rule, but to write a new one from scratch.

Goodell met recently with coaches, officials and players, spending about three hours reviewing 150 plays to solicit opinions about what should and shouldn't be a catch. There was plenty of disagreement in the room.

Still, Goodell said the league has "some very good ideas" for the committee to consider.

"I'm not going to tell you there won't be controversy," Goodell said. "But I believe we can get to a much better place."

—Jared Diamond

KIRBY LEE/REUTERS

CHARLIE RIEDEL/ASSOCIATED PRESS

Eagles head coach Doug Pederson consults his play sheet during a game. 'I pay attention to what can help me make better decisions on game day,' he says.

SUPER BOWL LII

The Eagles' Nerdy Formula

BY ANDREW BEATON

Bloomington, Minn.

DURING THE Super Bowl, there will be two unusual voices talking in Doug Pederson's headset. These aren't the Eagles' offensive or defensive coordinators. Or any high-ranking coach. But they're still entrusted with direct access to Philadelphia's head coach.

These people are the middle men between Philadelphia's analytics side and the coaches on the field. The input from this operation guides the team's critical calls: when to go for it on fourth down, throw a challenge flag or call a timeout, for example.

They've helped Pederson make the pivotal decisions that have taken the team this far—and the ones that could decide if Eagles or the Patriots win it all on Sunday.

The Eagles' trip to the Super Bowl has been a stunning roller coaster over several years. Their coach is in his second season. Their front office is a couple years removed from having its power stripped after former head coach Chip Kelly usurped control of the roster. Their hopes looked crushed when quarterback Carson Wentz went down.

But underpinning the overhaul of this franchise has been a full-fledged embrace of numbers in ways that have turned over a mediocre roster and even trickles down to in-game minutia.

"It can be overwhelming, quite honestly, with the amount of numbers and things that come in," Pederson says. "I pay attention to what can help me make better decisions on game day."

Other sports have embraced their data with open arms in recent years. Data led baseball teams to prioritize home runs over singles. Basketball has learned that taking loads of three pointers is more efficient than mid-range two pointers. That same revolution hasn't exactly taken place in the NFL. There are more numbers than ever before but critics say figures can never capture the 11-on-11 interactions in football.

> There's a stigma around analytics in the NFL. The Eagles are a strong counterpoint.

And some of the most forward-thinking teams haven't exactly made a great case for stuffing a front office with Ivy League grads. The Cleveland Browns are an oft-maligned example. They made a bet on wonks and have one win over the last two seasons. And it doesn't help that the best coach in football—the one across the field from Pederson, Bill Belichick —has expressed his disdain for a numbers-heavy approach.

But here are the Eagles, fighting back against stigma with the rare coach who's willing to listen.

"There's a belief from a lot of the football people that some of the analytics or quantitative people lack the necessary football IQ," said Ryan Paganetti, an analyst turned coaching assistant who advises Pederson on in-game decisions along with Jon Ferrari, the team's director of football compliance. "In a lot of cases, they don't trust these guys."

The Eagles' decision making has drawn praise this season: They converted on 17 fourth downs, the most in the NFL during the regular season. They often went for it when other teams would have balked. It's a strategy eggheads have been screaming about for years.

Howie Roseman, who as executive vice president of football operations is the team's top decision maker, says integrating their information with the coaches is seamless. "They give us a clear direction of what they're looking for and what they want," he says.

And in a closely scrutinized sport where any aggressive decision can backfire and put a coach on the unemployment line, Pederson has a security blanket when he makes bold bets. Earlier this year, Eagles owner Jeffrey Lurie praised that line of thought and said "smarter teams do it that way."

The team's analyses, spearheaded by Vice President of Football Operations and Strategy Alec Halaby, have also driven the Eagles to be one of the most aggressive teams in a typically humdrum trading market, adding cornerback Ronald Darby and running back Jay Ajayi this season.

There's an easy way to understand just how important the Eagles high-level decision making has been. It has to do with the person who at the moment is more important than anybody else to the franchise's hopes of winning its first Super Bowl. And it started with a conscious decision to overinvest in the quarterback position.

Before the 2016 season, Philadelphia signed Sam Bradford to a pricy contract extension, traded a mountain of picks to move up in the draft to select Wentz, and signed Chase Daniel to be one of the league's most expensive backups. Between the money and draft picks, it was a bold spending spree on a position where only one player can play at a time. But the maneuvering didn't end there. They traded Bradford to let Wentz play in 2016 and he showed glimpses of the franchise star they hoped he would be.

Still, they weren't satisfied. Last March, they released Daniel. Hours earlier, they splurged on another expensive backup. That is Nick Foles, the man who stepped in after Wentz was hurt and led the team through the playoffs to the Super Bowl.

Weather

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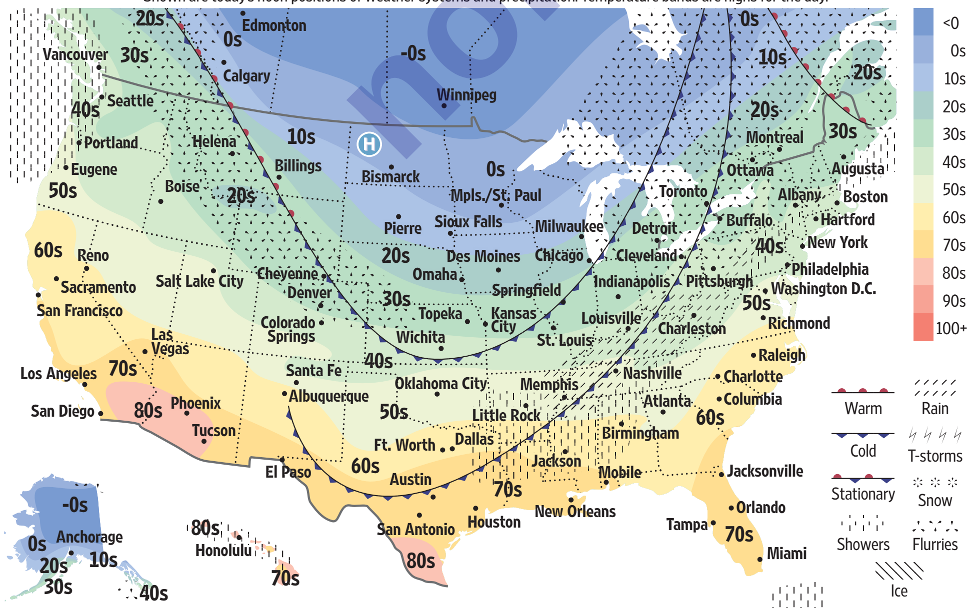
Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

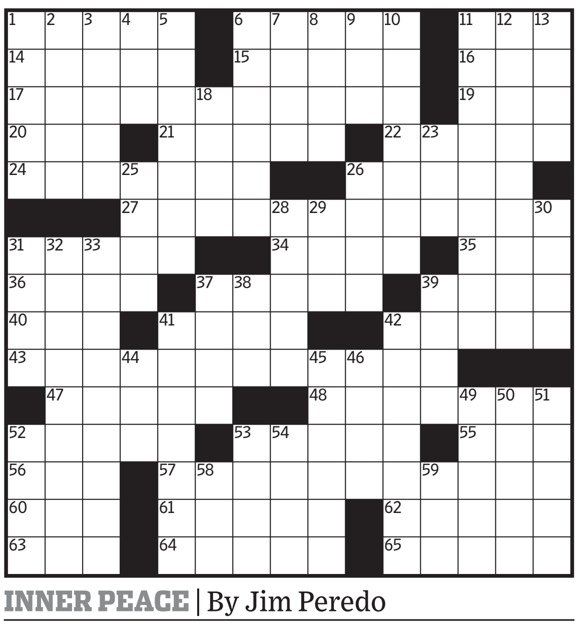
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	14	-1	s	13	4	s
Atlanta	58	37	c	46	28	pc
Austin	79	45	pc	58	44	c
Baltimore	51	31	pc	32	15	pc
Boise	48	37	pc	54	37	r
Boston	43	33	c	34	12	sn
Burlington	38	20	sf	22	4	c
Charlotte	60	41	s	47	23	pc
Chicago	28	5	s	20	15	s
Cleveland	42	14	c	21	15	pc
Dallas	66	41	pc	58	41	pc
Denver	38	22	c	53	33	pc
Detroit	37	8	c	21	12	pc
Honolulu	81	73	sh	82	72	sh
Houston	75	54	c	56	47	c
Indianapolis	37	6	c	22	15	s
Kansas City	32	10	s	36	28	pc
Las Vegas	74	52	pc	75	53	s
Little Rock	57	24	r	42	25	pc
Los Angeles	79	57	pc	79	56	s
Miami	78	65	pc	81	66	pc
Milwaukee	20	4	s	18	14	s
Minneapolis	7	-8	s	15	8	pc
Nashville	53	19	r	35	22	s
New Orleans	71	52	c	60	46	r
New York City	46	30	r	32	16	pc
Oklahoma City	52	24	pc	47	31	pc
Omaha	23	11	s	35	29	pc
Orlando	75	54	pc	76	53	pc
Philadelphia	49	33	r	35	18	pc
Phoenix	81	53	s	80	52	s
Pittsburgh	42	13	sn	19	12	c
Portland, Maine	37	32	sn	33	5	sn
Portland, Ore.	49	46	r	56	46	c
Sacramento	69	46	pc	72	47	s
St. Louis	38	12	pc	30	24	s
Salt Lake City	53	39	c	54	41	c
San Francisco	66	50	pc	66	51	s
Santa Fe	59	28	pc	58	28	s
Seattle	48	45	r	53	47	r
Sioux Falls	12	2	s	28	16	pc
Wash., D.C.	54	34	pc	35	20	pc

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	43	40	c	44	33	sh
Athens	60	50	pc	61	53	pc
Baghdad	65	40	s	67	42	s
Bangkok	82	69	pc	87	70	s
Beijing	41	18	s	31	11	s
Berlin	41	32	pc	41	31	c
Brussels	42	35	sh	43	34	sh
Buenos Aires	93	70	s	90	63	s
Dubai	72	60	pc	73	59	s
Dublin	43	33	pc	44	37	pc
Edinburgh	43	35	c	44	33	c
Frankfurt	42	30	sh	40	30	sn
Geneva	43	30	sh	39	30	sh
Havana	81	65	pc	81	66	pc
Hong Kong	59	51	s	59	48	pc
Istanbul	56	50	s	58	52	c
Jakarta	86	75	t	87	74	t
Jerusalem	58	40	s	61	40	s
Johannesburg	78	63	s	80	61	t
London	44	36	pc	45	35	pc
Madrid	52	30	sh	47	27	s
Manila	88	73	s	89	73	pc
Melbourne	72	55	pc	73	57	s
Mexico City	73	45	pc	74	44	pc
Milan	46	41	sh	51	30	c
Moscow	18	13	c	34	30	sn
Mumbai	95	63	pc	91	63	pc
Paris	45	34	sh	43	36	pc
Rio de Janeiro	83	72	pc	83	73	c
Riyadh	67	43	s	68	45	s
Rome	59	52	c	60	45	r
San Juan	81	73	s	81	72	pc
Seoul	32	16	s	34	15	s
Shanghai	43	31	s	42	25	c
Singapore	88	74	c	84	77	c
Sydney	71	64	c	74	64	pc
Taipei	56	53	r	60	50	r
Tokyo	47	38	r	41	39	sn
Toronto	37	10	pc	16	11	pc
Vancouver	45	39	r	48	41	sh
Warsaw	44	32	r	42	30	c
Zurich	43	29	sh	39	30	sn

The WSJ Daily Crossword | Edited by Mike Shenk



INNER PEACE | By Jim Peredo

Across

1 "But wait! There's more!" brand
6 Air and water, e.g.
11 Barber's challenge
14 Western omelet ingredient
15 Judge at the Home Run Derby
16 Sushi bar tuna
17 *Ad for the Australian Open?
19 Manhattan component
20 Numero di dimensioni
21 Ranch dressing?
22 More twisted
24 "Not a problem"
26 "Later, muchacho"
27 *"Beloved, wouldst thou liketh this bak'd sweet?"?
31 Munich souvenir
34 Jazz flutist Herbie
35 Oft-injured knee part, briefly
36 Nation with a Caspian coast
37 2006 Andrea Bocelli album
39 Make up for a semester of slacking off
40 Gross counterpart
41 Key of Mozart's String Quartet No. 18
42 Sarcastically elongated words
43 *Chromosome set on the more outrageous side?
47 Perfects
48 Source of voices in your head, maybe
52 Peach or lime, e.g.
53 Young business partner?
55 Modern affix
56 Experience contrition
57 *Slogan on Marge's T-shirt?
60 NATO nation
61 You might get down from them
62 Wield, as influence
63 "Your Moment of ___," and a hint to what's added to the starred answers
64 Co-worker of Lane and Kent
65 Acts the grandparent

Down

1 "The Teflon Don"
2 Unresponsive
3 Pair at the end of many price tags
4 Henry VIII's desire
5 Animal on the United Kingdom's Royal Arms
6 Flammable jelly
7 Clanton foe
8 Aphrodite offspring
9 Title for Pierre Pérignon
10 Highest mountain in Wales
11 Source of the "Luigi Death Stare" meme
12 Emphatic retort from a go-getter
13 Slip site
18 Chase away
23 City on Guanabara Bay
25 Pound, e.g.
26 Teen bane
28 Heart-eyes face, e.g.
29 Dinghy thingie
30 Red monster of kids' TV
31 Make like a rat
32 Branch office?
33 Emulate a nursery rhyme wife
37 City west of Cedar Rapids
38 Big mouth
39 Parallel parking place
41 Famed first name in navigation
42 Tied up
44 Lennon's love
45 Like the days after Mardi Gras
46 Ruin, as hopes
49 Yet to be achieved
50 Combine name
51 Puts in piles, perhaps
52 Ted from Texas
53 "Babe" group
54 Become prominent
58 Country music's Tillis
59 Good Grips kitchen brand

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

Previous Puzzle's Solution

```
ROSY■ZEAL■EDITS
OREO■ERIE■SONYA
TEASQUARE■CHART
■■THUGS■RNA■FOE
SAMIAM■EYEPHONE
IFA■DAME■HAAGEN
ZETA■■AWARDS■■■
EWEBOAT■CUETIPS
■■■BUSTLE■■ENYA
AWRATS■ADAY■DRY
BEESHARP■ROMEOS
REG■ODE■LADEN■■
ADIEU■SEARATION
DENTS■TATA■RAMS
ERASE■SUET■OLGA
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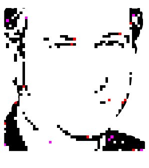
Can Trump Hold the House?



WONDER LAND
By Daniel Henninger

It was impossible not to notice that Nancy Pelosi spent President Trump's 70-minute State of the Union speech grimly chewing her cheek. She was thinking: "What I know, and he doesn't know, is that history says a year from now I will be speaker of the House, and he'll be on the brink of impeachment."

Odds are, she's right.

Mr. Trump gave a skillfully designed speech. He adroitly wove his conservative policies inside an attractive tapestry of generally self-evident American truths, while extending a fist of compromise to his opponents. But history records that the party of first-term U.S. presidents loses House seats in the midterm elections. If Republicans suffer a net loss of 24 seats, Mr. Trump will fall into the hands of Mrs. Pelosi's Madame Defarge (keyword: guillotine).

In his State of the Union, Mr. Trump loaded up his presidency on the strong economy, jobs and low unemployment. "It's the economy, stupid" is a good political bet, but it isn't decisive.

Lyndon B. Johnson's midterm election, in 1966, came amid a 3.8% unemployment rate delivered by the 1964 tax cuts. LBJ lost 47 House seats. George W. Bush had an unemployment rate of 4.6% in 2006 and lost 30 seats. For both LBJ and W, the effects of prolonged war—Vietnam and Iraq—undermined a strong economy. The absence of a big war is a plus for Mr. Trump.

A remarkably long economic recovery is headed toward its ninth year, and maybe it will carry Republicans into 2019. If the recovery falters—a destabilizing trade war, rising interest rates—Mr. Trump is in trouble. Gerald Ford lost 48 House seats in 1974 during a recession, with slightly rising unemployment (5.6%) and the Nixon pardon. Ronald Reagan lost 26 seats in 1982—an artifact of the suffocating stagflation that he inherited from Jimmy Carter.

Barack Obama is the modern champ of first-term losses. He absorbed a 63-seat meltdown in 2010, with Great Recession unemployment that spiked to 9.6%. Control of the House gone, Mr. Obama resorted to rule by monarchical decree. It suited him, if not the country.

Some say Mr. Trump needs a stronger public-approval rating. It wouldn't hurt, but it doesn't guarantee off-year success.

Though Franklin D. Roosevelt gained nine seats in 1934, that presumably popular president coughed up an astonishing 117 seats in the midterms of 1938 and 1942. Likable Harry S. Truman continued the dive, losing 54 seats in 1946 and 28 four years later.

Dwight D. Eisenhower, the victorious Supreme Allied Commander in World War II, was one of the country's most beloved presidents. In his first midterm election, Ike lost 18 House seats, and the Republicans never regained control of the lower chamber for 40 years.

An optimistic view of this rejection would be that most Americans, instinctively wary of Washington, want the brake of divided government, no matter the boilerplate about "bipartisanship"—unless the president and his party are demonstrably producing economic well-being.

> Nancy Pelosi could still be sitting on her hands at next year's State of the Union.

The press worshiped John F. Kennedy as much as it loathed Richard Nixon. So what? JFK, with a 5.5% unemployment rate in 1962, lost only four House seats. Nixon's 4.9% unemployment in 1970 kept his midterm loss to 12 seats, followed by a historic 1972 presidential demolition of progressive George McGovern.

Now comes the most intriguing midterm presidential exhibit: Bill Clinton.

Mr. Clinton got wiped out in his first midterms, in 1994, losing 54 seats and House control amid political failure and the Gingrich/Republican revolution. But explain this: In the 1998 midterm, awash in scandal, Mr. Clinton *gained* five House seats and held his Senate losses to zero.

Arguably the economy broke Mr. Clinton's fall. The unemployment rate, at 7.5% when he was elected in '92, fell steadily to 4.5% in '98. Economic contentment was spreading across the U.S.

As to political risk from the Trump Russian-collusion narrative, if there is anything in common between that and the Clinton run-up to impeachment, it is that neither event involved the nation's primary business. Mr. Clinton's abuses of the institutions of government were multiple and manifest. But voters didn't punish his party. The Trump obstruction turns mainly on a conversation with James Comey.

Here's the frosting on midterm optimism: Reagan's unemployment rate in 1986 was still about 7%, but his economic policies—tax cuts and deregulation, as now—had clearly healed the economy. In that year's midterm, House Republicans lost just five seats. George H.W. Bush, with unemployment down to 5.6% in 1990, lost only eight House seats.

Potential downdrafts abound—North Korea, the right getting ugly on immigration, a Mueller-made political crisis amplified by an irredeemably hostile press, more GOP incumbents like Rep. Trey Gowdy bailing out, or the possibility that economic contentment will suppress turnout. Plus, Mr. Trump might make history by tanking a successful presidency with tweets.

The record suggests, however, that riding a significantly strong economy at midterm—JFK, Reagan, Clinton—could have Nancy Pelosi sitting on her hands again during next year's State of the Union.

Write henninger@wsj.com.

A Good Speech, but That's Only a Start

By Karl Rove

The mainstream reviews of President Trump's first State of the Union address Tuesday are begrudgingly glowing. NBC's Savannah Guthrie said "it was optimistic; it was bright; it was conciliatory." CNN's Jake Tapper noted "the inspirational stories of Americans, and the calls to unity, and the beautiful prose." Fox News's John Roberts called it "very powerful—very patriotic."

White House aides may hope this praise will help reset the Trump presidency. But that won't happen unless they and the president take action to fulfill Mr. Trump's call for "the unity we need to deliver for the people we were elected to serve." What follows the State of the Union address is more important than the speech itself.

Mr. Trump called Tuesday for bipartisanship and united efforts to make America better. That should become a regular theme. He presented an agenda; now he must deliver it so voters will realize he has worked hard to meet his commitments.

The economy should be at the center of the administration's efforts. It was the most important issue in 2016 and remains so today. Although Mr. Trump's approval rating, 40.2% in the Real Clear Politics average, is the worst in the history of polling for an elected president a year into his first term, really good economic numbers are keeping his approval rating higher than it would otherwise be.

Mr. Trump has talked a lot about the rising stock market, but he needs to do a better job explaining his economic policies in ways that resonate with the middle class. Though just over half of Americans own stock, New York University economist Edward Wolff has estimated that only 14% own shares directly. The rest own stock indirectly, through such vehicles as mutual funds and retirement accounts. Mr. Trump should put more of his focus on jobs, paychecks and rising consumer and business confidence. He ought to praise workers and business leaders for the growing prosperity, rather than congratulating himself.

> Trump presents his agenda. Delivering it requires discipline he hasn't so far shown.

To avoid appearing stale, the White House should regularly present new proposals, initiatives and executive actions that complement the State of the Union and keep with its spirit. And here's some free advice: Stop blindsiding natural allies, as the president did in September when he cut a budget deal with Democrats without informing GOP leaders beforehand.

The calls for bipartisanship in Mr. Trump's address were offset by needless partisan digs, as when he whacked ObamaCare rather than simply celebrating the individual mandate's demise. The president should stop insulting Democrats whose votes he needs to advance his agenda. (For that matter, he should stop insulting non-Democrats.)

That isn't to say Mr. Trump should stop defending his agenda. He and his spokesmen should rebut misleading statements by critics and set the record straight. But Twitter trash talk, misstatements and name-calling provide excuses for Democrats not to cooperate with the president.

If Mr. Trump persists in calling Chuck Schumer the Democrats' "head clown" and in belittling Nancy Pelosi, Democrats would be smart not to retaliate with insults. They shouldn't simply dismiss his policies either. Instead they should offer an agenda for what they would do to make America stronger. This would signal voters that Democrats have stopped being the "resistance" and become the alternative, one capable of winning the White House.

When Democrats obstruct Mr. Trump's agenda, he should respond in disappointment, not anger. This would give him the high ground with voters and make bipartisan cooperation more likely. Americans are also worn down by the relentless pace of controversies, tweets and Friday-night news dumps. The president should slow down. Both these suggestions would help him keep control of the news cycle, though I realize it's as likely to happen as Tom Brady is to be benched during the Super Bowl.

Some Trump fans worry that if he discards his unorthodox tactics, he will lose the "magic" that won him the presidency. Mr. Trump was indeed a different kind of candidate, but he won primarily because he was the change candidate when 62% of voters said in exit polls they felt America was off on the "wrong track." Oh, and he benefited from running against Hillary Clinton, one of the worst presidential candidates in recorded history.

Many a president has attempted to use the State of the Union to re-energize his team, set a direction, and build support for his agenda. Time will tell if this White House can build on the good that Americans saw in Tuesday's impassioned address. My guess is Team Trump won't—but I'd be delighted to be proven wrong.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Why Illinois Got Out of the Hedges

By Marc Levine

Can anyone explain why Illinois continues to own this hopelessly complicated bunch of hedge funds? That's the question I asked the state's Board of Investment, which oversees $22 billion of pension assets, when I became its chairman two years ago.

I had been reviewing the board's portfolio and noticed a lot of holdings labeled hedge funds. They were run by something called a "hedge fund manager," whatever that was. Most bought and sold stocks—but so did other funds we owned that showed up under the category "stocks" and were run by "equity fund managers."

One difference was that some of the hedge-fund managers showed up on television, winning publicity by waging shareholder proxy battles. But such fame didn't translate into better returns.

Not that it was easy to tell. Even though the hedge funds invested in stocks, their returns weren't benchmarked against the overall stock market. Instead their returns were compared with those of other hedge funds, a much lower bar. Once we applied the proper benchmark, their underperformance became apparent. We were paying them hundreds of millions of dollars, yet index funds were getting better returns. So we fired nearly all of them.

> These funds are hard to understand and have lousy returns.

The few surviving stock-picking hedge funds were moved into our equity asset class, exactly where they belonged. But we weren't finished. We also owned hedge funds that bought and sold things other than stocks, portfolios with lots of trading bets using derivatives on currencies, commodities and other financial instruments.

Though these funds performed better than other hedge funds, absolute returns were disappointing, barely more than cash. Industry "experts" suggested we keep these investments to diversify our holdings and reduce overall risk. Yet we already owned bonds for that purpose. Our Procter & Gamble bonds made sense to us. I'm pretty sure my children will brush their teeth tonight. But I don't have a clue about that long-lumber, short-sugar trade.

These funds' managers also loved being on television. They talked about algorithms and artificial intelligence, subjects that might be fascinating but that didn't tell us much about returns.

Our board began to question the conventional wisdom. Did anyone at the table really understand what these hedge funds were doing? Should we be putting the retirement funds of Illinois state employees into investments that not a single trustee, consultant or staffer could explain?

If they had been earning double-digit returns, that might have motivated us to spend more time trying to understand their strategies and risks. But for 2% returns? That was less than investment-grade bonds were earning.

After firing these fund managers, our $1.5 billion hedge-fund asset class was reduced to zero. No more illogical benchmarks, no more illusory risk reduction. Now we understand what we own.

The $3 trillion hedge-fund industry will have to move on without us, though its investment strategies seem better suited to generating publicity than great returns.

Mr. Levine is chairman of the Illinois State Board of Investment.

BOOKSHELF | By Terry Eastland

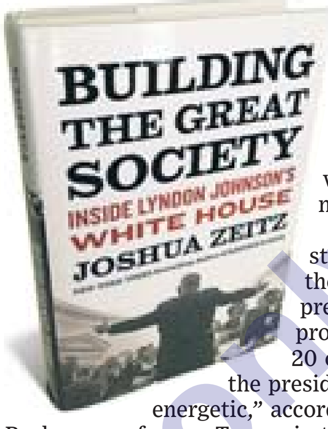
The Return Of the New Deal

Building the Great Society

By Joshua Zeitz
(Viking, 378 pages, $30)

Soon after Lyndon Johnson was sworn into the presidency, following John F. Kennedy's assassination, he took inspiration from his hero, Franklin D. Roosevelt, and decided that he would finish FDR's New Deal by building the Great Society. The idea owed something to Johnson's background as a Southerner who had opposed civil rights early in his political career but who had became a strong supporter. Then, too, there was the historical moment, one of increasing concern for poverty across the country, with the socialist Michael Harrington arguing in "The Other America" (1962) that a quarter of the population lived in a "system designed to be impervious to hope."

More than a dozen task forces composed of experts and scholars recommended a broad range of legislative programs. Johnson wound up making 87 legislative requests, all but three of which were passed. The programs addressed education, health care, civil rights, urban problems, rural poverty, transportation and even media offerings: It was the Great Society that created public television and radio. Thus Lyndon Johnson could be said to be the progenitor of "Sesame Street," as Joshua Zeitz reminds us in "Building the Great Society," his well-researched and readable history of a vast governmental effort to make America anew.



In large part, Mr. Zeitz's story is a group portrait of the aides who helped the president realize his grand project. There were as many as 20 of them over the course of the presidency—all "talented and energetic," according to Mr. Zeitz. Horace Busby, one of many Texans in the White House, was known as an ideas man, and his idea of a great society was one in which there would be no poverty, hunger or illiteracy; nor would leisure time ever be wasted. Busby exerted, writes Mr. Zeitz, "a strong and decidedly liberal" influence on the president. LBJ regarded Jack Valenti, another Texan, as an intellectual, and Valenti was indeed a voracious consumer of books—"so much so that he installed a machine in his bathroom that enabled him to read while in the shower," Mr. Zeitz writes. Valenti urged an open process in which meeting participants could freely argue with each other—a team-of-rivals approach to governing. Joe Califano, a highly regarded young lawyer who had held a top staff position at the Pentagon, joined the team in 1965 and was charged with getting the programs through Congress. It helped that Democrats controlled both elective branches.

Even so, Johnson is the dominant figure in the story, his overpowering personality evident throughout. When Mr. Califano, negotiating the terms of a shift in transportation infrastructure, concedes too much to a powerful senator, Johnson glares at him and says: "Unzip your fly, because there's nothing there." He then calls the senator and revokes the concession. "I'm calling about Joe Califano," he says. "You cut his p----r off and put it in your desk drawer. Now I'm sending him back up there to get it from you."

> For one of LBJ's advisers, a great society was one in which there would be no poverty, hunger or illiteracy; nor would leisure time be wasted.

The Great Society pursued what Mr. Zeitz calls "qualitative measures"—those aimed at creating "a level playing field and equal opportunity" (e.g., workforce training, access to health care). But LBJ and his aides, Mr. Zeitz says, never seriously considered quantitative measures meant to enforce "equality of income, wealth, or condition" (e.g., cash transfers). Nor was there interest in cost-benefit analysis of the sort that would track the real-world effects of good intentions.

And little wonder. Johnson became president in the still-prosperous postwar era, and the economists advising him claimed, according to Mr. Zeitz, "that through close management of fiscal and monetary policy, the government could sustain economic growth indefinitely."

We know what happened. The economy slowed to such an extent that by 1967—with the Vietnam War nearing its bloodiest phase—it was clear "that the country could not afford guns *and* butter—that permanent growth without inflation was in fact an elusive dream," as Mr. Zeitz puts it. It had also become clear that "equal opportunity often fails to deliver equal results." The intellectual and financial foundation of the Great Society was coming apart.

In the end, Mr. Zeitz concedes, the Great Society failed in many ways. It didn't "save urban America from blight or depressed rural areas from further decline." Indeed, it "disappointed liberal aspirations and only confirmed the worst of conservative fears." Still, he notes, it is hard to imagine the U.S. today without the initiatives that Johnson set in motion. Among much else, Mr. Zeitz mentions federal money for primary and secondary schools, as well as government-guaranteed college loans—and, yes, PBS and NPR.

Mr. Zeitz observes that, over the years, certain social statistics have moved in the right direction in part because of the Great Society. The poverty rate in particular fell by 26% from 1960 to 2010. Other numbers, though, go unmentioned that have moved the other way: In 1960, roughly 5% of children were born to single mothers. In the half-century since, the number has climbed to nearly 40%. More than a few analysts have argued that government programs, in their subsidizing, paternalistic role, have contributed to this family breakdown.

As for the Great Society's pursuit of racial justice, there can be no doubting the value of the Civil Rights Act of 1964 or the Voting Rights Act of 1965. Those laws and others affirmed the principle of nondiscrimination. Unfortunately, many Great Society programs embraced racial preferences in stark contradiction of that principle.

Whatever might be said of the Great Society's successes and failures, it surely marked an enormous expansion of the role of government in American life—a change that often feels permanent. In a kind of coda, Mr. Zeitz claims that President Donald Trump's staff is so unprepared and undisciplined that, even if Mr. Trump wanted to make America great again by dismantling the Great Society, he would fail.

Mr. Eastland is a senior fellow at the Center for Equal Opportunity and a contributing editor at the Weekly Standard.

REVIEW & OUTLOOK

A Case Ripe for the Supreme Court

The D.C. Circuit Court of Appeals on Wednesday repudiated the Consumer Financial Protection Bureau's lawlessness while upholding its constitutionality. But the diverse opinions from the circuit offer the Supreme Court an opening to issue a landmark ruling on how the bureau violates the Constitution's separation of powers.

The D.C. Circuit tees up the CFPB for constitutional review.

PHH Corp. v. CFPB stemmed at root from the bureau's absolute lack of accountability. Former Director Richard Cordray overruled an agency administrative law judge and broadly reinterpreted the Real Estate Settlement Procedures Act of 1974 to fine PHH $109 million. Mr. Cordray also claimed the law's three-year statute of limitations didn't apply to him.

PHH challenged the fine's legality and the CFPB's constitutionality as an independent agency led by a single director who can't be removed by the President except "for cause"—that is, "inefficiency, neglect of duty, or malfeasance in office." Yet Article II of the Constitution holds that "the executive Power shall be vested in a President of the United States of America."

A unanimous three-judge panel of the D.C. Circuit ruled in PHH's favor in 2016 and two said the President's inability to fire the director for policy disagreements is unconstitutional. The full circuit agreed on the statutory question, but a 6-3 majority held that the bureau's structure is constitutional.

The majority bobs and weaves through Supreme Court precedents like a gardener dodging thorny bushes to find the CFPB constitutional. "The dissenters seek to cast aspersions on *Humphrey's Executor*, painting it as an outlier in the Court's separation-of powers," the majority writes of one precedent. "Perhaps all that need be said in response is that the case binds us, as an inferior court."

You almost have to admire the faux judicial modesty. As Judge Karen Henderson points out in her excellent dissent, *Humphrey's Executor* (1935) differs notably from *PHH*. That case concerned limits on a President's ability to remove Federal Trade Commission members, but the FTC is a bipartisan five-member commission subject to Congressional appropriations.

The CFPB obtains its funding on demand from the Federal Reserve. As Judge Henderson notes, its sole director whose five-year tenure outlasts the President needn't "bother with the give and take required of a bipartisan multimember body." Even the White House budget office lacks "any jurisdiction or oversight over the affairs or operations of the Bureau." In *Myers v. U.S.* (1926) the Supreme Court said the President must have "unrestricted power" to remove executive officers to faithfully execute the law.

The CFPB gives one person limitless power to supervise nearly a quarter of the U.S. economy—or more since Mr. Cordray stretched his authority beyond the bounds of the Dodd-Frank Act. If the CFPB is legal, then Congress could distribute other chunks of presidential power in the same way. Why not a one-man National Labor Relations Board?

Acting CFPB head Mick Mulvaney is likely to drop PHH's fine on remand. But PHH should still ask the Supreme Court to hear the constitutional issues. The Trump Justice Department took a narrower position supporting the President's ability to remove the director at will. This may have been strategic since the White House wants a whip hand to undo Mr. Cordray's many lawless actions. But it is also myopic since President Trump's successor could appoint an equally uninhibited director.

Judge Henderson would have invalidated the bureau in its entirety and "let the Congress decide whether to resuscitate—and, if so, how to restructure—the CFPB." This would be genuine judicial restraint since "excising only the for-cause removal provision would leave behind a one-legged agency that, by all indications, the Congress would not have created." PHH should give the Justices a chance to make Congress fix its shoddy work and discipline a runaway administrative state.

An Unaccountable FBI

The Federal Bureau of Investigation is making a last-ditch effort to block the release of a House Intelligence Committee memo detailing the bureau's behavior during the 2016 election. This is all the more reason to let Americans see it.

In an unusual public statement Wednesday, the bureau objected that it had only "a limited opportunity to review" the memo the day before the House voted Monday to release it. The statement added that the FBI had "grave concerns about material omissions of fact that fundamentally impact the memo's accuracy."

This is really something. The FBI knows what's in the memo because it has long known what the House committee was seeking to examine. For months it refused to provide access to those documents until director Christopher Wray and the Justice Department faced a contempt of Congress vote. If they now object to the way the House construes the facts, they should have been more cooperative from the start.

Note the FBI's language about "material omissions" rather than errors of fact. Until this statement the FBI was pleading damage to "national security." Now that rationale has given way to the claim that the House is omitting key details to reach judgments that the FBI apparently disagrees with. If Mr. Wray wants to fill in those omissions, he can always ask President Trump to declassify more documents to provide a more complete record. We'd love to see them, and Mr. Trump should give that transparency a boost even if Mr. Wray doesn't request it.

The FBI's public statement appears to be an act of insubordination after Mr. Wray and Deputy Attorney General Rod Rosenstein tried and failed to get the White House to block the memo's release. Their public protest appears intended to tarnish in advance whatever information the memo contains. The public is getting to see amid this brawl how the FBI plays politics, and it isn't a good look.

Neither Congress nor the White House can afford to back down on the memo amid this kind of political hardball. To do so would make the FBI an agency accountable only to itself, as it was in the days of J. Edgar Hoover.

In response to the FBI broadside, Intelligence Committee Chairman Devin Nunes disclosed that "it's clear that top officials used unverified information in a court document to fuel a counter-intelligence investigation during an American political campaign." Perhaps this is what the FBI really doesn't want the public to see, but Americans need to know if the country's premier law enforcement agency abused its power to influence a presidential election.

Welcome to the Health-Care Jungle

Amazon announced Tuesday that it will join with J.P. Morgan Chase and Berkshire Hathaway to wade into the jungle of U.S. health care, and the news slashed billions in stock-market value from health-care companies in mere hours. American health care could benefit from creative destruction, though this would be Amazon's toughest fixer upper to date.

Some thoughts for the new Bezos, Buffett and Dimon venture.

"The ballooning costs of healthcare act as a hungry tapeworm on the American economy," said Berkshire chief Warren Buffett in Tuesday's announcement. The companies will create an entity that "will provide U.S. employees and their families with simplified, high-quality and transparent healthcare at a reasonable cost." One goal appears to be to spread ideas that work.

The announcement offered no details—nothing on if the companies will set up provider networks or walk-in clinics or what. But an early red flag: The press release says the group will form an "independent company that is free from profit-making incentives and constraints."

The problem with U.S. health care is not an incentive for profit, which has driven innovation and cures for diseases like hepatitis C. The fundamental problem is that the cost of a service is disconnected from underlying value. Patients don't know the price of services and consume health care as if it's free since government or employers are the third-party payers for most Americans.

Government spending, subsidies and regulation complicate the system and increase prices or crowd out private insurance. No doubt the profit comment was a swipe at insurers, and loathing the insurance lobby may be the only bipartisan agreement in health care. But the problem with insurers is not that they want to make money. The problem is rent-seeking—e.g., insurers supporting a government mandate for everyone to buy their product.

The speculation is that the new outfit will get into pharmaceutical delivery, which makes sense for a company like Amazon whose value proposition includes moving boxes efficiently. Another thought is that the partners will try to cut out pharmacy benefit managers, which negotiate rebates on drugs and placement in formularies. The status quo is offering steep rebates against increasing list prices, which is dysfunctional and also not tied to value or outcomes.

Our advice: Go much bigger. Amazon says they'll focus on technology, and this is an area ripe with possibility, especially if the company is willing to consider some less noticed drivers of health-care costs, including chronic conditions and unnecessary visits.

Amazon could also look at start ups that are trying to deploy new technology. Food and Drug Administration Commissioner Scott Gottlieb has talked about how data from wearable devices could help measure clinical outcomes and inform drug development.

The new creation will represent hundreds of thousands of employees, which sounds like a lot but isn't enough scale to change U.S. health care, and the question is how transformative this enterprise will aim to be. A brick wall of interest groups—hospitals, insurers, the AMA—will resist any change and make Uber's fights with taxi cartels look like minor league ball.

But health care is long overdue for a shake up, and the leaders of these companies—Mr. Buffett, Jeff Bezos and Jamie Dimon—deserve credit for jumping in. The public would be the beneficiary if this trio can figure out how to lower costs and increase quality, and the odds are better with them than another political intervention.

LETTERS TO THE EDITOR

Can't Start a Trade War Already in Progress

Regarding your editorial "Trump Starts His Trade War" (Jan. 24): China started the war. The U.S., under new executive and trade leadership, is simply defending itself. Looked at another way, if the president and his polar opposite Al Gore can agree on the recent tariff action taken by the International Trade Commission (ITC), then that decision must be right.

My company is the acknowledged global technological and market leader in our industry and has been for over 40 years. We have plants in the U.S., China and elsewhere. When the Chinese producers started dumping their products here with the direct aid of huge subsidies from the Chinese government, we responded in every commercial way we could. But when you're playing with your own money and the other guy has house money, you don't have a chance of winning. Virtually everything the Chinese producers needed to target the U.S. market was subsidized, including location of their plants near port cities, facility costs, raw materials, electricity, transportation, etc.

We had no choice but to seek relief via the ITC. The finding there was that the conduct of the Chinese producers was so egregious to fair trade that import duties of over 100% were imposed on their products in an attempt to level the playing field. And the result? The U.S. market has stabilized and two Chinese producers are now building plants here. That means not just free competition, but fair competition—and American jobs.

Robert F. Briggs
General Counsel
Tensar Corporation
Alpharetta, Ga.

Your editorial criticizes "a new 20%-50% tariff on washing machines to benefit Whirlpool Corp." Whirlpool became the largest appliance manufacturer in the U.S. and the world through a series of acquisitions of competitors. When it proposed the acquisition of Maytag in 2005, Maytag was the second largest manufacturer of washers and dryers, behind Whirlpool.

After a major antitrust investigation by the Justice Department, the deal was allowed. The Justice Department issued a press release on March 29, 2006, saying: "The investigation revealed that a number of manufacturers, such as LG and Samsung, currently manufacture overseas high-efficiency, front-load washers and dryers and sell them successfully in the U.S. . . LG, Samsung, and other foreign manufacturers could increase their imports into the U.S." The government's reliance on imports from LG and Samsung to prevent Whirlpool from increasing prices didn't foresee the government's protecting Whirlpool from such imports.

Arnie Celnicker
Arlington, Va.

Besides the economic consequences of a trade war, it would behoove President Trump and his fellow Republicans to consider the political consequences of such a policy. Take the special congressional election that took place last June in South Carolina's fifth congressional district, for example. In 2016 Mr. Trump carried the district by 57.8% to 38.3%. Yet less than a year later the Republican candidate barely won the special race, winning by only 1,834 votes, or 51.1% to 47.9%, over his Democratic challenger.

What changed? Workers who overwhelmingly voted for Mr. Trump in 2016 all of a sudden saw their jobs at risk because of Mr. Trump's proposals on trade. So they voted their pocketbooks and almost sent a Democrat to Washington. South Carolina Chamber of Commerce President Ted Pitts said the following at the time: "This is one of those cases where the president should have gotten his facts before he went on the attack because it's just wrong."

Steven Morris
Mount Pleasant, S.C.

Housing Policy Didn't Cause the 2007 Crash

Peter Wallison criticizes Steven Mnuchin's Treasury Department for supporting "regulation of the housing-finance market" in the face of "the aggressive deregulatory work of the Trump administration" ("A Rogue Treasury Department Turns Toward the 1930s," op-ed, Jan. 24).

Mr. Wallison makes an argument he has been repeating since 2008 that the affordable-housing mandates at Fannie Mae and Freddie Mac were the primary cause of the 2007-09 recession. They weren't, and the argument has been studied, and debunked, by a multitude of government and academic researchers.

In the run-up to the financial crisis, Fannie Mae and Freddie Mac made mistakes. They followed Wall Street investors into securities backed by high-risk mortgages. Still, John Weicher (George W. Bush-appointed assistant secretary at HUD), defends the affordable housing goals, writing they had "little if any impact" on the enterprises' participation in riskier loans. The timeline doesn't fit. The mandate was passed in 1992 and expanded in 1995. The enterprises didn't heavily invest in subprime mortgages until seven years later, from 2002-04.

The government's official investigation into the 2007-09 recession fully exonerated the affordable-housing goals. Its findings illuminate that few of Fannie Mae's subprime securities, for example, were tallied toward the mandate. Dozens of Fannie and Freddie employees testified that the real driver of riskier decisions were originator demands and shareholder expectations.

Fannie or Freddie have been making homeownership possible for millions of Americans since 1938 (Fannie) and 1970 (Freddie). As we debate their future we must protect the affordable-housing goals and the American dream of homeownership.

John Taylor
President
National Community
Reinvestment Coalition
Washington

Judaism's Uniqueness Is Necessary for It to Survive

Bravo to Journal Critic at Large Edward Rothstein for his devastating review ("A People's History Exiled," Life & Arts, Jan. 23) excoriating the new presentation by New York's Jewish Museum of its collection. The American Jewish community is in the midst of a titanic struggle between two self-perspectives. One perspective sees and celebrates moments and achievements of survival and continuity against an oceanic tide of assimilation. The other abandons the unique in Judaism, in favor of the identification of the "Jewish version" of various universalist virtues and impulses. The Jewish Museum has abandoned Column A for Column B and has been perceptively caught by your sagacious critic.

The achievement of the Jews of America was not in blending in, surrounded by anti-Semitic constraint. The achievement was in standing out, surrounded by the lure of universalist sentimentality.

Rabbi Clifford E. Librach
Waltham, Mass.

Equal Opportunity Reefers?

Regarding Jason L. Riley's "California's Affirmative Action for 'Marijuana Entrepreneurs'" (Upward Mobility, Jan. 10): The powers that be in California's cities have decided the solution to the problems in poor, black neighborhoods is to have more black drug dealers. Really?

Edgar Worth
Newport Beach, Calif.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

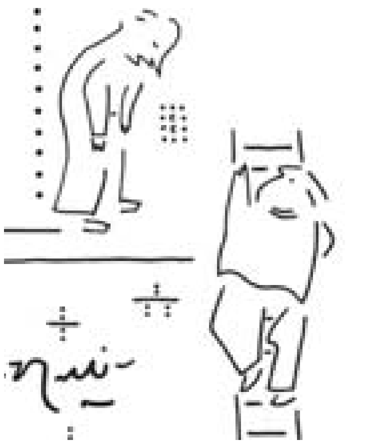
The Filibuster Rule Should Require a Real Filibuster

Regarding your editorial "Charles Is in Charge" (Jan. 20): To avoid future government shutdowns, senators must stop the gentlemanly acceptance of an announced filibuster wherein everyone goes home to enjoy the free time. The party announcing the filibuster should perform it on the Senate floor a la Jimmy Stewart in "Mr. Smith Goes to Washington." This would also show the public who is responsible for the shutdown. Contrary to Sen. Chuck Schumer's description, it could hardly be called the "Trump shutdown" if the Democrats were doing all the talking.

Seymour Yusem
New York

Pepper ... And Salt

THE WALL STREET JOURNAL



"You know, there's a corporate elevator."

A Look Ahead at the Post-Trump GOP

By Bobby Jindal

Barack Obama famously aspired to be transformative like Ronald Reagan rather than incremental like Bill Clinton. What about Donald Trump? His friends and foes alike seem to share only the conviction that he changes everything. But it's worth considering how lasting his legacy will prove to be. What will happen to the conservative populist movement that he masterfully discerned and harnessed—but did not create—after he is done?

It is possible that the party needed him to broaden its appeal *and* that he has to disappear for it to survive.

Contrary to conventional wisdom, the real danger with Mr. Trump is that he may end up changing little. This is not to detract from his real accomplishments in undoing much of the Obama regulatory regime, enacting pro-growth corporate tax reform, and appointing judges who recognize they are not legislators. But Mr. Trump is clearly a one-man show, sticking his finger in the dike to hold back liberalism's flood, while both parties seemingly learn nothing and try to wait him out.

It is easy to lose sight of the substance and be distracted by the disruptive style, the aura of celebrity, the in-your-face tweets, and the unapologetic combative demeanor. While the new judges represent permanent change, and the lower tax rates may last a while, most of the executive orders and regulatory actions can be easily reversed. Mr. Trump is a man, not a movement; he embodies executive strength, not a philosophy. When his time in office is up, he may leave behind millions of frustrated, voiceless people facing a status quo government and two limp, self-serving political parties eager to return to what they were, which wasn't much.

Trump voters elected a president, causing them to think they had won the revolution. They hadn't. Their power is one man, and he has an expiration date. It's not clear that the GOP, as a party, has learned anything. The Republican elite's desire for self-preservation, along with its recognition of the obvious populist conservative wave, has resulted in a temporary truce within the party. But the GOP will not be a populist conservative party as long as the current congressional leadership remains in place. These leaders would rather lead a shrinking GOP to contain and crush the populist uprising.

The Democratic Party is in no better shape. Consider what Mario Cuomo said about it in 1984: "And in between is the heart of our constituency—the middle class, the people not rich enough to be worry-free, but not poor enough to be on welfare. The middle class—those people who work for a living because they have to, not because some psychiatrist told them it was a convenient way to fill the interval between birth and eternity."


PHIL FOSTER

Cuomo's Democratic "heart" is today a description of the people who elected Mr. Trump. It's a far cry from Bernie Sanders and his call for "Medicare for all," or the progressive notion of a guaranteed universal income, or the obsession with identity politics over pocketbook issues. If the Republicans have become the party of big business, the Democrats have become the party of big government, and their idea of bipartisan compromise is to marry these behemoths.

The Trump movement should and can be bigger than him. Now that elite Democrats have renounced the blue-collar working-class voters who supported them as recently as 2012, Republicans must learn to consolidate and build on that base. The next Republican presidential nominee after Mr. Trump will have a fighting shot at bringing home the people who like lower taxes and dead terrorists but bristle at his crude behavior.

Mr. Trump has both a high floor and a low ceiling, and it is up to the Republican Party to figure out how to maintain the former while shattering the latter. One clue is to remember Bob Dole's admonition in 1996 that anyone who believes "that we are not open to citizens of every race and religion" could find the exits, "which are clearly marked." We used to be the party of limitless possibility. The moment immediately after Trump is the one that counts. It is possible that it took him to broaden us *and* that our subsequent existence will depend on his disappearance.

Where does all this leave us? We need to take over and reinvent the GOP. Mr. Trump won't be the man to do it. We should create a more populist—Trumpian—bottom-up GOP that loves freedom and flies the biggest American flag in history, shouting that American values and institutions are better than everybody else's and essential to the future.

Democrats are the past. They worship at the altar of identity politics, which means they believe in everything and nothing. We believe in one shared exceptional American identity, open to all who embrace it. I'll bet millions of Americans would sign up for that, but not for anything less.

Mr. Jindal served as governor of Louisiana, 2008-16, and was a candidate for the Republican presidential nomination in 2016.

Trump's Appointees Are Restoring Reason to the NLRB

By Michael J. Lotito

If you pay attention to politics, you might have heard about the regulatory reforms undertaken by the Education Department or the Environmental Protection Agency. But few have noticed the quiet transformation at the National Labor Relations Board, which is laying the groundwork for stronger economic growth.

Under the Obama administration, the five-member NLRB radically tilted its decisions to benefit union interests. This created an atmosphere of uncertainty that hampered businesses. But President Trump's first two appointees to the board, confirmed by the Senate last year, have already begun to restore reason and balance. Once Mr. Trump's third nominee joins them, Republicans will hold an NLRB majority for the first time in a decade.

A striking example of the return to normalcy is a ruling on what seems like a simple area: employee handbooks. During the Obama administration, the NLRB issued decisions that made common-sense employment policies—such as confidentiality provisions, nondisparagement clauses, and no-recording rules—unlawful. Specifically, the board held in 2014 that employees seeking to invalidate a workplace policy need only show that they could "reasonably construe" it to infringe on their rights under the National Labor Relations Act.

Following that precedent, the NLRB held in two 2015 decisions that policies at Whole Foods and at a Las Vegas casino that prohibited taking photos and recording audio in the workplace were unlawful. The board reasoned that these policies could theoretically bar employees from recording a picket line, a conversation about workplace conditions, or other protected activities. Never mind that the companies had implemented the rules not to restrict union organizing, but to protect employees' and customers' privacy.

The Trump NLRB has changed course. In a December decision, it held that a Boeing no-recording policy, which the company instituted for security reasons, was lawful. The board determined that when evaluating whether a facially neutral workplace rule violates the NLRA, it will take into consideration the employer's justification for the policy.

A second reversal involves what are known in labor relations as micro-units—exceptionally small employee bargaining groups that greatly complicate management's relationship with workers. Before 2011, when a group of workers wanted to form a new bargaining unit, the employer could argue that they shared a "community of interest" with an existing bargaining unit in the workforce, and so they should be included in that unit. The NLRB would then consider several factors—whether the employees proposing the new bargaining unit were in a separate department, had dissimilar skills and training, or reported to different supervisors—to determine whether they warranted a distinct grouping.

In the Obama era, the board's interpretation of labor law was sharply biased in unions' favor.

But the NLRB under President Obama tilted the scales. It put the burden on employers to demonstrate that the workers in the proposed bargaining unit shared an "overwhelming community of interest" with their colleagues. This new test was extraordinarily difficult for employers to meet. In 2014 the NLRB found that workers in the cosmetics-and-fragrance department at a single Macy's store were distinct enough from the rest of the staff to form their own micro-unit.

This makes little sense, given the integrated nature of a department store—or, for that matter, a nursing home, hotel or similar enterprise. What is the manager of that Macy's supposed to do if only the fragrance workers go on strike? The appropriate bargaining unit in this kind of case is all of the employees. Recognizing this problem, the new NLRB ruled last December to reinstate the previous test.

A third example is the NLRB's return to a traditional definition of "joint employment." The big question here is whether a fast-food chain can be held responsible for the workers paid by a local franchisee. In the past, a liable party needed to have "direct and immediate" control over the employees—for instance, the ability to set pay and hours. But in 2015 the NLRB expanded that to include "indirect or unexercised control." As a result, McDonald's Corp. potentially could be held responsible for labor violations at any franchise location, even if it has no interaction with the employees there.

Fortunately, the NLRB returned to the old standard in a December ruling. But this decision isn't permanent and could be reversed under a future administration. A better way to settle this issue is for the Senate to pass the Save Local Business Act, which the House approved in November. It would define a "joint employer" as one who "directly, actually, and immediately, and not in a limited and routine manner, exercises significant control over the essential terms and conditions of employment."

Meantime, the new NLRB has more repair work to do. Up next for reversal could be an Obama-era rule that cut the median time for union elections by more than a third, making them harder for management to contest. Last month the board requested information from the public as to whether changes to this rule should be made.

If all this activity at the NLRB seems radical, keep in mind that the previous board reversed decades of precedent. Mr. Trump's appointees are merely re-establishing a balanced relationship between business and labor—another important victory for regulatory reform.

Mr. Lotito is a labor-relations attorney and an expert with the Federalist Society's Regulatory Transparency Project.

Why Do You Need a College Degree to Give Diet Advice?

By Shoshana Weissmann And C. Jarrett Dieterle

Heather Kokesch Del Castillo launched a dietary advice business in Monterey, Calif., in 2014. The business grew and Ms. Del Castillo eventually established a nationwide client base as a "health coach." But when her husband, who is in the Air Force, was transferred to a base in Florida, her business hit a roadblock. A Florida Department of Health investigator showed up at the door of their new home with a cease-and-desist letter and a $750 fine.

After nearly two years of operating her business in Florida, Ms. Del Castillo learned that she had run afoul of a law requiring any person offering dietary advice to possess a state-issued license. Qualifying for that permit requires a bachelor's degree in dietetics, a 900-hour internship, a passing grade on an exam administered by the state Commission on Dietetic Registration, and a $355 fee. A licensed dietitian had tipped off the Health Department that Ms. Del Castillo was giving unauthorized advice. She retained the Institute for Justice, a public-interest law firm, to fight the law that stripped her of her livelihood.

State licensing laws pose a particular burden on military spouses like Ms. Del Castillo. About 1 in 4 Americans need licenses to perform their occupations. In some states, florists, taxidermists and even fortune-tellers need licenses to operate. Far too often, these licenses serve less as safeguards of public health and safety than as barriers to entry. In many cases, the state-appointed boards that issue licenses are stocked with industry insiders seeking to restrict competition.

Aggressive licensing regimes limit the ability of Americans to move from state to state. Because different states' requirements can vary greatly for the same profession, and many states require new residents to undergo new training in order to continue working, people can find themselves unemployed by simply migrating across state lines.

Ms. Del Castillo says she knows numerous women in similar situations, including several practicing massage therapists, who have struggled to obtain recertification in their trades after their husbands' military careers required an interstate move. One acquaintance stopped pursuing paid massage work completely because of Florida's onerous recertification requirements. Recertification and licensing requirements also can affect teachers, hairdressers and lawyers who move from state to state.

Military spouses were 10 times as likely to have moved to a new state in the past year than the average American, according to a combined 2012 study by the Treasury and Defense departments. Surveys suggest that anywhere from 35% to 50% of military spouses work in professions that require licensure, and nearly 75% of them would need to be relicensed upon transferring to a new state. Perhaps as a result, the unemployment rate for military spouses is 16%, while the national unemployment rate is only 4.1%.

State licensing laws overly burden military spouses, who move frequently only to find they can't work.

The Pentagon has a State Liaison Office, which has worked with states to increase portability for military spouses, and several states have enacted reforms. Florida recently passed legislation enabling military spouses to transfer out-of-state licenses at no cost. But that won't help Ms. Del Castillo. California didn't require her to be licensed in the first place.

The federal government can also play a role in reform efforts. The Alternatives to Licensing that Lower Obstacles to Work Act, introduced by Sens. Mike Lee and Ben Sasse, would save military spouses from having to obtain a new professional license if they move across state lines but still work on a federally owned military installation.

All Americans ought to have access to license portability. States should perform extensive reviews of their licensing laws and eliminate requirements that lack a clear connection to public safety. Lawmakers should also forgo implementing new licensing requirements for any profession that doesn't involve a quantifiable risk to public health and safety, or for which less burdensome options such as inspections or bonding can be just as effective.

And more states should forge interstate compacts that create uniform licensing requirements. One promising model is the temporary licensure compact recently proposed in these pages by Labor Secretary Alex Acosta and South Dakota Gov. Dennis Daugaard. It would allow workers who have been licensed in any profession or occupation in other participating states to receive, upon request within 30 days, an in-state temporary license.

Lawmakers at every level of government need to ensure that all Americans—and especially the family members of those in uniform—have the freedom and flexibility to earn a living in their chosen professions.

Ms. Weissmann is a policy analyst and the digital media specialist at the R Street Institute. Mr. Dieterle is director of commercial freedom and a senior fellow at R Street.

Notable & Quotable: Privilege

From "Privilege Checking the Privilege Checkers" by Tristan Flock, Quillette.com, Jan. 23:

As time has passed and I've encountered acknowledgements of privilege both on and off campus, I've noticed an unfortunate trend. More often than not, when someone affirms their privilege or points out the privilege of others, they do so in a way that betrays an utter cluelessness about that very privilege. "Privilege talk" is regularly accompanied by hypocritical accusations, outrage over trivialities, and uncritical hatred of important modern institutions, which are attitudes that would neither exist nor be tolerated but for the privilege that we all enjoy. . . .

Moral indignation has a way of obscuring sober reasoning, and those who speak of privilege are often primed (by professors, peers, and media) to actively seek out moral transgressions. As such, many backwards beliefs and harmful attitudes have found a toehold amongst "privileged" millennials, who presume their views to be self-evidently righteous and thus not up for debate. Many of these views, were they to become widespread, would lead to the destruction of the privileges that we in the developed world are so fortunate to enjoy. These include free expression, freedom of the press, freedom of peaceful assembly, the rule of law, and ongoing efforts to judge people not by their phenotype but rather by their actions.

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WORLD NEWS

Brexit Eclipses May's China Trip

Visit comes as U.K. premier gears up for talks with EU and a fight with Parliament

U.K. Prime Minister Theresa May arrived in Beijing to beat the drum for deepening trade ties and showcase her country's global ambitions, a visit clouded by simmering discord at home over her handling of Brexit negotiations.

By Jason Douglas in London and Chun Han Wong in Beijing

Boosting bilateral links with fast-growing economies is a critical part of Britain's strategy for exiting the European Union. But her efforts in China risked being overshadowed by the fallout from the unauthorized disclosure of a government analysis highlighting the potential costs of quitting the bloc, underscoring the challenges she faces.

On the first day of a three-day visit, Mrs. May, accompanied by 50 business executives, hailed steps to boost exports of British beef and financial services to China.

"The U.K. and China are both global powers with a global outlook," Mrs. May said at a joint news briefing with Chinese Premier Li Keqiang. The two premiers committed to encouraging free trade world-wide and said they also discussed the protection of intellectual-property rights, North Korea's nuclear program, and other issues. Mrs. May is due to meet President Xi Jinping for talks Thursday.

Mr. Li, China's No. 2 leader, declared that "China's doors to the U.K. will open wider" in the coming years and that Britain's exit from the EU won't change China's engagement with Britain. The two leaders ticked off a handful of minor agreements on trade and investment, including the possibility of lifting a ban on Chinese imports of British beef linked to a bout of so-called mad-cow disease in Britain starting in the 1980s.

Mrs. May, who has appeared cooler toward China than her predecessor David Cameron, said the U.K. welcomes opportunities to participate in China's "One Belt, One Road" infrastructure initiative, though she added London hasn't yet identified how best to cooperate. The project envisions building railways, ports, roads, dams, pipelines and industrial corridors across dozens of countries in Asia, Europe and Africa, in a contemporary version of the ancient Silk Road.

Neither leader broached the possibility of a full-scale free-trade pact after Brexit, which some British lawmakers say should be a priority. President Donald Trump, by contrast, spoke of his desire to sign a free-trade accord with Britain once it formally exits the EU.

Mrs. May's overture to China comes as her government gears up for a new round of talks with the EU on the terms of the British withdrawal as well as fresh battles in Parliament on flagship Brexit legislation.

The latest talks are due to focus on the terms of a proposed transition period to follow the U.K.'s March 2019 exit from the bloc. A transition is seen as crucial for European and British businesses to adapt to new rules governing the economic relationship between the two sides.

Some pro-Brexit lawmakers have recently grown vocal about what they see as a softening of the government line on transition, which they insist must not leave the U.K. subject to new EU laws and regulations London didn't have a hand in drafting. An outright rebellion could threaten Mrs. May's future as leader, given the loss of her parliamentary majority in a botched election in June.

MARK SCHIEFELBEIN/PRESS POOL

Mrs. May and Chinese Premier Li Keqiang agreed to encourage free trade during a Beijing meeting.

Eurozone Economy Picks Up, but Inflation Goal Is Elusive

PAU BARRENA/BLOOMBERG NEWS

Shoppers fill an aisle in the Boqueria market in Barcelona, Spain.

BY PAUL HANNON

The eurozone's economy is having its best spell in a decade, with unemployment at a nine-year low, but there are still few signs of the sustained pickup in inflation long sought by the European Central Bank.

Figures released Tuesday showed eurozone gross domestic product grew by 2.5% in 2017, its fastest expansion since 2007 and well above the ECB's forecast when the year started, which was for 1.7%.

The central bank has already responded to speedier growth by halving its monthly bond purchases under a stimulus program known as quantitative easing to €30 billion ($37 billion). Traders and investors expect to see a further withdrawal of stimulus later this year, which helps explain why the euro has strengthened against the U.S. dollar.

But figures released Wednesday once again highlighted a missing ingredient in the eurozone's expansion: an acceleration in the rate at which consumer prices are rising. The European Union's statistics agency said prices were 1.3% higher in January than a year earlier, the lowest rate of annual inflation since July 2017 and short of the ECB's target, which is just below 2%.

According to Eurostat, services prices rose at an annual rate of 1.2%, unchanged for four straight months. Overall, the core rate of inflation—which excludes volatile items—edged up to 1.0% from 0.9%.

The ECB continues to expect that inflation will eventually accelerate, driven in large part by a rise in wages as unemployment falls and workers become more scarce.

WORLD WATCH

BRAZIL

Fiscal Performance Improved Last Year

Brazil's fiscal performance improved in 2017, the central bank said, but challenges remain as policy makers struggle to plug a widening budget gap.

The 12-month budget deficit reached 7.8% of gross domestic product in December, narrower than the 8.99% shortfall recorded a year earlier, the bank said.

The primary budget result, which excludes interest payments, was a deficit of 1.69% of GDP in 2017, compared with a deficit equal to 2.49% of GDP the year before, the bank said. The annual result is better than official forecasts of a deficit equal to 2.1% of GDP.

Gross debt ended 2017 at 74% of GDP, slightly below the 74.4% recorded in November, which was the highest level on record.

Spending cuts and higher tax income thanks to a budding economic recovery helped last year, the Finance Ministry said earlier this week. The economy is expected to have grown around 1% in 2017 after two consecutive years of contraction.

—Paulo Trevisani

VENEZUELA

Caracas Rejects Plan To End Border Fight

Venezuela has rejected a United Nations proposal to send its longstanding border dispute with neighboring Guyana to an international court.

Venezuelan Foreign Affairs Minister Jorge Arreaza said Wednesday that his country will push for a diplomatic settlement spelled out in a 1966 agreement signed in Geneva.

His comment comes a day after U.N. Secretary-General António Guterres said he is sending the case to the International Court of Justice.

U.N. officials cite a provision of the Geneva accord that gives the secretary-general authority to find a solution if the two countries can't.

The territorial dispute between the two South American countries dates back to 1899.

—Associated Press

TECHNOLOGY: MICROSOFT PLACES IN CLOUD-COMPUTING RACE AFTER AMAZON B4

S&P 2823.81 ▲ 0.05% S&P FIN ▲ 0.11% S&P IT ▲ 0.73% DJ TRANS ▲ 0.06% WSJ $ IDX ▼ 0.05% LIBOR 3M 1.778 NIKKEI (Midday) 23393.57 ▲ 1.28% See more at WSJMarkets.com

Deficits Shake Up Treasury Bond Issuance

Tax cuts boost U.S. borrowing needs at time of shifting demand for debt

By Kate Davidson And Daniel Kruger

For decades, the U.S. government could issue as much debt as it needed to finance deficits without worrying about how it affected financial markets or the economy. That might be changing.

Treasury yields are rising, some investors think, in part because the supply of government bonds hitting financial markets is rising as budget deficits grow as a result of the Trump administration's recent $1.5 trillion tax cut.

The Treasury said Wednesday that the sizes of its regular auctions of bills, notes and bonds were going up in the coming months.

A group of private banks that advise the Treasury—known as the Treasury Borrowing Advisory Committee, or TBAC—estimated the Treasury would need to borrow a net $955 billion in the fiscal year that ends Sept. 30, up from $519 billion the previous fiscal year, according to Treasury documents released Wednesday. The TBAC group estimated that would rise further to $1.083 trillion in fiscal 2019 and $1.128 trillion in fiscal 2020.

It would mark the first sustained acceleration in Treasury borrowing since the 2007-09 recession, when the financial crisis caused a rush of government borrowing to fund financial bailouts and increased safety-net spending at a moment of declining in tax revenues.

Back then, global demand for safe assets was high and investors gobbled up U.S. Treasury issues, pushing up Treasury prices and down their yields. The Federal Reserve had also cut short-term interest rates to near zero and was beginning a series of programs to buy government debt itself, putting further upward pressure on Treasury prices and downward pressure on interest rates. Downward pressure on global inflation, which tends to increase demand for government bonds, added to these trends.

It would mark the first sustained rise since the 2007-09 recession.

Treasury's increased borrowing now comes against a much different economic and financial backdrop. The economy is strong and inflation is expected to rise gradually in the months ahead. In response, the Fed is pushing short-term interest rates higher and allowing its portfolio of Treasury and mortgage debt to shrink as bonds mature. Moreover, investors are shifting out of safe assets like Treasury bonds and into fast-rising stocks. That combined appears to be putting downward pressure on Treasury prices and upward pressure on long-term interest rates.

Yields on 10-year U.S. Treasury notes rose 0.313 percentage point in January to 2.722% and are up 0.664 percentage point since September.

The $1.5 trillion tax cut signed into law last year is expected to boost deficits over the next decade. The nonpartisan Joint Committee on Taxation estimated that, after accounting for economic growth from the tax plan, the law could add $1 trillion to the deficit by fiscal year 2027, with more than half of that coming in fiscal years 2018, 2019 and 2020.

Bond-market analysts said they expect the Treasury's next quarterly funding statement in May will include plans for additional borrowing increases.

Fox Doubles Down on Sports Programming

By Joe Flint

DAVID GOLDMAN/ASSOCIATED PRESS

Fox Broadcasting outbid NBC and CBS, which shared broadcast TV rights to NFL Thursday night games in the recent season.

Fox Broadcasting's five-year deal for television rights to National Football League Thursday night games signals the network will be an aggressive bidder for content even after parent company **21st Century Fox** agreed to sell a big chunk of its entertainment assets to **Walt Disney** Co.

The broadcast deal bolsters Fox's sports lineup, which already includes Sunday afternoon football, at a time when TV networks are coping with ratings declines overall and Fox's prime-time entertainment lineup has struggled. 21st Century Fox Executive Chairman Rupert Murdoch has indicated that live sports, as well as news, will be a large part of the company's future after the Disney deal is complete.

The new pact for Thursday night football is valued at $3.3 billion, a hefty increase over the current agreement with NBC and CBS, according to people familiar with the matter. While the league's TV ratings have been slipping, NFL games are still among the most-watched television programming.

"This shows our commitment that Fox will continue to offer the very best in programming long into the future," said Fox Networks Group Chief Executive Peter Rice.

The $52.4 billion deal with Disney, announced in December, includes Fox's Twentieth Century Fox television studio, which supplies the majority of Fox Broadcasting's content. In addition to its broadcast network, the new slimmed-down Fox will continue to own the Fox Sports 1 cable channel and the Big Ten Network, which carries college sports.

21st Century Fox and Wall Street Journal parent News Corp share common ownership.

Under the terms of its new NFL agreement, Fox is paying about $660 million on average per season, people familiar with the deal said, a 47% jump from the combined $450 million that current rights holders NBC and CBS paid to share the package this past season. That shared deal was for one season only.

RBC Capital Markets analyst Steven Cahall said in a report that Fox is likely to lose about $360 million a year on the Thursday package. He estimated that CBS and NBC combined were losing roughly $200 million.

Still, Mr. Cahall said the "play here is strategic" as Fox moves away from entertainment programming yet tries to maintain a strong position to negotiate carriage fees from pay-TV distributors and its broadcast affiliates.

Shares of Fox fell 4.1% on Wednesday.

Both Comcast Corp.'s NBC and CBS, a unit of CBS Corp., made bids to keep the package; however, CBS's offer was less than the $225 million it paid last year while NBC's bid was flat, people with knowledge of the situation said. Both networks have lost money on Thursday night football, people close to the networks said.

"We explored a responsible bid for Thursday Night Football, but in the end are very pleased to return to entertainment programming on television's biggest night," a CBS spokesman said in a statement. CBS still has Sunday afternoon football.

An NBC Sports spokesman said: "We made a competitive bid based on our 2 years of carrying TNF. We'll continue to focus on keeping NBC's Sunday Night Football at its perch as primetime's number one program, which has now reached a record 7 consecutive years."

NFL Commissioner Roger Goodell said it now made more sense for Thursday night football to have a single broadcast home.

"This was the best opportunity for the NFL to grow the Thursday night package," he said.

Fox's deal for Thursday night football comes just months after 21st Century Fox Chief Executive James Murdoch publicly criticized the NFL for having too much product on television and causing the erosion in ratings over the last two seasons.

"Better for us to have it than anyone else," a senior Fox executive said Wednesday. Mr. Murdoch's remarks were prior to the Disney deal announced in December, and given the direc-

Please see NFL page B2

Chicken Price Rigging Alleged

By Jacob Bunge

The two largest U.S. food distributors are accusing top poultry suppliers of conspiring to limit stocks and manipulate wholesale prices, fueling a legal battle that has pitted buyers and consumers against chicken processors.

Sysco Corp. and **US Foods Holding** Corp., which sell food to hundreds of thousands of food-service customers, alleged in separate lawsuits that they overpaid for chicken meat for years due to collusion among **Tyson Foods** Inc., **Pilgrim's Pride** Corp., **Sanderson Farms** Inc. and other companies in the $60 billion U.S. chicken industry.

Spokesmen for Tyson, Pilgrim's and Sanderson denied the charges and said they would contest the complaints in court.

The food-distribution giants represent roughly 25% of the domestic food-distribution business, selling meat and other food products to restaurants, hotels, hospitals and other businesses across the U.S.

Their allegations, leveled in suits filed in a federal court in Illinois, make them the biggest companies so far to accuse the U.S. chicken industry of conspiring to manipulate prices. The industry produces about 41 billion pounds of meat annually for grocery stores, restaurants and foreign-based buyers.

Sysco and US Foods allege they overpaid for that meat for at least eight years beginning in 2008. The companies say they purchased chicken di-

Please see SUIT page B2

Xerox Seeks To Sell Deal To Investors

By David Benoit

Xerox Corp. unveiled a complex deal aimed at shoring up its future in an increasingly challenging environment for document companies—and now must convince two big investors that the plan, and the man in charge of it, will work.

The printer-and-copier pioneer said early Wednesday that it would sell a 50.1% controlling position, confirming an earlier Wall Street Journal report on the proposed combination of Xerox and its joint venture with Japan's **Fujifilm Holdings** Corp.

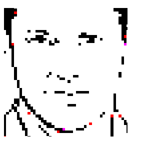
Xerox said the transaction is an opportunity to expand its relationship with an innovative partner and expand into new areas like high-tech labels and industrial printing. It also will allow the companies to cut $1.7 billion in costs, including $450 million that Fujifilm said it will save by cutting 10,000 jobs and shuttering factories at the joint venture in Asia.

"People think this is just

Please see XEROX page B2

HEARD ON THE STREET | By Justin Lahart

Fed Has Trouble Being Heard



Investors are ignoring the Federal Reserve. That could make the Fed's job more complicated.

Fed policy makers concluded their first meeting of the year Wednesday, and while they kept rates on hold, they also provided an upbeat outlook on the economy that made clear that they expect to raise rates at their next meeting in March.

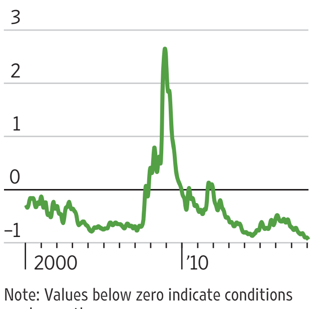
The Fed raised its target range on overnight rates three times last year and projects that it will raise rates another three times this year.

But the Fed's moves don't seem to be putting up much of a headwind. On Wednesday, the Federal Reserve Bank of Chicago reported that its Financial Conditions Index has dropped to its easiest level since 1993.

With newly enacted tax cuts pumping fresh funds into the economy and

Easy Going

The Federal Reserve Bank of Chicago's Financial Conditions Index



Note: Values below zero indicate conditions are looser than average.
Source: Federal Reserve Bank of Chicago
THE WALL STREET JOURNAL.

President Donald Trump on Tuesday calling for a $1.5 trillion infrastructure plan, financial conditions may get easier. That goes against the Fed's goal of making them tighter.

For the Fed, the situation is both unsettling and familiar: When the central bank raised its overnight target rate from 1% in mid-2004 to 5.25% in mid-2006, financial conditions remained remarkably easy.

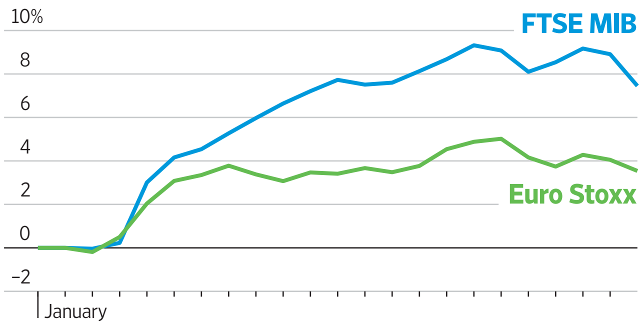
There were plenty of reasons why, including money gushing into the U.S. from overseas, aggressive lending practices and mistaken beliefs about the risks inherent in many financial products.

But the Fed also played a role. Not only was it slow to start raising rates following the mild 2001 recession, but when it did start raising them, it did so exactly a quarter point at each meeting. Investors felt they knew precisely where rates would be at any given time, diminishing perceived risks. Asset prices—particularly those tied to housing—ran unchecked, leading to the financial crisis.

If raising rates doesn't tighten conditions sufficiently, the Fed will raise them more. And after what happened the last time the Fed raised rates but conditions stayed easy, the central bank might decide it needs to make its rate increases a little more jarring.

In Italy, Markets Flash Buy Signal

Index performance in 2018



Source: FactSet

With elections near, stocks and bonds rally as the economy grows. B12

INSIDE

BLOWING THE WHISTLE AT STANFORD

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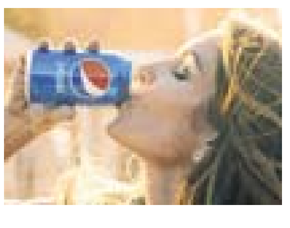

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INDEX TO PEOPLE

BUSINESS & FINANCE

U.S. Probes Supplier to VW

By Aruna Viswanatha And Mike Spector

A supplier for **Volkswagen** AG is in discussions with the U.S. Justice Department to resolve an impending criminal case tied to its alleged participation in the German auto giant's emissions cheating, according to people familiar with the matter, as federal prosecutors maintain pressure on automotive companies for environmental violations.

IAV GmbH, an engineering company based in Berlin, is expected in the coming months to face allegations that it aided Volkswagen in the auto maker's nearly decade-long conspiracy to rig diesel-powered vehicles with illegal software that allowed them to pass U.S. government emissions tests and then pollute far beyond legal limits on the road, the people said.

The supplier, half-owned by Volkswagen and with U.S. operations in Northville, Mich., is currently negotiating a settlement with federal prosecutors and has argued it has limited resources to address any potential financial penalties stemming from the case, they said.

IAV and Volkswagen declined to comment. A Justice Department spokeswoman said in a statement: "While we cannot confirm or deny the existence of an investigation, the Justice Department is committed to holding both corporations and individuals accountable to the rule of law, and to protecting U.S. consumers and the environment."

Volkswagen, which last year pleaded guilty to criminal charges in the emissions fraud, has agreed to pay penalties exceeding $20 billion in the U.S. to settle legal cases with federal prosecutors, regulators, state attorneys general and customers. The total includes a $2.8 billion criminal penalty. Volkswagen's final legal tab in the U.S. will depend on how many customers ultimately accept the auto maker's offers to repurchase tainted vehicles.

Volkswagen earlier this week suspended its chief lobbyist in the wake of revelations the company had conducted experiments on animals and humans to disprove links between diesel fumes and respiratory illnesses.

The negotiations over the criminal case against IAV, the Volkswagen supplier, are the latest in an unprecedented government crackdown on automotive companies for emissions violations that began during the Obama administration and has continued under President Donald Trump. The Trump administration, even while rolling back Obama-era environmental policies and regulations, has taken a hard line on automotive firms accused of deceiving government regulators responsible for policing vehicle emissions.

In January 2017, just before Mr. Trump's inauguration, Volkswagen agreed to plead guilty to engaging in a conspiracy spanning 2006 to 2015

Engineering firm IAV faces allegations it participated in effort to rig emissions tests.

to evade emissions requirements. Volkswagen admitted employees conspired to create software called defeat devices that would trick government emissions tests because the auto maker couldn't design a diesel engine that complied with U.S. environmental regulations while also spurring customer demand.

Eight individuals also have been charged in criminal investigations of Volkswagen. Two pleaded guilty and have been sentenced to prison terms in the U.S., and the rest are believed to be outside the country.

Federal prosecutors and regulators have continued to pursue other automotive firms for alleged emissions transgressions.

The Justice Department sued Fiat Chrysler Automobiles NV in a civil case in May that accused the Italian-U.S. auto maker of using illegal emissions-cheating software, similar to the kind Volkswagen employed.

Fiat Chrysler and Daimler AG's Mercedes-Benz, meanwhile, are both under criminal investigation in the U.S. for alleged emissions violations, as is Robert Bosch GmbH, which provided components Volkswagen used in its emissions cheating, according to people familiar with the matter and court records. No cases against those companies are imminent, the people said.

Both Fiat Chrysler and Daimler have denied using defeat devices, the type of illegal emissions software Volkswagen used. The auto makers declined to comment further.

A Bosch spokeswoman said the supplier takes allegations of manipulating diesel software "very seriously" and is cooperating with investigations and defending itself in civil litigation.

—William Boston contributed to this article.

NFL

Continued from page B1

tion new Fox is headed in, "this deal makes a ton of sense," the executive added.

The Fox network has been struggling in prime time for the past several years, and the addition of Thursday night football will boost its audience and give it a big platform to promote other shows.

Although ratings for Thursday night football were down this past season by 12%, it still averaged nearly 12 million viewers and it usually beats all competing programming. Ratings were also down for the NFL's Monday night and Sunday afternoon packages. Overall, ratings were down for NFL football by almost 10% this season.

However, NFL football still accounted for 33 of the top 50 most-watched shows last year, according to Nielsen and the league.

Mr. Rice cited the NFL's ongoing popularity despite recent rating declines as motivation to expand Fox's relationship with the league. He declined to say whether the deal would be profitable for Fox, but said the company's relationship with the NFL over the past 25 years has allowed it to build its business.

The deal doesn't affect NBC's opening Thursday game, which is part of its Sunday Night Football package.

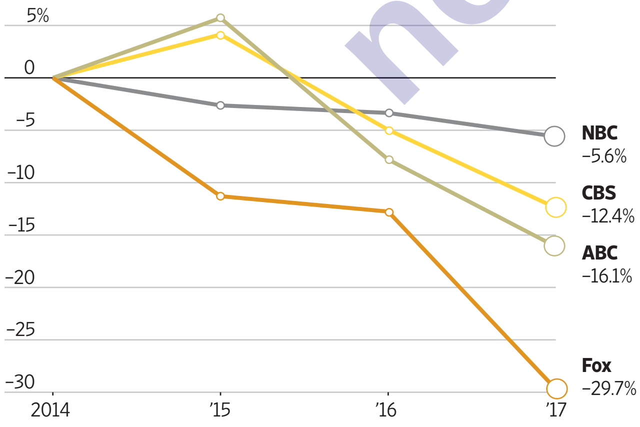
Fox will carry 11 Thursday games starting next season. Those games are simulcast on the NFL's own NFL Network and typically streamed by another platform. This past season, Amazon was the streaming home for Thursday night football in a $50 million deal.

Mr. Goodell said the NFL will work with Fox on determining the next streaming deal, which he said should be completed in the coming weeks.

The NFL Network also has exclusive television rights to seven Thursday games, which will be produced by Fox.

Fewer Viewers

Change in prime-time entertain- ment ratings at broadcast networks since the 2013-14 season.



Note: total viewers, excluding sports. Seasons run from September through May.
Source: Nielsen
THE WALL STREET JOURNAL.

MELISSA GOLDEN FOR THE WALL STREET JOURNAL

Sysco Corp. and US Foods Holding Corp. allege they overpaid for chicken for years due to collusion among major poultry producers.

SUIT

Continued from the prior page

rectly from Tyson, Pilgrim's and Sanderson, along with several other poultry companies, including **Perdue Farms** Inc. The food distributors are seeking monetary damages.

A spokeswoman for Perdue declined to comment. Spokeswomen for Sysco, of Houston, and Illinois-based US Foods declined to comment.

The lawsuits alleged that the chicken companies curbed chicken supplies by coordinating their flocks of breeding birds, with each company keeping tabs on its rivals' activity via an industry information service called Agri Stats Inc.

The service, owned by Eli Lilly and Co., publishes operational information reported by chicken companies, which the service renders anonymous. The food distributors alleged that chicken executives nevertheless were able to glean important details about competitors' supplies and adjust their own accordingly. Representatives for Agri Stats had no immediate comment. An Eli Lilly spokesman declined to comment.

Sysco and US Foods accused the chicken companies of inflating wholesale prices for chicken by manipulating the Georgia Dock index, a benchmark maintained by the Georgia Department of Agriculture and based on price information supplied by chicken companies.

Both food distributors said they relied on that benchmark to price chicken.

The food distributors alleged that chicken companies reported prices that kept the index higher than other measures of chicken pricing, such as one compiled by the USDA.

Throughout 2016, the Georgia Dock index's value for whole chickens averaged about $1.11 a pound, about 32% higher than similar benchmarks such as one maintained by the USDA, which averaged 84.55 cents a pound.

Some chicken company executives have said the discrepancy reflected how the Georgia Dock tracked the grocery-store market for chicken, which typically seeks different types of birds than restaurants. The Georgia Department of Agriculture suspended the index in late 2016, after some poultry companies declined to submit documents attesting to the accuracy of pricing data they supplied to compile the index. A spokeswoman for the department didn't respond to requests for comment.

Chicken company executives at the time denied manipulating the measure, and said it was used to price a generally low percentage of poultry meat sold.

Jeremy Scott, an analyst with Mizuho, wrote in a research note Wednesday that the food distributors' complaints overlook the fact that poultry companies were struggling in 2008 due to rising grain prices, and it was logical for the poultry industry to cut back on production to reduce risk. Mr. Scott said he expects the chicken companies will prevail in the lawsuits.

Tuesday's lawsuits follow earlier complaints filed against U.S. chicken companies by restaurants, regional grocery store chains and consumers, making similar allegations. Pam Bondi, the Florida attorney general, is probing the matter and has sought information from poultry suppliers.

Shares of Tyson fell 3.5% on Wednesday. Pilgrim's shares fell 6.3% and Sanderson's declined 4.1%. The S&P 500 stock index closed slightly higher.

—Heather Haddon contributed to this article.

XEROX

Continued from the prior page

about printing, but it's the printing technology," Xerox Chief Executive Jeff Jacobson said in an interview. "That is the beauty of this."

But Mr. Jacobson faces doubt about whether he is capable of delivering on that future from activist investor Carl Icahn and fellow billionaire Darwin Deason, who together own about 15% of the company. Xerox shareholders must approve the deal.

The two investors harbored concerns Wednesday about the price Fujifilm is paying, according to people familiar with the matter. They also raised concerns over Mr. Jacobson's proposed role as CEO of the new entity after they previously called for him to be fired. The men are evaluating their next steps, the people said.

Mr. Icahn believes at the proposed price, Fujifilm is "stealing" the company, according to some of the people. But the activist has already made $250 million on Xerox in the past two years and believes the company and the deal are better than they would have been without his influence, they said.

Mr. Jacobson defended his track record since he took over a year ago when Xerox split off its business-outsourcing operations. Since the separation, Mr. Jacobson said the company has hit "every number," rolled out new products "flawlessly" and moved faster than expected to curtail costs.

"Me becoming CEO was not my choice," he said. "We worked on what would drive the absolute best value for all shareholders. We brought forth a transaction, and then the boards got together and said, `Who is the best CEO to run this combined company?' "

In combining the joint venture, Fuji Xerox, with Xerox, Fujifilm is trading its 75% ownership of the joint venture for $6.1 billion, which it will then use to buy 50.1% of the new company, to be known as Fuji Xerox.

Xerox holders will get 49.9% of the new firm and a $2.5 billion dividend. Some analysts pegged the value, including the likely boost from the cost cuts, at north of $50 a share for Xerox stock.

Xerox stock jumped 4.8% to close at $34.25 Wednesday. The shares were trading at around $30 before the Journal reported discussions of the deal earlier in January.

Fujifilm already diversified away from its core product—film—and has a successful track record of innovation. Fujifilm Chief Executive Shigetaka Komori, who will become chairman of the new company, said that would create value for investors. "I think shareholders will quiet down," he said of Xerox's activists.

Conversations started soon after Mr. Jacobson took over the joint venture, he and others familiar with the deal said. Xerox executives believed the joint venture was worth $10 billion and wasn't properly understood by investors.

The joint venture has also sometimes complicated Xerox's research and development and product launches, because Asia is the key growth market.

The joint-venture agreement had become a sore spot with Messrs. Deason and Icahn, who complained that it hadn't been disclosed earlier. They remain concerned about its influence in the deal and whether it prevented Xerox from getting a higher price from another bidder, the people said.

—Mayumi Negishi contributed to this article

ALEX KRAUS/BLOOMBERG NEWS

A Robert Bosch factory in Stuttgart. A German prosecutor is investigating two U.S.-based Bosch staffers on suspicion of aiding fraud.

Robert Bosch Workers Face Probe

By William Boston

BERLIN—A German prosecutor opened an investigation into two employees of auto supplier **Robert Bosch** GmbH's U.S. subsidiary on suspicion of aiding and abetting fraud in connection with a probe by the U.S. Environmental Protection Agency into diesel emissions of Chrysler vehicles.

The office of the Stuttgart-based prosecutor on Wednesday said it had jurisdiction over the U.S. employees' activities because of software work that was done in Germany on the engines of the 3-liter Chrysler Grand Cherokee and the Chrysler Dodge Ram 1500, which are the focus of an EPA probe launched a year ago.

The probe is directed against employees of Robert Bosch LLC, which is based in Broadview, Ill. The Stuttgart prosecutors declined to name the individuals or to reveal whether they were American citizens.

"There is probable cause that fraud was committed when the vehicles were brought to the U.S. market," said Jan Holzner, spokesman for the prosecutor's office. "The employees are alleged to have aided these efforts."

The Stuttgart-based company said in an emailed statement it was "supporting the ongoing investigations and has been fully co-operating with the responsible authorities." It declined to comment on the substance of the allegations.

The EPA issued a notice of violation against **Fiat Chrysler Automobiles** NV last year, alleging that the vehicles contained illegal software to manipulate emissions controls. Fiat Chrysler denied the allegations. It faces potential fines of as much as $5 billion.

The EPA alleges the vehicles contained illegal software that allowed them to produce higher emissions without being detected by regulators. Authorities have used fraud charges to prosecute past cases, alleging that manufacturers made false statements about emissions in advertising and on the certification documents of the vehicles.

Bosch provides a wide range of emissions-control equipment for diesel vehicles and is intricately involved with the manufacturers in tuning the engine-control software to regulate emissions.

The new probe is the fourth investigation related to Bosch launched by Stuttgart authorities in connection with alleged manipulation of diesel emissions. The prosecutor is investigating seven Bosch employees in connection with **Volkswagen** AG's emissions-cheating scandal, and has separate investigations against **Daimler** AG and Audi AG, a unit of Volkswagen.

The prosecutor's spokesman wouldn't comment on the other continuing probes.

PayPal Loses Big Part of eBay Business

By Peter Rudegeair

PayPal Holdings Inc. is losing a chunk of the business of one of its biggest sources of customers.

EBay Inc., the marketplace website that owned PayPal until it was spun out as a separate company in 2015, said Wednesday that it would start managing the payments flow of buyers and sellers transacting on its website. **Adyen** BV, a financial-technology startup based in Amsterdam, will take over as eBay's primary payments processor after its agreement with PayPal ends in mid-2020.

"We believe that we can offer a more seamless experience while giving buyers and sellers more choice for payment and payout options," eBay Chief Executive Devin Wenig said on a conference call with analysts.

Shares in PayPal fell 11% in after-market trading, while shares in eBay rose more than 8%.

Despite being apart for more than two years, eBay is still a large, though declining, contributor to PayPal's business. Around 22% of PayPal's 2016 revenue came from customers on eBay's platform, down from 26% in 2015 and 29% in 2014.

PayPal CEO Dan Schulman said on a conference call with analysts that the loss of part of its business with eBay would be "quite manageable" and had been assumed for some time.

"Volume is important to us but so is profitability," said John Rainey, PayPal's finance chief, on the conference call. "Where this was ending up is something that we weren't interested in from a profitability perspective."

The executives added that PayPal's eBay volume was growing slower than its non-eBay volume. They said that trend would get a boost from recently signed agreements for PayPal to be a payment option at large retailers, including **Walt Disney** Co., **Dillard's** Inc. and QVC Inc. for the first time.

22%

Amount of PayPal revenue from eBay customers in 2016

Mr. Schulman added that eBay users will be able to buy and sell goods there with PayPal's digital wallet until 2023 thanks to a new agreement the two companies signed. In an interview, he said that the PayPal-branded checkout option was the majority, and the most profitable, part of its business with eBay.

The announcement that eBay was backing away from its relationship with PayPal overshadowed the payment firm's fourth-quarter results. PayPal said that profit rose 59% despite booking a big charge related to the U.S. tax overhaul. The San Jose, Calif., payments company reported a quarterly profit of $620 million, or 50 cents a share, compared with $390 million, or 32 cents, a year earlier.

—Laura Stevens contributed to this article.

Big Oil Drills Again With Eye on Costs

By Sarah Kent

Big oil companies are returning to ambitious offshore projects that languished during the slump in crude prices, but they are working on tighter budgets as investors urge them to rein in spending.

About 30 major new projects are expected to launch in 2018, more than double the average annual number approved in the global oil industry for 2014 through 2016, according to Wood Mackenzie, the Scottish energy consultancy. They are likely to include multibillion-dollar developments off the coasts of the U.S., Brazil and Nigeria, as well as newer oil frontiers like Guyana.

A similar number of projects got a green light from management in 2017, with a flurry of approvals coming in December, the consultancy said.

The trend marks a turnaround for the oil industry, which spent three years delaying major investment after the steepest oil-price crash in decades. Yet it isn't expected to mark a return to the over-budget megaprojects that characterized the years of $100-a-barrel prices before the downturn began in 2014.

New projects must be able to compete with shale developments in the U.S., whose costs dropped faster than elsewhere in the industry and which have lured many companies with the promise of swift returns.

In a sign of the attraction of high-quality shale acreage, along with business-friendly policies in the U.S., **Exxon Mobil** Corp. said Monday it plans to spend $50 billion to expand its U.S. business over the next five years.

Some other oil companies remain more circumspect about their spending on exploration and production.

"We're not going to go out and commit billions of dollars," Bernard Looney, head of exploration and production at **BP PLC**, said in an interview. The industry's focus going forward "is about discipline," he said.

France's **Total** SA and its partners are moving ahead on a 150,000 barrel-a-day project off the coast of Brazil this year—but only after determining that they could develop the field at a cost of less than $20 a barrel. It is the first stage in a giant oil field expected to eventually pump over 600,000 barrels a day—about as much as produced by OPEC members such as Qatar and Ecuador.

Royal Dutch Shell PLC in January launched a modest redevelopment project in the British North Sea and is expected to approve several other offshore oil developments this year in the Gulf of Mexico, Brazil and Nigeria. The company says its average cost of production for new projects nearing approval is now just $30 a barrel.

In Norway, **Statoil** ASA said it would move ahead with the long-delayed Johan Castberg offshore project after cutting the oil price needed for the project to break even to under $35 a barrel from over $80.

The new projects gaining approval differ logistically from the multibillion-dollar behemoths that sucked the industry into a profit-draining cycle. This time, oil companies are largely focused on projects they can do in more-affordable bite-size phases or that link back to existing infrastructure.

Exxon pulled the trigger on a 120,000 barrel-a-day project off the coast of Guyana in June on the basis of developing the oil field in stages. The first phase is expected to cost just over $4.4 billion; a larger second phase of development is expected to gain approval this year, according to Jefferies.

Some projects are getting approval only because of months or years of cost cutting. Companies have redesigned projects using a simpler, cheaper model that favors a boiler-plate approach using standardized equipment.

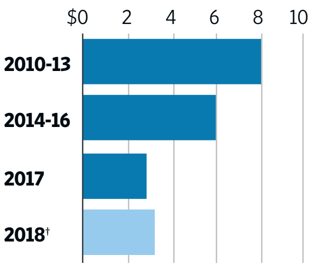
According to Macquarie, the break-even price for projects the big oil companies are close to green-lighting has fallen around 15% in the past 18 months alone, suggesting companies are confident enough to launch them soon.

The rise in oil prices in recent months could provide further impetus. Brent crude, the international price benchmark, has hovered near $70 a barrel this year—up more than 40% from the middle of 2017.

Investing Again

The oil industry is returning to major offshore projects, but with spending in check.

Average capital spending per major project, in billions*



*Projects with more than 50 million barrels of commercial reserves. †Estimate.

Source: Wood Mackenzie

THE WALL STREET JOURNAL.

AT&T Records Profit Amid Tax-Code Gain

By Drew FitzGerald

AT&T Inc. booked a $20 billion gain from the federal tax overhaul and said it expects to keep an extra $3 billion in cash this year from the lower rate, a windfall the company plans to spend on enhancing its network.

The corporate-tax overhaul, a long-held goal for Chief Executive Randall Stephenson, helped AT&T book a $19 billion profit in the fourth quarter, though its revenue slipped 0.4%.

The wireless business surprised analysts by gaining 329,000 postpaid phone customers in the latest quarter, adding to AT&T's most valuable demographic after years of declines. The company ended the year with 141.6 million domestic wireless subscribers as it also added more customers on prepaid plans.

The satellite-television business lost 147,000 subscribers during the fourth quarter, while the U-verse fiber-optic service lost 60,000 video customers. But the company's streaming video service, DirecTV Now, netted 368,000 new customers.

The company's performance has been overshadowed by its fight with U.S. antitrust regulators to acquire **Time Warner** Inc. and its stable of entertainment properties, including CNN, HBO and Warner Bros. A trial is set to start March 19 and Mr. Stephenson said Wednesday that "we remain very confident that we'll complete this merger."

The No. 2 U.S. wireless carrier by subscribers has struggled with a shrinking revenue base as low-cost competitors lure away customers. Conditions are no better in its landline business, while the DirecTV division struggles with cost-conscious TV viewers opting to cut the cord.

Overall, AT&T posted a $19.04 billion fourth-quarter profit, worth $3.08 a share, largely thanks to the one-time gain from lowering its long-term tax liability. Adjusted earnings per share totaled 78 cents, above the 66 cents in the year-earlier period.

Revenue fell to $41.7 billion from $41.84 billion.

The Dallas company already said it would spend an additional $1 billion on capital spending as it maintains and enhances its network of telephone lines, wireless radio equipment and other infrastructure. That will push capital expenditures up to $23 billion in 2018, excluding federal-government reimbursements.

Tax Overhaul Gives Boeing a Big Boost

By Doug Cameron

Boeing Co. said it boosted capital spending plans in the wake of the U.S. tax overhaul, and will invest some of the windfall in productivity gains that are generating record profits and cash flow.

The world's largest aerospace company by sales said gains from a big drop in its effective tax rate to 16% would be invested in product development, workforce training and factories as Boeing works through a huge backlog of commercial jetliner orders and targets higher world-wide military spending.

Boeing is one of the biggest corporate beneficiaries of the new tax regime, which it said was crucial to remaining competitive against rival **Airbus** SE and emerging players in a jetliner market buoyed by airline passenger growth.

"We will be ramping up investment in innovation as a result of the tax reform," Chief Executive Dennis Muilenburg told reporters after Boeing delivered forecast-beating quarterly profits and an upbeat outlook for 2018 and beyond.

Boeing Chief Financial Officer Greg Smith said capital spending was returning to "a more normalized level" of $2.2 billion this year. He said spending would have been lower without the new tax rules. Boeing has avoided previous production missteps as it developed jetliners such as the 737 Max and 777X, boosting profits after investing in new automation and working practices, and pressuring suppliers for better terms. It has also cut thousands of staff, though Mr. Muilenburg said numbers had now "plateaued."

TORU HANAI/REUTERS

The aerospace company's effective tax rate is falling to 16%. Production of 737 and 787 jets will rise.

The company has plowed most of its free cash flow into stock buybacks and higher dividends, helping its shares more than double over the past year. The stock rose 4.9% on Wednesday.

Operating cash is expected to climb to $15 billion this year from $13.3 billion. Boeing and Airbus have backlogs stretching ahead for seven years, and investors are increasingly focused on deliveries and cash flow rather than new plane deals.

The company handily beat forecasts for key financial metrics on Wednesday, forecasting that sales will climb to between $96 billion and $98 billion this year while deliveries of commercial jetliners will rise to between 810 and 815. Boeing delivered 763 jetliners in 2017 and secured net orders for 912 planes.

Boeing plans to boost production of the 737 and the 787 jets again and this year is expected to decide whether to press ahead with developing a new midsize plane. Profit in the fourth quarter rose $3.13 billion from $1.6 billion a year earlier. Sales rose 9% to $25.4 billion.

◆ Heard on the Street: Boeing flies high, but how high?... B13

Growing Cloud Helps Power Microsoft

Company carves spot behind No. 1 Amazon; tax overhaul exacts a toll of $13.8 billion

By Jay Greene

Microsoft Corp. took a $13.8 billion charge related to the new U.S. tax law but reported significant growth in its cloud operations, the business fueling the company's resurgence.

Microsoft keeps overseas the vast majority of its cash, which rose to $142.8 billion in the quarter. In an interview, Chief Financial Officer Amy Hood declined to say when the company might bring home some of that money.

Ms. Hood said Microsoft has been "one of the leading returners of capital to shareholders" in recent years, using debt to finance much of that. She said the cash would mitigate the need to turn to debt markets to pay for stock repurchases.

Microsoft already has carved a spot for itself as the No. 2 company behind **Amazon.com** Inc. in renting computing power and storage over the web. For its fiscal second quarter, the company reported strong gains in the two biggest pieces of its cloud-computing business: its Azure infrastructure services and Office 365 online-productivity business.

Though Microsoft doesn't disclose revenue for those businesses, it said Azure jumped 98% and Office 365 grew 41%. In the previous quarter, Azure gained 90% and Office 365 grew 42%.

Its Intelligent Cloud segment, which includes Azure, climbed 15% to $7.8 billion. Its Productivity and Business Processes segment, which includes Office, gained 25% to $8.95 billion.

Overall, Microsoft posted a loss of $6.3 billion, or 82 cents a share, compared with a profit of $6.27 billion, or 80 cents a share, a year earlier. Revenue grew 12% to $28.92 billion.

Excluding the impact of the tax law, Microsoft reported a profit of $7.5 billion, or 96 cents a share.

Analysts surveyed by S&P Global Market Intelligence expected Microsoft to report per-share earnings of 86 cents on revenue of $28.41 billion.

Shares, which have climbed nearly 50% in the past year to set records, fell a penny to $95 in after-hours trading.

The company's adjusted tax rate, which doesn't count the big charge, was 18%, up slightly from a year ago. Looking ahead, Ms. Hood said it expects a 16% tax rate for the second half of the fiscal year, plus or minus 2 percentage points.

For fiscal 2019, the company expects the tax rate to be slightly below the new U.S. corporate rate of 21%.

In a conference call with Wall Street analysts, Chief Executive Satya Nadella said investments in security technology helped Microsoft quickly address the recent threats from the Spectre and Meltdown processor vulnerabilities.

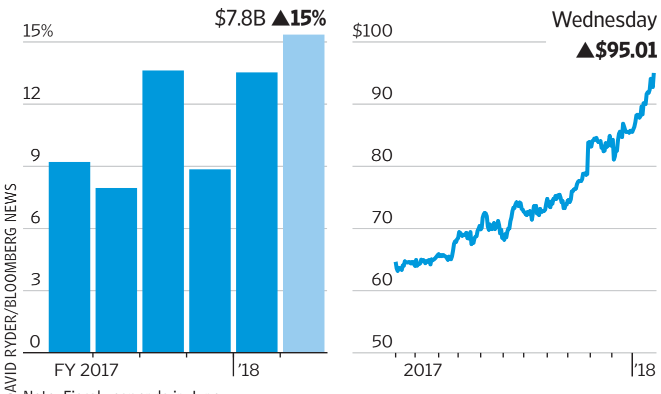
"Our investments to make Windows 10 the most secure, always up-to-date operating system enabled us to move quickly to protect customers in the face of these threats," Mr. Nadella said.

DAVID RYDER/BLOOMBERG NEWS

The main campus in Redmond, Wash. Microsoft's Azure and Office 365 lines enjoyed strong gains.

In the Clouds

Shares of Microsoft have soared in the past year, partly because of success in the company's cloud business.



Note: Fiscal year ends in June

Sources: the company; FactSet (shares)

THE WALL STREET JOURNAL.

Nuclear-Power Megamerger Fuels China's Ambitions Abroad

LIN SHANCHUAN/XINHUA/ZUMA PRESS

Workers installing equipment at a nuclear plant in China's Fujian province. Two companies with combined assets of $100 billion will merge.

China is putting two of its largest nuclear-power companies back together as it seeks to bolster its state-owned enterprises and create a corporate powerhouse that can better compete for contracts in other countries.

The country's state-asset regulator said Wednesday it approved the merger of **China National Nuclear** Corp., which develops and produces nuclear power, and **China Nuclear Engineering & Construction** Group, which builds nuclear-power plants. The megamerger would create a company with combined assets of about $100 billion and a workforce of more than 140,000 people.

The merger has been in the works since at least March 2017, when the publicly listed units of both companies each said their parents were planning to restructure. The two companies split up in a previous round of government-sponsored restructuring in 1999.

Beijing has been systematically combining and strengthening its state-owned enterprises over the past two years to boost their market power and efficiency. China's two largest steelmakers merged in 2016, while its top coal miner and one of its biggest power producers combined less than a year later.

By merging the two companies, Beijing hopes vertical integration can reduce costs and make its nuclear giant more competitive, especially overseas, where it hopes to follow in the footsteps of other Chinese firms' success abroad in winning contracts for rail and power-grid construction and operation.

But some analysts say there are fewer big markets for nuclear power because of safety concerns, and that most demand comes from developing countries with more financial and political risk.

—Wayne Ma

Qualcomm Expands Samsung Deal but Swings to Deep Loss

By Austen Hufford

Qualcomm Inc. entered into an expanded deal with one of its biggest customers and beat revenue estimates in its latest quarter even as it swung to a deep loss.

Qualcomm on Wednesday said it had reached a multiyear deal with **Samsung Electronics** Co. that covers various areas including mobile devices. The deal, which extends through the use of the next-generation of wireless internet, known as 5G, provides some stability to Qualcomm, which is in a patent dispute with its other big customer, **Apple** Inc. Samsung and Apple were each responsible for more than 10% of Qualcomm revenue in its last fiscal year.

In its fiscal first quarter, Qualcomm took a $6 billion charge related to the new U.S. tax law and a $1.2 billion charge for a fine imposed by the European Commission, which claimed that payments made to Apple to entice it to exclusively use Qualcomm chips were anticompetitive.

The company posted a loss of $5.95 billion, or $4.03 a share, compared with a profit of $682 million, or 46 cents a share, in the same period a year earlier. On an adjusted basis, which takes out the charges, the company brought in 98 cents a share, above the 91 cents that analysts polled by Thomson Reuters had expected.

The company's shares fell 0.5% in after-hours trading.

The chip maker, facing a hostile takeover bid by **Broadcom** Ltd. and continuing attacks on its business model from customers and regulators, told investors in a recent presentation that it could boost profit by fiscal 2019.

Qualcomm also said its proposed deal to buy **NXP Semiconductors** NV for $39 billion should close in early 2018. The companies originally announced the deal in October 2016.

Chip maker's revenue rises to $6.07 billion, beating expectations, but charges take a toll.

In all, revenue rose 1.2% to $6.07 billion, above Wall Street estimates of $5.93 billion. For its current quarter, Qualcomm expects revenue of $4.8 billion to $5.6 billion and adjusted earnings per share of 65 cents to 75 cents.

Analysts had expected revenue for the second quarter would be $5.58 billion and adjusted earnings per share of 85 cents.

Instagram Is Becoming More Like Facebook—and That's Bad

By Katherine Bindley

I use **Facebook**, but I often say my real self is on Instagram.

On Facebook, I share major life changes and links to articles I've written. But that long emotional post from the refugee camp in Greece where I volunteered? Or the picture where I'm dressed up as the late Chicago Cubs announcer Harry Caray for Halloween? Instagram all the way.

Facebook Inc. has owned Instagram since 2012, but until recently the social network and the photo-sharing app have felt like distinct experiences. Instagram was a haven from Facebook's annoying ads, creepy friend suggestions and viral clickbait.

So it's a little surprising that recent Instagram updates make the app feel much more like its big brother. Sure, when Instagram took a page from Facebook's playbook in the past, it paid off: Switching from a chronological feed to an algorithm increased engagement.

And Instagram's user base continues to grow. Monthly active users doubled to 800 million from February to September last year; the app had 500 million daily active users as of September.

But lately even Facebook has acknowledged the distinction between a habitual user and a happy user. The latest updates may get people into Instagram more frequently, or for a longer time, but there's little to enjoy about them. Here's why I'm falling out of love with one of my favorite apps.

Not Recommended

Part of what made Instagram great was that your main feed was a stream of things you wanted to see: pictures and videos from friends and accounts whose posts you enjoy. The Facebook-type noise—stuff your friends had commented on, public chatter—remained in other tabs that you could click to if you felt like it.

Starting in December, though, Instagram has been putting posts from people you don't follow right into your feed, under a "Recommended for you" banner.

EMILY PRAPIOLENIS/THE WALL STREET JOURNAL

Until recently, Instagram, left, and Facebook were distinctly different.

They are sandwiched between new and previously viewed posts on your feed. If you tap the three dots to the right of the banner, you can temporarily hide recommended posts, but you can't opt out entirely. An Instagram spokeswoman said the feature "makes it easier to find relevant, high-quality content and accounts you wouldn't normally see but might enjoy."

Research has shown that when we see Facebook content from people we don't know, it can fuel the feeling that others live better lives. And Facebook CEO Mark Zuckerberg recently told investors he wants the company "to encourage meaningful social interactions." Instagram's recommended posts are the opposite of meaningful.

Post, Post Ad

I can now make it through three new posts on Instagram before seeing an ad. After that, I get one every six to eight posts.

Instagram's spokeswoman confirmed ad load is up: "We've been able to do this by improving the quality and the relevance of the ads."

But the ad load feels *way* up. Social-advertising firm Brand Networks says clients delivered 17 times as many ad impressions on Instagram in 2017 as in 2016, and it expects Instagram impressions to grow by 25% in the first quarter of 2018 compared with the previous quarter. Instagram may be free, but you're paying for it with your constantly interrupted attention.

You Don't Want to Know

Facebook's "People you may know" feature, which suggests whom you might want to friend, is known for being creepy.

Instagram shares information with Facebook, and it turns out its follow suggestions are just as creepy.

How creepy? I created a fresh Instagram account with my work email and didn't sync it to Facebook. Still, 78 out of 100 recommendations were my Facebook friends.

You can get linked to people—even borderline strangers—who saved your email or phone number and synced their contacts to Facebook, which they've linked to their Instagram. One of my suggested friends was an apartment broker I'd emailed through Craigslist...in 2009.

Even when you don't upload your contacts directly to Instagram, the network uses information—or "signals," as Instagram calls them—from Facebook, which might include contacts or other tangential information.

No to Notifications

Did you know that Instagram has 17 categories of notifications, including ones about which Facebook friends use Instagram. If you don't want to be bugged constantly about adding them, you can turn this off. Just remember: This won't stop Instagram from telling your Facebook friends that you use the app.

WORKAROUND

Valvoline Sets Clear Path Up The Ladder

For all the millions that companies invest to groom employees for leadership roles, most managers still struggle to figure out who deserves a promotion.

One company that has cracked the career-mobility code is automotive-maintenance provider **Valvoline** Inc., which hires about 3,500 people each year to be car mechanics.

Within 60 days, new hires learn to perform an oil change, rotate a car's tires and greet customers. They are expected to elevate to the role of senior technician 120 days later. Senior technicians can rise to store manager or further on to market manager, responsible for 25 or more stores.

"We promote people by looking at how well they develop the people coming up behind them, because that shows leadership," said Jamie Hinely, Valvoline's director of learning solutions.

Employees who started as technicians now manage nearly all 440 company-owned service centers, and occupy all but one of the 84 regional manager roles.

Valvoline's system of elevating workers is rare. In a new global study by human-resources consultancy Development Dimensions International, the Conference Board and accounting firm Ernst & Young LLP, more than 28,000 employees from 2,500 organizations paint a bleak picture of career development.

Survey respondents said they would be able to immediately fill an average of 43% of critical leadership positions with people already working for the firm, and nearly two-thirds of human-resources professionals said their succession-planning process isn't working well.

—*Kelsey Gee*

Stanford's Aid Whistleblower

M.B.A. student's analysis found inequities in financial assistance, leading school to make changes

By Kelsey Gee

BUSINESS EDUCATION

Sitting at the center of a controversy over how one of the world's top business schools doles out financial aid, 26-year-old Adam Allcock considers himself an unlikely whistleblower.

Last fall, the second-year student at the Stanford Graduate School of Business presented the school's dean with a 378-page analysis of nearly a decade of scholarship decisions. It said the school's methods for awarding financial aid favored women and domestic students at the expense of men and foreigners.

Mr. Allcock's report, which he says he never intended to make public, led to an outside review of the school's practices and changes to the way a new class of Stanford M.B.A.s will receive financial aid. It also sparked a broader conversation about how schools distribute financial assistance to a diverse pool of young professionals when many debt-saddled students are sensitive to the degree's six-figure price tag.

The former bitcoin-industry consultant from the U.K. says strangers have recognized him around Palo Alto, Calif. "It's weird having a reputation," he says.

For years, Stanford's business program said on its website and in communications with applicants that financial assistance was determined solely by a student's calculated financial need and that it didn't give merit scholarships.

That policy came under scrutiny last year when Mr. Allcock discovered eight years of financial data, which included students' income and assets, left in a shared storage drive. Mr. Allcock said he was already curious why he seemed more cost-conscious than many classmates.


JAMES TENSUAN FOR THE WALL STREET JOURNAL

Adam Allcock, a former bitcoin-industry consultant from the U.K., says financial-aid decisions favored women and domestic students.

His statistical analysis found that on average, women received more aid than men, and domestic students were offered more assistance than international ones, even if the students had nearly identical financial situations. "This should not be possible," Mr. Allcock recalls thinking.

When Mr. Allcock presented his findings to Dean Jonathan Levin and Assistant Dean of Admissions Kirsten Moss in late October, the scheduled 30-minute meeting stretched past two hours. Mr. Levin expressed concern about the exposed data and asked questions about the report's methodology, Mr. Allcock says.

The three met again several weeks later, as the administrators prepared to inform students and staff about the data-security issue and Mr. Allcock's report on the financial-aid process.

Mr. Levin declined to comment on his meetings with Mr. Allcock, but said the school took action, "as soon as the student brought the financial-aid and data-security issues to my attention."

In a campuswide email on Nov. 17, Mr. Levin said that financial aid is determined by the difference between the degree's cost and what a student can afford to pay. However, "the school has offered additional fellowship awards to candidates whose biographies make them particularly compelling and competitive in trying to attract a diverse class," he added. Stanford's "communications over the years have explained the base level award process, but have not discussed the incremental fellowship awards."

Mr. Allcock says he felt part of Mr. Levin's email mischaracterized his role as adversarial, rather than as that of a partner. "We all just invested $250,000 in a degree which requires Stanford to maintain a strong reputation, so it's in everyone's best interest to get this right," he says.

Kristin Harlan, a school spokeswoman, said Mr. Allcock "raised an issue that the school felt was important to share."

School administrators tend to guard closely the flexibility of financial-aid packages, though some acknowledge they leave wiggle room to boost awards. And because students typically attend business school after four or five years of work experience, differences in financial footing related to factors such as family wealth are amplified by an individual's career choices.

Ms. Harlan said the average annual salary for students entering Stanford's M.B.A. program ranges from $80,000 to $90,000. But students say it isn't uncommon for some classmates to have earned half of that range, or twice as much.

Stanford has doubled its annual M.B.A. scholarship awards over the past decade, according to Ms. Harlan, who declined to share the amount. Last year, over half of the incoming class of 418 students received financial assistance from the school, with an average award of about $35,000 a year.

Assistant dean Moss said last week in an email to students that Stanford had commissioned an external review of its financial-aid process, and that it would create a full-time position for an officer to oversee future changes to its policies.

Members of the M.B.A. class of 2020 will be awarded assistance "solely on the basis of financial need," she said.


MIKE KANE/BLOOMBERG NEWS

The tech giant will add up to 50,000 jobs in the city picked as a second home. Employers are nervous.

Amazon Hiring Stirs Unease

By Lauren Weber And Laura Stevens

Amazon.com Inc. plans to hire thousands of people in the area it picks as a second home from a shortlist of 20 locations. That is worrying other companies because it could become more difficult to attract talent if the behemoth moves into their backyard.

Amazon has said it expects to create as many as 50,000 jobs paying an average of $100,000 at its new site. Supplying that many employees is likely to result in greater competition for workers and wage increases at a time when unemployment already stands at a low 4.1% nationally, some economists say.

"We're nervous," said Steven Kosakow, director of talent acquisition at **Lionbridge**, a Boston-based company that helps firms with translation and globalization services. Lionbridge is building out its sales team, and recruiters there worry that hiring salespeople will become nearly impossible if Amazon moves in. Boston is among the cities on the shortlist.

Employers are concerned in part because there is little known about Amazon's hiring plans. Amazon is already known for poaching talent from companies, including **United Parcel Service** Inc. and **General Electric** Co., and that would become even easier if the tech giant were also located in the neighborhood. GE is building its new headquarters in Boston. UPS is based in Atlanta, which is also on Amazon's shortlist.

Some executives at companies in the Atlanta area, including UPS and **Home Depot** Inc., are voicing concerns about the impact on the local job market, according to people familiar with the matter.

A UPS spokesman said the company isn't throwing its support behind any specific city where it operates because of its wide reach as a company.

The creation of so many jobs is likely to fuel competition for workers, higher wages.

Where it competes for workers, "we are committed to being a preferred employer," he said. A Home Depot spokesman said the company is primarily concerned about whether Amazon will receive higher tax incentives than the norm.

Audrey Russo, president and CEO of the Pittsburgh Technology Council, which helped formulate the city's proposal and represents about 1,200 employers, said many of her group's members simply want more details at this point, including what kinds of workers Amazon will want.

In Seattle, where Amazon has expanded its original headquarters to more than 40,000 people from just a few thousand a decade ago, its presence there has been both positive and negative. Labor competition has intensified and living costs have risen, but local tech employers have benefited from the online retail juggernaut's being there.

The city, also home to **Microsoft** Corp., has seen a boom in startups, many led by former Amazon employees. Tech giants, including **Alphabet** Inc.'s Google and **Apple** Inc., have also set up big offices in the area.

"I think we have a very competitive job market in Seattle, in part because of Amazon," said Tom Alberg, managing director of venture-capital firm Madrona Venture Group and an Amazon board member. Amazon has created jobs, with new opportunities for people to move to the area and become better educated, "so we're actually producing more people to fill these jobs," he said.

Amazon's impact on local labor markets could be a net positive if its arrival draws workers from other areas and expands the overall pool of educated, ambitious workers, said Mark Muro, senior fellow in the Metropolitan Policy Program at the Brookings Institution. "A regional ecosystem becoming more dense with added talent can bring significant returns."

Wynn Casino Project Is Put at Risk

Allegations against CEO could prompt Massachusetts to pull firm's gambling license

Sexual-misconduct allegations against Steve Wynn are threatening to derail **Wynn Resorts** Ltd.'s lucrative casino project in Massachusetts as regulators revisit a contentious debate on the company's license to operate in the state.

By Susan Pulliam, Jon Kamp and Chris Kirkham

At a Wednesday meeting, Massachusetts gambling commissioners expressed serious concerns about allegations against Mr. Wynn, including a $7.5 million settlement paid in 2005 to a manicurist who told people at the time that Mr. Wynn forced her to have sex with him. State gambling commissioners can revoke the Wynn license if they determine the allegations make Mr. Wynn not "suitable" as a casino operator.

BRIAN SNYDER/REUTERS

Construction of the $2.4 billion Wynn Resort and Casino in the Boston suburb of Everett, Mass. The project is to open next year.

"The stakes are enormous and many lives are involved," said Stephen Crosby, commission chairman.

The Wall Street Journal on Friday detailed the settlement payment as well as allegations of a pattern of alleged sexual misconduct described by dozens of people who have worked for Mr. Wynn. Mr. Wynn, chairman and chief executive of Wynn Resorts, said it was "preposterous" that he would assault a woman. He didn't provide further response to other allegations of sexual misconduct that the Journal inquired about before publishing last week's article.

"We will be looking at how the company, from the board on down, handles the allegations," said Karen Wells, who directs the investigations and enforcement bureau at the state gambling commission.

She said allegations in the settlement agreement weren't disclosed before the commission granted Wynn a license in September 2014 or at any point before The Wall Street Journal report.

"This was a private agreement and steps were taken to keep it from the public domain," Ms. Wells said. The circumstances around the settlement and the decision not to disclose it to investigators are a "critical element" of the probe, she said.

A spokesman for Wynn Resorts said: "The application process did not ask for disclosure of that type of information; it was a personal settlement and was not a matter of litigation."

Wynn Resorts' stock fell 3.4% Wednesday to $165.59 and now is down about 17% since the Journal article on Friday.

The review of the Wynn license adds fresh controversy to the $2.4 billion project, which faced legal and environmental challenges and a bidding process that led to multiple lawsuits from rival bidders against the state gambling commission, one of which is pending.

It is also the second state review Wynn Resorts faces, after Nevada gambling regulators on Tuesday opened an investigation into the sexual-misconduct allegations.

Ms. Wells said the allegations against Mr. Wynn "clearly warrant intense review" and it would encompass Mr. Wynn, his company and other individuals involved in the licensing review. She said she didn't know how long the probe would take but understood its urgency.

Much is at stake for Mr. Wynn and his company. The project, scheduled to open in 2019, is expected to generate $252 million in earnings before interest, taxes, depreciation and amortization for Wynn Resorts in 2020, according to JPMorgan estimates.

Separately, the University of Iowa said it would remove Mr. Wynn's name from its Institute for Vision Research following the Journal's report on the sexual-misconduct allegations.

"The University of Iowa is committed to ending sexual violence and sexual misconduct and ensuring survivors know they are believed, supported, and assisted. It is incongruous with the university's values to maintain the Wynn name on our program and building," University of Iowa President Bruce Harreld said Wednesday.

The university named the facility the Stephen A. Wynn Institute for Vision Research in 2013 after the casino mogul committed $25 million toward research to cure hereditary blindness. A representative for Mr. Wynn didn't immediately return a request for comment on the university's decision and whether he will still donate the remaining $5 million.

—Kate O'Keeffe contributed to this article.

German Media Firm Seeks to Shed Unit

By Zeke Turner

BERLIN—German media giant **Bertelsmann** SE said it is seeking to unload one of its largest businesses in a full or partial sale.

The customer-relations management business, which runs call centers and handles customer services for clients that include **Facebook** Inc., employs about 36,000 people, or about 22% of Bertelsmann's total workforce. The business has struggled to grow because of high startup costs and a drop-off in key accounts, according to Bertelsmann Chief Executive Thomas Rabe.

Mr. Rabe said that the company will continue to manage the French-speaking parts of the business, which employ 12,000 people and are already run with a strategic partner. The for-sale part of the unit has about €1 billion ($1.24 billion) in annual revenue, according to a company spokesman, or about 5% of Bertelsmann's total revenue.

Bertelsmann competes with **News Corp**, which owns book publisher HarperCollins, as well as Dow Jones & Co., the publisher of The Wall Street Journal.

Lately Bertelsmann has been focused on boosting its footprint in the U.S. and investing in high-growth businesses to reach a target Mr. Rabe has set of €20 billion in annual revenues.

The company earlier this year also increased its stake to 75% in Penguin Random House, the world's biggest publisher.

Brands Wary of Super Bowl Fumbles

By Suzanne Vranica

In early August, creative teams from several advertising agencies gathered at **Procter & Gamble**'s headquarters in Cincinnati to take part in Madison Avenue's version of the reality show "Shark Tank."

PEPSI/ASSOCIATED PRESS

Actress Cindy Crawford in an ad for Pepsi set to air during the Super Bowl this coming Sunday.

The teams, representing brands in P&G's home-care division, were given 30 minutes to pitch top executives on their ideas for ads to air Feb. 4 during the Super Bowl.

The winner: Febreze air freshener, which put forth an ad that features Dave, an unassuming character whose "bleep don't stink."

Marketers engage in an increasingly elaborate process to craft Super Bowl ads, in the hopes that scoring on television's biggest stage can help them define a brand, launch a new product or revive sales. It can be a monthslong endeavor involving numerous pitches and script ideas, storyboarding, online focus groups, internal reviews by corporate officials and promotions for the ad itself. All the while, brands try to avoid creative fumbles, such as jokes that go too far or political references that don't go over well.

Companies eventually pay big bucks to the Super Bowl broadcast network: upward of $5 million for 30 seconds to NBC this year. And that is on top of production costs that can range from $1 million for simpler ads to more than $5 million for more sophisticated spots with exotic filming locations or celebrities.

"It's a pressure cooker," said Guerin McClure, associate brand director for Febreze. "You have got to be memorable, you have to be witty, you have to say something that will actually move the business but you have to do it in a way that is not crass," he added.

The Super Bowl, which draws more than 100 million viewers, has been a showcase for memorable and buzzy ads for decades. But the stakes are rising for Madison Avenue because the NFL's title game is a rare opportunity to blast out a message to a single, captive audience increasingly fragmented across myriad cable channels and streaming services.

"Super Bowl is one of the last remaining mass media vehicles," said Hal Curtis, a creative director at **Wieden + Kennedy**. "Media is so fractured now."

In 2017, advertisers paid an estimated $419 million for in-game ad time, according to Kantar Media, an ad-tracking firm owned by **WPP** PLC. Most brands see a big payoff in sales and free press. P&G said it enjoyed its highest week of sales for the Febreze products it featured last year in its Super Bowl ad. Auto maker **Kia** said its spot last year, which featured its Niro crossover and actress Melissa McCarthy, generated more than 5,000 news stories, an increase in website traffic and brisk sales.

In 1999, **Monster Worldwide** Inc. ran a spot that featured children talking about what they wanted to be when they grew up, which helped the company establish itself in the crowded online job-posting industry.

Even so, ad executives say the societal fissures laid bare in the 2016 U.S. presidential election and its aftermath have made it more difficult to gauge which ads will prompt a backlash.

Social media amplifies controversies quickly, with the potential to turn them into crises for brands.

"It's more risky now that it ever was before. Thank you, [President Donald] Trump," said Dean Evans, the chief marketing officer for Hyundai Motor America.

Hyundai was planning an ad for this year's Super Bowl that promoted women's empowerment. It featured a wife working as an astronaut on the international space station helping her husband unlock the car using Hyundai's Blue Link app.

The car maker decided to change course, partly because of the criticism **Audi** received last year over a Super Bowl spot that promoted gender pay equality, Mr. Evans said. Another factor was the ad didn't score as strong with men in an online focus group of 500 people.

Ad executives say recent events make it harder to gauge what will spark a backlash.

Hyundai now plans to run an ad to highlight a program it has to fight pediatric cancer. It scored well with men and women.

Several months ago, **PepsiCo** put its two Super Bowl spots through two additional layers of ad testing, in part to make sure its commercials wouldn't strike the wrong note.

One test involved using Twitter Insiders, a research tool that allowed the beverage and snack giant to show its ad to roughly 5,000 people who agreed to participate using a private Twitter platform. The other involved internal executives reviewing ads.

"We don't want to generate a conversation we didn't intend to start," said Greg Lyons, chief marketing officer of PepsiCo's North America Beverage division.

The two procedures were added last year after an ad starring celebrity Kendall Jenner upset many viewers, who felt it trivialized the Black Lives Matter movement. Pepsi pulled the ad.

Some brands find an upside to controversy. Last year, building-supply company **84 Lumber** Co.'s ad featuring a wall on the U.S. border sparked a backlash and boycott calls from some supporters of Mr. Trump. The company said the ad helped drive recruitment and increased awareness of its brand 25%, as measured by consumer surveys.

Even ads meant to be silly could land a brand in trouble. Creative executives at Grey New York, the agency that devised Febreze's Super Bowl ad, had their work cut out for them. "We set out to create the "cleanest poop joke of all time," said Jeff Stamp, Grey's deputy chief creative officer.

The story they settled on is meant to convey that people need Febreze for their bathroom, because the people at their Super Bowl parties aren't like Dave.

One scene left on the cutting room floor showed Dave and his buddies pulling a prank by leaving a flaming bag of poop on a neighbor's doorstep. (The prank failed because Dave's bleep doesn't stink.)

The agency also debated using the familiar bleeping censor sound instead of the actual word "bleep," but said it chose not to because it believed that NBC, which is airing the Super Bowl and reviews all the ads, might reject the idea.

BUSINESS NEWS

Newell Rebuffs Bid to Seize Control

BY SHARON TERLEP

One of the architects of the deal that created **Newell Brands** Inc., unhappy about how the sprawling collection of consumer brands has been run, made an unsuccessful attempt to wrest control of the board, according to people familiar with the matter.

Martin Franklin, a director at Newell since 2016 when it acquired **Jarden** Corp., recently asked to be named chairman and wanted the board to have more say over Newell's operations, the people said. Mr. Franklin, a co-founder of Jarden, said he believed Newell Chief Executive Mike Polk made some critical missteps in integrating the two companies following the $19 billion deal, the people said.

Rebuffed by Newell's management and board, Mr. Franklin resigned Jan. 25 along with two other directors: Ian Ashken, a former Jarden executive, and Domenico De Sole, a former Gucci CEO.

Newell announced the board members' departure while disclosing plans to shed brands like Rawlings baseball gloves and Bicycle playing cards and to reduce its factory and warehouse footprint by half.

The rift with Mr. Franklin puts Newell, whose other brands include Sharpie markers, Elmer's glue and Rubbermaid containers, into conflict with an influential former insider and shareholder. Mr. Franklin owns Newell shares valued at some $50 million, or about 0.4% of the company, according to financial data site Capital IQ.

Mr. Franklin built Jarden by scooping up brands like Rawlings, Mr. Coffee and outdoor-gear and clothing maker Marmot over a decade before stepping aside as CEO in 2011.

A Newell spokesman declined to discuss the situation, saying board deliberations are private.

$50M

Value of Newell shares owned by former director Martin Franklin

Michael Cowhig, Newell chairman since 2010, said in a news release it was a natural time for the board to "evolve" given that the company is more than a year past the Jarden acquisition.

Mr. Franklin and Mr. Ashken, along with other former Jarden executives, started an acquisition vehicle called J2 Acquisition Ltd. and raised more than $1.25 billion through a public offering in London in October, though it hasn't detailed its plans.

Newell more than doubled in size when it acquired Jarden, adding Yankee Candle, Mr. Coffee and Coleman camping gear to its portfolio. It has been struggling since lowering its 2017 earnings expectations last year.

Newell also disclosed preliminary 2017 financial results. It said core sales likely rose by 0.8%, below the company's forecast of 1.5% to 2%.

Shares rose 2.8% to $26.44 in trading Wednesday.

STOCKS

Dividend Changes

Dividend announcements from January 31.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
Energy Transfer Equity	ETE	6.7	.305 /.295	Q	Feb20 /Feb08
Exelon	EXC	3.6	.345 /.3275	Q	Mar09 /Feb15
First Bank	FRBA	0.9	.03 /.02	Q	Feb23 /Feb09
First Interstate Banc A	FIBK	2.7	.28 /.24	Q	Feb22 /Feb12
German American Bancorp	GABC	1.7	.15 /.13	Q	Feb20 /Feb10
Home Bancorp	HBCP	1.4	.15 /.14	Q	Feb16 /Feb06
Juniper Networks	JNPR	2.8	.18 /.10	Q	Mar22 /Mar01
Landmark Bancorp	LARK	2.8	.20 /.19048	Q	Mar07 /Feb21
National Instruments	NATI	1.8	.23 /.21	Q	Mar05 /Feb12
Penske Automotive	PAG	2.6	.34 /.33	Q	Mar01 /Feb12
Sotherly Hotels	SOHO	7.2	.115 /.11	Q	Apr11 /Mar15
Sotherly Htls 7.875 Pfd C	SOHOO	7.9	.4922 /.43203	Q	Apr16 /Mar29
STRATS Sers 2006-1 P&G	GJR	2.5	.0458 /.04487	M	Feb15 /Feb14
TCF Financial	TCF	2.8	.15 /.075	Q	Mar01 /Feb15
Unitil Corp	UTL	3.3	.365 /.36	Q	Feb28 /Feb14
Western New England Bncp	WNEB	1.5	.04 /.03	Q	Feb28 /Feb14
WVS Financial	WVFC	1.9	.08 /.06	Q	Feb15 /Feb08
Initial					
RiverNorth Mkt Pfd. A	RMPLp		.4488		Feb15 /Feb01
Foreign					
CGG ADR	CGG		1.14078		Feb16 /Feb09
Koninklijke Philips ADR	PHG	2.4	.9917	A	Jun06 /May08
Nordic American Tankers	NAT	5.2	.03	Q	Mar09 /Feb21

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

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Legal Notices

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BANKRUPTCIES

Information to identify the case:
Debtor Cumulus Media Inc. EIN: 36-4159663
United States Bankruptcy Court for the: Southern District of **NY** Case number: 17-13381 (SCC)
Date case filed for chapter 11: 11/29/2017
Official Form 309F (For Corporations or Partnerships)
Notice of Chapter 11 Bankruptcy Case **12/17**

For the debtor listed above, a case has been filed under chapter 11 of the Bankruptcy Code. An order for relief has been entered.

This notice has important information about the case for creditors, debtors, and trustees, including information about the meeting of creditors and deadlines. Read each page carefully.

The filing of the case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorneys' fees.

Confirmation of a chapter 11 plan may result in a discharge of debt. A creditor who wants to have a particular debt excepted from discharge may be required to file a complaint in the bankruptcy clerk's office within the deadline specified in this notice. (See line 11 below for more information.)

To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at www.pacer.gov).

The staff of the bankruptcy clerk's office cannot give legal advice.
Do not file this notice with any proof of claim or other filing in the case.

Debtor(s) (name(s) and address)[1]	Case Number	Tax Id number	All Other Names Used in Last 8 Years
Cumulus Media Inc.	17-13381 (SCC)	xx-xxx9663	None.
Atlanta Radio, LLC	17-13390 (SCC)	xx-xxx5242	None.
Broadcast Software International	17-13392 (SCC)	xx-xxx9376	None.
Catalyst Media, Inc.	17-13393 (SCC)	xx-xxx8849	None.
Chicago FM Radio Assets, LLC	17-13391 (SCC)	xx-xxx8146	None.
Chicago Radio Assets, LLC	17-13389 (SCC)	xx-xxx8565	None.
CMI Receivables Funding LLC	17-13394 (SCC)	xx-xxx6396	None.
CMP KC Corp.	17-13387 (SCC)	xx-xxx1244	None.
CMP Susquehanna Corp.	17-13388 (SCC)	xx-xxx1045	None.
CMP Susquehanna Radio Holdings Corp.	17-13386 (SCC)	xx-xxx0834	None.
Consolidated IP Company LLC	17-13385 (SCC)	xx-xxx9527	None.
Cumulus Broadcasting LLC	17-13384 (SCC)	xx-xxx5090	Citadel Broadcasting Corporation
Cumulus Intermediate Holdings Inc.	17-13383 (SCC)	xx-xxx5729	None.
Cumulus Media Holdings Inc.	17-13382 (SCC)	xx-xxx9565	None.
Cumulus Network Holdings Inc.	17-13395 (SCC)	xx-xxx1750	Alphabet Acquisition Corp.
Cumulus Radio Corporation	17-13396 (SCC)	xx-xxx3641	Citadel Broadcasting Co.
DC Radio Assets, LLC	17-13397 (SCC)	xx-xxx8609	None.
Detroit Radio, LLC	17-13398 (SCC)	xx-xxx5244	None.
Dial Communications Global Media, LLC	17-13399 (SCC)	xx-xxx6001	None.
Incentrev LLC	17-13401 (SCC)	xx-xx4331(H)	SweetJack, LLC; DBA Sweet Deals
Incentrev–Radio Half Off, LLC	17-13400 (SCC)	xx-xxx8500	None.
KLIF Broadcasting, Inc.	17-13402 (SCC)	xx-xxx7208	None.
KLOS-FM Radio Assets, LLC	17-13403 (SCC)	xx-xxx8888	None.
LA Radio, LLC	17-13404 (SCC)	xx-xxx2471	None.
Minneapolis Radio Assets, LLC	17-13405 (SCC)	xx-xxx9259	None.
NY Radio Assets, LLC	17-13379 (SCC)	xx-xxx9364	None.
Radio Assets, LLC	17-13406 (SCC)	xx-xxx4240	None.
Radio Metroplex, Inc.	17-13407 (SCC)	xx-xxx8556	None.
Radio Networks, LLC	17-13408 (SCC)	xx-xxx2557	None.
San Francisco Radio Assets, LLC	17-13409 (SCC)	xx-xxx2315	None.
Susquehanna Media Co.	17-13410 (SCC)	xx-xxx2964	None.
Susquehanna Pfaltzgraff Co.	17-13411 (SCC)	xx-xxx9608	None.
Susquehanna Radio Corp.	17-13412 (SCC)	xx-xxx1976	None.
WBAP-KSCS Assets, LLC	17-13413 (SCC)	xx-xxx7103	None.
Westwood One, Inc.	17-13380 (SCC)	xx-xxx0449	None.
Westwood One Radio Networks, Inc.	17-13414 (SCC)	xx-xxx5591	None.
WPLJ Radio, LLC	17-13415 (SCC)	xx-xxx2424	None.

2. All other names used in the last 8 years See No. 1.
3. Address 3280 Peachtree Road, N.W., Suite 2200, Atlanta, Georgia 30305.
4. Debtor's attorney, name and address Mark W. Nixdorf, PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP, 1285 Avenue of the Americas, New York, New York 10019, Tel: 212-373-3000, Fax: 212-757-3990, Email: mnixdorf@paulweiss.com.
5. Bankruptcy clerk's office Documents in this case may be filed at this address: Clerk of the United States Bankruptcy Court, One Bowling Green, New York, New York 10004-1408. You may inspect all records filed in this case at this office or online at www.pacer.gov. Hours open 8:30 am – 5:00 pm. Contact phone (212) 668-2870.
6. Meeting of creditors The debtor's representative must attend the meeting to be questioned under oath. Creditors may attend, but are not required to do so. February 27, 2018 at 2:30 p.m. (ET). The meeting may be continued or adjourned to a later Date. If so, the date will be on the court docket. Location: U.S. Bankruptcy Court, Southern District of New York, One Bowling Green, Rm. 511, New York, New York 10004.
7. Proof of claim deadline. Deadline for filing proof of claim: General Bar Date: March 7, 2018 at 5:00 p.m. (Prevailing Pacific Time). Governmental Bar Date: May 29, 2018 at 5:00 p.m. (Prevailing Pacific Time) for governmental units (as defined in section 101(27) of the Bankruptcy Code). A proof of claim is a signed statement describing a creditor's claim. A proof of claim form may be obtained at www.uscourts.gov or any bankruptcy clerk's office. Your claim will be allowed in the amount scheduled unless:
- your claim is designated as disputed, contingent, or unliquidated;
- you file a proof of claim in a different amount; or
- you receive another notice.

If your claim is not scheduled or if your claim is designated as disputed, contingent, or unliquidated, you must file a proof of claim or you might not be paid on your claim and you might be unable to vote on a plan. You may file a proof of claim even if your claim is scheduled. You may review the schedules at the bankruptcy clerk's office or online at www.pacer.gov. Secured creditors retain rights in their collateral regardless of whether they file a proof of claim. Filing a proof of claim submits a creditor to the jurisdiction of the bankruptcy court, with consequences a lawyer can explain. For example, a secured creditor who files a proof of claim may surrender important nonmonetary rights, including the right to a jury trial.
8. Exception to discharge deadline The bankruptcy clerk's office must receive a complaint and any required filing fee by the following deadline. If § 523(c) applies to your claim and you seek to have it excepted from discharge, you must start a judicial proceeding by filing a complaint by the deadline stated below. **Deadline for filing the complaint:** April 28, 2018.
9. Creditors with a foreign address If you are a creditor receiving notice mailed to a foreign address, you may file a motion asking the court to extend the deadlines in this notice. Consult an attorney familiar with United States bankruptcy law if you have any questions about your rights in this case.
10. Filing a Chapter 11 bankruptcy case Chapter 11 allows debtors to reorganize or liquidate according to a plan. A plan is not effective unless the court confirms it. You may receive a copy of the plan and a disclosure statement telling you about the plan, and you may have the opportunity to vote on the plan. You will receive notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the property and may continue to operate its business.
11. Discharge of debts Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that creditors may never try to collect the debt from the debtor except as provided in the plan. If you want to have a particular debt owed to you excepted from the discharge and § 523 (c) applies to your claim, you must start a judicial proceeding by filing a complaint and paying the filing fee in the bankruptcy clerk's office by the deadline.

INTERNATIONAL NOTICES

PlusFunds Manager Access Fund, SPC Ltd.; SPhinX Strategy Fund Ltd.; SPhinX Managed Futures Ltd.; SPhinX Plus SPC, Ltd.; SPhinX Ltd; SPhinX Managed Futures Fund, SPC; SPhinX Long/Short Equity Fund SPC; SPhinX Fixed Income Arbitrage Fund SPC; SPhinX Convertible Arbitrage Fund SPC; SPhinX Distressed Fund SPC; SPhinX Special Situations Fund SPC; SPhinX Macro Fund SPC; SPhinX Macro Ltd.; SPhinX Merger Arbitrage Ltd.; SPhinX Equity Market Neutral Fund SPC; SPhinX Long/Short Equity Ltd.; SPhinX Convertible Arbitrage Ltd.; SPhinX Fixed Income Arbitrage Ltd.; SPhinX Distressed Ltd.; SPhinX Merger Arbitrage Fund SPC.; SPhinX Special Situations Ltd.; SPhinX Equity Market Neutral Ltd (EACH IN OFFICIAL LIQUIDATION)

Grand Court Cause No FSD: 0016 of 2009 (ASJ)

Pursuant to Clause 16.7.4 of the Scheme of Arrangement approved by the Grand Court of the Cayman Islands ("the Grand Court") on 8 November 2013, as amended by an order of the Grand Court on 10 June 2014 ("the Scheme"), the Scheme Supervisors hereby give notice that the Scheme has, since 30 January 2018, been terminated.

Dated this 1 day of February, 2018.

Address for service: KPMG, P.O. Box 493, Grand Cayman KY1-1106, Cayman Islands, Telephone: +1 345-949-4800, Facsimile: +1 345-949-7164, Email:gijialex@kpmg.ky

NOTICE OF SALE

NOTICE OF PUBLIC SALE • Property to be Sold

Public Sale No. 1: Wednesday, February 7, 2018, 10:00 a.m. EST
The Asset Type for Lots 1-6 is: Prime / Alt-A
The Asset Type for Lots 7-10 is: Subprime

Lot #	Cusip	Issue	Original Face (US)
1	22545UAD1	CSSLT 2006-1 M1	1,725,000
2	41161PSW4	HVMLT 2005-9 B2	3,732,000
3	41161PSX2	HVMLT 2005-9 B3	4,740,000
4	41161PTA1	HVMLT 2005-9 B6	10,000,000
5	655356JJ3	NASC 1998-D6 PS1	338,700,000
6	92922F2T4	WAMU 2005-AR11 B3	4,000,000
7	073877AD4	BSABS 2005-SD1 1M1	2,157,000
8	225458M54	CSFB 2005-CF1 M1	5,500,000
9	288547AT9	ELAT 2007-2 M1B	4,000,000
10	76112B2V1	RAAC 2006-RP1 M1	2,500,000

Public Sale No. 2: Wednesday, February 7, 2018, 1:00 p.m. EST
The Asset Type for all Lots is: Zero Factor - RMBS

Lot #	Cusip	Issue	Original Face (US)
1	04541GVQ2	ABSHE 2006-HE1 M5	14,282,000
2	04544TAL5	ABSHE 2007-HE2 M6	950,000
3	04544TAM3	ABSHE 2007-HE2 M7	1,740,000
4	004421ZC0	ACE 2006-HE2 M7	5,000,000
5	004421XY4	ACE 2006-SD1 M3	3,300,000
6	02660WAH9	AHMA 2006-1 M3	3,446,000
7	02660WAJ5	AHMA 2006-1 M4	6,757,000
8	02660WAK2	AHMA 2006-1 M5	6,757,000
9	00252GAK5	AMIT 2006-1 M6	5,000,000
10	00252GAL3	AMIT 2006-1 M7	11,594,000
11	007034AW1	ARMT 2006-2 B1	22,285,000
12	040104TM3	ARSI 2006-W4 M4	6,160,000
13	05946XZJ5	BAFC 2005-F CB1	24,614,000
14	05946XZK2	BAFC 2005-F CB2	7,940,000
15	07386HYR6	BALTA 2005-9 2B2	4,400,000
16	06983NAE7	BASIC 2006-1 M2	7,085,000
17	06983NAF4	BASIC 2006-1 M3	3,464,000
18	105667AJ8	BMAT 2006-1A M6	1,000,000
19	073879N38	BSABS 2005-AC6 2B1	11,581,000
20	073879N46	BSABS 2005-AC6 2B2	8,112,000
21	0738792C1	BSABS 2005-AC8 B1	15,194,000
22	0738792D9	BSABS 2005-AC8 B2	6,647,000
23	07400TAG2	BSABS 2007-2 M4	6,188,000
24	07387LAB7	BSABS 2007-SD3 M1	2,000,000
25	07387LAC5	BSABS 2007-SD3 M2	10,872,000
26	07387LAD3	BSABS 2007-SD3 M3	6,321,000
27	144531FB1	CARR 2006-NC1 M4	26,660,000
28	144539AM5	CARR 2006-NC5 M7	1,500,000
29	12465MAK0	CBASS 2006-CB9 M6	5,000,000
30	17307G2A5	CMLTI 2006-WMC1 M5	5,400,000
31	17307G2C1	CMLTI 2006-WMC1 M7	3,500,000
32	225470GB3	CSFB 2005-10 DB1	16,792,889
33	2254W0PX7	CSFB 2005-11 DB1	6,883,791
34	2254W0PY5	CSFB 2005-11 DB2	4,463,646
35	225470SG9	CSFB 2005-12 DB1	10,871,000
36	2254586P8	CSFB 2005-9 DB1	8,315,349
37	225470WM1	CSMC 2006-1 DB1	14,215,000
38	225470WN9	CSMC 2006-1 DB2	6,797,000
39	12667GGV9	CWALT 2005-22T1 B1	2,385,000
40	12667GS61	CWALT 2005-41 B1	9,591,000
41	12667GS53	CWALT 2005-41 M	7,000,000
42	12668ADD4	CWALT 2005-51 M	6,500,000
43	12668AMA0	CWALT 2005-56 M3	16,698,000
44	12668AS97	CWALT 2005-67CB B1	1,581,000
45	12668AS89	CWALT 2005-67CB M	3,690,000
46	12668BDQ3	CWALT 2005-76 M3	17,412,000
47	12668AR72	CWALT 2005-J14 B1	5,111,000
48	12668AR64	CWALT 2005-J14 M	12,011,200
49	12667GV34	CWALT 2005-J9 M	4,763,800
50	12668BWM1	CWALT 2006-11CB M	21,282,900
51	12668BXL2	CWALT 2006-12CB M	13,904,000
52	12668BSX2	CWALT 2006-6CB M	28,679,900
53	12668EAP2	CWALT 2006-J5 M	1,000,000
54	126694T24	CWALT 2006-OA2 M4	3,503,000
55	12668BF40	CWALT 2006-OA6 M3	3,250,000
56	02149MCE7	CWALT 2007-J1 M	2,244,500
57	126685CM6	CWHEL 2006-A M6	5,200,000
58	126694UY2	CWHL 2005-31 B1	5,648,000
59	126694VX3	CWHL 2005-HY10 B1	17,009,000
60	126694YU6	CWHL 2006-3 1M1	3,498,000
61	126694YX0	CWHL 2006-3 1M4	2,833,000
62	126694ZJ0	CWHL 2006-3 3M1	2,000,000
63	126694ZK7	CWHL 2006-3 3M2	1,723,000
64	126694ZL5	CWHL 2006-3 3M3	3,332,000
65	126694ZM3	CWHL 2006-3 3M4	2,528,000
66	126694WT1	CWHL 2006-HYB1 B1	5,800,000
67	126694WS3	CWHL 2006-HYB1 M	8,700,000
68	126694E20	CWHL 2006-HYB2 M	2,796,000
69	1266944Q8	CWHL 2006-HYB3 B1	3,300,000
70	1266944P0	CWHL 2006-HYB3 M	4,250,000
71	125431AR7	CWHL 2006-HYB4 B1	5,699,000
72	125431AQ9	CWHL 2006-HYB4 M	6,001,000
73	126694P93	CWHL 2006-OA5 2M1	5,631,000
74	126694Q27	CWHL 2006-OA5 2M2	3,090,000
75	126694Q35	CWHL 2006-OA5 2M3	1,561,000
76	126694Q43	CWHL 2006-OA5 2M4	1,089,000
77	126670TL2	CWL 2006-1 MF3	1,824,000
78	126670TM0	CWL 2006-1 MF4	1,602,000
79	126670VR6	CWL 2006-SD1 M3	4,336,000
80	126670VS4	CWL 2006-SD1 M4	3,159,000
81	23332UFJ8	DSLA 2005-AR5 B2	6,000,000
82	35729PPH7	FHLT 2006-1 M6	5,000,000
83	35729PQB9	FHLT 2006-2 M3	10,000,000
84	35729PQE3	FHLT 2006-2 M6	7,306,000
85	36185MDG4	GMACM 2005-AF2 M1	9,351,000
86	36185MDU3	GMACM 2006-AR1 M1	3,475,000
87	36185MDV1	GMACM 2006-AR1 M2	3,178,500
88	3623412A6	GSAA 2006-1 B1	850,000
89	362334LM4	GSAMP 2006-HE2 M4	3,764,000
90	362334LN2	GSAMP 2006-HE2 M5	3,900,000
91	362334LP7	GSAMP 2006-HE2 M6	10,377,000
92	362341WM7	GSR 2005-8F B1	13,573,000
93	362341U98	GSR 2005-9F 1B1	14,397,000
94	362341V48	GSR 2005-9F 2B1	2,552,000
95	362341XH7	GSR 2005-AR7 1B1	16,464,000
96	3623418Q5	GSR 2006-1F 1B1	9,315,000
97	3623418T9	GSR 2006-1F 2B1	6,470,000
98	362334DU5	GSR 2006-2F B1	9,228,000
99	36297TAQ5	GSR 2006-AR2 2B1	4,000,000
100	36297TAR3	GSR 2006-AR2 2B2	3,754,000
101	437084VU7	HEAT 2006-4 M4	8,000,000
102	41161PTW3	HVMLT 2005-10 B2	6,050,000
103	41161PUS0	HVMLT 2005-11 B1	5,848,000
104	41161PRE5	HVMLT 2005-8 1B5	2,125,000
105	41161PRF2	HVMLT 2005-8 1B6	2,325,000
106	41161PC84	HVMLT 2006-1 B1	7,000,000
107	41162NAN7	HVMLT 2006-14 B5	2,000,000
108	41161PN41	HVMLT 2006-4 B4	4,000,000
109	456606KM3	INABS 2006-A M4	5,000,000
110	456606KN1	INABS 2006-A M5	5,000,000
111	456606KP6	INABS 2006-A M6	3,500,000
112	456606KQ4	INABS 2006-A M7	5,500,000
113	45660LZR3	INDA 2005-AR1 B2	2,301,000
114	45660LR84	INDX 2005-AR25 B2	5,000,000
115	45660LGX1	INDX 2005-AR5 B1	2,606,000
116	45661KAN0	INDX 2006-AR11 B1	15,808,000
117	45661KAP5	INDX 2006-AR11 B2	13,644,000
118	45661EAL8	INDX 2006-AR2 M4	2,250,000
119	45660L6A2	INDX 2006-AR3 B1	10,000,000
120	45660L6B0	INDX 2006-AR3 B2	4,719,000
121	456612AG5	INDX 2006-AR6 M2	13,125,000
122	456612AM2	INDX 2006-AR6 M7	1,500,000
123	542514UQ5	LBMLT 2006-3 M4	15,100,000
124	52521DAS1	LMT 2007-2 B1	3,900,000
125	525221KY2	LXS 2006-4N M4	2,250,000
126	525221KZ9	LXS 2006-4N M5	5,289,000
127	525221LA3	LXS 2006-4N M6	2,359,000
128	52522RAL4	LXS 2006-GP1 M4	2,500,000
129	57643LQN9	MABS 2006-AM1 M5	7,628,000
130	57643LQP4	MABS 2006-AM1 M6	6,569,000
131	57643LQQ2	MABS 2006-AM1 M7	6,145,000
132	57643LRA6	MABS 2006-HE1 M6	3,000,000
133	57643LRB4	MABS 2006-HE1 M7	4,000,000
134	576457AL9	MABS 2007-HE1 M7	3,890,000
135	576434Z49	MALT 2006-1 B1	8,006,000
136	5764342R4	MALT 2006-2 B1	3,000,000
137	669884AH1	NHEL 2006-1 M3	3,125,000
138	669884AJ7	NHEL 2006-1 M4	5,000,000
139	66989EAL9	NHEL 2007-2 M6	6,700,000
140	638728AH8	NTIX 2007-HE2 M4	8,013,000
141	69121PEC3	OWNIT 2006-3 M4	2,850,000
142	69121PED1	OWNIT 2006-3 M5	3,780,000
143	69121PEJ8	OWNIT 2006-3 M6	3,500,000
144	73316QAH1	POPLR 2006-D M5	940,000
145	74160MLD2	PRIME 2005-4 2B2	2,112,995
146	748351AT0	QUEST 2006-X1 M1	1,000,000
147	748351AU7	QUEST 2006-X1 M2	2,734,000
148	761118WV6	RALI 2006-QO3 M4	815,000
149	761118WW4	RALI 2006-QO3 M5	815,000
150	761118WX2	RALI 2006-QO3 M6	815,000
151	75114GAJ8	RALI 2006-QO4 M4	1,062,500
152	75114GAM1	RALI 2006-QO4 M7	1,410,000
153	75156UAG2	RAMP 2006-RZ2 M4	2,063,000
154	75156UAH0	RAMP 2006-RZ2 M5	2,063,000
155	75405KAK4	RASC 2006-EMX1 M7	2,000,000
156	76113ACE9	RASC 2006-EMX3 M4	7,000,000
157	76113ACH2	RASC 2006-EMX3 M7	5,700,000
158	45660LCB3	RAST 2004-A10 B2	2,341,000
159	45660LXT1	RAST 2005-A10 B1	7,884,000
160	45661EFS8	RAST 2006-A3CB B1	12,487,000
161	81378PAH1	SABR 2007-BR2 M6	11,645,000
162	81379EAG7	SABR 2007-BR5 M4	1,900,000
163	785778QC8	SACO 2006-1 M2	1,550,000
164	86358EB54	SAIL 2006-1 M4	8,000,000
165	86360KAN8	SAMI 2006-AR3 1B4	7,450,000
166	863579UX4	SARM 2005-15 B2	11,992,000
167	863579UZ9	SARM 2005-15 B4	6,255,000
168	863579VA3	SARM 2005-15 B5	2,085,000
169	86360BAR9	SARM 2006-4 B11	10,000,000
170	86360BAV0	SARM 2006-4 B12	5,000,000
171	863619AL6	SASC 2007-OSI M6	5,925,000
172	83611MNP9	SVHE 2006-2 M7	4,000,000
173	225470V26	TBW 2006-1 CB1	5,452,000
174	92922F3S5	WAMU 2005-AR12 B1	11,140,000
175	92922F4H8	WAMU 2005-AR14 B1	8,700,000
176	92922FE46	WAMU 2005-AR2 B4	8,336,000
177	92922FK49	WAMU 2005-AR6 B6	4,502,000
178	92925CDJ8	WAMU 2006-AR3 B4	1,000,000
179	92925CDL3	WAMU 2006-AR3 B6	750,000
180	93934FQA3	WAMU 2006-AR4 B4	1,200,000
181	93934FLH3	WMALT 2006-1 B1	19,857,000
182	93934FLJ9	WMALT 2006-1 B2	11,680,000
183	93934FJV5	WMALT 2006-AR1 B1	3,575,000
184	93934FQX3	WMALT 2006-AR3 B3	3,400,000
185	939345AN4	WMALT 2006-AR4 B3	6,884,000

Dock Street Capital Management LLC, on behalf of The Bank of New York Mellon Trust Company, National Association, in its capacity as trustee (the "Trustee"), will be conducting sales of certain collateral pledged to the Trustee. The Collateral (as defined herein) will be offered and sold by the Trustee without recourse, representations or covenants, express or implied, being made by the Trustee with respect to the Collateral (except as to title to the Collateral) or with respect to any other information then in the Trustee's possession, including without limitation any offering circular or other financial information. **Location of Sale.** The sales will be held at 575-B Riverside Avenue, Westport, CT 06880. **Additional Information.** Please be advised that the sale of the securities listed above may be made only to the best bidder who is also a qualified bidder and will be subject to a reserve level. For additional information, including with respect to qualified bidder status, and to obtain copies of an Investor Representation and Confidentiality Agreement, contact David Crowle or Jeffrey Holtman by email at dcrowle@dockstreetcap.com or jholtman@dockstreetcap.com, respectively, by phone at (212) 457-8258, by facsimile at (212) 457-8269 or by mail addressed to 575-B Riverside Avenue, Westport, CT 06880. **Disclaimer.** The Trustee is authorized at such sales, if the Trustee deems it advisable or is required by applicable law to do so: (i) to restrict the prospective bidders on or purchasers of the above identified security (the "Collateral") to be sold to those who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of any of such assets, (ii) to verify that each certificate for the security to be sold bears a legend substantially to the effect that such security has not been registered under the Securities Act of 1933, as amended, and may not be disposed of in violation of the provisions of said Act, (iii) to disclaim and to refuse to give any warranty (other than as to title), and (iv) to impose such other limitations or conditions in connection with any such sale as the Trustee deems necessary or advisable.

BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: § Chapter 11
PES HOLDINGS, LLC, *et al.*,[1] § Case No. 18-10122 (KG)
Debtors. § (Jointly Administered)

NOTICE OF COMMENCEMENT OF PREPACKAGED CHAPTER 11 BANKRUPTCY CASES AND COMBINED HEARING ON DISCLOSURE STATEMENT AND CONFIRMATION OF JOINT PREPACKAGED CHAPTER 11 PLAN

TO: ALL HOLDERS OF CLAIMS, HOLDERS OF INTERESTS, AND PARTIES IN INTEREST IN THE ABOVE-CAPTIONED CHAPTER 11 CASES

PLEASE TAKE NOTICE THAT on January 21, 2018 (the "Petition Date"), PES Holdings, LLC and certain of its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the "Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). On January 22, 2018, the Debtors filed a proposed joint prepackaged chapter 11 plan of reorganization [Docket No. 9] (the "Plan") and proposed disclosure statement [Docket No. 10] (the "Disclosure Statement") pursuant to sections 1125 and 1126(b) of the Bankruptcy Code. Copies of the Plan and the Disclosure Statement may be obtained upon request of the Debtors' proposed counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, where they are available for review between the hours of 8:00 a.m. to 4:00 p.m., prevailing Eastern Time. The Plan and Disclosure Statement also are available for inspection on the Bankruptcy Court's website at www.deb.uscourts.gov, or free of charge on the Debtors' restructuring website at http://www.omnimgt.com/PhiladelphiaEnergy.[2]

PLEASE TAKE FURTHER NOTICE THAT a hearing (the "Confirmation Hearing") will be held before the Honorable Kevin Gross, United States Bankruptcy Judge, in Courtroom 3 of the United States Bankruptcy Court, 824 North Market Street, Wilmington, Delaware, 19801, on March 26, 2018 at 10:00 a.m., prevailing Eastern Time, to consider the adequacy of the Disclosure Statement, any objections to the Disclosure Statement, confirmation of the Plan, any objections thereto, and any other matter that may properly come before the Court. Please be advised that the Confirmation Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or by a notice of adjournment filed with the Bankruptcy Court and served on other parties entitled to notice.

PLEASE TAKE FURTHER NOTICE THAT responses to the Debtors' brief in support of a finding that the Purchaser acquires the Debtors' assets free and clear of the Debtors' RIN Liabilities must be filed no later than March 19, 2018 at 5:00 p.m., prevailing Eastern Time.

PLEASE TAKE FURTHER NOTICE THAT objections (each, an "Objection"), if any, to the Plan or the Disclosure Statement must: (a) be in writing; (b) comply with the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware; (c) state the name and address of the objecting party and the amount and nature of the Claim or Interest beneficially owned by such entity or individual; (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan or Disclosure Statement that would resolve such objections; and (e) be filed with the Bankruptcy Court (contemporaneously with a proof of service) and served so as to be **actually received** no later than March 19, 2018, at 5:00 p.m., prevailing Eastern Time, by those parties who have a filed a notice of appearance in the Debtors' chapter 11 cases as well as each of the following parties: (i) Debtors: PES Holdings, LLC, 1735 Market Street, Philadelphia, Pennsylvania 19103, Attn.: John B. McShane; with copies to: Kirkland & Ellis LLP, Kirkland & Ellis International LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn: Steven N. Serajeddini -and- Kirkland & Ellis LLP, Kirkland & Ellis International LLP, 601 Lexington Avenue, New York, New York 10022, Attn: Edward O. Sassower, P.C., Matthew C. Fagen -and- Pachulski Stang Ziehl & Jones LLP, 919 North Market Street # 1700, Wilmington, Delaware 19801, Attn: Laura Davis Jones, Timothy P. Cairns, Peter J. Keane; (ii) Parent Parties: Philadelphia Energy Solutions LLC, 1735 Market Street, 11th Floor, Philadelphia, Pennsylvania 19103, Attn: General Counsel; With copies to: Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022, Attn: Keith A. Simon, Paul F. Sheridan, Jr. -and- Akerman LLP, 666 Fifth Avenue, 20th Floor, New York, New York 10103, Attn: John Mitchell; (iii) Counsel to the Consenting NYL Creditors: Cahill Gordon & Reindel LLP, 80 Pine Street, New York, New York 10005, Attn: Susanna M. Suh, Joel H. Levitin, Darren Silver; (iv) Counsel to the Consenting Term Loan B Creditors: Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Damian S. Schaible, Aryeh E. Falk.

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE DISCHARGE, RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS IN ARTICLE VIII OF THE PLAN, AS YOUR RIGHTS MIGHT BE AFFECTED.

Dated: January 29, 2018, Wilmington, Delaware, *Laura Davis Jones*, Laura Davis Jones (DE Bar No. 2436), Timothy P. Cairns (DE Bar No. 4228), Peter J. Keane (DE Bar No. 5503), **PACHULSKI STANG ZIEHL & JONES LLP,** 919 North Market Street, 17th Floor, P.O. Box 870, Wilmington, Delaware 19899-8705 (Courier 19801), Telephone: (302) 652-4100, Facsimile: (302) 652-4400, Email: ljones@pszjlaw.com, tcairns@pszjlaw.com, pkeane@pszjlaw.com -and- James H.M. Sprayregen, P.C., Steven N. Serajeddini (*pro hac vice* admission pending), **KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP,** 300 North LaSalle Street, Chicago, Illinois 60654, Telephone: (312) 862-2000, Facsimile: (312) 862-2200, Email: james.sprayregen@kirkland.com, steven.serajeddini@kirkland.com -and- Edward O. Sassower, P.C. (*pro hac vice* admission pending), Matthew C. Fagen (*pro hac vice* admission pending), **KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP,** 601 Lexington Avenue, New York, New York 10022, Telephone: (212) 446-4800, Facsimile: (212) 446-4900, Email: edward.sassower@kirkland.com, matthew.fagen@kirkland.com, *Proposed Co-Counsel to the Debtors and Debtors in Possession*

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: PES Holdings, LLC (8157); North Yard Financing, LLC (6284); North Yard GP, LLC (5458); North Yard Logistics, L.P. (5952); PES Administrative Services, LLC (3022); PES Logistics GP, LLC (9202); PES Logistics Partners, L.P. (1288); PESRM Holdings, LLC (2107); and Philadelphia Energy Solutions Refining and Marketing LLC (9574). The Debtors' service address is: 1735 Market Street, Philadelphia, Pennsylvania 19103.

[2] Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan or the Disclosure Statement, as applicable. The statements contained herein are summaries of the provisions contained in the Disclosure Statement and the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred therein. To the extent there is a discrepancy between the terms herein and the Plan or Disclosure Statement, the Plan or Disclosure Statement, as applicable, shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement.

CLASS ACTIONS

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE VIRTUS INVESTMENT PARTNERS, INC. SECURITIES LITIGATION | Case No. 15-cv-1249 (WHP)

SUMMARY NOTICE OF PENDENCY OF CLASS ACTION

To: All persons and entities that, during the period between January 25, 2013 and May 11, 2015, inclusive (the "Class Period"), purchased or otherwise acquired shares of the publicly traded common stock of Virtus Investment Partners, Inc. and were damaged thereby ("Class").

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, that the above-captioned action (the "Action") has been certified to proceed as a class action on behalf of the Class as defined above. Please Note: At this time, there is no judgment, settlement, or monetary recovery. Trial in this Action is currently scheduled for March 19, 2018.

IF YOU ARE A MEMBER OF THE CLASS, YOUR RIGHTS WILL BE AFFECTED BY THIS ACTION. A full printed Notice of Pendency of Class Action (the "Notice") is currently being mailed to known potential Class Members. If you have not yet received the full printed Notice, you may obtain a copy of the Notice by downloading it from www.virtussecuritieslitigation.com, or by contacting the Administrator by toll-free phone at 1-866-680-8403, or in writing at:

In re Virtus Investment Partners, Inc. Securities Litigation
c/o GCG
P.O. Box 10489
Dublin, OH 43017-4089

Inquiries, other than requests for the Notice, may be made to the following representatives of Class Counsel:

Jesse L. Jensen, Esq.
BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP
1251 Avenue of the Americas
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1-800-380-8496

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140 Broadway
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If you are a Class Member, you have the right to decide whether to remain a member of the Class. ***If you want to remain a member of the Class, you do not need to do anything at this time other than to retain your documentation reflecting your transactions and holdings in Virtus common stock***. If you are a Class Member and do not exclude yourself from the Class, you will be bound by the proceedings in this Action, including all past, present, and future orders and judgments of the Court, whether favorable or unfavorable. If you move, or if the Notice was mailed to an old or incorrect address, please send the Administrator written notification of your new address.

If you ask to be excluded from the Class, you will not be bound by any order or judgment of this Court in this Action; however, you will not be eligible to receive a share of any money which might be recovered for the benefit of the Class. To exclude yourself from the Class, you must submit a written request for exclusion postmarked no later than March 23, 2018, in accordance with the instructions set forth in the full printed Notice. Pursuant to Rule 23(e)(4) of the Federal Rules of Civil Procedure, it is within the Court's discretion as to whether a second opportunity to request exclusion from the Class will be allowed in the event there is a settlement or judgment in the Action.

Further information regarding this notice may be obtained by writing to the Administrator at the address provided above.

PLEASE DO NOT CONTACT THE COURT REGARDING THIS NOTICE.

February 1, 2018

BY ORDER OF THE COURT
United States District Court for the Southern District of New York

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

26149.39 ▲72.50, or 0.28%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	27.07	20.16
P/E estimate*	19.09	17.50
Dividend yield	2.00	2.41
All-time high 26616.71, 01/26/18		

Current divisor 0.14523396877348

S&P 500 Index

2823.81 ▲1.38, or 0.05%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.34	24.74
P/E estimate*	18.67	17.52
Dividend yield	1.79	2.12
All-time high: 2872.87, 01/26/18		

Nasdaq Composite Index

7411.48 ▲ 9.00, or 0.12%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio*	27.82	20.10
P/E estimate*	21.25	19.15
Dividend yield	0.98	1.16
All-time high: 7505.77, 01/26/18		

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	26338.03	26050.98	26149.39	72.50	0.28	26616.71	19884.91	31.5	5.8	15.1
Transportation Avg	11128.37	10934.93	10972.06	6.65	0.06	11373.38	8783.74	19.6	3.4	8.3
Utility Average	699.81	688.75	699.25	7.54	1.09	774.47	656.08	6.6	-3.3	3.1
Total Stock Market	29290.07	29009.20	29114.62	-0.19	0.00	29630.47	23706.39	22.8	5.2	11.8
Barron's 400	748.58	738.51	739.99	-3.75	-0.50	757.37	606.11	21.4	4.1	12.1
Nasdaq Stock Market										
Nasdaq Composite	7453.99	7381.12	7411.48	9.00	0.12	7505.77	5636.20	31.3	7.4	16.9
Nasdaq 100	6983.61	6915.48	6949.99	19.26	0.28	7022.97	5147.70	34.9	8.7	18.8
S&P										
500 Index	2839.26	2813.04	2823.81	1.38	0.05	2872.87	2279.55	23.9	5.6	12.3
MidCap 400	1972.31	1947.50	1953.97	-3.49	-0.18	1995.23	1681.04	16.1	2.8	10.8
SmallCap 600	972.00	957.03	959.39	-5.22	-0.54	979.57	815.62	15.2	2.5	12.7
Other Indexes										
Russell 2000	1594.27	1571.26	1574.98	-7.83	-0.49	1610.71	1345.24	15.7	2.6	10.6
NYSE Composite	13443.25	13320.37	13367.96	-7.55	-0.06	13637.02	11207.24	19.3	4.4	8.3
Value Line	582.16	575.07	576.89	-1.87	-0.32	589.69	503.24	12.6	2.6	5.9
NYSE Arca Biotech	4887.06	4759.15	4771.68	-90.00	-1.85	4939.86	3263.99	45.9	13.0	8.8
NYSE Arca Pharma	578.13	563.32	564.48	-13.52	-2.34	593.12	482.34	17.0	3.6	1.4
KBW Bank	116.20	115.01	115.30	0.17	0.15	116.41	88.02	25.7	8.0	20.0
PHLX§ Gold/Silver	87.96	85.91	87.66	1.10	1.27	96.72	76.42	-4.5	2.8	3.4
PHLX§ Oil Service	157.43	154.02	155.20	-1.63	-1.04	183.12	117.79	-14.0	3.8	-6.1
PHLX§ Semiconductor	1370.90	1354.13	1361.50	11.06	0.82	1392.86	959.08	41.8	8.7	27.7
Cboe Volatility	14.44	13.41	13.54	-1.25	-8.45	16.04	9.14	14.6	22.6	-13.6

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	21,239.8	282.67	0.77	0.27	282.80	281.65
Facebook Cl A	FB	15,429.3	190.25	3.36	1.80	194.68	177.10
AT&T	T	7,073.3	38.75	1.30	3.47	39.22	37.45
AES	AES	6,787.4	11.75	0.19	1.64	11.75	11.45
Microsoft	MSFT	6,056.5	94.50	-0.51	-0.54	96.20	92.00
General Motors	GM	5,783.4	42.58	0.17	0.40	42.58	42.11
PwrShrs QQQ Tr Series 1	QQQ	5,782.8	169.64	0.24	0.14	169.79	168.30
Kimco Realty	KIM	5,421.1	15.91	...	unch.	15.92	15.86
Percentage gainers...							
QuinStreet	QNST	25.4	11.25	1.92	20.58	11.25	9.33
Open Text	OTEX	27.9	37.80	3.55	10.36	39.00	34.18
Qorvo	QRVO	581.3	78.50	6.73	9.38	79.40	65.10
Vertex Pharm	VRTX	120.9	176.00	9.13	5.47	177.00	166.35
Direxion Tech Bear 3x	TECS	5.5	5.88	0.29	5.19	5.88	5.72
...And losers							
NIC	EGOV	61.9	14.00	-2.60	-15.66	16.70	13.36
PayPal Holdings	PYPL	2,023.0	80.01	-5.31	-6.22	86.08	79.00
Tractor Supply	TSCO	553.3	72.25	-4.00	-5.25	76.89	69.75
VS 2x VIX Short Term	TVIX	450.4	6.07	-0.23	-3.65	6.31	6.01
ProShsUltVIXST	UVXY	1,864.2	11.13	-0.42	-3.64	11.56	11.00

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,123,396,606	13,541,397
Adv. volume*	574,849,586	5,828,789
Decl. volume*	534,387,301	6,897,462
Issues traded	3,087	336
Advances	1,599	142
Declines	1,379	168
Unchanged	109	26
New highs	91	3
New lows	114	21
Closing tick	89	73
Closing Arms†	1.16	1.02
Block trades*	7,668	150
	Nasdaq	**NYSE Arca**
Total volume*	2,360,367,448	372,502,777
Adv. volume*	1,172,975,718	253,547,269
Decl. volume*	1,135,660,146	118,019,063
Issues traded	3,107	1,383
Advances	1,132	663
Declines	1,814	689
Unchanged	161	31
New highs	100	20
New lows	63	34
Closing tick	192	49
Closing Arms†	0.60	0.50
Block trades*	9,264	1,889

*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	Net chg	Latest % chg	YTD % chg
World	The Global Dow	3268.74	-5.36	-0.16	5.9
	DJ Global Index	418.73	0.08	0.02	5.4
	DJ Global ex U.S.	281.28	0.02	0.01	5.4
Americas	DJ Americas	676.17	0.48	0.07	5.3
Brazil	Sao Paulo Bovespa	84912.70	430.24	0.51	11.1
Canada	S&P/TSX Comp	15951.67	-3.84	-0.02	-1.6
Mexico	S&P/BMV IPC	50456.17	73.31	0.15	2.2
Chile	Santiago IPSA	4423.60	-3.20	-0.07	5.1
EMEA	Stoxx Europe 600	395.46	-0.66	-0.17	1.6
Eurozone	Euro Stoxx	397.83	0.39	0.10	3.2
Belgium	Bel-20	4111.65	-14.92	-0.36	3.4
France	CAC 40	5481.93	8.15	0.15	3.2
Germany	DAX	13189.48	-8.23	-0.06	2.1
Israel	Tel Aviv	1547.55	8.67	0.56	2.5
Italy	FTSE MIB	23507.06	26.14	0.11	7.6
Netherlands	AEX	560.52	-0.48	-0.09	2.9
Russia	RTS Index	1282.36	7.42	0.58	11.1
Spain	IBEX 35	10451.50	23.30	0.22	4.1
Sweden	SX All Share	578.30	-2.14	-0.37	1.7
Switzerland	Swiss Market	9335.40	-97.94	-1.04	-0.5
U.K.	FTSE 100	7533.55	-54.43	-0.72	-2.0
Asia-Pacific					
Australia	S&P/ASX 200	6037.70	14.90	0.25	-0.5
China	Shanghai Composite	3480.83	-7.18	-0.21	5.3
Hong Kong	Hang Seng	32887.27	279.98	0.86	9.9
India	S&P BSE Sensex	35965.02	-68.71	-0.19	5.6
Japan	Nikkei Stock Avg	23098.29	-193.68	-0.83	1.5
Singapore	Straits Times	3533.99	-14.75	-0.42	3.9
South Korea	Kospi	2566.46	-1.28	-0.05	4.0
Taiwan	Weighted	11103.79	27.01	0.24	4.3

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Close	Net chg	Latest Session % chg	52-Week High	52-Week Low	% chg
Cascadian Therapeutics	CASC	10.06	4.16	70.51	10.21	3.18	139.0
Global Eagle Ent	ENT	2.89	0.68	30.77	6.49	1.72	-53.2
Shutterfly	SFLY	68.15	14.83	27.81	68.28	39.76	31.6
Zafgen	ZFGN	6.87	1.20	21.16	7.10	3.21	64.7
Heat Biologics	HTBX	3.40	0.57	20.14	12.50	2.60	-66.0
Catalyst Biosciences	CBIO	25.39	4.12	19.37	27.01	3.11	191.8
Sunesis Pharmaceuticals	SNSS	5.55	0.90	19.35	5.65	1.82	35.7
VelocityShares 3x	DGAZ	22.00	3.55	19.24	42.92	17.05	3.5
Ply Gem Holdings	PGEM	21.45	3.35	18.51	21.50	14.55	24.3
Eastside Distilling	EAST	5.05	0.73	16.92	7.50	3.35	-6.5
Omnova Solutions	OMN	11.00	1.45	15.18	11.60	8.10	19.6
Kingtone Wirelessinfo ADR	KONE	5.35	0.67	14.31	9.40	2.63	14.3
Solid Biosciences	SLDB	25.62	3.12	13.87	29.25	19.12	...
Meritor	MTOR	27.28	3.28	13.67	27.96	14.65	75.5
Meta Financial Group	CASH	117.00	13.85	13.43	117.98	60.70	32.4

Percentage Losers

Company	Symbol	Close	Net chg	Latest Session % chg	52-Week High	52-Week Low	% chg
Bellicum Pharmaceuticals	BLCM	6.08	-2.12	-25.85	15.55	5.02	-52.8
Veritone	VERI	17.75	-5.40	-23.33	74.92	7.76	...
OpGen	OPGN	3.85	-1.15	-23.00	32.50	3.27	-86.0
Roadrunner Trans Sys	RRTS	5.57	-1.57	-21.99	9.75	5.46	-26.1
Forterra	FRTA	6.95	-1.83	-20.84	20.60	3.02	-63.9
My Size	MYSZ	1.92	-0.48	-20.00	16.70	0.57	-67.8
Coda Octopus Group	CODA	4.78	-1.14	-19.26	7.00	3.80	2.1
VelocityShares 3x Lg Nat	UGAZ	79.62	-18.98	-19.25	265.60	49.72	-68.7
DropCar	DCAR	3.50	-0.62	-15.05	...	...	...
Fossil Group	FOSL	7.96	-1.22	-13.29	26.01	5.50	-68.1
Eastman Kodak	KODK	7.95	-1.20	-13.11	15.30	2.95	-40.2
ProSh Ult Bloomberg Nat Gas	BOIL	6.73	-0.97	-12.60	13.87	5.06	-50.1
A10 Networks	ATEN	6.13	-0.86	-12.30	9.94	5.83	-22.7
Quotient	QTNT	2.92	-0.41	-12.20	7.74	2.92	-55.6
ZK International Group	ZKIN	8.76	-1.20	-12.05	16.00	6.70	...

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Advanced Micro Devices	AMD	139,758	163.4	13.74	6.76	15.65	9.70
SPDR S&P 500	SPY	97,583	21.3	281.90	0.05	286.63	226.82
iShares MSCI Emg Markets	EEM	93,164	72.8	51.03	0.87	52.08	37.26
General Electric	GE	71,998	-18.9	16.17	1.38	30.59	15.80
iPath S&P 500 VIX ST Fut	VXX	65,882	78.4	29.96	-2.09	77.64	25.59
Bank of America	BAC	62,131	-8.4	32.00	0.38	32.45	22.07
ProSharesUltVIXST	UVXY	56,704	86.2	11.55	-3.99	99.80	8.52
Ford Motor	F	54,377	38.9	10.97	-0.81	13.48	10.47
Finl Select Sector SPDR	XLF	49,072	-15.7	29.74	0.27	30.33	22.00
Atossa Genetics	ATOS	48,117	1319.0	0.80	48.15	1.85	0.22

*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	52-Week Low
Cascadian Therapeutics	CASC	21,759	6087	10.06	70.51	10.21	3.18
PowerShares DB Gold Fund	DGL	1,116	4059	42.66	0.68	43.28	38.43
Ply Gem Holdings	PGEM	5,456	3799	21.45	18.51	21.50	14.55
Vanguard MC 400 Gr ETF	IVOG	1,089	2951	138.72	-0.41	142.23	113.71
iSh Edge MSCI Min Vol Eur	EUMV	121	1915	26.32	-0.02	26.69	21.48
ProShares Ultra Utilities	UPW	152	1909	43.56	0.83	54.09	38.65
Shutterfly	SFLY	13,370	1840	68.15	27.81	68.28	39.76
IQ Chaikin U.S. Large Cap	CLRG	1,457	1703	26.52	-0.15	27.80	24.88
Bellicum Pharmaceuticals	BLCM	8,210	1629	6.08	-25.85	15.55	5.02
Xtrackers Muni Infra	RVNU	113	1581	26.72	0.11	27.23	25.50

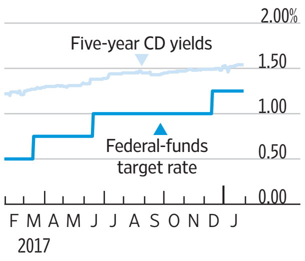
*Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS & CURRENCIES

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

Bankrate.com avg†:	1.54%
EverBank	2.55%
Jacksonville, FL	855-228-6755
Live Oak Bank	2.55%
Wilmington, NC	866-518-0286
First Internet Bank of Indiana	2.58%
Indianapolis, IN	888-873-3424
VirtualBank	2.58%
Miami, FL	877-998-2265
M.Y. Safra Bank, FSB	2.60%
New York, NY	212-652-7200

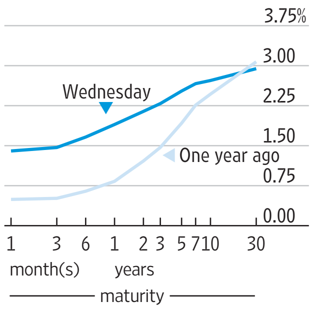
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.25-1.50	1.25-1.50	0.50	1.50	1.25
Prime rate*	4.50	4.50	3.75	4.50	1.25
Libor, 3-month	1.78	1.75	1.03	1.78	1.52
Money market, annual yield	0.30	0.35	0.25	0.36	-0.12
Five-year CD, annual yield	1.54	1.54	1.20	1.54	0.08
30-year mortgage, fixed†	4.26	4.14	3.73	4.33	0.54
15-year mortgage, fixed†	3.68	3.59	2.99	3.68	0.67
Jumbo mortgages, $424,100-plus†	4.52	4.45	4.21	4.87	0.06
Five-year adj mortgage (ARM)†	4.26	4.20	3.20	4.32	0.76
New-car loan, 48-month	3.55	3.29	2.85	3.55	0.61

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

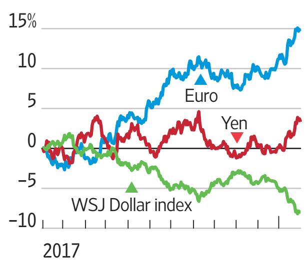
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	52-Week Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1437.928	2.547	2.483	2.547	1.818	0.908	-0.266
10-yr Treasury, Ryan ALM	1686.978	2.722	2.654	2.725	2.058	n.a.	-1.157
DJ Corporate	378.064	3.365	3.329	3.390	2.879	4.869	2.383
Aggregate, Barclays Capital	1922.680	2.970	2.920	2.970	2.380	2.143	1.141
High Yield 100, Merrill Lynch	n.a.	n.a.	5.461	n.a.	n.a.	n.a.	n.a.
Fixed-Rate MBS, Barclays	1965.310	3.200	3.140	3.200	2.660	1.308	1.200
Muni Master, Merrill	n.a.	n.a.	2.247	n.a.	n.a.	n.a.	n.a.
EMBI Global, J.P. Morgan	n.a.	n.a.	5.622	n.a.	n.a.	n.a.	n.a.

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0509	19.6425	5.6
Brazil real	.3138	3.1867	-3.8
Canada dollar	.8121	1.2314	-2.1
Chile peso	.001660	602.30	-2.1
Ecuador US dollar	1	1	unch
Mexico peso	.0538	18.6005	-5.4
Uruguay peso	.03520	28.4100	-1.4
Venezuela b. fuerte	.098571	10.1450	-1.9
Asia-Pacific			
Australian dollar	.8054	1.2416	-3.0
China yuan	.1590	6.2887	-3.3
Hong Kong dollar	.1278	7.8230	0.1
India rupee	.01571	63.667	-0.3
Indonesia rupiah	.0000747	13383	-0.7
Japan yen	.009159	109.18	-3.1
Kazakhstan tenge	.003098	322.84	-3.0
Macau pataca	.1243	8.0453	-0.01
Malaysia ringgit	.2563	3.9010	-3.9
New Zealand dollar	.7364	1.3580	-3.7
Pakistan rupee	.00904	110.620	-0.03
Philippines peso	.0195	51.407	2.9
Singapore dollar	.7622	1.3120	-1.9
South Korea won	.0009345	1070.08	0.3
Sri Lanka rupee	.0065020	153.80	0.2
Taiwan dollar	.03427	29.176	-1.7
Thailand baht	.03190	31.350	-3.8
Vietnam dong	.00004403	22710	...

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Europe			
Czech Rep. koruna	.04911	20.361	-4.3
Denmark krone	.1668	5.9957	-3.4
Euro area euro	1.2414	.8056	-3.3
Hungary forint	.004004	249.74	-3.6
Iceland krona	.009953	100.47	-3.0
Norway krone	.1296	7.7143	-6.0
Poland zloty	.2990	3.3449	-3.8
Russia ruble	.01779	56.213	-2.5
Sweden krona	.1269	7.8809	-3.7
Switzerland franc	1.0739	.9312	-4.4
Turkey lira	.2663	3.7551	-1.0
Ukraine hryvnia	.0360	27.7575	-1.4
UK pound	1.4191	.7047	-4.8
Middle East/Africa			
Bahrain dinar	2.6524	.3770	-0.02
Egypt pound	.0566	17.6800	-0.5
Israel shekel	.2924	3.4197	-1.7
Kuwait dinar	3.3361	.2998	-0.6
Oman sul rial	2.5974	.3850	0.01
Qatar rial	.2746	3.641	-0.2
Saudi Arabia riyal	.2666	3.7503	...
South Africa rand	.0844	11.8455	-4.2

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	83.22	-0.05	-0.05	-3.20

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Wednesday Net chg	% Chg	52-Week High	52-Week Low	% Chg	YTD % chg
DJ Commodity	639.53	-2.35	-0.37	645.87	532.01	10.45	2.26
TR/CC CRB Index	197.38	-0.76	-0.38	200.52	166.50	1.56	1.81
Crude oil, $ per barrel	64.73	0.23	0.36	66.14	42.53	20.14	7.13
Natural gas, $/MMBtu	2.995	-0.200	-6.26	3.63	2.56	-5.46	1.42
Gold, $ per troy oz.	1339.00	3.60	0.27	1362.40	1200.10	11.07	2.50

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Feb	3.2105	3.2105		3.1840	**3.1840**	0.0070	4,071
March	3.1910	3.2330		3.1770	**3.1955**	0.0065	137,681
Gold (CMX)-100 troy oz.; $ per troy oz.							
Feb	1337.50	1346.90		1331.80	**1339.00**	3.60	6,455
April	1341.80	1351.00		1335.50	**1343.10**	3.10	403,213
June	1346.50	1355.90		1341.20	**1348.40**	3.20	74,674
Aug	1356.20	1360.00		1346.70	**1353.90**	3.20	25,006
Oct	1362.00	1364.20		1353.00	**1359.30**	3.30	4,924
Dec	1363.30	1371.90		1357.80	**1365.10**	3.30	34,372
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
March	1052.65	1059.35	▼	1021.90	**1023.55**	–28.90	32,312
June	1046.50	1053.35	▼	1016.60	**1018.15**	–28.25	4,083
Sept	1045.00	1045.00	▼	1010.00	**1012.80**	–27.90	321
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Feb	1001.60	1001.60		1001.60	**1001.30**	3.90	10
April	1000.60	1010.50		999.00	**1004.30**	2.50	85,762
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Feb	17.175	17.210		17.175	**17.204**	0.191	134
March	17.105	17.375		17.065	**17.241**	0.183	128,809
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
March	64.03	64.94		63.67	**64.73**	0.23	587,826
April	63.68	64.73		63.54	**64.56**	0.21	247,809
May	63.59	64.41		63.32	**64.31**	0.20	187,869
June	63.29	64.05		62.99	**63.96**	0.19	295,564
July	62.74	63.59		62.65	**63.53**	0.19	121,681
Dec	60.40	61.06		60.25	**61.01**	0.18	255,269
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
Feb	2.0600	2.0725		2.0559	**2.0692**	–.0025	6,415
March	2.0600	2.0699		2.0493	**2.0664**	–.0007	178,733
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
Feb	1.8798	1.9125		1.8697	**1.9075**	.0121	2,457
March	1.8572	1.8982		1.8489	**1.8937**	.0230	174,294
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
March	3.165	3.183		2.949	**2.995**	–.200	348,443
April	2.965	2.965		2.833	**2.860**	–.105	164,539
May	2.930	2.935		2.828	**2.854**	–.085	182,877
June	2.957	2.960		2.861	**2.886**	–.080	66,320
July	2.996	2.996		2.900	**2.924**	–.079	94,359
Oct	2.986	2.986		2.901	**2.924**	–.070	116,472

Agriculture Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
March	361.50	362.00		359.50	**361.50**	...	771,463
May	369.50	370.25	▲	367.75	**369.50**	–.25	305,276
Oats (CBT)-5,000 bu.; cents per bu.							
March	270.25	272.75		258.50	**265.50**	–4.50	3,363
May	265.75	268.00		254.50	**265.75**	1.25	2,605
Soybeans (CBT)-5,000 bu.; cents per bu.							
March	1000.00	1002.00		989.00	**995.75**	–4.50	333,628
May	1011.00	1013.00		1000.25	**1007.00**	–4.25	198,002
Soybean Meal (CBT)-100 tons; $ per ton.							
March	340.80	342.00		335.00	**337.80**	–2.70	154,031
May	344.10	345.30		338.60	**341.50**	–2.40	119,881
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
March	33.11	33.14		32.92	**33.07**	–.01	208,663
May	33.29	33.34		33.12	**33.28**	...	124,581
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
March	1238.00	1251.00	▲	1230.00	**1244.00**	3.00	7,000
May	1268.00	1271.00		1266.00	**1271.00**	3.50	1,570
Wheat (CBT)-5,000 bu.; cents per bu.							
March	458.50	458.75	▲	447.50	**451.75**	–5.50	258,618
May	470.25	472.00	▲	461.25	**465.50**	–5.25	118,882
Wheat (KC)-5,000 bu.; cents per bu.							
March	469.00	471.25	▲	463.50	**467.25**	–2.50	142,417
May	483.75	485.50	▲	477.75	**482.00**	–2.25	74,755
Wheat (MPLS)-5,000 bu.; cents per bu.							
March	616.00	619.25		606.25	**607.25**	–8.75	31,053
May	626.50	629.50		617.25	**618.25**	–7.75	14,905
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
March	146.500	147.400		144.750	**145.050**	–2.125	28,222
April	147.075	148.050		145.525	**145.850**	–1.950	8,927
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Feb	124.825	124.950		123.675	**123.850**	–.975	34,665
April	123.950	124.225		122.500	**122.925**	–1.250	149,887
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Feb	72.750	73.500		72.675	**73.225**	.775	16,906
April	73.275	73.400	▼	72.100	**72.250**	–.650	103,157
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
March	468.10	477.80		468.00	**470.90**	3.10	5,628
May	463.30	469.80		463.30	**467.20**	5.20	1,315
Milk (CME)-200,000 lbs., cents per lb.							
Feb	13.37	13.46		13.36	**13.40**	.02	3,654
March	13.35	13.58		13.35	**13.57**	.16	4,218
Cocoa (ICE-US)-10 metric tons; $ per ton.							
March	1,978	2,012	▲	1,974	**1,996**	26	106,661
May	2,007	2,034	▲	1,998	**2,020**	26	77,024
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
March	122.50	123.30		121.15	**121.85**	–.45	108,645
May	124.85	125.55		123.50	**124.20**	–.45	65,720
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
March	13.72	13.72		13.17	**13.23**	–.49	394,327
May	13.80	13.81		13.31	**13.37**	–.45	233,580
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
March	25.80	25.80	▼	25.70	**25.70**	–.15	3,327
May	26.41	26.74	▼	26.40	**26.60**	.06	2,797
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
March	77.24	78.20	▼	76.52	**77.28**	.25	140,088
May	78.13	79.20	▼	77.53	**78.36**	.39	86,631
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
March	147.00	148.95		144.50	**148.70**	.60	7,291
May	147.10	149.80		145.50	**149.70**	.75	2,109

Interest Rate Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
March	147-140	148-060		147-030	**147-260**	14.0	801,599
June	146-110	147-050		146-040	**146-250**	14.0	2,097
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	121-210	121-275		121-105	**121-185**	–2.0	3,524,586
June	121-040	121-115		120-280	**121-030**	–2.0	42,069
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	114-267	114-302		114-187	**114-227**	–4.0	3,361,115
June	114-190	114-192		114-107	**114-142**	–4.0	16,015
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
March	106-215	106-225		106-185	**106-197**	–1.5	1,960,729
June	106-152	106-152		106-120	**106-122**	–1.5	10,965
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Jan	98.585	98.588		98.585	**98.588**	...	242,564
Feb	98.575	98.583		98.575	**98.580**	.005	255,598
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
March	95.469	95.469	▼	94.906	**95.188**	.016	27,593
1 Month Libor (CME)-$3,000,000; pts of 100%							
Feb	98.4200	98.4200	▼	98.4150	**98.4150**	–.0050	4,773
April	98.2100	98.2100	▼	98.2100	**98.2100**	–.0025	26
Eurodollar (CME)-$1,000,000; pts of 100%							
Feb	98.1950	98.1975	▼	98.1875	**98.1875**	–.0050	181,787
June	97.9150	97.9300	▼	97.8900	**97.9000**	–.0150	1,438,416
Dec	97.6350	97.6500	▼	97.5950	**97.6150**	–.0150	1,797,403
Dec'19	97.3450	97.3600	▼	97.2800	**97.3050**	–.0350	1,607,644

Currency Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Feb	.9185	.9215		.9148	**.9175**	–.0029	609
March	.9220	.9232		.9160	**.9189**	–.0028	257,327
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Feb	.8122	.8156	▲	.8108	**.8131**	.0014	308
March	.8110	.8168	▲	.8103	**.8133**	.0014	171,922
British Pound (CME)-£62,500; $ per £							
Feb	1.4159	1.4230		1.4145	**1.4186**	.0022	1,689
March	1.4179	1.4257		1.4145	**1.4200**	.0023	230,623
Swiss Franc (CME)-CHF 125,000; $ per CHF							
March	1.0735	1.0802		1.0722	**1.0776**	.0029	72,277
June	1.0842	1.0883	▲	1.0804	**1.0857**	.0030	291
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Feb	.8056	.8113		.8042	**.8049**	–.0034	1,296
March	.8098	.8116		.8034	**.8049**	–.0034	136,332
April	.8096	.8108		.8042	**.8050**	–.0034	564
June	.8078	.8111		.8038	**.8050**	–.0034	1,909
Dec	.8085	.8097	▲	.8085	**.8058**	–.0032	285
Mexican Peso (CME)-MXN 500,000; $ per MXN							
March	.05287	.05348		.05284	**.05333**	.00037	187,569
June	.05240	.05258		.05204	**.05252**	.00037	1,260
Euro (CME)-€125,000; $ per €							
Feb	1.2418	1.2483		1.2408	**1.2426**	.0006	3,310
March	1.2439	1.2511		1.2423	**1.2448**	.0007	573,504

Index Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
March	26045	26310		26026	**26136**	81	154,962
June	26113	26354		26074	**26179**	85	611
S&P 500 Index (CME)-$250 x index							
March	2824.20	2839.50		2813.50	**2825.80**	1.30	75,267
Mini S&P 500 (CME)-$50 x index							
March	2823.25	2839.75		2813.00	**2825.75**	1.25	3,278,038
June	2828.75	2844.25		2817.25	**2830.25**	1.00	82,861
Mini S&P Midcap 400 (CME)-$100 x index							
March	1959.90	1973.60		1947.50	**1954.20**	–5.00	89,624
Mini Nasdaq 100 (CME)-$20 x index							
March	6938.3	6991.0		6921.5	**6962.5**	21.0	257,403
June	6963.0	7014.0		6947.8	**6987.8**	21.3	2,183
Mini Russell 2000 (ICE-US)-$100 x index							
March	1586.40	1596.70		1570.80	**1576.10**	–10.00	23,431
Mini Russell 1000 (ICE-US)-$100 x index							
March	1568.70	1568.90		1555.70	**1562.40**	.50	234
U.S. Dollar Index (ICE-US)-$1,000 x index							
March	88.95	89.14		88.62	**88.95**	–.05	44,942
June	88.64	88.80		88.34	**88.63**	–.05	1,514

Source: SIX Financial Information

Cash Prices

Wednesday, January 31, 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.

	Wednesday
Energy	
Propane,tet,Mont Belvieu-g	0.8507
Butane,normal,Mont Belvieu-g	0.9676
NaturalGas,HenryHub-i	3.210
NaturalGas,TranscoZone3-i	3.240
NaturalGas,TranscoZone6NY-i	4.530
NaturalGas,PanhandleEast-i	2.500
NaturalGas,Opal-i	2.430
NaturalGas,MarcellusNE PA-i	2.850
NaturalGas,HaynesvilleN.LA-i	3.060
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	1347.94
Engelhard fabricated	1449.04
Handy & Harman base	1345.05
Handy & Harman fabricated	1493.00
LBMA Gold Price AM	*1345.70
LBMA Gold Price PM	*1344.90
Krugerrand,wholesale-e	1393.60
Maple Leaf-e	1407.00
American Eagle-e	1407.00
Mexican peso-e	1623.64
Austria crown-e	1316.47
Austria phil-e	1407.00
Silver, troy oz.	
Engelhard industrial	17.3000
Engelhard fabricated	20.7600
Handy & Harman base	17.2350
Handy & Harman fabricated	21.5440
LBMA spot price	£12.1700
(U.S.$ equivalent)	17.2300
Coins,wholesale $1,000 face-a	12702
Other metals	
LBMA Platinum Price PM	*1004.0
Platinum,Engelhard industrial	1006.0
Platinum,Engelhard fabricated	1106.0
Palladium,Engelhard industrial	1056.0
Palladium,Engelhard fabricated	1156.0
Aluminum, LME, $ per metric ton	*2229.0
Copper,Comex spot	3.1840
Iron Ore, 62% Fe CFR China-s	73.1
Shredded Scrap, US Midwest-s,m	339
Steel, HRC USA, FOB Midwest Mill-s	707
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.6500
Cotton,1 1/16 std lw-mdMphs-u	0.7628
Cotlook 'A' Index-t	*88.85
Hides,hvy native steers piece fob-u	67.000
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	4.85
Bran,wheat middlings, KC-u	125
Corn,No. 2 yellow,Cent IL-bp,u	3.4200
Corn gluten feed,Midwest-u,w	103.7
Corn gluten meal,Midwest-u,w	470.4
Cottonseed meal-u,w	298
Hominy feed,Cent IL-u,w	98
Meat-bonemeal,50% pro Mnpls-u,w	218
Oats,No.2 milling,Mnpls-u	2.9550
Rice, Long Grain Milled, No. 2 AR-u,w	25.00
Sorghum,(Milo) No.2 Gulf-u	8.4188
SoybeanMeal,Cent IL,rail,ton48%-u	332.80
Soybeans,No.1 yllw IL-bp,u	9.6100
Wheat,Spring14%-pro Mnpls-u	7.1975
Wheat,No.2 soft red,St.Louis-bp,u	4.5850
Wheat - Hard - KC (USDA) $ per bu-u	4.5725
Wheat,No.1soft white,Portld,OR-u	5.3700
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	193.42
select 1-3,600-900 lbs.-u	187.39
Broilers, National comp wghtd-u,w	0.9272
Butter,AA Chicago	2.1425
Cheddar cheese,bbl,Chicago	132.00
Cheddar cheese,blk,Chicago	146.25
Milk,Nonfat dry,Chicago lb.	70.50
Cocoa,Ivory Coast-w	2253
Coffee,Brazilian,Comp	1.2266
Coffee,Colombian, NY	1.4335
Eggs,large white,Chicago-u	1.5150
Flour,hard winter KC	15.25
Hams,17-20 lbs,Mid-US fob-u	0.68
Hogs,Iowa-So. Minnesota-u	71.20
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.8507
Steers,Tex.-Okla. Choice-u	125.91
Steers,feeder,Okla. City-u,w	169.25
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	28.5000
Grease,choice white,Chicago-h	0.2250
Lard,Chicago-u	0.3250
Soybean oil,crude;Centl IL-u	0.3167
Tallow,bleach;Chicago-h	0.2525
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 1/30

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					
1922.68	-1.2	U.S. Aggregate	2.970	2.380	2.970
U.S. Corporate Indexes Bloomberg Barclays					
2774.04	-1.0	U.S. Corporate	3.450	3.030	3.500
2599.97	-0.8	Intermediate	3.130	2.530	3.130
3890.21	-1.3	Long term	4.140	3.990	4.680
563.18	-1.1	Double-A-rated	2.950	2.470	2.950
718.88	-0.7	Triple-B-rated	3.710	3.340	3.830
High Yield Bonds Merrill Lynch					
n.a.	n.a.	High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Triple-C-rated	n.a.	n.a.	n.a.
n.a.	n.a.	High Yield 100	n.a.	n.a.	n.a.
n.a.	n.a.	Global High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Europe High Yield Constrained	n.a.	n.a.	n.a.
U.S Agency Bloomberg Barclays					
1625.78	-0.7	U.S Agency	2.430	1.690	2.430
1455.40	-0.5	10-20 years	2.310	1.490	2.310
3312.32	-2.2	20-plus years	3.160	2.730	3.410
2445.95	-0.7	Yankee	3.160	2.610	3.160
Mortgage-Backed Bloomberg Barclays					
1965.31	-1.2	Mortgage-Backed	3.200	2.660	3.200
1932.46	-1.1	Ginnie Mae (GNMA)	3.170	2.630	3.170
1152.26	-1.2	Fannie mae (FNMA)	3.210	2.670	3.210
1775.01	-1.2	Freddie Mac (FHLMC)	3.220	2.680	3.220
n.a.	n.a.	Muni Master	n.a.	n.a.	n.a.
n.a.	n.a.	7-12 year	n.a.	n.a.	n.a.
n.a.	n.a.	12-22 year	n.a.	n.a.	n.a.
n.a.	n.a.	22-plus year	n.a.	n.a.	n.a.
Global Government J.P. Morgan†					
539.26	-0.9	Global Government	1.570	1.300	1.590
747.79	-0.9	Canada	2.250	1.570	2.250
n.a.	n.a.	EMU§	n.a.	n.a.	n.a.
703.89	-0.9	France	1.000	0.690	1.210
501.78	-1.1	Germany	0.680	0.210	0.680
288.16	-0.2	Japan	0.420	0.340	0.460
554.40	-1.1	Netherlands	0.770	0.390	0.790
911.32	-2.1	U.K.	1.700	1.340	1.750
n.a.	n.a.	Emerging Markets **	n.a.	n.a.	n.a.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds

** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.000	U.S. 2	2.149 ▲	2.124	1.887	1.212			
2.250	10	2.722 ▲	2.721	2.410	2.458			
4.500	Australia 2	2.035 ▼	2.095	1.970	1.790	-11.4	-2.9	57.7
2.750	10	2.801 ▼	2.849	2.643	2.718	7.9	12.8	26.0
0.000	France 2	-0.397 ▲	-0.403	-0.468	-0.497	-254.6	-252.8	-170.9
0.750	10	0.971 ▲	0.963	0.779	1.036	-175.1	-175.8	-142.3
0.000	Germany 2	-0.521 ▲	-0.527	-0.616	-0.707	-266.9	-265.1	-191.9
0.500	10	0.698 ▲	0.684	0.430	0.442	-202.5	-203.7	-201.6
0.050	Italy 2	-0.172 ▲	-0.176	-0.134	0.024	-232.0	-230.0	-118.9
2.050	10	2.020 ▼	2.030	1.989	2.277	-70.2	-69.2	-18.2
0.100	Japan 2	-0.134 ▼	-0.129	-0.138	-0.203	-228.3	-225.3	-141.5
0.100	10	0.086 ▼	0.095	0.050	0.090	-263.6	-262.6	-236.8
2.750	Spain 2	-0.364 ▲	-0.374	-0.365	-0.297	-251.3	-249.8	-151.0
1.450	10	1.429 ▲	1.405	1.541	1.598	-129.3	-131.6	-86.0
1.750	U.K. 2	0.671 ▲	0.609	0.435	0.125	-147.7	-151.6	-108.8
4.250	10	1.515 ▲	1.464	1.191	1.517	-120.	-125.7	-94.1

Source: Tullett Prebon

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended January 26. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels / **Imports,** 000s barrels per day

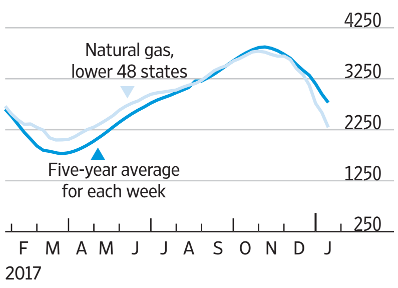
	Inventories Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Imports Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Crude oil and petroleum prod	1,205,076	...	1,203	1,347	1,208	1,199	11,245	...	10,290	10,302	10,166	9,887
Crude oil excluding SPR	418,359	1,800	412	495	416	432	8,430	...	8,041	8,290	8,020	7,845
Gasoline	242,060	...	244	257	241	244	509	...	575	488	436	583
Finished gasoline	23,449	1,800	24	28	24	37	11	...	8	8	10	17
Reformulated	54	...	0	0	0	0	0	...	0	0	0	0
Conventional	23,395	...	24	28	24	37	11	...	8	8	10	17
Blend. components	218,611	...	220	229	217	208	499	...	567	480	427	566
Natural gas (bcf)	2,296	...	3	3	3	2	...	...	...	...	...	...
Kerosene-type jet fuel	41,614	...	41	43	41	39	197	...	97	19	126	116
Distillates	137,900	-1,200	140	171	140	140	584	...	251	236	289	218
Heating oil	10,571	...	11	13	10	17	42	...	36	55	54	76
Diesel	127,330	...	129	158	130	124	542	...	202	181	233	128
Residual fuel oil	33,679	...	32	41	32	39	131	...	270	235	178	205
Other oils	255,359	...	256	257	259	229	1,093	...	871	833	907	727
Net crude, petroleum products, incl. SPR	1,869,762	...	1,867	2,043	1,873	1,894	4,596	...	4,077	5,013	3,825	5,644

Weekly Demand, 000s barrels per day

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Total petroleum product	21,003	...	20,636	19,307	20,772	19,416
Finished motor gasoline	9,044	...	8,697	8,310	8,806	8,615
Kerosene-type jet fuel	1,622	...	1,631	1,709	1,668	1,521
Distillates	4,470	...	3,847	3,809	4,178	3,798
Residual fuel oil	56	...	330	493	201	206
Propane/propylene	1,530	...	1,770	1,453	1,684	...
Other oils	4,280	...	4,362	3,533	4,235	...

Natural gas storage

Billions of cubic feet; weekly totals



Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions.

Sources: SIX Financial Information via WSJ Market Data Group; U.S. Energy Information Administration; Dow Jones Newswires

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
Xerox	XRX	3.625	March 15, '23	120	–51	165	34.13	4.44
Pitney Bowes	PBI	4.700	April 1, '23	328	–30	357	14.11	11.81
Washington Prime	WPG	5.950	Aug. 15, '24	295	–22	320	6.58	–0.15
Bank of America	BAC	2.151	Nov. 9, '20	29	–15	34	32.00	0.38
Rio Tinto Finance	RIOLN	5.200	Nov. 2, '40	84	–10	n.a.	...	...
BPCE S.A.	BPCEGP	4.875	April 1, '26	128	–9	n.a.	...	...
CBL & Associates	CBL	5.250	Dec. 1, '23	403	–9	412	5.56	–0.54
Comcast	CMCSA	3.999	Nov. 1, '49	104	–9	112	42.53	0.45

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
JPMorgan Chase	JPM	7.900	April 30, '49	–77	18	–84	115.67	0.49
South Carolina Electric & Gas	SCG	6.050	Jan. 15, '38	134	17	113	...	...
Xcel Energy	XEL	3.300	June 1, '25	57	11	61	45.64	0.95
Royal Bank of Scotland	RBS	8.625	Aug. 15, '49	203	9	174	8.33	–0.72
Nasdaq	NDAQ	3.850	June 30, '26	103	6	n.a.	80.91	–1.15
Phillips 66*	PSX	4.875	Nov. 15, '44	113	6	110	102.40	0.12
Walt Disney	DIS	3.000	Feb. 13, '26	41	5	n.a.	108.67	–1.31
Anheuser-Busch Inbev Finance	ABIBB	3.650	Feb. 1, '26	76	4	81	...	...

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
CenturyLink	CTL	7.600	Sept. 15, '39	90.750	3.25	88.990	17.81	...
Revlon Consumer Products	REV	6.250	Aug. 1, '24	64.750	2.50	58.500	...	...
Iheartcommunications	IHRT	9.000	Dec. 15, '19	77.500	1.53	74.500	...	...
Charter Communications Operating	CHTR	5.375	May 1, '47	103.562	1.47	102.588	...	...
CHS/Community Health Systems	CYH	6.875	Feb. 1, '22	71.313	1.44	68.280	...	...
Noble Holding International	NE	7.750	Jan. 15, '24	93.250	1.25	95.000	...	...
Rockies Express Pipeline	ROCKIE	6.875	April 15, '40	117.988	1.24	117.500	...	...
Sprint Capital	S	8.750	March 15, '32	118.500	1.19	122.000	...	...

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Petroleum Geo Services Asa	PGSNO	7.375	Dec. 15, '20	98.750	–2.50	96.000	...	...
Southwestern Energy	SWN	7.750	Oct. 1, '27	104.000	–1.50	107.250	4.24	–4.72
Teva Pharmaceutical Finance Netherlands Iii	TEVA	3.150	Oct. 1, '26	83.138	–1.49	83.500	...	...
CenturyLink	CTL	7.650	March 15, '42	87.800	–1.45	88.563	17.81	...
JC Penney	JCP	5.650	June 1, '20	98.000	–1.38	98.875	3.71	–0.80
Windstream Services	WIN	6.375	Aug. 1, '23	58.251	–1.22	60.500	1.65	–1.20
Frontier Communications	FTR	7.625	April 15, '24	66.000	–1.00	69.000	8.19	1.49
Gulfport Energy	GPOR	6.375	May 15, '25	101.250	–1.00	102.750	10.17	–7.88

*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

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Wednesday, January 31, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	11.40	–0.52	5.7
CnsmrDiscSelSector	XLY	107.81	–0.32	9.2
CnsStapleSelSector	XLP	57.82	–0.46	1.6
EnSelectSectorSPDR	XLE	74.85	0.07	3.6
FinSelSectorSPDR	XLF	29.74	0.27	6.6
GuggS&P500EW	RSP	105.46	–0.02	4.4
HealthCareSelSect	XLV	88.10	–1.42	6.6
IndSelSectorSPDR	XLI	79.73	0.30	5.4
iShIntermCredBd	CIU	108.36	–0.02	–0.8
iSh1-3YCreditBond	CSJ	104.30	0.01	–0.2
iShCoreMSCIEAFE	IEFA	69.53	–0.27	5.2
iShCoreMSCIEmgMk	IEMG	61.44	0.75	8.0
iShCoreMSCITotInt	IXUS	66.60	0.03	5.6
iShCoreS&P500	IVV	284.15	0.18	5.7
iShCoreS&P MC	IJH	195.04	–0.25	2.8
iShCoreS&P SC	IJR	78.74	–0.54	2.5
iShS&PTotlUSStkMkt	ITOT	64.33	0.08	5.2
iShCoreUSAggBd	AGG	108.10	0.08	–1.1
iShSelectDividend	DVY	100.66	0.04	2.1
iShEdgeMSCIMinEAFE	EFAV	75.33	–0.04	3.2
iShEdgeMSCIMinUSA	USMV	54.62	0.09	3.5
iShGoldTr	IAU	12.92	0.70	3.3
iShiBoxx$InvGrCpBd	LQD	120.07	0.21	–1.2
iShiBoxx$HYCpBd	HYG	87.30	0.17	0.0
iShJPMUSDEmgBd	EMB	115.36	0.15	–0.6
iShMBSETF	MBB	105.36	0.04	–1.2
iShMSCI ACWI	ACWI	76.20	0.11	5.7
iShMSCIBrazil	EWZ	46.59	0.60	15.2
iShMSCI EAFE	EFA	73.84	–0.14	5.0
iShMSCI EAFE SC	SCZ	67.85	–0.22	5.2
iShMSCIEmgMarkets	EEM	51.03	0.87	8.3
iShMSCIEurozone	EZU	46.42	0.19	7.0
iShMSCIJapan	EWJ	62.94	–0.57	5.0
iShNasdaqBiotech	IBB	114.08	–1.88	6.8
iShNatlMuniBd	MUB	109.47	0.09	–1.1
iShRussell1000Gwth	IWF	144.04	0.16	6.9
iShRussell1000	IWB	156.65	0.04	5.4
iShRussell1000Val	IWD	129.04	–0.11	3.8
iShRussell2000Gwth	IWO	193.75	–0.57	3.8
iShRussell2000	IWM	156.36	–0.52	2.6
iShRussell2000Val	IWN	127.29	–0.41	1.2
iShRussell3000	IWV	166.36	0.01	5.2
iShRussellMid-Cap	IWR	215.83	–0.06	3.7
iShRussellMCValue	IWS	91.12	0.02	2.2
iShS&PMC400Growth	IJK	225.14	–0.20	4.3
iShS&P500Growth	IVW	163.67	0.23	7.1
iShS&P500Value	IVE	118.84	–0.12	4.0
iShUSPfdStk	PFF	37.62	0.53	–1.2
iShShortTreaBd	SHV	110.38	0.05	0.1
iShTIPSBondETF	TIP	113.11	0.25	–0.9
iSh1-3YTreasuryBd	SHY	83.61	...	–0.3
iSh7-10YTreasuryBd	IEF	103.30	0.03	–2.2
iSh20+YTreasuryBd	TLT	122.73	0.59	–3.3
iShRussellMCGrowth	IWP	127.39	–0.17	5.6
PIMCOEnhShMaturity	MINT	101.71	0.01	0.1
PwrShQQQ1	QQQ	169.40	0.41	8.8
PwrShS&P500LoVol	SPLV	48.83	0.37	2.3
PwrShSrLoanPtf	BKLN	23.23	0.26	0.8
SPDR BlmBarcHYBd	JNK	36.70	0.16	–0.1
SPDR Gold	GLD	127.65	0.67	3.2
SchwabIntEquity	SCHF	35.72	...	4.8
SchwabUS BrdMkt	SCHB	67.88	–0.04	5.2
SchwabUS Div	SCHD	53.50	...	4.6
SchwabUS LC	SCHX	67.31	0.06	5.5
SPDR DJIA Tr	DIA	261.44	0.31	5.7
SPDR S&PMdCpTr	MDY	355.00	–0.20	2.8
SPDR S&P 500	SPY	281.90	0.05	5.6
SPDR S&P Div	SDY	96.32	–0.16	1.9
TechSelectSector	XLK	68.45	0.75	7.0
UtilitiesSelSector	XLU	51.04	1.11	–3.1
VanEckGoldMiner	GDX	23.75	1.28	2.2
VangdInfoTech	VGT	177.17	0.70	7.6
VangdSC Val	VBR	135.34	–0.36	1.9
VangdDivApp	VIG	107.15	–0.14	5.0
VangdFTSEDevMk	VEA	46.99	–0.19	4.7
VangdFTSE EM	VWO	49.84	0.61	8.6
VangdFTSE Europe	VGK	62.48	0.06	5.6
VangdFinls	VFH	74.04	0.07	5.7
VangdFTSEAWxUS	VEU	57.84	0.19	5.7
VangdGrowth	VUG	150.25	0.17	6.8
VangdHlthCr	VHT	164.60	–1.47	6.8
VangdHiDiv	VYM	89.15	–0.03	4.1
VangdIntermBd	BIV	82.54	–0.01	–1.5
VangdIntrCorpBd	VCIT	86.38	0.13	–1.2
VangdLC	VV	129.58	0.10	5.7
VangdMC	VO	161.37	0.01	4.3
VangdMC Val	VOE	115.66	–0.09	3.7
VangdREIT	VNQ	79.45	1.79	–4.3
VangdS&P500	VOO	258.99	0.09	5.6
VangdST Bond	BSV	78.72	–0.01	–0.5
VangdSTCpBd	VCSH	79.03	...	–0.3
VangdSC	VB	151.78	–0.35	2.7
VangdTotalBd	BND	80.56	0.02	–1.2
VangdTotlntlBd	BNDX	54.06	–0.04	–0.6
VangdTotIntlStk	VXUS	60.06	0.15	5.7
VangdTotalStk	VTI	144.43	0.03	5.2
VangdTotlWrld	VT	78.33	0.09	5.5
VangdValue	VTV	111.33	0.04	4.7
WisdTrEuropeHdg	HEDJ	65.94	0.21	3.5
WisdTrJapanHdg	DXJ	60.39	–0.15	1.8

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.
The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
▲-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.

Wednesday, January 31, 2018

Stock	Sym	Close	Net Chg
A B C			
ABB	ABB	27.87	-0.09
▲ AECOM	ACM	39.11	0.06
AES	AES	11.56	0.08
Aflac	AFL	88.20	-0.37
AGNC Invt	AGNC	18.79	-0.31
Bio-RadLab A	BIO	258.53	-0.67
Biogen	BIIB	347.81	-4.78
BioMarinPharm	BMRN	90.23	0.10
Bioverativ	BIVV	103.06	-0.04
BlackKnight	BKI	49.50	-1.50
BlackBerry	BB	12.66	0.08
BlackRock	BLK	561.80	-0.49
Blackstone	BX	36.55	0.42
▲ BlueBuffaloPet	BUFF	33.98	0.88
bluebirdbio	BLUE	204.90	1.10
▲ Boeing	BA	354.37	16.66
BorgWarner	BWA	56.26	-0.46
BostonProps	BXP	123.71	4.29
BostonSci	BSX	27.96	-0.07
Braskem	BAK	31.12	-0.38
BrightHorizons	BFAM	98.20	1.19
BrighthouseFin	BHF	64.26	-0.80
Bristol-Myers	BMY	62.60	-1.36
BritishAmTob	BTI	68.10	-0.52
DevonEnergy	DVN	41.37	-0.15
Diageo	DEO	143.96	1.43
DiamondbkEner	FANG	125.50	-0.77
DigitalRealty	**DLR**	**111.95**	**5.39**
DiscoverFinSvcs	DFS	79.80	0.08
DiscovComm C	DISCK	23.86	-0.01
DiscovComm A	DISCA	25.07	0.10
Disney	DIS	108.67	-1.44
DolbyLab	DLB	64.34	-0.36
DollarGeneral	DG	103.12	-1.11
▲ DollarTree	DLTR	115.00	0.40
DominionEner	D	76.44	1.12
Domino's	DPZ	216.85	0.90
Donaldson	DCI	50.66	-0.49
DouglasEmmett	DEI	38.67	0.38
▲ Dover	DOV	106.21	-0.84
DowDuPont	DWDP	75.58	0.45
DrPepperSnap	DPS	119.35	0.35
DrReddy'sLab	RDY	34.46	-1.06
Helm&Payne	HP	72.03	-0.68
HenrySchein	HSIC	75.68	-2.39
▲ Herbalife	HLF	82.99	0.04
Hershey	HSY	110.33	0.80
Hess	HES	50.51	-0.01
HewlettPackard	HPE	16.40	-0.14
Hexcel	HXL	68.35	0.80
Hilton	HLT	85.65	-0.76
HollyFrontier	HFC	47.96	1.41
Hologic	HOLX	42.70	-0.43
SteelDynamics	STLD	45.40	-1.38
Stericycle	SRCL	75.36	2.90
STMicroelec	STM	23.90	...
Stryker	SYK	164.38	-4.07
SumitomoMits	SMFG	9.08	-0.07
SunComms	SUI	88.84	0.70
SunLifeFinancial	SLF	43.37	0.23
SuncorEnergy	SU	36.25	0.29
SunTrustBanks	STI	70.70	0.19
Symantec	SYMC	27.23	0.61
SynchronyFin	SYF	39.68	0.05
Tenaris	TS	35.00	-0.06
Teradyne	TER	45.84	-0.49
Tesla	TSLA	354.31	8.49
TevaPharm	TEVA	20.41	-0.24
TexasInstruments	TXN	109.67	-0.22
Textron	TXT	58.67	-1.51
▲ ThermoFisherSci	TMO	224.11	9.49
ThomsonReuters	**TRI**	**43.31**	**-3.21**
ThorIndustries	THO	136.66	-3.26
3M	MMM	250.50	-1.04
Tiffany	TIF	106.65	-1.87
UnitedContinental	UAL	67.82	0.81
UnitedMicro	UMC	2.44	-0.03
UPS B	UPS	127.32	-0.79
UnitedRentals	URI	181.11	-1.03
US Bancorp	USB	57.14	-0.26
US Steel	X	37.41	-1.20
UnitedTech	UTX	138.01	1.51
UnitedHealth	UNH	236.78	0.13
UnivDisplay	OLED	159.40	-4.80
UniversalHealthB	UHS	121.50	-1.03
UnumGroup	UNM	53.19	-0.48
WPP	WPP	90.40	-0.60
Wabtec	WAB	81.04	-1.37
Wal-Mart	WMT	106.60	-1.13
WalgreensBoots	WBA	75.26	-0.87
WasteConnections	WCN	71.82	-0.15
WasteMgt	WM	88.43	0.48
Waters	WAT	215.61	0.74
Watsco	WSO	179.79	0.21
Wayfair	W	92.01	-0.97
Weibo	WB	129.57	0.98
WellCareHealth	WCG	210.38	-0.21
Yandex	YNDX	38.73	0.63
YumBrands	YUM	84.59	...
YumChina	YUMC	46.39	-0.40
ZTO Express	ZTO	15.81	-0.02
ZayoGroup	ZAYO	36.70	0.54
ZebraTech	ZBRA	123.16	-0.97
Zillow A	ZG	44.79	-0.16
Zillow C	Z	44.46	-0.31
ZimmerBiomet	ZBH	127.12	1.18
ZionsBancorp	ZION	54.03	0.10
Zoetis	ZTS	76.73	-1.62

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.

Wednesday, January 31, 2018

Stock	Sym	52-Wk Hi/Lo	% Chg
Highs			
AECOM	ACM	39.90	0.2
Ablynx	ABLX	54.64	0.8
Accuray	ARAY	6.15	-3.4
ActivisionBliz	ATVI	74.94	3.5
AdverumBiotech	ADVM	8.59	-8.2
Alibaba	BABA	206.20	2.3
Altaba	AABA	80.56	2.1
Amazon.com	AMZN	1472.58	0.9
ForumMergerWt	FMCIW	0.89	6.7
FosterLB	FSTR	28.00	-0.9
FreseniusMed	FMS	57.94	0.2
GOL Linhas	GOL	11.81	0.6
Galapagos	GLPG	121.09	-0.1
GatesIndustrial	GTES	19.74	2.1
GlbPartnerAcqn	GPAC	10.80	0.3
GraniteConstr	GVA	68.58	-1.2
HDFC Bank	HDB	110.77	1.4
HMG Court	HMG	14.90	1.4
Harris	HRS	160.23	2.0
OnAssignment	ASGN	77.68	11.2
OrionEngCarbons	OEC	29.90	-0.5
OrmatTech	ORA	70.68	0.5
PayPal	PYPL	86.32	1.8
Plantronics	PLT	60.49	10.4
PlayAGS	AGS	19.88	0.7
PlyGem	PGEM	21.50	18.5
PolymetMining	PLM	1.34	17.9
Pool	POOL	136.72	0.3
ProtagonistTherap	PTGX	23.10	4.1
PureStorage	PSTG	21.23	-1.0
Lows			
AcadiaRealty	AKR	24.31	0.3
AchillionPharm	ACHN	2.60	-4.3
AcuityBrands	AYI	153.24	-2.5
AdvantageOil	AAV	3.15	-3.0
Alexander&Baldwin	ALEX	26.32	-1.6
AllenaPharm	ALNA	8.34	-7.2
AmericanAssets	AAT	34.76	1.2
AmFinDeb2055	AFGH	25.24	0.1
AnworthMtgPfdB	ANHpB	25.40	-2.3
AnworthMtg	ANH	4.80	-2.0
ArlingtonAsset	AI	10.39	-2.5
Avalonbay	AVB	166.21	2.1
Barnes&Noble	BKS	4.70	-3.1
BellicumPharm	BLCM	5.02	-25.9
BluerockREITPfdC	BRGpC	24.46	0.1
BrixmorProp	BRX	16.07	0.1
CPI Card	PMTS	2.74	4.0
CYS Invts	CYS	6.63	-1.9
CapitalSrLiving	CSU	11.11	-0.6
MFA Financial	MFA	7.10	-1.8
MFC Bancorp	MFCB	6.76	-8.8
Mack-Cali	CLI	19.99	...
MagneGas	MNGA	2.13	-8.9
MaidenNts46	MHLA	19.20	-1.1
MatinasBioPharma	MTNB	0.92	-14.8
MedleyCapNts21	MCX	25.45	-0.9
MercuryGeneral	MCY	48.68	-1.1
NaviosMaritime	NNA	0.76	-3.3
NewMountainFin	NMFC	13.20	-0.4
NY Mortgage	NYMT	5.64	-2.2
NewYorkREIT	NYRT	2.00	-0.5
NordicAmerTankers	NAT	2.23	-0.9
NorthernDynasty	NAK	0.96	-14.7
Nuvasive	NUVA	48.33	-2.2
OaktreeSpecNts28	OCSLL	24.40	-0.5
Oclaro	OCLR	5.76	-1.7
OdonateTherap	ODT	20.35	-2.3
OncoMedPharm	OMED	2.38	-1.6
OrchidIslandCap	ORC	7.47	-3.4
OrthoPediatrics	KIDS	16.01	-1.7
Ovascience	OVAS	1.01	-4.6
IMPAC Mortgage	IMH	9.03	-6.7
ImmuneDesign	IMDZ	3.30	-4.9
InVivoTherap	NVIV	0.51	-3.6
iStar	STAR	10.53	-0.8
JM Global Un	WYIGU	9.98	-1.5
JerniganCapital	JCAP	17.65	0.1
JerniganCapPfdB	JCAPpB	23.10	-1.2
KKR RealEstFin	KREF	19.32	-0.6
KemperDeb54	KMPA	25.68	0.1
KimcoRealtyPfdM	KIMpM	22.95	0.5
LSC Comm	LKSD	13.60	-2.5
LincolnEduc	LINC	1.68	2.7
LindbladExpedWt	LINDW	1.34	...
TwoHarbors	TWO	14.60	-1.7
UMH Prop	UMH	13.25	-0.1
Universal	UVV	47.60	-0.7
UrbanEdgeProp	UE	22.89	1.9
VerizonNts54	VZA	25.79	0.3
Vivus	VVUS	0.40	-5.1
VornadoPfdM	VNOpM	24.04	...
WashingtonPrmPfH	WPGpH	23.51	-0.5
WashingtonPrime	WPG	6.51	-0.2
WesternAssetMort	WMC	9.23	-2.5
XpresSpa	XSPA	0.93	-8.0
YatraOnline	YTRA	6.44	-5.7
ZionsBancorpPfdG	ZBpG	26.38	1.3

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

January 31, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Dec. index level	Chg From (%) Nov. '17	Dec. '16
U.S. consumer price index			
All items	**246.524**	−0.06	2.1
Core	**253.558**	0.03	1.8

International rates

	Latest	Week ago	—52-Week— High	Low
Prime rates				
U.S.	**4.50**	4.50	4.50	3.75
Canada	**3.45**	3.45	3.45	2.70
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**0.00**	0.00	0.00	0.00
Switzerland	**0.50**	0.50	0.50	0.50
Britain	**0.50**	0.50	0.50	0.25
Australia	**1.50**	1.50	1.50	1.50
Overnight repurchase				
U.S.	**1.43**	1.46	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	**1.3300**	1.4200	1.4400	0.6000
High	**1.5625**	1.5625	1.6500	0.8125
Low	**1.3000**	1.3000	1.4100	0.4500
Bid	**1.3300**	1.4100	1.4300	0.5600
Offer	**1.3500**	1.4300	1.4400	0.6700

	Latest	Week ago	—52-WEEK— High	Low
Treasury bill auction				
4 weeks	**1.440**	1.230	1.440	0.400
13 weeks	**1.425**	1.430	1.445	0.515
26 weeks	**1.625**	1.615	1.625	0.620

Secondary market

	Latest	Week ago	High	Low
Fannie Mae				
30-year mortgage yields				
30 days	**3.843**	3.770	3.865	3.253
60 days	**3.870**	3.799	3.899	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	**1.67**	1.67	1.71	0.72
Libor				
One month	**1.57970**	1.56137	1.57970	0.77000
Three month	**1.77777**	1.75246	1.77777	1.03372

	Latest	Week ago	—52-WEEK— High	Low
Six month	**1.96625**	1.93738	1.96719	1.33489
One year	**2.26671**	2.23063	2.26671	1.69400
Euro Libor				
One month	**-0.405**	-0.405	-0.383	-0.420
Three month	**-0.377**	-0.383	-0.344	-0.387
Six month	**-0.337**	-0.333	-0.240	-0.339
One year	**-0.263**	-0.262	-0.102	-0.263
Euro interbank offered rate (Euribor)				
One month	**-0.369**	-0.369	-0.366	-0.375
Three month	**-0.328**	-0.328	-0.325	-0.332
Six month	**-0.279**	-0.278	-0.237	-0.279
One year	**-0.191**	-0.192	-0.101	-0.194

	Latest	Value Traded	—52-Week— High	Low
DTCC GCF Repo Index				
Treasury	**1.450**	31.400	1.836	0.489
MBS	**1.514**	105.502	1.852	0.496

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Jan	**98.542**	0.002	3621	1.458
Treasury Feb	**98.570**	0.010	3909	1.430
Treasury Mar	**98.435**	unch.	516	1.565

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.

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.

Wednesday, January 31, 2018

Fund	NAV	Net Chg	YTD % Ret
American Century Inv			
Ultra	46.82	+0.07	7.8
American Funds Cl A			
AmcpA p	33.75	-0.14	7.2
AMutlA p	42.52	-0.05	4.2
BalA p	28.02	+0.07	3.2
BondA p	12.72	...	-1.2
Bridge Builder Trust			
CoreBond	NA	...	NA
Dimensional Fds			
5GlbFxdInc	10.80	...	-0.6
EmgMktVa	33.96	+0.19	8.8
EmMktCorEq	24.86	+0.14	7.1
IntlCoreEq	15.27	-0.01	5.0
500IdxPrem	98.80	+0.05	5.7
ExtMktIdxPrem r	64.13	-0.15	3.4
IntlIdxPrem r	45.41	-0.08	5.2
SAIUSLgCpIndxFd	15.10	+0.01	5.7
TMktIdxF r	80.42	...	5.3
TMktIdxPrem	80.42	...	5.3
USBdIdxInstPrem	11.43	+0.01	-1.2
Value	42.72	-0.04	4.7
R2025	18.23	+0.03	3.6
R2030	26.99	+0.04	4.1
R2035	19.83	+0.03	4.5
R2040	28.56	+0.05	4.8
Value	39.05	+0.06	4.6
PRIMECAP Odyssey Fds			
INSTTRF2020	23.09	+0.01	2.5
INSTTRF2025	23.56	+0.01	3.1
INSTTRF2030	23.93	+0.01	3.5
INSTTRF2035	24.31	+0.01	4.0
INSTTRF2040	24.69	+0.01	4.5
INSTTRF2045	24.93	+0.01	4.7
IntlVal	41.96	-0.06	5.2
LifeCon	20.28	+0.02	1.6
LifeGro	35.07	+0.02	4.2
LifeMod	27.92	+0.02	2.9
PrmcpCor	28.47	-0.03	5.8
TotBdAdml	10.61	+0.01	-1.1
TotIntBdIdxAdm	21.58	-0.01	-0.5
TotIntlAdmIdx r	32.22	+0.03	5.6
TotStAdml	70.27	...	5.3
TxMIn r	15.11	...	4.9
ValAdml	43.39	-0.01	4.8
WellsI	27.11	...	0.6
Welltn	43.24	-0.02	2.9
WndsrII	39.79	-0.07	5.2
VANGUARD INDEX FDS			
500	260.92	+0.13	5.7
ExtndIstPl	216.17	-0.51	3.4
SmValAdml	58.15	-0.22	2.0
TotBd2	10.57	+0.01	-1.2
TotIntl	19.26	+0.02	5.6
TotSt	70.24	...	5.3
VANGUARD INSTL FDS			
SelValu r	32.28	-0.01	3.2
STAR	27.75	+0.03	3.5
STIGrade	10.57	...	-0.4
TgtRe2015	15.60	...	1.8
TgtRe2020	32.17	+0.01	2.5
TgtRe2025	19.06	+0.01	3.0
BalInst	35.67	+0.01	2.7
DevMktsIndInst	15.13	...	4.9
DevMktsInxInst	23.64	-0.01	4.8
ExtndInst	87.60	-0.20	3.4
GrwthInst	77.32	+0.12	6.9
InPrSeIn	10.33	+0.02	-1.0
STIGradeInst	10.57	...	-0.4
TotBdInst	10.61	+0.01	-1.1
TotBdInst2	10.57	+0.01	-1.2
TotBdInstPl	10.61	+0.01	-1.1
TotIntBdIdxInst	32.38	-0.02	-0.5
TotIntlInstIdx r	128.84	+0.13	5.6
TotItlInstPlId r	128.87	+0.14	5.6
TotStInst	70.28	...	5.3
ValueInst	43.39	-0.01	4.8
Western Asset			
CorePlusBdI	11.73	+0.02	-0.7

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Wed's close ($)	% Chg From Offer price	1st-day close
ARMO BioSciences **ARMO** Jan. 26/$17.00	30.60	**80.0**	2.9
PlayAGS **AGS** Jan. 26/$16.00	19.57	**22.3**	5.8
resTORbio **TORC** Jan. 26/$15.00	16.22	**8.1**	−3.9
Solid Biosciences **SLDB** Jan. 26/$16.00	25.62	**60.1**	13.3
Eyenovia **EYEN** Jan. 25/$10.00	9.59	**−4.1**	−3.3
Gates Industrial **GTES** Jan. 25/$19.00	19.60	**3.2**	5.9
Gordon Pointe Acquisition **GPAQU** Jan. 25/$10.00	10.00	...	...
Menlo Thera **MNLO** Jan. 25/$17.00	36.80	**116.5**	28.2
PagSeguro Digital **PAGS** Jan. 24/$21.50	27.94	**30.0**	−4.3
ADT **ADT** Jan. 19/$14.00	12.48	**−10.9**	0.7

Sources: WSJ Market Data Group; FactSet Research Systems

Court Backs CFPB's One-Director Format

Appeals judges dismiss penalties regulator imposed on mortgage servicer

By Brent Kendall and Yuka Hayashi

WASHINGTON—A federal appeals court upheld the single-director structure of a consumer-finance regulator created after the financial crisis, but threw out the penalties it levied against a mortgage-service company.

The U.S. Court of Appeals for the District of Columbia Circuit, in a divided ruling Wednesday, rejected arguments that Congress in 2010, while controlled by Democrats, improperly set up the Consumer Financial Protection Bureau by making it difficult for the president to remove the agency's director.

"Congress's decision to provide the CFPB director a degree of insulation reflects its permissible judgment that civil regulation of consumer financial protection should be kept one step removed from political winds and presidential will," Judge Cornelia Pillard wrote for the court's majority.

The case for years has been at the center of a heated legal battle over the powers of the presidency in relation to those of the politically divisive CFPB. But it has taken on less practical urgency since the Trump administration took control of the bureau in November, after Obama appointee Richard Cordray stepped down as director.

CHIP SOMODEVILLA/GETTY IMAGES

Budget chief Mick Mulvaney is the consumer regulatory agency's acting director. He is in the midst of reviewing all of its operations.

White House budget chief Mick Mulvaney, a longtime critic of the CFPB, started serving as temporary director in November and has begun overhauling the bureau in line with Republican priorities. GOP lawmakers and other critics have in the past opposed the CFPB's single-director structure, but a push to turn the bureau into a bipartisan commission fizzled after President Donald Trump took office.

The ruling was a partial win for the mortgage industry and PHH Corp., which brought the lawsuit leading to the appeals-court ruling. While the court affirmed the bureau's structure, the judges invalidated the $109 million in penalties the CFPB levied against the firm after finding it violated a federal law on real-estate settlement procedures. The judges said legal interpretations in the PHH case were incorrect and were wrongly applied retroactively on the mortgage lender.

"The less high-profile part of the decision is a big win for the mortgage industry," said Joseph Palmore, a managing partner at Morrison & Foerster, adding the ruling "restores certainty for the industry and provides an important check against the ability of the agencies to penalize regulated entities without fair notice."

PHH shares rose 2.4% Wednesday after the ruling.

In a statement, the company said the ruling was an "important and gratifying outcome." The company didn't say whether it might appeal its loss on the CFPB's structure.

A CFPB spokesman said it is analyzing the decision, without elaborating.

The appellate ruling came in a 7-to-3 vote. Most judges in the majority were appointed by Democratic presidents, though one George W. Bush appointee, Judge Thomas Griffith, concurred in the outcome. Judge Griffith said that even under the CFPB's current structure, it isn't that difficult for the president to remove the director.

The dissenting judges said the CFPB's structure trampled on the checks and balances set up in the Constitution.

The decision's central finding that CFPB's structure is legally sound marks an about-face by the appeals court and sets up the case for potential review by the Supreme Court.

The case was originally assigned to a three-judge D.C. Circuit panel made up of conservative judges, and two of them formed a majority for an October 2016 ruling that said the CFPB's structure was unconstitutional.

That opinion ordered changes that would have made it easier for a president to fire the bureau director. But the appeals court, which as a whole leans in a more liberal direction, withdrew that ruling last year and reconsidered the case with more judges participating.

Mr. Mulvaney in January opened a public review of all the CFPB's operations, including the bureau's enforcement, supervision, rule making, markets monitoring and education activities. The bureau also has said it would revisit a rule that would clamp down on high-interest payday loans.

The CFPB remains embroiled in another court battle. Leandra English, whom Mr. Cordray, the former director, attempted to install as acting director instead of Mr. Mulvaney, sued Mr. Trump and Mr. Mulvaney soon after his appointment. So far, Ms. English has lost court rulings. The case is on appeal at the same appeals court that heard the PHH lawsuit.

January Proves to Be a Crypto-Cruel Month

Bitcoin gripped the investing world last year like no other asset class in recent memory, minting new millionaires, sparking a pivot to blockchain technology and attracting a wave of interest from institutional investors.

By Steven Russolillo in Hong Kong and Eun-Young Jeong in Seoul

In 2018, bitcoin has been a total dud.

The price of the cryptocurrency dropped 28% in January, its worst monthly drop in three years, according to research site CoinDesk Inc. It fell below $10,000 on Wednesday, a two-month low. And it is down 48% from its record of $19,282.73 reached in mid-December.

The plunge is noteworthy even by bitcoin's standards. While it has been known to lose over one-quarter of its market value in the span of a day, those declines have typically been short-lived. Over the past five years, bitcoin has fallen by more than 30% in a given month only three times, the latest in January 2015, when it declined 32%.

Late Wednesday, bitcoin was at $9,999.26, according to CoinDesk.

While several factors are driving the decline, the regulatory clampdown occurring around the world is an important reason why bitcoin and the broader cryptocurrency market have fallen on tougher times.

On Tuesday, the Securities and Exchange Commission halted a $600 million initial coin offering, one of the biggest U.S. interventions into the sector. An initial coin offering is a process by which a company creates a new virtual coin or token and offers it for public sale. In January, the top U.S. derivatives regulator brought charges in three cases involving virtual currencies.

Further hurting sentiment, **Facebook** Inc. said Tuesday that it would stop all ads on its platform that promote cryptocurrencies and initial coin offerings. The social-media company said it wanted to eliminate promotions of "financial products and services frequently associated with misleading or deceptive promotional practices."

In Asia, the Chinese government has taken steps to limit bitcoin mining operations, a blow to a large market for minting new bitcoin.

Japan, which has held a favorable stance on cryptocurrencies, was stung by a hack last week in which $530 million of a cryptocurrency called NEM was swiped from exchange **Coincheck** Inc.

Meanwhile, South Korea has undertaken new legislation aimed at calming its red-hot bitcoin market.

"All of this is frightening," said Kim Sang-woo, a 29-year-old from Seoul who says he has been trading cryptocurrencies for nearly a year.

Mr. Kim said he initially entered the cryptocurrency market with a $20,000 investment on South Korean exchanges, spread out over nine digital currencies, including bitcoin and ether. Through trading in and out of these coins, he said he made 10 times his initial investment.

But now he said he has cut his exposure to digital currencies, instead favoring Korean stocks. "Valuations were way too high," he said. "I still see positive catalysts and I'm sure all the regulation is just a way of eventually building up a bigger market. But it's tough right now."

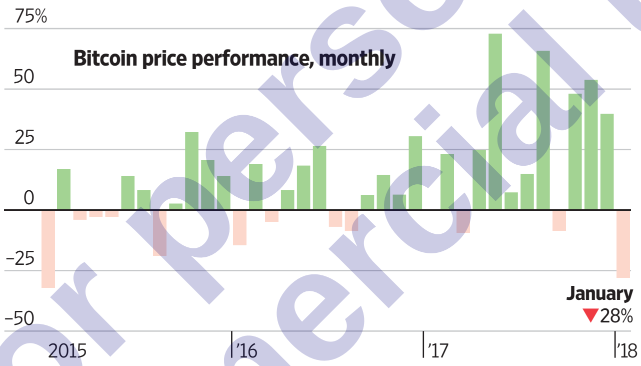
For sure, bitcoin has still been highly profitable for many investors. It remains up by some 900% from where it traded at the beginning of last year. And investors who bought bitcoin as recently as three months ago have more than doubled their money.

But in a further sign of the regulatory pressure, South Korea's customs service on Wednesday said that it had found illegal foreign-exchange dealings amounting to 637.5 billion won ($594 million) carried out through cryptocurrencies. Kim Yong-Chul, a director at the custom service's financial investigation division, said the figure is likely to increase as the probe continues.

By South Korean law, any foreign remittances above $3,000 require supporting documentation, while cumulative overseas transactions that exceed $50,000 annually are also monitored. But cryptocurrencies don't face any remittance restrictions.

Bad Start

Bitcoin's decline in January was its worst monthly drop in three years.



Source: CoinDesk

THE WALL STREET JOURNAL.

SoFi Cuts Mortgage Division Staffing

By Peter Rudegeair

Online lender **Social Finance** Inc. is laying off dozens of employees in its mortgage division, an area the company previously highlighted for its growth prospects, according to people familiar with the matter.

The San Francisco-based financial-technology company told staffers on Tuesday that it is cutting about 65 jobs, roughly 5% of its 1,300-person workforce, the people said. The layoffs are centered in its mortgage-operations centers in Healdsburg, Calif., and Cottonwood Heights, Utah.

A SoFi spokesman said the company "made some changes to staffing to ensure we have the right people in the right roles and locations to power our growth." He added that SoFi is looking to fill more than 175 open jobs.

The layoffs come a week after SoFi said it hired Twitter Inc. executive Anthony Noto to be its next chief executive officer, effective March 1. SoFi had been left without a permanent CEO since Mike Cagney resigned in September.

SoFi entered the mortgage business in 2014 and targeted the same type of customers whose student loans it had refinanced: recent college graduates with high salaries but relatively little in the way of savings and wealth.

The mortgage business has remained a smaller business than other types of loans SoFi offers. The startup projected 2017 mortgage volume would be $3.7 billion compared with $5.7 billion for personal loans and $8.1 billion for student loans, according to a 2016 corporate presentation reviewed by The Wall Street Journal.

SoFi has also relied more on outside vendors to expand in mortgages, some of the people said. In 2016, SoFi entered into a joint venture with **Stearns Lending** LLC, a specialty mortgage lender that is majority-owned by funds managed by private-equity firm **Blackstone Group** LP, some of the people said.

SoFi is looking to make its mortgage process more automated. It recently hired about 20 employees from **Clara Lending** Co., a digital-mortgage startup based in San Francisco, a person familiar with the matter said. The hirings from Clara were reported earlier by Bloomberg News.

Investor Who Pushed Pivot to Bitcoin Sells Shares

By Ianthe Jeanne Dugan

A Colorado biotech company made a splash in October when it transformed into a hot bitcoin play whose shares surged after it changed its name to **Riot Blockchain** Inc.

Now, a big shareholder who helped spur the transformation is doing something much more quietly: selling.

Barry Honig, a Florida investor, said in an interview that he sold a significant portion of his shares in recent weeks. "When stock goes up, you take a profit," he said. "Every good investor does it."

BARRY HONIG

Barry Honig pushed a biotech's name change to Riot Blockchain.

Riot has been one of the highest fliers among dozens of companies that pivoted into bitcoin and blockchain, the technology that underpins the cryptocurrency. After changing its name from Bioptix Diagnostics Inc., its stock surged more than fivefold in less than three months on the Nasdaq Stock Market. Its price remains almost twice its level before the name change.

In a speech last week at the Securities Regulation Institute, a conference for corporate lawyers, U.S. Securities and Exchange Commission Chairman Jay Clayton said the agency is examining the disclosures of public companies that shift their business models to "capitalize on the perceived promise" of the blockchain business.

For Mr. Honig, 46 years old, the cryptocurrency craze is the latest twist in a storied career. From his perch in Boca Raton, Fla., he has scooped up shares in dozens of firms that sometimes morph into hot areas—vaping, solar energy, stem cells—and see a stock-price pop. Some have fizzled, raising the ire of other investors.

Mr. Honig has clashed with corporate officials who disagree with the new direction. "This guy trolls for small companies with cash and cheap shares," said Gail Schoettler, a former lieutenant governor of Colorado who was chairwoman of Bioptix before it became Riot. She said the pivot pre-empted promising medical development.

Mr. Honig said he set the company on more solid financial footing. "There have been companies that were on the brink of bankruptcy," he said. "By taking risk, I've given companies a second chance to create value for shareholders, including myself."

Mr. Honig began working at Ramius Capital in 1998, trading distressed equities. He later co-founded Marlin Capital Partners LLC with another investor, Michael Brauser.

Messrs. Honig and Brauser were co-chairmen of InterClick, an online advertising company. It was sold to Yahoo in a deal valued at roughly $270 million in 2011.

In 2015, Mr. Honig began buying shares in a small company called Venaxis Inc. Ms. Schoettler, the former chairwoman, said Venaxis had been working on a test to detect appendicitis in children. The company reached a deal to buy Bioptix, a closely held medical-device company, in September 2016.

Mr. Honig had opposed the deal, and shortly after it was announced took legal action to force the company to hold a special shareholder meeting and elect new directors. Ms. Schoettler and two other directors resigned as a result.

The company announced it was folding the biotech business and laying off employees. It still holds rights to royalties from some biotech assets.

Bioptix's new directors—some of whom Mr. Honig had recommended—came up with the idea to pivot to bitcoin, he said.

"I thought it was a brilliant move," he said. A company spokeswoman didn't respond to requests to comment.

When Bioptix changed its name to Riot Blockchain in October 2017, Mr. Honig said he owned more than 500,000 shares—9.9% of the company. The stock soared from about $8 to more than $46 in a matter of weeks. He later picked up more shares in a private placement that raised more than $35 million.

$46

Stock soared to this level from $8 after the name change

Riot announced an acquisition of a bitcoin-mining company late last year, and also owns a stake in Coinsquare, a Canadian cryptocurrency exchange.

"This is going to be a survivor in the blockchain space," Mr. Honig said.

Yet he and others are paring back. John O'Rourke, the new chief executive, whom Mr. Honig supported, in December sold shares worth more than $800,000. Mr. O'Rourke didn't respond to a request to comment.

Mr. Honig has sold about 500,000 shares, he said, but declined to divulge his profit. He said he still owns about 1% of the company.

Treasurys Steady After Two Releases

By Sam Goldfarb

U.S. government-bond prices were little changed after investors dissected the latest policy statement from the Federal Reserve and funding announcement from the Treasury Department.

The yield on the benchmark 10-year Treasury note settled at 2.722%, compared with 2.725% Tuesday.

Yields, which fall as bond prices rise, had declined early in Wednesday's session after the Treasury said it would meet the government's increased borrowing needs by boosting the size of short-term debt sales in coming months by more than medium- and long-term debt auctions.

CREDIT MARKETS

Traders, however, quickly booked profits, and yields climbed for much of the day before slipping just before the close.

In the end, the Fed's statement had a muted impact on the market.

As expected, the central bank kept short-term interest rates unchanged but the Fed made note of rising inflation expectations, doing little to dispel the widely held view that it will next raise rates in March.

The yield on the 10-year Treasury note narrowly missed its ninth increase out of the past 11 trading sessions.

A run of strong economic data and Congress's recent passage of corporate-tax cuts have bolstered investors' expectations on growth and inflation.

Inflation is a main threat to government bonds because it chips away at the purchasing power of their fixed returns and makes it easier for the Fed to tighten monetary policy.

Outlining its issuance plans in its quarterly refunding statement, the Treasury Department on Wednesday said it would increase the auction sizes of two- and three-year notes by $2 billion a month starting in February.

It said five-, seven-, 10-, and 30-year debt auctions would go up by $1 billion.

Analysts characterized the announcement as largely unsurprising, but it still removed an immediate threat to 10-year notes.

The notes could have come under more pressure if Treasury officials had arrived at a different financing mix.

Increasing the size of government-bond auctions tends to weigh on the prices of outstanding bonds as it expands the supply of debt.

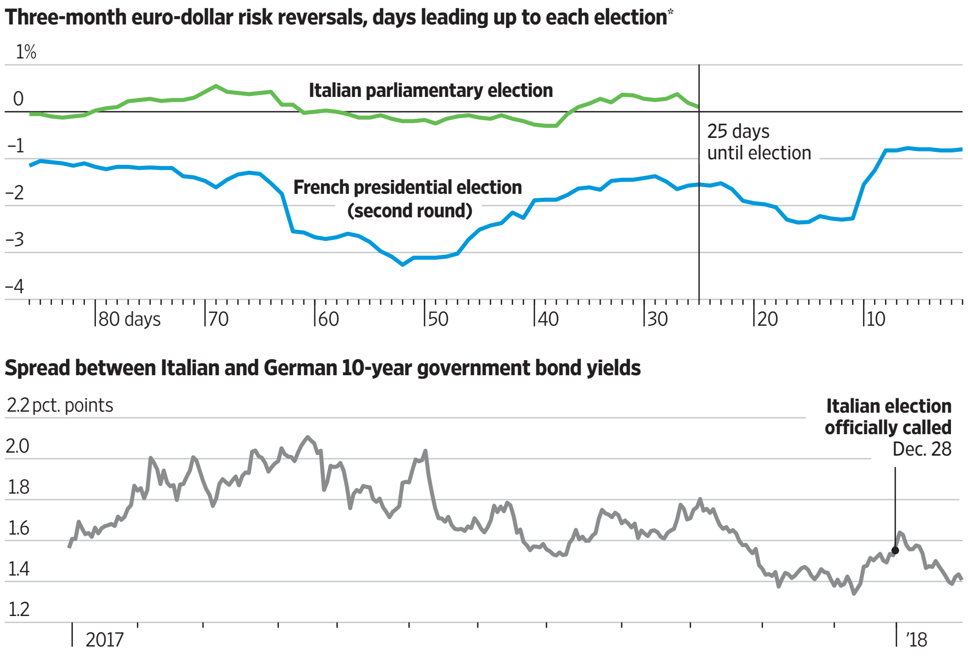
"Everybody knew from November that they were going to increase the short end the most, but until you actually see what they're going to do in the long end you can't position too hard in that direction," said Jim Vogel, interest-rates strategist at FTN Financial.

ANTONIO MELITA/PACIFIC PRESS/ZUMA PRESS

Liberi e Uguali party presents its election slate in Palermo, Italy.

Precious Protection

Investors guarded themselves against the threat of a drop in the euro ahead of the French election, but have been less cautious before Italy's vote.



*A negative reading shows investors paying to guard against a risk that the euro will decline in value

Sources: Thomson Reuters (euro-dollar risk); Tradeweb (bond yields)

THE WALL STREET JOURNAL.

In Italy, Markets Flash Buy Signal

Economy hums along and stocks and bonds rally, while concerns ease over March vote

By Mike Bird

Last year, the coming Italian election in March was seen by some as having the potential to split apart the eurozone.

Now, with just five weeks to go, not so much.

Many Italian assets have rallied and outperformed European peers, thanks in part to the country's expanding economy and shrinking unemployment rate. In addition, the perceived threat from antiestablishment politicians has eased. All of which has appeared to soothe investor concerns as the vote approaches, a trend that isn't uncommon to elections in the country.

"Every time you have an election in Italy, people say, 'Whoa, there's a lot of political instability,' but every time it's a nonevent," said Marie-Anne Allier, head of euro fixed income at Amundi SA, a large European fund-management firm.

In late 2016, concern that Italians would reject constitutional overhauls in a referendum provoked widespread concern. Voters did reject it, but the selloff that followed was short-lived.

"Everyone who sells Italy because of an Italian election loses money," she said.

This year, Italy's flagship stock index is up 7.5%, compared with 3.3% for the Euro Stoxx index of eurozone shares. That puts the FTSE MIB ahead of its peers in Germany, France and Spain.

And while Italy's recovery has been slow by the standards of its eurozone peers, the latest gross-domestic-product data showed a 1.7% expansion in the year to September 2017, the fastest rise since 2011. Unemployment, at 10.8%, has now declined to its lowest level since 2012. Italian banks have made attempts to clean up balance sheets weighed down by bad loans, and recapitalizations and liquidations have helped to lift the sector.

"Accelerating GDP growth, rising sentiment, reducing banking risks and a positive rating cycle currently overshadow still-elevated Italian political risks," said Giada Giani, an economist at Citigroup Inc. in a recent research note.

To be sure, many analysts and investors see longer-term risks in the Italian economy. Growth is still slow and with the country's stock of nonperforming loans still high, the banking system is weaker than most other parts of Europe.

Also, Italy's comparatively lukewarm support for the euro, which fanned investors' concerns last year, hasn't gotten any better.

Only 59% of Italians say they are in favor of a single European currency, according to European Commission survey data, below Germany's 81%, France's 71% or even Greece's 66%.

Goldman Sachs Group Inc. believes that assets could still move to account for the risks surrounding the election in the weeks to come.

"It seems to us that the market is complacent," Silvia Ardagna, an economist at Goldman Sachs, said in a recent research note. Ms. Ardagna said most market moves ahead of European elections often come during the last two to three weeks of the campaign.

The spread between Italian and German sovereign-bond yields—an indicator of the additional default risk associated with Rome—has declined in the new year.

Italy's 10-year bonds offer a yield 1.4 percentage points higher than Germany's, roughly the lowest level in a year. As recently as April 2017, those yields were 2.1 percentage points higher.

Despite the gains, investors like Amundi's Ms. Allier still see value in the country's government debt. Italy's 10-year government bonds offer a yield of about 2%, while French and German equivalents offer less than 1%.

Aside from bright economics, concern over Italian political risk have also faded as the populist parties that prompted it take a softer line.

Stocks Rebound, but Rate Worries Persist

By Amrith Ramkumar

The Dow industrials inched higher, rebounding from two consecutive days of triple-digit losses, though concerns about higher interest rates continued to rattle markets.

Stocks and bonds swung widely Wednesday, with the blue-chip index trading in a range of nearly 300 points on the busiest day of the month by trading volume.

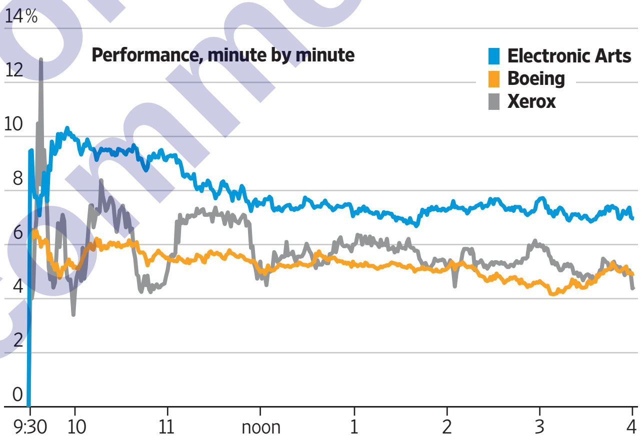
WEDNESDAY'S MARKETS

Stocks surged out of the gate on the back of a flurry of strong corporate results, particularly from Dow component **Boeing**, but turned lower after Federal Reserve officials said they expect inflation will move higher this year and stabilize at around 2%.

The yield on the 10-year Treasury note surged briefly following the Fed statement before settling at 2.722%, down from Tuesday's 2.725%.

Earnings Boost

Electronic Arts, Boeing and Xerox were among the companies whose stock rose Wednesday after reporting earnings.



Source: FactSet

THE WALL STREET JOURNAL.

The moves came a day after investor concerns about higher inflation and less accommodative central-bank policy pushed stocks sharply lower. Some investors said those concerns remain after the Fed left interest rates unchanged but reiterated plans to gradually raise them.

Most analysts, though, said a positive earnings and economic backdrop remains intact, and interest rates are likely to remain low by historical standards.

"We think fundamentals are very strong," said Alicia Levine, head of global investment strategy at BNY Mellon Investment Management. "Growth is strengthening throughout the world."

The Dow Jones Industrial Average rose 72.50 points, or 0.3%, to 26149.39. The S&P 500 added 1.38 points, or less than 0.1%, to 2823.81, and the Nasdaq Composite rose 9 points, or 0.1%, to 7411.48.

Even with declines earlier this week, the Dow industrials and S&P 500 posted their largest one-month percentage gains since March 2016. Both indexes have risen for 10 consecutive months, their longest monthly winning streaks in almost 60 years.

After years of forecasts for higher interest rates and inflation that turned out to be inaccurate, some investors think steady economic growth will finally translate this year, pushing up Treasury yields and potentially weighing on stocks and other risky assets.

In company news, Boeing added $16.66, or 4.9%, to $354.37, contributing 114 points to the Dow industrials, after the aerospace giant forecast a higher profit margin and a big rise in cash generated from record jet deliveries.

Electronic Arts rose 8.26, or 7%, to 126.96, after posting sharp growth in live-services revenue in the holiday quarter, while **Xerox** gained 1.45, or 4.4%, to 34.13, after shrinking its loss and sealing a deal in which Japan's Fujifilm Holdings will take a majority stake.

Elsewhere, the Stoxx Europe 600 closed down 0.2%. Hong Kong's Hang Seng Index rose 0.9% to cap off its best month since April 2015. Early Thursday, it was down 0.1%. Japan's Nikkei ended down 0.2% Wednesday as the yen strengthened against the dollar. At midday Thursday, it was up 1.3%.

Bitcoin Prompts CFTC to Revisit New-Products System

By Gabriel T. Rubin

WASHINGTON—The top U.S. derivatives regulator is reviewing its process for approving new products, after the launch of bitcoin futures raised questions about whether its hands-off approach should be changed.

The Commodity Futures Trading Commission is trying to juggle the concerns of some in the industry and on Capitol Hill that the process for allowing futures contracts to come to market are too lax, while also preserving its system for new products that has been relatively uncontroversial for nearly two decades. Currently, exchanges can launch new derivatives with minimal regulatory consultation through a process called self-certification.

Virtual-currency derivatives have provoked a mixed response.

CME Group Inc. and **Cboe Global Markets** Inc. launched separate bitcoin-futures contracts in December, after limited consultations with the CFTC. The volatility of bitcoin, coupled with worries about the lack of transparency and cyber vulnerability of bitcoin exchanges, led some on Wall Street, including the Futures Industry Association, to blanch at the offerings and call on the CFTC to take a harder look at virtual-currency derivatives before letting them come to market.

"The commission must reconsider its historical regulatory approach to new products," CFTC Commissioner Rostin Behnam, a Democrat, said at a public meeting he led that focused on the self-certification process.

CFTC Chairman J. Christopher Giancarlo already has outlined a "heightened review" process for virtual-currency derivatives but stopped far short of saying that the self-certification process needed broad changes.

"The CFTC's current product self-certification framework is consistent with public policy that encourages market-driven innovation that has made America's listed futures markets the envy of the world," he said, adding, "whatever the market impact of bitcoin futures, I hope it is not to compromise the product self-certification process that has served so well for so long."

ANDREW HARRER/BLOOMBERG NEWS

CFTC Chairman J. Christopher Giancarlo, center, supports a review of the approach to new products.

Mr. Giancarlo said he supports Mr. Behnam's review. The review process he recently outlined would require enhanced information-sharing agreements between exchanges and the CFTC, as well as agreements between exchanges to coordinate product launches.

The exchanges that have launched bitcoin futures pushed back at Wednesday's meeting on suggestions that changes are needed.

"The self-certification process worked exactly as intended," said Chris Concannon, chief operating officer of Cboe's futures exchange. Those comments were echoed by CME Group general counsel Kathleen Cronin, who said creating a formal certification process for new derivatives would be an "unnecessary burden."

Even with an enhanced process, there is little the CFTC can do to prevent a contract from coming to market under existing rules. Congress would need to change the law to require riskier contracts to get formal approval from regulators. Such a process might involve a vote from the commission, rather that just staff approval. There is an existing, more formal approval process for new products, but it is up to the exchanges to choose whether or not to use that process rather than self-certification.

Congressional Republicans don't have any interest, for now, in pursuing any major changes to self-certification just because bitcoin futures have sparked concerns.

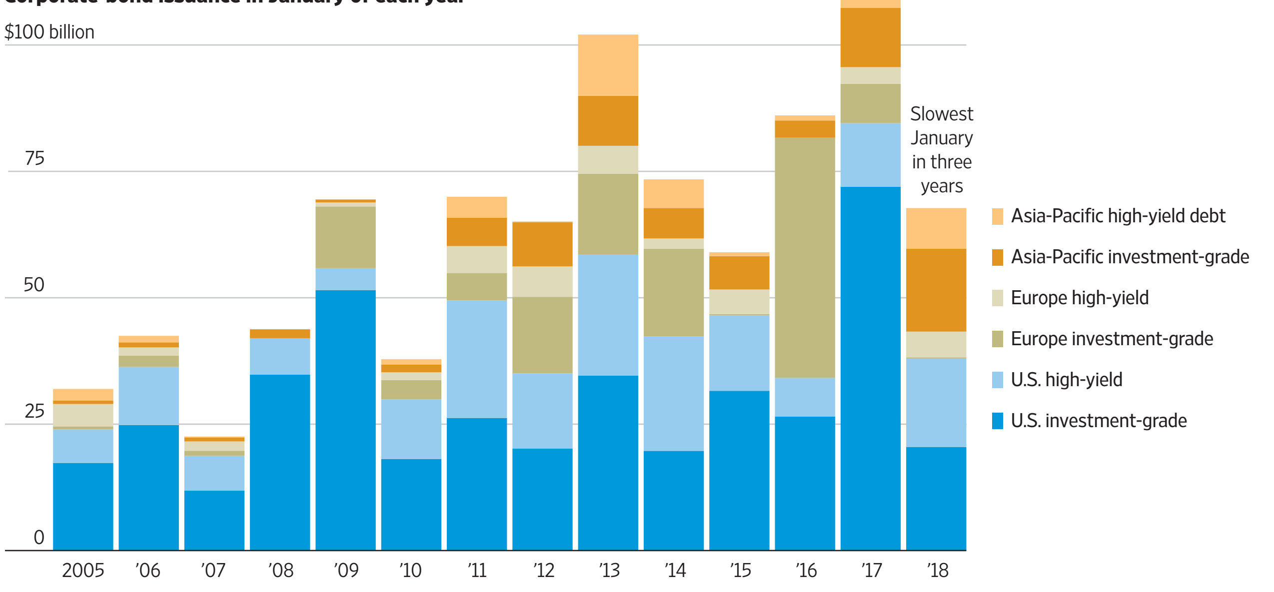
Regulators and industry participants expect any changes to self-certification to be small and limited to the riskiest new contracts, making a clear distinction between low-risk derivatives and novel, volatile ones.

MARKETS

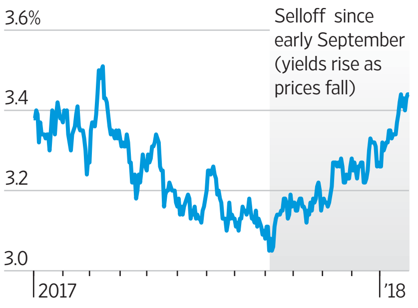
Yields Are Rising on New Corporate Bonds

Bankers advise some issuers to delay sales; paper losses arise for debtholders

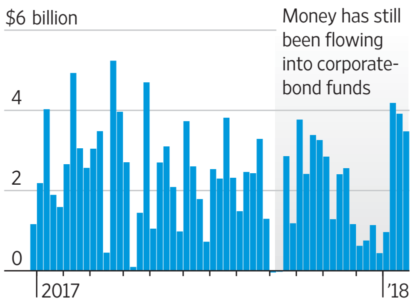
Corporate-bond issuance in January of each year



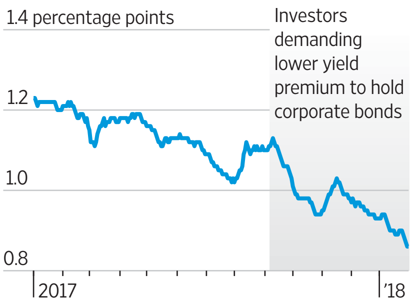
Average investment-grade corporate-bond yield



Net investment-grade flows



Yield spread, investment-grade bonds relative to Treasurys



Sources: Dealogic (issuance); Bloomberg Barclays (yield, spread); Thomson Reuters Lipper (flows) THE WALL STREET JOURNAL.

Months of selling in government bonds are beginning to send ripples through the corporate-debt market worldwide, nudging up borrowing

By Sam Goldfarb, Manju Dalal and Tasos Vossos

costs for businesses and posing fresh risks to investors.

Since early September, the yield on the benchmark 10-year U.S. Treasury note has climbed to 2.722% from around 2.06%. Over that time, the average yield to maturity on U.S. investment-grade corporate bonds has increased to 3.46%, as of Tuesday, from 3.05%, according to Bloomberg Barclays data, translating to higher interest rates on some newly issued bonds. Yields rise when bond prices fall.

When **Constellation Brands** Inc. sold five-year notes on Monday, it paid a 3.2% interest rate, higher than the 2.65% coupon on the five-year debt it sold in October. Bankers in some parts of the world have been advising clients to delay sales, and investors have suffered paper losses as prices slide.

While fund managers said they remain largely unconcerned by the selling in Treasurys, some say conditions could worsen from here, especially if the 10-year Treasury yield goes above 3%.

"If you break through the 3% level, that's the big level that would get the market pretty nervous," said Jeff Given, a portfolio manager at Manulife Asset Management. At that point, he said, rising yields could begin to hurt stocks and push out the gap between Treasury yields and corporate-bond yields—similar to what happened in the 2013 "taper tantrum," when investors sold bonds after becoming concerned about an abrupt end to Federal Reserve's post-crisis stimulus policies.

The effect of rising Treasury yields on the corporate-bond market is still modest, and to some yield-hungry investors, even welcome. Though issuance has fallen from its record pace in January 2017, investors are still putting more money into corporate-bond funds than they are taking out. And the extra yield that investors are demanding to hold corporate bonds over Treasurys has been shrinking—a positive development for a large number of portfolio managers who judge corporate bonds more for their relative performance than their absolute returns.

Still, rising U.S. Treasury yields already have given pause to some companies outside the country that were planning to launch sales of bonds denominated in U.S. dollars this week.

In Asia, bankers were telling clients to hold off on new bond issues until market conditions stabilize, according to market participants. January is typically a busy month for bond issuance, and corporate-issuance volumes in Asia had been strong before this week.

Late Monday, **Yango Group**, a Chinese property developer, postponed a U.S. dollar high-yield bond offering. The company put off plans to sell $250 million in three-year debt because of what it said were weak market conditions. Yango had earlier marketed its bonds at a yield of 8.875%, but investor demand wasn't as strong as it had hoped, according to a person familiar with the matter.

Some investment bankers said the lull in new corporate-bond sales could extend through the end of the week if benchmark bond yields don't stabilize.

"There is too much uncertainty in the market now. We are advising our clients to stay away [until] sentiment improves," said Mark Lo, managing director and head of fixed income at AMTD Group in Hong Kong. He added that while traders have been marking down bond prices since Monday, there hasn't been widespread selling across credit markets.

The subdued sentiment was also reflected in the performance of some recently issued bonds. Ten-year bonds from India's **Tata Steel** Ltd. were trading Wednesday at 98.16 cents on the dollar, yielding 5.69%, compared with a 5.45% yield when they were priced on Jan. 19. Similarly, 10-year bonds of **Export-Import Bank of India** on Wednesday traded at 99.28 cents to yield 3.97%, versus a yield of 3.897% when they were sold a week ago.

In Europe, rising yields may also be making it more expensive for governments themselves to borrow. On Wednesday, Germany had to pay to borrow money for five years for the first time since 2015. Five-year German bonds have been sold with a negative yield, meaning that investors buying and holding new bonds would be paying to lend the country money.

The yield on Germany's 10-year bond has increased to almost 0.64% from around 0.50% in the past week. Similar French debt has gone to 0.97% from 0.84%, while Spain's yields have risen to 1.42% from 1.37%, according to Tradeweb.

Still, companies are able to lock in record-low financing costs. While the new-issue market is quiet as companies report earnings, Dutch electricity-grid operator **Alliander** NV offered a perpetual €500 million ($620.2 million) hybrid bond that was priced Tuesday at a yield of 1.75%, one of the lowest on record in the hybrid bond market, according to dealers. That market comprises issues that are partly recognized as equity on companies' balance sheets.

The average cost of euro-denominated bond funding for companies remains at record-low levels, with the par-weighted average coupon at 2.29%, according to Bank of America Merrill Lynch indexes.

Companies would need to replace debt issued during the era of ultralow yields with new, higher-yielding debt before funding costs increase. That could take months—if not years—to have a meaningful impact on companies' balance sheets and credit quality, analysts say.

—Emese Bartha contributed to this article.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY **WSJ.com/Heard**

No Bill Yet for Facebook's Fixes

So what will it cost to "fix" **Facebook**? The company's fourth-quarter results reported Wednesday offered an early clue.

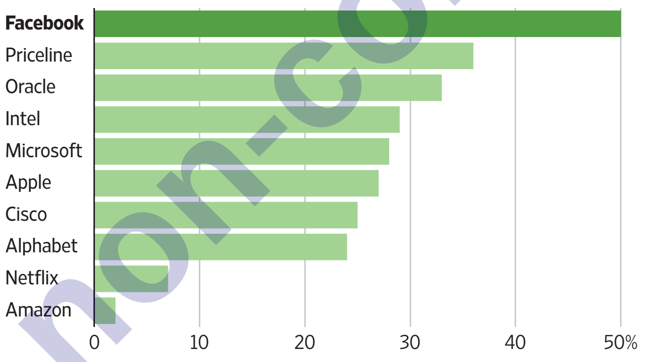
CEO Mark Zuckerberg has made "fixing" the social network his top goal for the new year. He has previously outlined several efforts in this direction—including an overhaul to the company's key News Feed tool and video efforts.

He also has warned that the changes could affect the site's usage, but added that "protecting our community is more important than maximizing our profit."

Results reported Wednesday afternoon showed Mr. Zuckerberg was half-right, at least for now. Usage indeed took a hit in the fourth quarter, reflecting some of the changes the company had put in place.

Social Graces

Trailing 12-month operating margin



Sources: S&P CapitalIQ; the companies (Facebook, Microsoft) THE WALL STREET JOURNAL.

Facebook reported 1.4 billion daily average users for the period, an increase of only 2.4% from the third quarter. That was the lowest sequential growth on record for this key engagement metric—and down notably from the 4.1% growth the company reported at this time last year.

The 33 million daily average users added in the quarter was below the 46 million expected by Wall Street analysts.

But Facebook's fixes are still invisible in its financial statements. In fact, the fourth quarter was the company's strongest on record in many respects.

Revenue jumped 47% year over year to just under $13 billion, fueled by a strong mobile-advertising business. Operating income surged 61% to $7.4 billion. And Facebook isn't exactly pinching pennies to cover the bottom line: Capital expenditures soared to $6.7 billion in 2017—a 49% jump from the previous year.

Facebook's profits can be deemed the envy of the tech world.

On a trailing 12-month basis, Facebook now generates about 50 cents in operating profit per dollar of revenue. That is roughly twice as much as its megacap tech peers **Microsoft**, **Apple** and Google parent **Alphabet**.

Investors should still get ready for a slightly less profitable Facebook. Some of the company's more significant changes have yet to be fully reflected, and the changes already in effect may not have hit advertisers' radar.

When both hit, that may be the truest test of Mr. Zuckerberg's resolve—and that of his investors.

—Dan Gallagher

Boeing Flies High, but Landing May Be Hard

What do you call a cash machine with wings? **Boeing**.

The airplane maker has been on a tremendous streak, notwithstanding a humiliating though financially unimportant loss in a trade-tariff case regarding imports of **Bombardier** jets. On the metrics investors most care about, it has been a dream flight.

Full-year results out Wednesday show why. Operating cash flow exceeded $13 billion, handily beating expectations. And guidance looks robust, with the company expecting $15 billion of operating cash in 2018, well ahead of the $13.6 billion analysts had been forecasting, according to FactSet.

Boeing was one of the biggest winners of the reduction in corporate-tax rates, boosting last year's earnings per share by one-fifth. The core commercial airplane business continues to excel as it cranks out more 737 Max models and higher-margin 787 Dreamliners roll off the production line.

The broader industry environment also remains solid. Boeing's customers, the airlines, are enjoying bumper air-passenger growth globally in the high single digits, well above their historical average of 4% to 5%.

The roaring stock price, however, should give investors pause. Following last year's 90% gain, Boeing shares kept up the pace in January, rising by another 5.4% Wednesday, leading other members of the Dow Jones Industrial Average by a wide margin.

The pessimistic case isn't that Boeing is doing anything wrong; it is that investors are simply too excited and not factoring in possible bumps in the road. Boeing's multiple of enterprise value to earnings before interest, taxes, depreciation and amortization is at its highest level in absolute terms and relative to the S&P 500 this millennium. Its multiple of price to free cash flow has expanded rapidly since early 2016.

Boeing is flying high, but at some point the altitude gets to your head.

—Alex Frangos

Chubb Hopes to Lead Sector Recovery

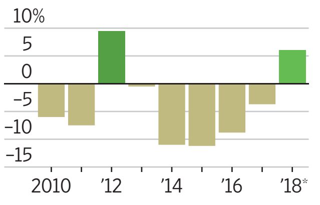
Evan Greenberg, chief executive of insurance giant **Chubb** Ltd., is a man on a mission. For the past few months, he has been pounding the table for higher pricing in property-and-casualty insurance to improve returns across the industry.

P&C insurance prices have been on a steady decline for years, pressuring insurer margins. Investors have hoped that a wave of natural disasters late last year—including hurricanes, earthquakes and wildfires—would trigger a global rebound in prices.

"I believe we're in a transition market globally and rates should continue to firm as the year goes along," Mr. Greenberg said on the company's fourth-quarter earnings conference call Wednesday.

Getting Better

Guy Carpenter index of global property catastrophe reinsurance rates, change from year earlier.



*Based on January renewal

Source: Guy Carpenter

The quarter saw some of the best price increases in years, he added. Chubb's overall P&C pricing for major accounts was up 1% in the quarter from a year earlier, and the increases accelerated to 1.9% in December. Property rates for these big accounts were up by over 7.5% in the quarter, rising to 10% in December. Pricing strengthened further in January, he added. For middle-market and small clients, rates were essentially flat, Mr. Greenberg said, but he added that "this marks the first reversal in declining rates in three years."

For the industry, the trend lines are less clear. Capital continues to flow into the reinsurance business despite last year's disasters. Global catastrophe reinsurers raised prices by mid single digits during their January renewal season, according to broker surveys. But this was less than many investors hoped.

Chubb says it passed on some business at the cost of renewals and growth to maintain pricing discipline.

As one of the largest P&C insurers in the world, Chubb can afford this kind of strategy. Smaller or more aggressive rivals may not be so picky.

Overall, P&C prices do seem to be recovering, and insurance stocks have already rallied this year on that shift. Companies with the best market position may benefit most by cherry picking the best business. Investors still need more evidence that a punishing era of subpar returns is ending for the industry as a whole.

—Aaron Back

OVERHEARD

The Federal Reserve left rates on hold Wednesday, and economists quickly fell to parsing its policy statement. Rather than saying it expects "gradual adjustments in the stance of monetary policy" and "gradual adjustments in the federal-funds rate," the Fed now expects "further gradual adjustments" in both those things.

"Further." What could it mean? Economists have ideas.

"Perhaps we're a bit biased, given our hawkish expectations for this year, but we tend to see the addition of 'further' as underscoring the Committee's sense that they're not yet close to being finished," wrote JPMorgan Chase economist **Michael Feroli**.

"Maybe the extra word was meant to communicate some more conviction in the path forward," suggested Cornerstone Macro's **Roberto Perli**.

BofA Merrill Lynch economists thought it showed policy makers' intent "to continue with the hiking cycle." Barclays economists said it "opens the door to four hikes and likely closes the door on two."