

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

FRIDAY, JANUARY 5, 2018 ~ VOL. CCLXXI NO. 4

WSJ.com

★★★★ \$4.00

DJIA 25075.13 ▲ 152.45 0.6%

NASDAQ 7077.91 ▲ 0.2%

STOXX 600 393.68 ▲ 0.9%

10-YR. TREAS. ▼ 2/32, yield 2.452%

OIL \$62.01 ▲ \$0.38

GOLD \$1,319.40 ▲ \$3.20

EURO \$1.2068

YEN 112.75

What's News

Business & Finance

The Dow industrials leapt past 25000 for the first time, the blue-chip index's fastest run to a fresh 1,000-point milestone in history. **A1, A8-9**

◆ **The Trump administration** proposed opening up nearly all of the country's offshore areas for oil drilling, a move that would touch every coastal state. **A1**

◆ **Intel and other tech companies** and experts have been grappling for months with security flaws in computer chips that were disclosed this week. **A1**

◆ **Kalanick plans** to sell 29% of his shares in Uber as part of a broader investment deal led by SoftBank. **B1**

◆ **Weinstein Co. is nearing** the end of a sale process in which it could go for less than \$500 million, and shareholders may lose all their equity. **B1**

◆ **Westinghouse Electric** is being sold to Brookfield Business Partners and institutional partners in a deal valued at \$4.6 billion. **B1**

◆ **Zuckerberg said** fixing Facebook is his personal challenge for 2018, in a post that highlighted the firm's mounting difficulties. **B1**

◆ **VW and Hyundai** are placing bets on Silicon Valley startup Aurora in the race to develop driverless cars. **B4**

◆ **Neiman Marcus's CEO** is stepping aside and will be succeeded by a former Ralph Lauren executive. **B3**

◆ **The drop in TV ratings** for NFL games accelerated in the recently completed 2017 regular season. **B2**

World-Wide

◆ **Trump's growing rift** with Bannon is threatening the former White House strategist's leadership of the conservative Breitbart News website. **A4**

◆ **A lawyer for Trump** demanded that the author and publisher of a new book featuring scathing criticism of the White House halt its publication. **A4**

◆ **Sessions rescinded** Obama-era policies that took a largely hands-off approach to enforcing federal marijuana laws in states that have legalized the drug. **A3**

◆ **The Trump administration** said it would freeze all security aid to Pakistan until the country acts against terror networks on its territory. **A16**

◆ **Trump and South Korea's** president agreed during a 30-minute phone call to delay military exercises until after the Winter Olympics. **A16**

◆ **Israel and the U.S.** are amplifying criticism of Iran's role in Middle East conflicts, part of a coordinated effort to curb Tehran's influence. **A6**

◆ **The administration** is proposing changes that would let many small businesses buy health plans that don't meet all ACA requirements. **A2**

◆ **Trump insisted** that any deal to protect "Dreamers" include funding for a border wall and new limits on legal immigration. **A4**

◆ **The FCC's chief** canceled an appearance at a coming consumer electronics show because of death threats. **A3**

◆ **Died: Brendan Byrne**, 93, ex-New Jersey governor. **A9A**

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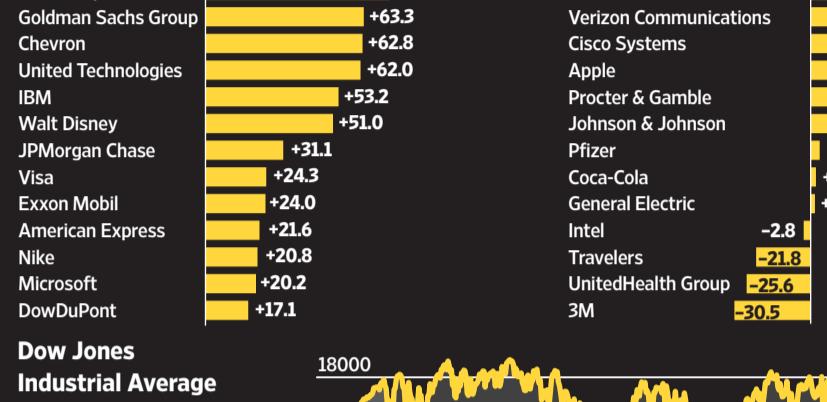
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Dow Hurtles Past 25000 to Record

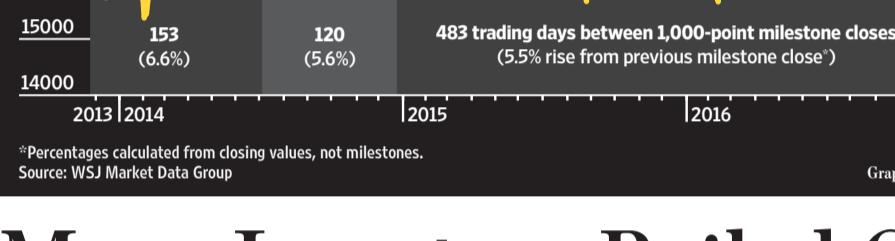
Soaring Shares

Gains in Boeing, Caterpillar and Home Depot helped power the Dow Jones Industrial Average to its latest 1,000-point milestone.

Point contributions to the Dow since its first close above 24000



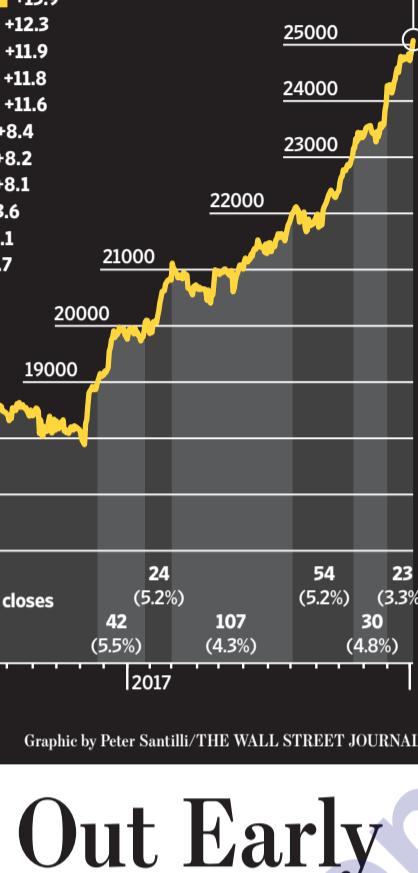
Dow Jones Industrial Average



*Percentages calculated from closing values, not milestones.

Source: WSJ Market Data Group

Thursday
25075.13



The Dow Jones Industrial Average surged past 25000 for the first time Thursday, the index's fastest run to a fresh 1,000-point milestone in history.

By Michael Wursthorn, Corrie Driebusch and Georgi Kantchev

The S&P 500 also extended its gains Thursday to make its current long-running rally its greatest period of growth since World War II. The broad index has more than quadrupled since the market's climb began in March 2009, surpassing the tech-fueled rally of the 1990s, according to research firm Leuthold Group, which excluded dividends from its calculations. The Dow has risen 283% over that same period, according to the WSJ Market Data Group.

Thursday's moves marked the latest feats for a rally that has repeatedly wrong-footed skeptics and sent stock indexes around the world to multiyear highs. The Dow industrials hit five thousand-point milestones last year, the most such records in the average's 120 years.

Faster economic growth around the globe and improving sentiment from consumers and businesses have helped power the rally in recent weeks. Economic data in the first days of the new year continued to suggest steady expansion in the U.S., China and Europe.

"The turn of the calendar year doesn't change the dynamics of economic growth and earnings growth," said Kate Warne, investment strategist at retail brokerage Edward Jones. "We shouldn't be surprised that markets continue to move higher because fundamentals continue to be positive and investor optimism is actually improving rather than in-

Please see DOUBT page A8

Heard on the Street: The stocks in the Dow, picked for sustained growth, are just what investors want..... B1

Many Investors Bailed Out Early

BY AKANE OTANI
AND CHRIS DIETERICH

One of the biggest surprises of the U.S. stock market's relentless rally is how many individual investors have run away from it.

The Dow Jones Industrial Average closed above 25000 for the first time on Thursday, punctuating a record-setting period nearly unmatched in U.S. history. Yet throughout the nearly nine-year surge in share prices,

small investors have continued to yank money out of funds that own U.S. stocks.

Nearly \$1 trillion has been pulled from retail-investor mutual funds that target U.S. stocks since the start of 2012, according to EPFR Global, a fund-tracking firm.

Over that same period, the S&P 500 soared 116% and, along with the Dow Industrials and Nasdaq Composite Index, rose to 191 all-time highs.

Much of those outflows

likely made their way back into the stock market through lower-cost exchange-traded funds. The EPFR Global figure excludes flows to ETFs and institutional mutual fund shares, and the firm estimates that perhaps as much as 40% of the mutual fund stock outflows were recycled into stocks through ETFs.

Even so, U.S. stock funds in aggregate have suffered outflows in each of the past three years, according to

trade group Investment Company Institute, a sign of growing skepticism about the stock market's steep climb.

Nancy Langwiser-Kear, 60, of Wellesley, Mass., said the booming rally has made the stock market less attractive. She has been selling U.S. shares.

"This market over the past year has been a mix of hope and fantasy," she said. "There's no reason to be hanging out in stocks through

Please see DOUBT page A8

Full Markets Coverage

The number of listed firms is falling, and analysts are debating what role that has had in the rally..... A8

Five industrial-sector members of the Dow accounted for 30% of the latest 1,000-point sprint... A9

James Mackintosh: Economic and market indicators offer up contradictory signals on the U.S. recovery..... A9

Feud With Trump Pinches Bannon



BIG SPLIT: Steve Bannon could face an ouster at Breitbart News after the White House blasted the former Trump strategist for incendiary comments about the president and his family. **A4**

U.S. Reveals Oil Drilling Plan for Nation's Coasts

BY TIMOTHY PUZO
AND LYNN COOK

WASHINGTON—The Trump administration on Thursday proposed opening up nearly all the country's offshore areas for oil and gas drilling, a move that would touch every coastal state, some that have been off limits to drillers for decades.

Under the plan announced by Interior Secretary Ryan Zinke, the government would offer for sale the largest number of oil and gas leases in U.S. history starting late next year.

It would open up 90% of offshore areas for drilling as part

of a five-year plan, reversing an Obama-era plan that would have kept only 6% of the same acres available for drilling.

The move, facing fierce opposition from some coastal-state lawmakers and environmental groups, is one of a number of steps the Trump administration is taking to bolster U.S. fossil-fuel production despite a global glut and declining investment. Administration officials say the moves will help U.S. companies, arguing that a rollback of government restrictions could help the country's energy companies grow.

U.S. oil, gas and coal produc-

ers have started exporting more fuel abroad. The administration's philosophy is that any government effort to cut regulatory costs can help U.S. energy companies better compete against global rivals.

Last spring, President Donald Trump issued an executive order for the Interior Department to encourage more domestic energy production, leading to Thursday's proposal. The department also proposed recently to reverse drilling-safety

Please see OIL page A2

◆ Stockpile data send crude higher..... B9

Videogame Superstars Have Fans, Fortunes—and Baffled Parents

After ignoring pleas from mom and dad, esports pros now earn up to \$1 million

BY SARAH E. NEEDLEMAN

JD Higginbotham tried pulling the plug on his son Matthew's round-the-clock gaming marathons several times.

His strategy mainly involved yanking the computer's plug from the wall. When Matthew argued the PC was his personal property, Mr. Higginbotham unplugged the home's internet connection.

"How are you going to support a family?" Mr. Higginbotham recalled telling his then-teenage son. "I'm almost 60 and from an era where you had to sweat to earn a living."

Matthew eventually worked his way up to the top 1% of

players who compete worldwide at Tencent Holdings Ltd.'s popular fantasy game "League of Legends," which boasts 100 million monthly active users. The 21-year-old bought a Toyota 86 sports car last year with his earnings.

"He makes more than me," said Mr. Higginbotham, a certified public accountant, "and here I've been in the workforce for 40 years."

Mr. Higginbotham has since seen the light. He started recognizing similarities between the game's battle tactics and his own experience in the U.S. Army. "It's virtual warfare," he said.

His change of heart was a

INSIDE

FEROCIOUS STORM SLAMS EAST COAST

U.S. NEWS, A3



AWAY FROM THE GLITZ OF SUN VALLEY

MANSION, MI

The disclosure of security flaws in computer chips dealt Intel Corp. what seemed like a sudden crisis, but behind the scenes it and other tech companies and experts have been grappling with the problem for months.

Apple Inc. late Thursday became the latest tech giant to acknowledge it was affected by the vulnerabilities. The company said all iPhones, iPads and Mac computers were exposed, and that it already issued updates to fix the flaws.

Intel, its rival Advanced Micro Devices Inc. and chip designer ARM Holdings this week said some of their processors have security holes that could be exploited by hackers, a problem that affects a variety of chips in computers, smartphones and other devices but so far hasn't been associated

with any breaches.

The chip makers and their customers and partners, including Apple, Alphabet Inc.'s Google, Amazon.com Inc. and Microsoft Corp., had been racing to address the vulnerabilities even before word of their existence leaked out this week, with a coalition of large tech companies working together to protect their servers and issue patches to customers' computers and smartphones.

The flaws, which could allow hackers to pilfer sensitive information like passwords, affect most modern chips from an array of companies. But Intel—which has a dominant share of the market for chips in servers and personal computers—was most directly affected, with

U.S. NEWS

Small Firms to Be Free of Some ACA Rules

Trump proposal is part of an aggressive move to undo the health law with regulatory action

By STEPHANIE ARMOUR

The Trump administration is proposing changes that would let millions of small businesses and the self-employed buy health-insurance plans that don't comply with all Affordable Care Act requirements, part of an aggressive move to undo the health law through regulatory action.

The proposal would allow businesses that share geography or an industry in common to form an association and sell members health policies that are exempt from some of the ACA's requirements, according to a senior Labor Department official. They would no longer have to comply with an ACA rule that they offer a mandatory array of benefits, such as substance-abuse treatment.

The senior official said there are nondiscrimination provisions in the rule, a draft of which was released on Thursday, that would prevent

an association from cherry-picking employers with healthy workforces or charging higher premiums to less-healthy people. An association couldn't charge different premiums to different small employers based on health factors, the official said.

But allowing the plans not to cover the mandatory ACA benefits could enable associations to essentially exclude people by not offering coverage for specific treatments, such as chemotherapy, said Timothy Jost, an emeritus law professor at Washington and Lee University. "There are plenty of opportunities for discrimination," he said.

The proposal was praised by the National Restaurant Association, the National Retail Federation and Republicans as a way to enable small businesses to have the same bargaining power as large companies, evening the playing field. Some self-employed people who don't get subsidies to offset premiums also heralded the provisions.

"It would be extremely beneficial," said Beth Daane, 39 years old, an independent contractor in Charlottesville, Va.,



Catherine Reviati reviewed ACA options on Nov. 2 in Hialeah, Fla. A new plan's critics say it will gut the individual insurance market.

who said her premiums will go from \$1,200 a month to as much as \$4,800 a month this year. "It would give us the opportunity to have coverage at a lower cost."

ACA supporters say the proposal would gut the individual insurance market. They say it would provide a way for healthy and younger people, who are needed to offset costs of older and sicker consumers, to exit from the exchanges. That, they said, would drive up

premiums and leave the exchanges a market populated by subsidized consumers and many people with pre-existing health conditions who would have to pay far more.

"In our view, it's unadulterated sabotage—it's another example of President Trump pulling every thread he can to undermine the health insurance of the American people—further destabilizing the market, undermining protections like pre-existing conditions,"

said Brad Woodhouse, campaign director at Protect Our Care, an advocacy group that backs the health law.

The proposal was initiated after an executive order in October from President Donald Trump, who has been trying to unwind the ACA using regulation in the wake of a failed Republican attempt to repeal the health law in Congress. GOP lawmakers did repeal the ACA's individual mandate, which requires most people to have health coverage, though it is still in force this year.

The proposal goes further than many health analysts expected, especially by enabling self-employed individuals who are sole proprietors, which means they have no employees, to take part in associations, an aggressive interpretation of the law likely to face legal challenges. This means millions of people who now buy their own coverage on the ACA exchanges could instead obtain plans that don't comply with its benefit requirements.

Republicans said the move would allow for greater purchase of insurance across state lines, saying it would spur competition.

"Conservative health-care reform is alive and well, and I will keep working with President Trump to build on this progress," Sen. Rand Paul (R., Ky.) said in a statement.

Democrats said the plans lack consumer protections and are ripe for fraud.

"The Trump administration has declared open season for fraudsters selling junk insurance while those with pre-existing conditions will find health care further and further out of reach," Sen. Ron Wyden (D., Ore.) said in a statement.

The ACA seeks to establish certain consumer protections, mandating that plans cover "essential" benefits and prohibiting insurers from charging higher premiums to people who are unhealthy or unwell. About 20 million people have gained coverage under the ACA since 2010, according to the Obama administration.

The rule will be published Friday in the Federal Register and undergo a 60-day comment period. The administration is also expected to release a proposal in coming weeks that would pave the way for more short-term health policies that have fewer benefits.



Tugboats towed a Hess Corp. oil platform off the coast of Texas earlier this year toward the Gulf of Mexico.

OIL

Continued from Page One

rules implemented after the 2010 Deepwater Horizon accident, which killed 11 workers on the drilling rig and spilled more than 200 million gallons of oil into the Gulf of Mexico.

"We're going to become the strongest energy superpower," Mr. Zinke said Thursday. "We certainly have the assets to do that."

As drafted, the plan would be a stark break from years of restrictions on drilling off the

coast of most of the contiguous states. The modern environmental movement took hold in part after an offshore oil spill near Santa Barbara, Calif., in the late 1960s. The Obama administration placed more offshore restrictions after the Deepwater Horizon spill. The U.S. government hasn't sold leases for oil drilling off of the Atlantic and Pacific coasts in more than 33 years.

Oil-industry groups and their supporters who want more access to domestic oil lands are cheering the move.

"Expanding access to additional offshore reserves allows

the United States to better understand where production potential exists and where capital should be invested," Dan Naatz, senior vice president of government relations and political affairs at the Independent Petroleum Association of America said in a statement. "Today's proposal is exactly the signal industry needs to drive this work forward."

The plan is meeting broad opposition, including from environmental groups and some Republicans. Florida's Sen. Marco Rubio and Gov. Rick Scott both said Thursday they opposed drilling in the waters off of their state. Opponents fear a threat to economic activity, including tourism.

"It's absolutely radical," said Diane Hoskins, climate and energy campaign director at Oceana, an environmental group focused on the world's oceans. "Expanding offshore drilling threatens the livelihood and the coastal economies that rely on a healthy ocean."

Mr. Zinke pledged to work with states and other stakeholders, saying the plan isn't final. The department is planning meetings around the country starting in less than two weeks, with the intent of taking public comments and finalizing the plan by the autumn of 2019. It would be in effect for five years, into 2024.

The administration has said it planned to move quickly, but the type of details, environmental reviews and public comment required to update such a plan makes many skeptical it can meet that timeline. Some experts think it could take more than two years to finish and implement the plan, especially if environmental groups or states file lawsuits. Top officials from several states besides Florida are vowing to stop the plan.

In a statement, the Democratic governors of California, Oregon and Washington pledged to do "whatever it takes" to stop the move.

The final plan will likely be winnowed down, but the industry's top priorities are the eastern Gulf of Mexico, the Atlantic coast from Virginia to Georgia, and Alaska, said Erik Milito of the American Petroleum Institute, a trade association.

Market conditions may impede the administration's efforts, too. The push for more drilling on federal lands—including lease sales Congress ap-

proved last month for the Arctic National Wildlife Refuge—come at a time when oil companies have made dramatic cutbacks. Energy consultancy Wood Mackenzie's new forecast for 2018 released Thursday predicts another decline in global exploration spending to \$37 billion, down by more than 60% from its 2014 peak.

The industry is still recovering from a world-wide glut that has slashed prices since 2014. Technical advances such as fracking caused U.S. output to skyrocket from onshore formations, making producers less interested in drilling in Alaska and offshore, the very types of places new U.S. policy would put up for leasing.

Some big global oil companies—especially Royal Dutch Shell PLC—made major bids on drilling areas off Alaska and Nova Scotia over the past decade. But that activity has slowed in recent years. A lease sale in Alaska last month received only \$1.2 million from seven bids on less than 1% of the land offered.

Shell scrapped its \$7 billion Arctic campaign in 2012 after a disappointing well.

The Trump administration already has offered up more acreage in the Gulf of Mexico that operators aren't leasing, said Imran Khan, a senior analyst with the energy consultancy Wood Mackenzie. Pushing farther into undeveloped areas isn't as simple as having a high enough oil price to justify new exploration, he added.

"The administration is trying to give a signal to the market that it's making things easier," he said. "But in terms of actual investment and getting operators to actually make it work, it will be awhile."

David Demarest, a spokesman for Visit South Walton, a development council that promotes travel to the Florida Panhandle, said fossil-fuel development was a threat to the coastline of Florida, where some of the only white-sand beaches in the U.S. draw millions of tourists each year.

"It's a very real concern for those of us who were here during the Deepwater Horizon spill. That was a long ways away from us, but it still almost got us," Mr. Demarest said, adding that just the threat of oil reaching Florida beaches hurt the state's tourism that summer.

Jobless Claims Rise, But Stay at Low Level

By SARAH CHANEY

WASHINGTON—The number of people in the U.S. filing applications for new unemployment benefits rose last week, but remained at a level consistent with steady job gains.

Initial jobless claims, a proxy for layoffs across the U.S., rose by 3,000 to 250,000 in the week ended Dec. 30, the Labor Department said Thursday.

Claims have remained historically low, showing the overall health of the labor market. Claims numbers have remained below 300,000 a week for nearly three years. The number of claims that workers made for longer than a week declined by 37,000 to 1,914,000 in the week ended Dec. 23, which is reported along with last week's data because continuing claims are released with a one-week lag.

Jobless-claims data can be volatile, and seasonal adjustments tend to be especially tricky around holidays; Dec. 25 was Christmas Day.

The four-week moving average, a steadier measure, rose by 3,500 to 241,750 last week.

After spiking in the wake of several late-summer hurricanes, claims have settled down. Still, the effects of Hurricane

Americans Irma and Maria are still being felt in some areas.

The Labor Department on Thursday said that "claims-taking procedures continue to be disrupted in the Virgin Islands. The claims-taking process in Puerto Rico has still not returned to normal."

The Labor Department will release data on December employment figures Friday, and economists surveyed by The Wall Street Journal expect that the unemployment rate held steady at 4.1%, a 17-year low.

Long Slide in Layoffs

Initial claims for unemployment benefits, seasonally adjusted



Source: Labor Department via the Federal Reserve Bank of St. Louis

THE WALL STREET JOURNAL.

U.S. WATCH

VIRGINIA

Luck of the Draw Gives GOP Seat

Virginia Republicans cheered Thursday when their candidate won a state House of Delegates race by luck of the draw, having his name chosen first out of a ceramic bowl.

But inside a conference room in Richmond's Capitol Square, where the drawing was held, it was all agony of defeat and no joy of victory. That is because Republican David Yancey skipped the drawing, while Democratic challenger Shelley Simonds and many of her supporters absorbed it in stunned silence.

The drawing of lots took place after an election, recount and legal battles between Mr. Yancey and Ms. Simonds ended in a tie.

Republicans currently control the chamber 51-49.

—Associated Press

LOTTERY

Powerball Jackpot Hits \$550 Million

No winning tickets were sold for the \$460 million Powerball drawing.

The winning numbers selected Wednesday night were 2, 18, 37, 39 and 42, and the Powerball number was 12.

The jackpot jumps to an estimated \$550 million for Saturday's drawing. That would make

it the nation's eighth-largest lottery prize ever. The odds of winning are one in 292.2 million.

—Associated Press

ENVIRONMENT

Health of Oceans Is At Risk, Studies Say

Global warming is making the world's oceans sicker, depleting them of oxygen and harming delicate coral reefs more often, two studies show.

The lower oxygen levels are making marine life far more vulnerable, the researchers said. Oxygen is crucial for nearly all life in the oceans, except for a few microbes.

"If you can't breathe, nothing else matters. That pretty much describes it," said study lead author Denise Breitburg, a marine ecologist at the Smithsonian Environmental Research Center. "As seas are losing oxygen, those areas are no longer habitable by many organisms."

She was on a team, convened by the United Nations, who reported that the drop in oxygen levels is getting worse, choking large areas, and is more of a complex problem than previously thought. A second study finds that severe bleaching caused by warmer waters is hitting once-colorful coral reefs four times as often as they used to a few decades ago. Both studies are in Thursday's edition of the journal Science.

—Associated Press

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REPRINTS & LICENSING

U.S. NEWS



Asbury Park, N.J., was among the East Coast communities on Thursday that dealt with a powerful and fast-moving winter storm.

East Coast Digs Out After Winter Storm

A severe winter storm hammered the East Coast on Thursday, bringing ferocious conditions from Virginia to Maine and flooding parts of downtown Boston and other coastal communities.

By Valerie Bauerlein, Jon Kamp and Susan Carey

Snow fell along the mid-Atlantic coast, closing schools, workplaces and making roads treacherous from Interstate 95 east. Wind-whipped ocean water, already pumped up by extremely high tides, flooded onto roadways along the Massachusetts coast.

Boston firefighters rescued a man trapped in a flooding car beneath an overpass, according to department posts on Twitter.

Meteorologist Brian Hurley of the National Weather Service said the storm was unusually fast-moving, as it brought a rare snowfall on Wednesday to northern Florida and Georgia, traveled up the East Coast and was blanketing New England by Thursday.

The storm created powerful wind gusts along the East Coast, reaching an estimated 76

miles an hour on Nantucket, according to the weather service. "This turned into a serious winter storm," Massachusetts Gov. Charlie Baker said Thursday evening.

Many New England communities were digging out on Thursday after the storm dumped more than a foot of snow. The region absorbed the biggest hit from the storm, which included high winds and power outages. The trouble in New England could extend through the weekend, with forecasts calling for temperatures to drop below zero in some areas.

The conditions led to rescues and pleas from authorities asking people to stay home. "We cannot stress this enough," the Quincy Police Department, south of Boston, said in a Twitter post around 1:30 p.m. "PLEASE stay off the road. People are venturing out and getting stuck."

Many people stayed home in cities from Richmond, Va., to New York City, leaving streets eerily bare.

While workers carried on, they did so on laptops in the kitchen or home office and with family nearby.

Bitter Cold Is Next For New England

New England officials voiced concerns about the bitterly cold weather that is expected to grip the region for days after the storm. Massachusetts Gov. Charlie Baker said state workers would report in late on Friday, after urging them to work from home if possible on Thursday.

"We are obviously no strangers to tough winter weather, but the combination of snow, high winds and extreme cold on Friday could lead to some very dangerous conditions," Mr. Baker said ahead of the storm.

Ted Lynch, 55 years old, a corporate banker in Boston, spent Thursday working on spreadsheets at his home in Walpole, Mass., which he described as sitting in the storm's "sweet spot."

"It's pretty much a white-out," he said of the view from his window midday.

The federal government gave

In Maine, community officials were worried about the many elderly people who live alone in worn houses and who already struggle to make heating oil last through the long harsh winters.

Thursday's storm followed several days of frigid weather that already had community agencies handling calls about frozen pipes and heating assistance. "It's pretty unheard of for it to be cold for as long as we've had," said Jim Baillargeon, a senior manager for Aroostook County Action Program Inc., a local nonprofit organization in Maine's northernmost county.

Truck drivers delivering fuel were already swamped with calls, meaning that people who

need emergency shipments of fuel this week could have to wait longer than usual.

The stretch of "incredibly cold" weather in recent days has prompted Rochester, N.H., a small city about an hour from Manchester, to open a temporary shelter for the homeless or for people living in homes with unreliable heat and hot water, said Mayor Caroline McCarley.

On Wednesday night, the shelter housed more than 20 people, including a family of four, she said, and "we are anticipating that number to go up."

"My biggest concern is loss of power," she said. "That is the thing we are keeping the biggest eye on."

—Jennifer Levitz

gateways at Savannah, Ga., and Charleston, S.C., said they would reopen Thursday after shutting operations Wednesday.

The storm had a particularly wide scope, meteorologists said, and was made more treacherous by sustained cold temperatures along the East Coast. It also intensified unusually quickly, they said, with a counterclockwise rotation and high winds comparable with a tropical storm or relatively weak hurricane.

The storm, commonly referred to as a "bomb cyclone" or "bombogenesis," occurs when there is a rapid drop in atmospheric pressure.

The storm by early evening Thursday had knocked out power to about 10,000 power customers in Massachusetts, according to local utilities. Elsewhere, more than 15,000 customers were offline in Virginia.

Before barreling north, the storm brought snow to northern Florida, coastal Georgia and North and South Carolina.

North Carolina Gov. Roy Cooper said three people had died in storm-related crashes.

◆ Severe weather drives up energy prices B10

FCC Head Pulls Out Of Industry Showcase

By JOHN D. MCKINNON
AND DOUGLAS MACMILLAN

The chairman of the Federal Communications Commission, Ajit Pai, canceled an appearance at a coming consumer electronics show in Las Vegas because of death threats, according to a person familiar with the matter.

The exact nature of the threats remained unclear. An agency spokesman declined to comment, citing security concerns.

Mr. Pai, who was named as chairman by President Donald Trump, recently led a high-profile push to roll back Obama-era internet rules for broadband providers, including cable and wireless firms. The FCC voted in December to repeal the so-called net-neutrality rules. The move sparked heated criticism.

FCC officials declined to discuss whether the recent threats might be linked to the net-neutrality issue.

"The chairman will not be attending CES," said agency spokesman Brian Hart, referring to the show. "We do not comment on security measures or concerns."

The conference's organizer, the Consumer Trade Association, announced on Wednesday that Mr. Pai would no longer be appearing at the event.

CES is a 50-year-old annual showcase for the latest in high-tech televisions, cars and mobile devices.



The Justice Department permitted local U.S. attorneys to enforce marijuana laws aggressively again.

Sessions Ends Obama Easing Of Marijuana Prosecutions

By DEL QUENTIN WILBER
AND DAN FROSCH

Attorney General Jeff Sessions rescinded Obama-era policies that took a largely hands-off approach to enforcing federal marijuana laws in states that have legalized the drug for medical or recreational purposes.

In a single-page memo, Mr. Sessions on Thursday called the previous guidance "unnecessary" and permitted U.S. attorneys to take a more aggressive approach to enforcing laws on marijuana trafficking and use. Justice Department officials said the previous guidance wasn't consistent with federal law.

Mr. Sessions was concerned that the guidance had created "a safe harbor for the marijuana industry to operate" in certain states, an official said. The conflict between the federal ban and state laws that

permit the drug has long been an anomaly in the legal system, one that has only grown as more states have legalized marijuana.

The move prompted immediate criticism from lawmakers, including Republicans, in states that have legalized marijuana.

President Donald Trump said in a 2016 television interview that legalization should be up to the states. Asked about the president's view Thursday, White House press secretary Sarah Sanders said, "Whether it's marijuana or whether it's immigration, the president strongly believes that we should enforce federal law."

Sen. Cory Gardner (R., Colo.) said on Twitter he was prepared to hold up Justice Department nominees if Mr. Sessions followed through. The action "directly contradicts what Attorney General

Sessions told me prior to his confirmation," Mr. Gardner said.

Mr. Sessions has made it clear he holds a dim view of marijuana and believes it can lead users to more dangerous drugs. Justice Department officials wouldn't say what prompted Mr. Sessions to issue the memo Thursday, but the move came just days after California, which has long allowed marijuana for medical use, legalized it for recreational use as well. More than 25 states have approved the drug for medical or recreational purposes.

In rescinding five Justice Department memos providing guidance on marijuana-related crimes, Mr. Sessions gave a freer hand to U.S. attorneys, the top federal prosecutors in districts across the country.

◆ Policy shift chills a hot stock sector B9

Market Emerges For 'Ghost Guns'

By ZUSHA ELINSON

Axel Galvez had a deal: \$7,500 for five untraceable semiautomatic rifles. And he had a buyer: a felon who planned to ship them overseas. Now, he just needed weapons that would be invisible to regulators.

To avoid background checks, Mr. Galvez bought rifle parts, then assembled the five guns at the Los Angeles machine shop where he worked. He offered to build his buyer 100 more for \$130,000.

An underground gun-making industry that enables criminals to elude background checks and bypass gun regulations is creating a growing trade of "ghost guns," weapons that can't be traced by police, authorities say.

The guns have been in the spotlight since a California man, who was prohibited from possessing firearms because of a restraining order, killed five people in a November rampage using semiautomatic rifles that he made himself, police say.

The number of these weapons in the U.S. is unknown. Because the guns bear no serial numbers, the Bureau of Alcohol, Tobacco, Firearms and Explosives is unable to track them. Serial numbers and gun registration play a key role in police and government investigations, allowing officers to trace a weapon's history.

Ghost guns appear to be most prevalent in California, where there are restrictions on assault weapons that make it difficult to buy guns that are available in other states. The firearms also have been seized

in criminal investigations in other states, including Arizona, Maryland, New York and Texas.

Graham Barlowe, resident agent in charge at the Sacramento, Calif., ATF field office, said the weapons are "a huge problem in my area."

About 250 ghost guns were seized or purchased in undercover buys by his Sacramento agents in 2017, he said. While statistics from the previous year weren't available, Mr. Barlowe noted that his office has seen a rise in the number of busts. The ATF doesn't keep track of ghost gun seizures nationwide.

"They've become so commonplace we're buying them from 17-year-old gang mem-

bers," said Mr. Barlowe. Companies that sell the unfinished receivers and gun-rights advocates including the Firearms Policy Coalition say law-enforcement concerns are overblown.

People who make these guns are generally hobbyists who "want to build things with their own hands," said Tilden Smith, president of 80% Arms, which manufactures unfinished receivers and sells them online.

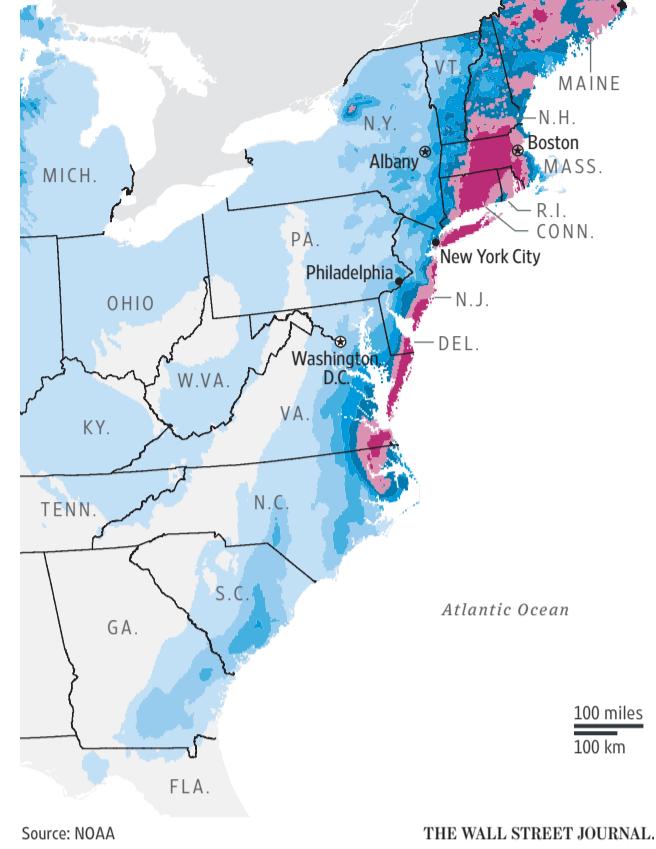
"There are much easier ways [to get guns] that'll appeal to criminals," said Mr. Smith.

Coastal Impact

Preliminary snowfall totals for the East Coast storm

48-hour accumulation as of 7 p.m.
Thursday (inches)

2 4 6 8 10 12



Source: NOAA

THE WALL STREET JOURNAL.

U.S. NEWS



President Donald Trump, left, and former strategist Steve Bannon are seen together at the White House in January last year.

Trump Priorities Complicate Talks Over 'Dreamers'

BY LAURA MECKLER
AND KRISTINA PETERSON

WASHINGTON—The gulf over legislation to protect young undocumented immigrants from deportation appeared wide Thursday as President Donald Trump insisted that any deal include funding for his promised border wall and new limits on legal immigration.

Mr. Trump said the package to protect so-called Dreamers has to include new curbs on Americans' ability to sponsor relatives for immigration, a process critics call "chain migration," and an end to the diversity-visa lottery, which seeks to admit immigrants from underrepresented countries. And the president said he will demand funding for a border wall, an idea Democrats overwhelmingly oppose.

"We're going to have a wall—remember that, we're going to have a wall—to keep out deadly drug dealers, dangerous traffickers and violent criminal cartels," Mr. Trump said ahead of a meeting with GOP senators to discuss immigration.

Mr. Trump's insistence on several contentious provisions appeared at odds with the stance of some congressional Republicans, who have said in recent days that any agreement will have to be narrowly focused to win needed Democratic votes. The White House said Mr. Trump would invite a bipartisan group of senators to meet with him next week for negotiations.

"One of the risks we run into is we sort of start spiraling out of control into comprehensive immigration reform and then nothing gets done," said Senate Majority Whip John Cornyn (R., Texas) on Wednesday, in cautioning against too broad an approach.

Of the Dreamers, he said, lawmakers should aim to "come up with a solution for them while regaining the public's confidence that we're actually committed to securing the border and enforcing the law."

The immigration debate was sparked in September when Mr. Trump ended the Obama-era program called Deferred Action for Childhood Arrivals, or DACA, which gave protection from deportation and work permits to undocumented immigrants who were brought to the U.S. as children. Some 690,000 of these Dreamers have those protections now.

DACA participants were allowed to renew their permits if they were set to expire before March 5 of this year. But some missed that October renewal deadline, and advocates

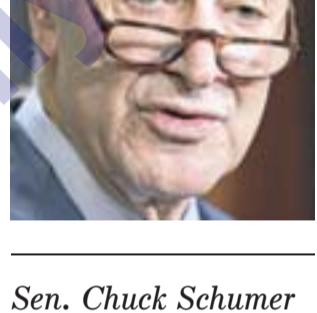
estimate that more than 100 people are losing protections every day. Starting in March, many more participants will fall out of the program.

Mr. Trump has said he hopes Congress will pass legislation protecting this group, but on Thursday he focused on the trade-offs he hopes to get. "We'd love to take care of DACA, but we're only going to do it under these conditions," he said.

Democratic leaders say they support tougher border-security measures short of a border wall.

Senate Minority Leader Chuck Schumer (D., N.Y.) sidestepped questions Thursday about the specifics of what Mr. Trump was proposing. Democrats agreed to some new limits on legal immigration as part of immigration legislation in 2013 that didn't pass, but they have tried to keep the current talks focused on border security and Dreamers.

"We need strong and real border security, not things



Sen. Chuck Schumer said Democrats are hopeful about an immigration deal.

that sound good but don't do the job, and we need to help the Dreamers," Mr. Schumer told reporters.

Mr. Schumer held back from issuing threats that Democrats would use as leverage a spending bill that needs to pass this month. The government's current funding expires at 12:01 a.m. on Jan. 20.

The bill will need bipartisan support to pass the Senate, and Democrats could balk if lawmakers haven't agreed to protections for Dreamers. Republicans want to keep the two issues separate.

Democrats saw the president's engagement on the issue so soon after returning from the holiday break as an encouraging sign. "We Democrats are hopeful we can get this all done," Mr. Schumer said.

Mercers Split With Bannon

President Donald Trump's growing feud with Steve Bannon is threatening the former White House strategist's leadership of the conservative Breitbart News website and upending Mr. Bannon's plans to wage "war" on party incumbents he deemed insufficiently loyal to the White House agenda.

By Julie Bykowicz,
Rebecca Ballhaus
and Janet Hook

Mr. Bannon's longtime benefactors, billionaires Robert Mercer and his daughter Rebekah Mercer, are actively distancing from him even before the expected release this week of a book that has roiled Messrs. Trump and Bannon's relationship, according to two people close to the Mercers.

They and other Breitbart News Network LLC board members on Thursday were debating whether to oust Mr. Bannon as chairman, with many supportive of the move, according to a person familiar with the exchanges. Among the considerations are Breitbart's contractual relationships with other entities, including Sirius XM radio, that involve Mr. Bannon.

Staffers at Breitbart, which Mr. Bannon has called his "killing machine," described a "chaotic" day at the company, with writers—many recruited by Mr. Bannon—wondering whether he would last the day.

Mr. Trump said Mr. Bannon has "lost his mind" and that he has "nothing to do with me or my presidency," a response to Mr. Bannon's incendiary comments—including insults about the president's family—in Michael Wolff's book, "Fire and Fury: Inside the Trump White House." Asked Thursday whether Breitbart should oust Mr. Bannon, White House press

President's Lawyer Wants Book Shelved

WASHINGTON—A lawyer for President Donald Trump on Thursday demanded the author and publisher of a new book featuring scathing criticism of the White House halt its publication and apologize, escalating a battle that has consumed the U.S. leader's return to Washington this week.

In a letter to author Michael Wolff and publisher Henry Holt & Co., Charles Harder said the book contained "numerous false and/or baseless statements," though he didn't specify any. He threatened legal action for defamation, invasion of privacy and other claims, which legal experts said would face steep hurdles in court.

Rather than halting the book's scheduled Jan. 9 publica-

tion, Henry Holt said it would advance it to Friday "due to unpreceded demand." In a tweet, Mr. Wolff said, "Thank you, Mr. President."

Mr. Wolff's book, "Fire and Fury: Inside the Trump White House"—excerpts of which were published in New York Magazine on Wednesday—features personal criticism of the president and some of his top advisers, including several family members. It extensively quotes former White House chief strategist Steve Bannon, who called a June 2016 meeting between top Trump campaign aides and a Russian lawyer "treasonous" and aired concerns that missteps by aides could lead to legal jeopardy for the president.

"Mr. Trump hereby demands that you immediately cease and desist from any further publication, release or dissemination of the book, the article, or any excerpts or summaries of either of

them," Mr. Harder wrote. He requested "a full and complete retraction and apology."

Mr. Wolff didn't return a request for comment. A spokeswoman for Henry Holt, an imprint of Macmillan, said: "We see 'Fire and Fury' as an extraordinary contribution to our national discourse."

In a tweet late Thursday, Mr. Trump called the book "full of lies, misrepresentations and sources that don't exist" and said he had authorized "zero access" to the White House for Mr. Wolff. The White House has said Mr. Wolff was granted access to administration officials more than a dozen times, most of them at Mr. Bannon's request.

"Look at this guy's past and watch what happens to him and Sloppy Steve!" Mr. Trump added, a reference to his former chief strategist.

—Rebecca Ballhaus
and Joe Palazzolo

secretary Sarah Huckabee Sanders said: "I certainly think that it's something they should look at and consider."

Mr. Bannon and his representatives didn't respond to requests to comment. On two recent radio shows, Mr. Bannon expressed support for Mr. Trump. He said Thursday morning, "nothing will ever come between us and President Trump and his agenda."

On Thursday, Mr. Trump acknowledged Mr. Bannon's more complimentary tone. "He called me a great man last night, so he obviously changed his tune pretty quick," Mr. Trump said.

The quarrel also is raising doubts about whether Mr. Bannon will have a financial benefactor for his run at establishment Republicans.

After leaving the White

House in August, Mr. Bannon returned to Breitbart News and toured the world speaking to groups about populism. He also formed a nonprofit group to raise money for use in political races and policy fights.

Ed Rollins, a strategist for Great America PAC, a pro-Trump super PAC, said the feud will marginalize Mr. Bannon. His own group, he said, is unlikely to continue its plans to work with him on campaigns.

Tensions between Mr. Bannon and the Mercers—who have backed numerous Bannon ventures—have been simmering for months. Mr. Mercer resigned in November as chief executive of his hedge fund and sold his stake in Breitbart to Rebekah Mercer. In his resignation letter, he wrote that his views didn't always "align" with Mr. Ban-

non's but that he had "great respect" for him.

After reading about Mr. Bannon's extensive quotes in Mr. Wolff's book, the Mercers were "shocked and horrified," according to one person familiar with their views.

Ms. Mercer phoned the White House on Thursday to reaffirm the Mercers' support for the president, a White House official said. Later she released a rare public statement rebuking Mr. Bannon.

"I support President Trump and the platform upon which he was elected," she said. "My family and I have not communicated with Steve Bannon in many months and have provided no financial support to his political agenda, nor do we support his recent actions and statements."

GAMER

Continued from Page One
vindication for Matthew. "Everyone thought it wasn't legit," he said. "When I started making a bunch of money, they changed their minds."

An estimated 191 million spectators world-wide now watch esports competitions—where people play video-games—at least once a month, more than double the number from 2012. Revenue from corporate sponsorships, media rights, ticket sales and other sources is on track to top \$1 billion by 2019, according to videogame industry tracker Newzoo BV.

The rapid rise of esports has bewildered many, perhaps none more than moms and dads who used to scold their offspring about wasting their lives in front of a computer.

Selene Meschino tried hard to curb her son's videogame habit. There was the time she held up his underwear behind him on camera as he broadcast a gaming session online. Once, she set off the fire alarm in their Toronto home to pull him away.

None of it worked. Her son Stefano Disalvo, known in gaming circles as Verbo, not only continued gaming but put off college to pursue esports.

The 18-year-old in January will begin competing at Activision Blizzard Inc.'s shooter game "Overwatch" for the Los Angeles Valiant, one of a dozen teams in a league where play-

ers will make at least \$50,000 annually, with health benefits and a retirement plan.

"He didn't get the talent from me, that's for sure," said Ms. Meschino, who admits she recently got confused when her son shouted the name of the game's hulking armor-clad character "Reinhardt!"—also the name of their local church pastor (but with a different spelling).

Joe Dager, a freelance marketer in Fort Wayne, Ind., was confused years ago when he first saw his then 22-year-old son Peter battle it out at Valve Corp.'s game "Dota 2," in which teams raid bases with characters such as Troll Warlord and Chaos Knight.

"It looked like a bunch of figurines beating on each other with clubs," recalled Mr. Dager, who, when Peter was a teen, would crack open his son's

computer and remove vital hardware to prevent him from gaming all hours of the night.

"If he was going out kicking field goals as much as he was playing videogames, it wouldn't have been a problem."

Today, Peter, whose screen name is ppd, travels the globe as one of the highest-earning esports players. Fans request selfies, said Mr. Dager, who is still getting used to Peter's celebrity—and his own.

"When they find out you're his parent, you get people who want to take pictures with you," Mr. Dager said. "You're like, huh?"

Paul Garland, a 50-year-old manager for an aerospace company, used to take his son Cuyler's Xbox console to work when the boy claimed he was too sick for school. A second Xbox hidden in the closet eventually started making the trek, too.

Even so, the 18-year-old is putting off college to compete at Activision Blizzard's war shooter "Call of Duty" and has already earned more than \$200,000 in prize money.

While other parents had Little League baseball and endless soccer clinics to nurture their children's skills, Mr. Garland, who lives in a Phoenix suburb, felt lost about gaming. "There was no direction, no help for this," he said.

One thing esports has in common with its traditional counterparts is only a fraction of players earn enough to compete full time, industry analysts say. For those who do, salaries and prize-pool winnings can eclipse \$100,000 a year, with the best of the best earning as much as \$1 million annually.

Maurizio and Andrea DeLisi used to give their 17-year-old son, Matthew—code name Super—grief for staying up late on school nights to play video-games. "We just thought he was wasting his time," said Mr. DeLisi, a public-safety worker in Philadelphia.

Now the couple is letting the teen finish high school through online courses so he can play "Overwatch" for the San Francisco Shock when he turns 18 in March.

"In retrospect, it was probably a good thing that he was grinding away to be as good as he is," said Mr. DeLisi, who figures Matthew can go to college later and maybe even cover tuition with his esports earnings.

"When do you get a chance to do something in life you love and get paid for it?"

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GAMER

Matthew DeLisi, now a pro gamer, played videogames as a child.

Continued from Page One
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WORLD NEWS

Israel and U.S. Seek to Limit Iran's Sway

Increased criticism of Tehran's role in the Middle East comes as protests continue

Israel and the U.S. are amplifying criticism of Iran's role in Middle East conflicts, part of a coordinated effort to curb Tehran's influence in the region as antigovernment protests put pressure on the country's leaders.

By **Rory Jones**
in Tel Aviv
and **Dion Nissenbaum**
in Washington

Since protests began last week in Iran, Israel has accused Tehran of setting up a terrorist cell in the Palestinian West Bank and blamed Iran for supplying mortars fired on Israeli territory by militants from the Gaza Strip. Iran hasn't responded to the allegations.

"The fact that they have exposed [Iran] now is related to a broader pressure campaign," Daniel Shapiro, former U.S. ambassador to Israel, said of the Israeli accusations. "When Iran is under pressure it's a good idea to increase the pressure."

When the new year started, U.S. officials said, domestic protest in Iran wasn't expected to be at the top of the Trump administration agenda. But the demonstrations are now part of the administration's evolving effort to cast Iran as an international pariah.

President Donald Trump has tweeted about Iran five times in recent days. "The people of Iran are finally acting against the brutal and corrupt Iranian regime," he said on Twitter on Tuesday. "All of the money that President Obama so foolishly gave them went into terrorism and into their 'pockets.' The people have little food, big inflation and no human rights. The U.S. is watching!"

White House spokeswoman Sarah Huckabee Sanders this



Iranians burned the Israeli and U.S. flags during a rally in support of the regime in the eastern city of Mashhad on Thursday.

State media reported more counter-demonstrations on Thursday after thousands of Iranians took to the streets in support of the government the previous day. The Iranian army said troops were ready to stamp out unrest if necessary, but added that police had largely quelled protests.

Mohammad Jafar Montazeri, Iran's public prosecutor, blamed the Central Intelligence Agency for orchestrating protests, according to the official Islamic Republic News Agency. U.S. officials have repeatedly denied playing any role in organizing protests in Iran. Trump administration officials said this week they were caught off guard by the demonstrations. On Thursday, the CIA declined to comment on Tehran's accusation.

Iran publicly acknowledges backing groups such as Gaza-based Palestinian movements, Hamas and Islamic Jihad, and Lebanon's Hezbollah, all of which call for armed struggle against Israel.

To counter Iran's influence in the region, the White House is encouraging Congress to work to amend legislation overseeing the Iranian nuclear accord.

Mr. Trump in October refused to certify to Congress that Iran was complying with its obligations under the nuclear agreement, charging Iran had violated terms of the deal.

He threatened to scrap the deal entirely if efforts in Congress to amend a law overseeing the deal didn't address his concerns about Iran's expansion in the Middle East and ballistic missiles. Israel and Saudi Arabia, Iran's main rival in the Middle East, have thrown their weight behind Mr. Trump's stance.

"Iran, even without a nuclear weapon, is a force for immense instability and violence in the region," said Michael Oren, deputy minister in the Israeli premier's office.

—Peter Nicholas and Asa Fitch contributed to this article.

U.S. Slaps Sanctions On Tehran for Arms

WASHINGTON—The U.S. imposed sanctions on five entities tied to Iran's ballistic-missile program, seeking to punish Tehran for its management of the economy as thousands of Iranians protest against their government.

Treasury Department officials blamed Iran's Islamic Revolu-

tary Guard Corps and other parts of the government for funding proxies across the Middle East despite the needs of the Iranian people at home.

"As the Iranian people suffer, their government and the IRGC fund foreign militants, terrorist groups, and human-rights abuses," Treasury Secretary Steven Mnuchin said Thursday.

Trump administration officials said they would be watching for human-rights abuses

against protesters. "We have ample authorities to hold accountable those who commit violence against protesters, contribute to censorship, or steal from the people of Iran," State Department spokeswoman Heather Nauert said.

The entities, which the administration has said are related to one another, are responsible for the development of guidance systems, solid propellants, motor cases and research for

Iran's missile program.

Officials at the Iranian mission to the United Nations didn't respond to a request to comment.

The sanctions aren't related to Iran's nuclear program, which is covered by the 2015 international nuclear accord under which Iran agreed not to advance its program and world powers agreed to lift economic sanctions.

—Felicia Schwartz

week said that "years of mismanagement, corruption, and foreign adventurism have eroded the Iranian people's trust in their leaders."

U.S. and Israeli criticism of Iranian meddling comes as the White House and Israel jointly work on a broad strategy of

countering Tehran's regional influence after significant disagreements on the issue between Israeli Prime Minister Benjamin Netanyahu and the Obama administration, U.S. and Israeli officials said.

National Security Adviser Lt. Gen. H.R. McMaster and his

Israeli counterpart, Meir Ben-Shabbat, took part in discussions last month about a joint strategy. The effort includes measures to combat Iranian proliferation of arms and aims to ensure Tehran doesn't win a long-term foothold in Syria, an Israeli official said.

Antigovernment unrest in Iran has left more than 20 dead over the past week and the authorities have arrested hundreds. Unverified video shared on social media showed fresh unrest Thursday in Aligardarz and Dezful in western Iran, and Shiraz in the south.

FROM PAGE ONE

INTEL

Continued from Page One
secutive day.

On June 1 last year, a member of Google's Project Zero security team notified Intel and other chip makers of the vulnerabilities. Even with the lead time, Intel and others are still trying to plug the security gaps. One issue is getting security updates to billions of devices. Another is that some security patches could slow performance, as the flaws affect chip features designed to speed up processors.

Companies as of Thursday said they hadn't seen evidence of attacks that exploit the flaws. Should hackers manage to do that, they are likely to compromise chips made by Intel. That is because it is the world's leading maker of microprocessors and the vulnerabilities are inherent in its chips going back at least a decade.

The issue called into question the security of Intel's products, and requires many customers to take action to protect their systems. It also highlights how the growing complexity in chips and the software that runs on them makes them difficult to lock down and allows them to harbor flaws that can go undetected for years.

Nonetheless, the impact on Intel is likely to be minimal, said Jim McGregor of the technology strategy firm Tirias Research. "When you control that much of the market and you're that prevalent with customers, you get away with it," he said.

Intel said it expects by the end of next week to have issued software updates for more than 90% of processors introduced in the past five years.

Other vendors already have issued patches. Apple said in addition to its mobile devices and computers, its Apple TVs were affected, though not the Apple Watch. It also said a fix for the company's Safari web browser to defend against the Spectre flaw was expected in the coming days.

Apple said its fixes didn't result in any performance slowdowns. Google said Thursday it developed a patch with

"negligible impact on performance." Intel said any performance degradations would be minimal for average users and diminish over time, adding that it plans redesigned chips within a year. The company said it didn't anticipate any financial impact.

Intel shares fell to \$44.43 in Thursday trading, leaving them down 5.2% from Tuesday's close, before news of the flaws emerged. Shares in rival chip makers including AMD and

People are re-evaluating core tenets about the security properties of modern hardware.

Nvidia Corp. rose Thursday.

Researchers have been closing in on the vulnerabilities for more than a year. In August 2016, at the Black Hat cybersecurity conference in Las Vegas, researchers Anders Fogh and Daniel Gruss demonstrated early signs of the flaws.

Meanwhile, Jann Horn of Project Zero, a security-research team inside Google, already had uncovered the issue

and notified Intel. Eventually three other teams of researchers from around the world contacted Intel about the same issues, and Intel connected them.

Daniel Genkin, one of those researchers, said that they found the vulnerabilities in chips from as far back as 2010.

While Intel worked with partners to resolve the issue, Intel Chief Executive Brian Krzanich in November netted nearly \$25 million by selling Intel stock and exercising options, according to regulatory filings. He retained 250,000 shares, the minimum the company requires him to own, according to Intel's most recent proxy statement.

An Intel spokesman said the divestiture was unrelated to the security issue and followed a prearranged plan with an automated sales schedule.

That prearranged plan was adopted Oct. 30, according to a regulatory filing, months after Intel learned of the security flaws.

Intel and a larger consortium of tech firms and researchers planned to disclose the issue on January 9. But this week, the tech-news site The Register broke the story by tracking discussions online between programmers studying patches for the flaws.

What Steps to Take Against Chip Flaws

While tech giants grapple with chip security flaws disclosed this week, there are steps people can take to mitigate potential harm to iPhones, Windows PCs, Android devices and other gadgets.

The most important is ensuring software on any device is up to date. Apple Inc. acknowledged late Thursday that its mobile devices and computers—even the Apple TV—are affected by one of the vulnerabilities, called Meltdown, but said it already issued patches to fix the problems.

For iPhones and iPads, iOS version 11.2 released last month includes the latest fix. You can update via the Settings app. For Macs, Apple pushed out version 10.13.2 to its High Sierra operating sys-

tem last month. Users can find the update by clicking "About this Mac" under the Apple icon.

Google said it already protected its own line of Nexus and Pixel phones, but isn't sure how many phones from other manufacturers are receiving the updates. Customers should check with manufacturers and wireless carriers to see if their devices are patched. Chromebooks and its Chrome browser, the company said, will receive patches by Friday, but users must turn on the "site isolation" feature. Instructions here: <https://support.google.com/chrome/answer/7623121>.

Microsoft Corp. is issuing patches for its Windows operating system.

The Spectre vulnerability can be exploited on personal devices through browsers, and browser makers are scrambling to update those applications.

—Jay Greene



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DOW 25000

Number of Listed Companies Is Falling

Analysts debate what role such a drop has played in the nearly nine-year stock rally

BY MICHAEL WURSTHORN AND GREGORY ZUCKERMAN

As the Dow Jones Industrial Average broke through 25000 and other stock-market indexes continue rising to new highs, the number of publicly traded U.S. companies keeps shrinking.

That phenomenon has investors and analysts debating what role the decline in number of listed companies has played in the nearly nine-year rally, and more broadly what it means for investing.

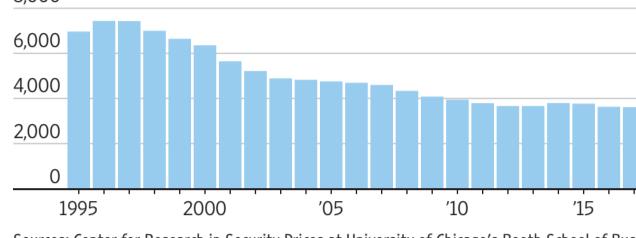
Some say it is a simple question of supply and demand: As money pouring into stocks rises as the number of companies and publicly traded shares falls, the remaining listed companies are bound to get a lift. Others say it is more complicated than that, arguing there is little evidence that the shrinking market translates directly into higher share prices.

What is clear is that the number of publicly traded companies has been steadily declining. In 1996, more than 7,400 companies were listed on U.S. stock exchanges. Today, that figure is less than half, according to the Center for Research in Security Prices at the University of Chicago's Booth School of Business.

The number of listed companies peaked during the late

Shrinking Share

The number of public companies has been falling for more than 20 years, thanks to mergers, delistings and a decline in the number of initial public offerings.



Sources: Center for Research in Security Prices at University of Chicago's Booth School of Business (companies); Citi Research - US Equity Strategy via FactSet (shares)

1990s, when hundreds of startups cashed in on the rise of the internet by selling shares to the public. Many of these companies disappeared during the dot-com bust that followed. Small companies are also staying private longer, preferring to raise venture capital or other private money rather than having to abide by more-stringent regulatory requirements of public companies. Merger and acquisition activity continues to shrink the number of public companies too.

Years of robust corporate buybacks, meanwhile, have reduced the number of shares available to investors. Company share buybacks hit a record of \$572 billion in 2015, according to S&P Dow Jones Indices.

Some investors believe the dwindling number of publicly traded companies and shares outstanding has helped boost blue-chip indexes, coming as the amount of money flowing into U.S. stocks has risen steadily. Assets under man-



Amazon was considered a small-cap stock when it went public in '97.

agement for U.S. stock mutual funds and index funds are up about six times to more than \$10 trillion from 1996 to 2016, according to Credit Suisse.

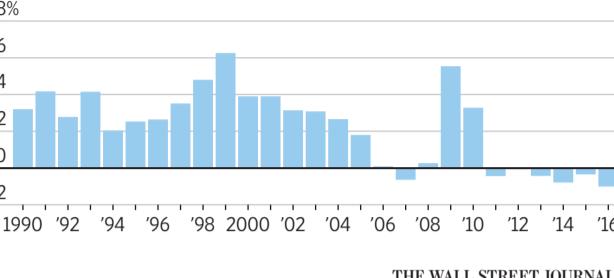
When demand for stocks rises but the supply of shares available shrinks, that helps

push stock prices higher, says David Rosenberg, chief economist and strategist at Canadian investment firm Gluskin Sheff & Associates Inc.

In his view, the reduction in shares outstanding has been equivalent to a 15% boost to

A shrinking number of shares outstanding has made the earnings of the remaining publicly traded companies look better.

Change in common shares available from a year earlier



THE WALL STREET JOURNAL.

earnings since 2009.

Some analysts note that vast majority of the stocks that have disappeared were small or microcap. They wouldn't have had a major influence on the broader blue-chip indexes anyway, since most weight stocks by size rather than equally.

"What it does is make the markets more efficient," said Quincy Crosby, chief market strategist at Prudential Financial, of the shakeout of smaller companies from public exchanges. And while common shares outstanding in the S&P 500 have shrunk each year since 2010, it been at a rate of only about 1% a year or less, according to Citigroup.

Tobias Levkovich, chief U.S. equity strategist at Citigroup, says companies seeing the greatest share-count reductions haven't outperformed the market, suggesting the share reduction has limited impact. He also said that while the number of shares are down overall, the drop has been less than 1% a year in re-

cent years. That decline has been enough to help offset issuance of stock-option grants that add to the supply of shares, but it hasn't been sufficient to boost the overall market, he said.

Still, the diminishing number of listed companies has affected the market in other ways, some investors say.

The reliance on private capital has made it harder for stock investors to get exposure to younger companies that would have otherwise listed on an exchange more quickly. The average age of a listed company last year was about 18 years old, while in 1996, companies that were public were about 12 years old, according to data compiled by Pantheon Partners.

Amazon, for example, was considered a small-cap stock when it went public in 1997, and has ballooned into a \$566.3 billion behemoth, giving early investors a significant fortune. Today, companies like Facebook Inc. wait until they are multibillion-dollar businesses before going public, while others such as Uber Technologies Inc. and Airbnb Inc. have remained private.

Some analysts suggest that large stocks such as Netflix Inc. or Alphabet Inc., Google's parent company, may be benefiting indirectly from the lack of startup companies in the public markets. With fewer opportunities to buy small, high-growth companies in the stock market, investors are putting more money in bigger, established companies and passive investment funds.

DOUBT

Continued from Page One end of the bull market."

The S&P 500's 0.4% rise Thursday put the broader index over the top for its own milestone, making it the greatest bull market run by the index in the post-World War II era. The S&P has notched a more than 300% gain since the market surge began in March 2009, surpassing the tech-fueled rally of the 1990s, according to the research firm Leuthold Group, which excluded dividends from its calculations.

Rather than celebrating this wealth-generating machine, some individual investors have made clear in multiple surveys just how little enthusiasm they have for this market.

For years, analysts have described an "unloved" or even "hated" stock rally, where prices defiantly rise despite one of the weakest U.S. economic recoveries on record, Washington's policy sclerosis and geopolitical



'Too many people I know who were close to retirement lost tens of thousands of dollars [in stocks].'

Judy Vaz,
nuclear medicine technologist



'I'm now about 60% in cash because there are not many "deals."

Dev Horn,
vice president of marketing



'I'd rather not risk losing what little money I have on a misreading of the market.'

Michelle Morley,
model



'It's unrealistic to invest... after paying for housing, transportation, etc.'

Levi Leab,
maintenance technician

RALLY

Continued from Page One
vestors becoming more cautious."

On Thursday, the Dow average, which heavily weights industrial giants such as Boeing Co. and Caterpillar Inc., gained 152.45 points, or 0.6%, to 25075.13. It took the Dow industrials 23 trading days to reach 25000 from 24000, while the index needed 24 trading days to rise to 11000 in 1999 and 21000 last March.

The S&P 500 climbed 10.93 points, or 0.4%, to 2723.99, while the Nasdaq Composite added 12.38 points, or 0.2%, to 7077.91. Each major index closed at records.

The Dow industrials rose 25% in 2017 as investors bet on solid corporate earnings and a pickup in global economic growth. Analysts and investors say financial companies and energy businesses are poised to play a bigger role in pushing markets higher. Recently, the price of oil has risen above \$60 a barrel, providing a boost to many of the oil-and-gas companies that languished much of last year.

Shares of Chevron Corp. surged in the second half of 2017. The oil producer's stock has risen 21% in the last six months, roughly double its gain for all of last year. Exxon Mobil Corp. climbed nearly 6% over that same period despite finishing last year lower.

Investors are taking on more risk, said Richard Benson, co-head of portfolio investments at Millennium Global Investments. "As an investor, it's easy to develop a fear of missing out."

While some investors are excited by the swift pace at which the Dow climbed the latest 1,000 points, many analysts are quick to note that as the blue-chip index rises, the percentage move required to leap to a new milestone becomes significantly easier. For instance, the move to 11000 from 10000 required a gain of 10%, while the rise to 25000 from 24000 required a 4.2% increase.

The market's steady climb continues to worry some money managers, who question whether stock valuations have become stretched, even as earnings for S&P 500 companies this year are projected to grow at their best rate in seven years.

A recent jump in investor exuberance has also put some analysts and investors on edge. "If investor optimism gets excessive, and I think it's close to being excessive, I wouldn't be surprised to see a pullback in the market," said Bruce Bittles, chief investment strategist at Baird.

The S&P 500's more than 300% gain since March 2009 beats the rally in 1990s.

flashpoints, from the Greek debt crisis and Brexit to North Korea's nuclear threat.

"It is the most disliked bull market of my career," said John Fox, chief investment officer at Fenimore Asset Management. "No one is excited. This is not like 1999 and 2000, where you went to a bar and CNBC was on TV."

Survey data indicate that American stock ownership is retreating.

Sixty-two percent of Americans reported owning equities, on average, between the fall of the dot-com bubble and the onset of the global financial crisis, between 2001 and 2008, according to a Gallup survey from early 2017.

That number shrank to 54% during the current bull market, from 2009 to 2017.

Declining stock ownership was consistent across education level, employment status, gender, ethnicity and U.S. region, the Gallup poll found.

This mistrust of stocks has led many individual investors to seek safety in the bond market, despite rock-bottom interest rates and an even longer rally that in many ways looks more stretched than stock valuations.

More than \$950 billion has

moved into all bond mutual and exchange-traded funds since 2012, ICI said.

The Wall Street Journal polled more than 150 individual investors, of various ages and income levels across the U.S., about why they have avoided stocks.

Together, their responses paint a picture of how America's vaunted stockholding culture has waned—not during a punishing sell-off but amid one of the best periods ever to own shares.

Shawn Goodspeed, 33, said he dipped his toes into investing shortly after college. After taking advice from CNBC, he said he invested small sums in bank stocks in 2007 and 2008—and watched his small investment shrink during the ensuing crisis.

"It was a good learning experience," he said. "Now I'll invest only in things I understand."

Surveys show that stock ownership is down among middle-aged investors who still feel the aftershocks of stock-market collapses following the dot-com boom and during the financial crisis.

"So when the markets rebounded...there was a segment of the population that was very hesitant to get back in," said Steven Wagner, chief executive of advisory firm Omnia Family Wealth in Aventura, Fla.

"People are always shaped by their recent experiences, and much more so by the negative ones," he said.

As baby boomers near retirement age, many are paring back positions in riskier equity funds for more stable holdings such as bonds.

"I'm 10 years from retirement, so I'm being more cautious," said Jeffrey Lee Schantz, a 58-year-old architect in Boston, who has put

what he considers to be his nest egg into "very conservative investments," including fixed-income funds.

Many younger Americans, who started accumulating income only after the housing bust and financial crisis, never developed an affinity for stocks.

"I've always been wary of losing my money on a badly timed purchase or sale of a stock, but now I'd rather not risk losing what little money I have on a misreading of the market," said Michelle Morley, a 26-year-old model.

Stocks are less part of the social fabric than during the 1990s bull run.

Discount online brokers such as E-Trade Financial Corp. and what is now TD Ameritrade Holding Corp. sprung up to meet booming demand of day traders who hoped to strike it rich on the next hot stock.

In one of the most extreme

expressions of stock mania, doctors and other health professionals quit their jobs to day-trade full-time.

Today, discount brokers are thriving again after a long slump. But this time their business caters to registered investment advisers who trade primarily on behalf of the affluent elite.

College students and other millennials, meanwhile, have found other ways to speculate than buying the latest tech stock.

Nate Reutiman, a 20-year-old Boston College student studying marketing and analytics, said he is more interested in cryptocurrencies.

Last year, Mr. Reutiman and his roommates discussed contributing \$1,000 each to install a mining rig, a system of computers built to find bitcoins, in their dormitory room.

For some Americans, their lack of interest in the stock

market reflects a lack of disposable income, following a period of stagnant wages and mounting student debt that has more than doubled over the past decade.

"My money is spent servicing student loans," said Marcus Wallace, a 25-year-old waiter in Washington, D.C. Until that debt is reduced, he explained, the great stock market bull run will have to go on without him.

U.S. stocks have kept climbing even as many individual investors have stayed away, thanks to robust demand from other types of big buyers.

Institutional investors have been steady participants throughout the rally, ensuring that many individuals could at least partake in the market's big gains through retirement accounts. Many state-owned government funds have tilted toward U.S. stocks, and more recently foreign investors turned from sellers to buyers of the U.S. market.

The most dedicated buyer of U.S. shares has been the companies themselves. Stock buybacks started ramping up in 2009, hitting a record of \$572 billion in 2015, according to S&P Dow Jones Indices. With the new tax law cutting the corporate rate to 21% from 35%, analysts expect companies will use at least some of that cash to buy back more of their own shares.

—Akane Otani and Chris Dieterich

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DOW 25000

Industrial Stocks Pump Up Index

By CHRIS DIETERICH

It has been a banner stretch for the industrial stocks within the Dow Jones Industrial Average.

The five industrial-sector members of the 30-member average—Boeing Co., Caterpillar Inc., 3M Co., United Technologies Corp. and General Electric Co.—are responsible for nearly 30% of the Dow's sprint to 25000 from 24000. Boeing and Caterpillar did most of the Dow's heavy lifting, with the pair by themselves adding 263 of the Dow's latest 1,000-point advance.

The trend holds over a longer time frame. Boeing is the priciest stock in the Dow as well as its top performer over the past year, climbing nearly 90%. Caterpillar is up 70% over the same stretch, second most among Dow stocks. Stocks with the highest prices carry more heft in the Dow, unlike almost every other index.

Losses for 3M were offset by gains in United Technologies since the Dow hit 24000 in November. GE, down sharply over the past year, is roughly flat since the Dow's last round number.

The Dow's yearslong rally would be more robust if the average still included Honeywell International Inc., the most recent industrial giant to be jettisoned from the average in the name of modernization. Honeywell's sharp gains are reminiscent of the saying that

former Dow constituents tend to outdo their replacements, at least for a time.

Honeywell, which makes everything from muck boots to respirators, was replaced in the Dow in February 2008. Its predecessor, Allied Chemical & Dye, joined the Dow in 1925, and Honeywell acquired Allied Signal Inc. in 1999.

In 2008, Honeywell was the average's smallest component by sales, and the Dow's index committee used Altria Group Inc.'s split of its international operations as an opportunity to broaden the index to include financial and energy companies. Honeywell and Altria were out, Bank of America Corp. and Chevron Corp. were

in.

The Dow index committee, a group that includes editors of The Wall Street Journal, periodically reshuffles holdings to align the benchmark with trends in the broader economy. The most recent update was in 2015.

Honeywell has been on a tear since getting the boot, returning 251% to investors, including dividends, according to FactSet. That compares with a roughly 159% return for the Dow and 149% return for the S&P 500.

Honeywell's stock gains have also trounced both stocks that replaced it in the Dow over the same period (Bank of America left the Dow in 2013).

Like other industrial con-

glomerates, Honeywell is facing calls to separate its businesses to help unlock shareholder value.

The company, which appointed new Chief Executive Darius Adamczyk last year, plans to spin off its home and transportation businesses by the end of 2018.

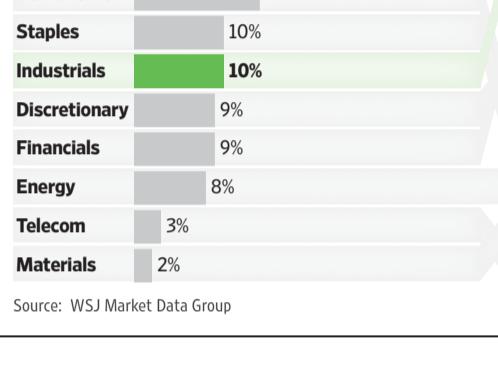
Honeywell's stock price has beaten Kraft Foods (now Mondelez International Inc.) since that company joined the Dow in September 2008. It has beaten the performance of Cisco Systems Inc. and Travelers Co. since they joined the Dow in June 2009. It has even beaten Apple Inc. since the technology giant joined the Dow in March 2015.

The Weighting Is the Hardest Part

Industrial shares are the fourth-largest Dow sector by market value...

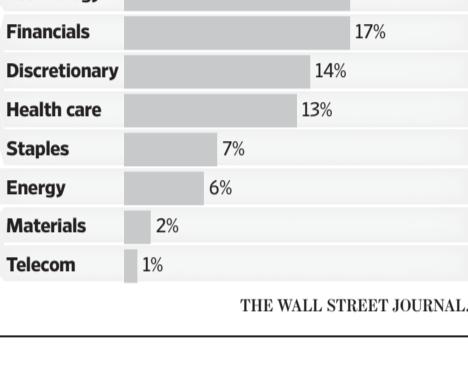
...but the average is weighted by stock price.

Sector representation of the Dow Jones Industrial Average, by market value



Source: WSJ Market Data Group

Actual sector weighting of the Dow Jones Industrial Average, by stock price

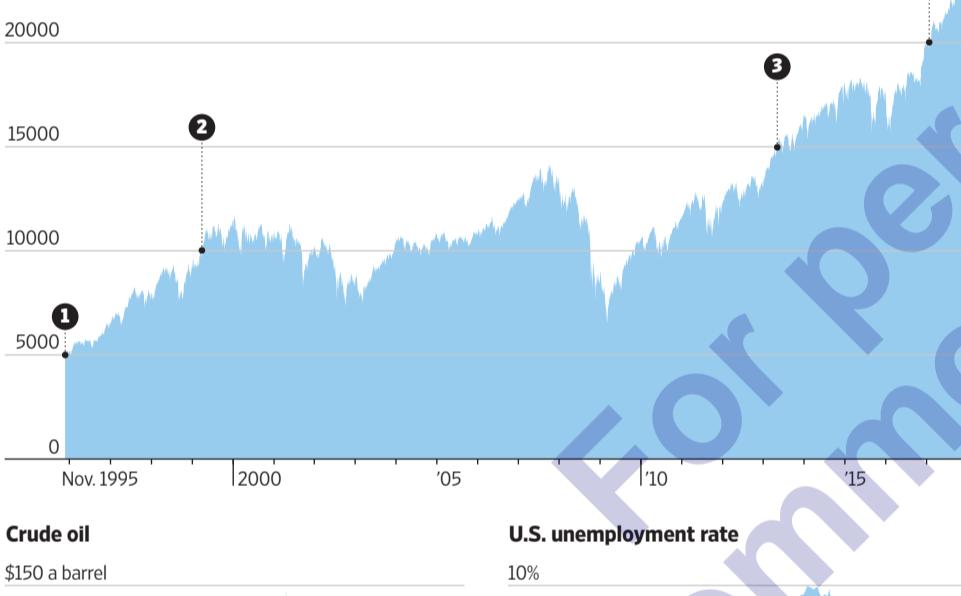


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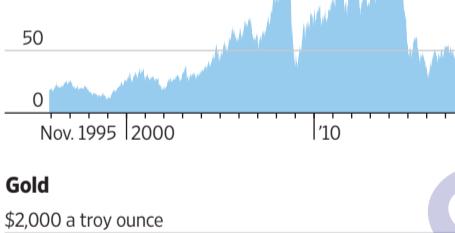
Upwardly Mobile

The Dow Jones Industrial Average has climbed through milestone after milestone, even as economic conditions and other asset prices have shifted.

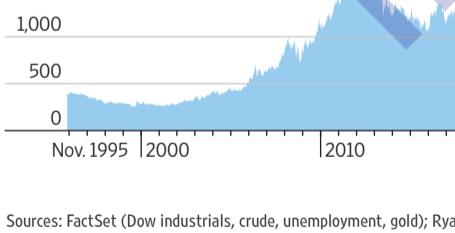
Dow Jones Industrial Average



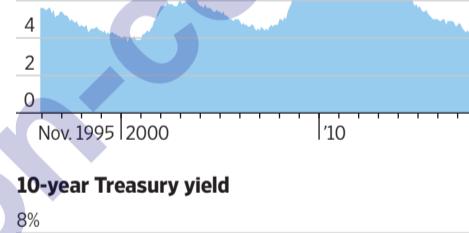
Crude oil



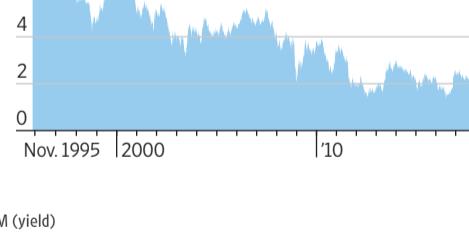
Gold



U.S. unemployment rate



10-year Treasury yield



Sources: FactSet (Dow industrials, crude, unemployment, gold); Ryan ALM (yield)

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Who Needs GE? Not Blue-Chip Indicator

By BEN EISEN

No company is more tied to the Dow Jones Industrial Average than General Electric Co. But the Boston-based conglomerate wasn't much help in getting the blue-chip index to its latest milestone.

There isn't a stock that has consistently been in the Dow since its inception, but GE is about as close as it gets. The company was one of the 12 original components of the Dow when it launched in 1896. It was removed in 1898, then added back in 1899 and pulled again in 1901. It has been a permanent resident for more than 110 years.

That is a lot of time for GE's stock price to rise and fall. Most recently, it has been falling. The share price is down 39% since the Dow touched 20000, making it by far the worst performer in the 30-stock index over that stretch on a percentage basis. The

Electrifying the Dow

General Electric shares haven't always supported the index's rise.



company has been struggling to refocus its sprawling operations and cut costs. Recently, GE halved its dividend.

GE's fall subtracted 81 points from the Dow industri-

als during its run from 20000 in January 2017 to its close above 25000 for the first time ever Thursday. It could have been even more of a drag if not for the Dow's unique weighting

by price. At \$18.53, GE's share price is by far the lowest in the index. Its price is just over half of the next lowest-priced component, Pfizer Inc., at \$36.79. That means GE has the smallest weight on the index.

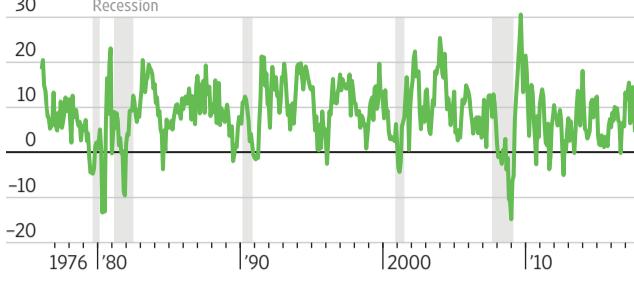
It wasn't always that way. GE had a solid stretch during the Dow's rise from 5000 in 1995 to 10000 in 1999. It added 355 points to the index in that span as the company's shares rose 232%. That made it one of the top five performers in the index by points added over that stretch, according to The Wall Street Journal's Market Data Group.

It would take a lot for GE to regain that level of influence on the index. These days, the Dow is ruled by Boeing Co., whose 77% rise from Dow 20000 to 25000 has made it the most expensive stock in the benchmark. Boeing contributed 888 points over that span. Its price, at \$296.67, is more than 15 times that of GE.

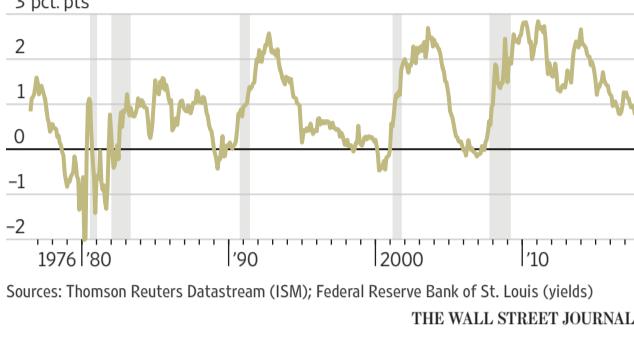
Opposing Measures

Manufacturing is usually only this strong early in the economic cycle, but the flattening bond-yield curve suggests we are late in the cycle.

ISM new orders minus inventories



Gap between 10-year and two-year Treasury yields

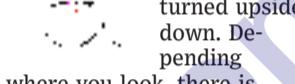


Sources: Thomson Reuters Datastream (ISM); Federal Reserve Bank of St. Louis (yields)

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STREETWISE | By James Mackintosh

Economic and Market Indicators Offer Up Contradictory Signals



The economic cycle has been turned upside down. Depending

where you look, there is strong evidence that the U.S. is in the first stage of recovery, in a long midcycle, or even approaching the final stages before rolling over.

No wonder investors are confused. Deciding where the country stands in the cycle is a vital part of putting money to work, determining whether it is best to be in bonds, stocks or commodities, and which sectors of the stock market are likely to perform best.

At the moment, different markets appear to be priced for all parts of the cycle other than recession, while economic indicators, after nine years of growth, point to early cycle again. The blame can be on a mix of eccentric inflation, irregular central banks, and global expansion, and investors have to decide whether there will soon be a return to the usual cycle or if they should rip up the playbook.

The starting place for cycle analysis is the bond market, particularly the slope of the yield curve, the gap between long- and short-dated bonds.

Last year's three Federal Reserve rate increases were accompanied by flat long bonds, taking the gap between 10-year and two-year Treasury yields to just half a percentage point, where it last stood as the stock market peaked in October 2007. Such a flattening of the yield curve normally suggests the economy is moving into the late cycle, and investors should be taking less risk.

Stock markets sent a different signal. True, large companies beat smaller stocks, which are usually riskier. But the performance was led by high-growth technology companies and by consumer-facing businesses, which usually do best in the early and middle phases of the cycle. There was no sign of a switch to defensive stocks that are able to cope well with the usual late-cycle threats of higher interest rates and weaker growth.

Industrial metals have become a less useful guide to the U.S. economy since the opening up of commodity-hungry China, but the 30% ramp-up in prices last year would usually indicate we are either very early or late in the cycle.

"The cycle is much more diffused and dispersed than we've seen historically," says Gregory Peters, a senior bond fund manager at PGIM Investments, part of Prudential Financial Inc. "It's asynchronous, with minicycles in commodities and energy."

The economic data are confusing, too. Nine years of growth, albeit much weaker than is normal, should place the U.S. at best in an extremely extended midcycle.

Deciding where the U.S. stands in the cycle is vital to putting money to work.

aggressive, rising bond yields and higher rates together could hurt these long-duration stocks and push shareholders toward defensive stocks with more reliable short-run earnings, a late-cycle behavior.

However, the cycle itself could be misleading. The U.S. economy is being lifted by the recovery in the rest of the world. Improved prospects abroad weakened the dollar, which helps explain the strong gains for U.S. stocks. In constant-currency terms and including dividends, the S&P 500 was beaten by eurozone, Japanese, U.K. and emerging-market stocks last year.

Global growth, together with the falling away of concerns about China's debt pile, helps explain the gains for metals prices, too.

Maybe the U.S. is just a year or so into a new minicycle, likely to be further supported by corporate-tax cuts. If so, this minicycle starts out with the advantage of low inflation but the disadvantages of already-low unemployment, high corporate debt and a Fed set on a tightening path.

There is little reason to think recession is imminent. Whether this is a new minicycle or a mixed-up super-long cycle, any hint of inflation is likely to prompt worries that the cycle is maturing, push up bond yields, and hit tech and other growth stocks.

GREATER NEW YORK

Blustery Snowstorm Wallops the Region

Temperatures might hit record lows in the coming days, whipped by sustained winds

A winter storm barreled across the Northeast on Thursday, bringing with it up to 15 inches of snow and winds gusting up to 60 miles an hour.

While the blizzard conditions subsided Thursday night, the storm will leave behind

*By Paul Berger,
Corinne Ramey
Mara Gay*

frigid and windy weather for days to come, warned Bob Oravec, a lead forecaster with the National Weather Service.

The weather service predicted daytime highs of about 15 degrees for New York City on Friday, with wind chills as low as minus 10 degrees.

Connecticut Gov. Dannel Malloy said the state may approach record lows this weekend with temperatures potentially dropping to minus 12 degrees or as low as minus 40 with the wind chill in some places.

Despite the freeze, New York City's Department of Education announced Thursday evening that the city's schools would reopen Friday.

Representatives for NJ Transit and for the Metropolitan Transportation Authority, which operates New York City's subway and buses, as well as the Long Island Rail Road and Metro-North Railroad, said they expected to resume normal weekday service Friday morning.

The storm hit the Northeast after blanketing swaths of Florida, Georgia and the Carolinas with snow Wednesday.

On Thursday, New York Gov. Andrew Cuomo declared a state of emergency for New York City, Long Island and Westchester County.

New Jersey Gov. Chris Christie declared a state of emergency with a focus on Atlantic, Burlington, Cape May, Monmouth and Ocean counties.

By Thursday evening the storm had dropped 15 inches of snow in parts of Nassau and Suffolk counties on Long Island and 9 inches of snow in parts of New York City, including Manhattan.

Sustained wind speeds of up to 45 miles an hour and even stronger gusts caused whiteout conditions in some areas.

State agencies urged motorists to stay off the roads and speed restrictions were put in



The steps of Federal Hall in lower Manhattan, top, provided an urban slope for sledding. An umbrella was no match for the fierce winds, which caused whiteouts in some areas. The storm dropped 9 inches of snow in parts of New York City, including Manhattan.

place at many major bridges.

About 5,700 homes on Long Island lost power. The three major commuter railroads, in particular the LIRR, suffered systemwide delays and cancellations throughout the day.

In New York City, Mayor Bill de Blasio declared a winter-weather emergency, giving the city broad powers to remove vehicles from streets.

As more than 1,500 plows and nearly 700 salt spreaders took to the roads, the city closed public schools, sus-

pended alternate-side parking and urged residents to use mass transit, including the subway, which ran throughout the day with delays.

The severe storm forced the region's ports to close. By afternoon, most flights out of John F. Kennedy, LaGuardia and Newark Liberty International airports had been canceled.

The Port Authority of New York and New Jersey, which owns the region's three major airports, said it expected all

arriving and departing flights to be full Friday and urged travelers to check with airlines before leaving for the airport.

Mary Bassett, New York City's health commissioner, warned that the weather conditions could cause frostbite in 30 minutes. "People should really be bundled up appropriately," Dr. Bassett said.

Manhattan's normally bustling streets saw little foot traffic and rush-hour trains had an abundance of empty seats. But many people, includ-

ing workers and tourists, ventured outside.

"The weather is terrible out there," said Andrea Bowman, 45 years old, a nursing assistant who was waiting for the subway in Manhattan. "I don't want to talk about it."

While many New Yorkers grumbled about the storm, some tourists in Midtown were delighted. Lily Kirk, 17, said it was her first time seeing snow. "It's very pretty," she said. "It kind of looks like sand."

Lily, who lives in Tampa,

About 11,000 Lost Heat, Hot Water

Boiler systems at some public housing buildings across New York City failed on Thursday, leaving some 11,000 people without heat or hot water in frigid conditions during a ferocious winter storm.

Thursday afternoon, residents of at least 62 New York City Housing Authority buildings in the Bronx, Brooklyn, Queens and Manhattan lost heat, hot water or both services, city officials said.

Crews had been dispatched to repair the boiler systems, which generally takes about five hours from the time the outage is reported, officials said, adding that aging infrastructure was the culprit. Most of the boilers have been in service far beyond their recommended, 25-year lifespan, said Jasmine Blake, Housing Authority spokeswoman.

"These are older buildings that honestly for decades did not get the kind of maintenance they deserve," Mayor Bill de Blasio said.

Later, Mr. de Blasio made an unannounced trip to the Woodside development in Queens, where about 1,300 apartments were without heat or hot water. A Twitter photo showed him touring the boiler room with Housing Authority General Manager Michael Kelly. The city said it restored the heat and hot water later in the day.

The outages were the latest crisis to befall the agency, which has \$17 billion in unmet capital needs to repair aging infrastructure after years of disinvestment from federal, state and city governments.

Last year, a Department of Investigation report revealed that the agency had failed to inspect apartments for lead for four years in violation of federal rules and city law.

—Mara Gay

Fla., did encounter one challenge. "It's harder to make a snowball than TV makes it appear," she said.

Inside a Ben & Jerry's at Rockefeller Center, Edda Bautista and her two children took a break from the cold.

"It's the first time I've seen snow so I love it," said Ms. Bautista, who lives in Puerto Rico. "Although maybe not all the time. Just for this week."

—Joseph De Ayila, Kate King and Melanie Grayce West contributed to this article.

Pre-K to Expand on Upper East Side

BY LESLIE BRODY

tiatives because the commute would be too long.

Debbie Semaya said she was shocked she couldn't get a spot for her 4-year-old daughter near their home in the East 70s and instead takes her to a public pre-K center on 35th Street. She applauded the expansion but questioned whether the additional seats would suffice. "It's a big stride but we need to be cautionary," Ms. Semaya said. "I'm not sure it will solve the problem."

Department of Education

officials said they were on track to meet demand by the fall of 2019. They said about 234 new seats will open next fall, at new centers on East 57th and East 95th streets, and another 180 seats in fall 2019 on East 76th Street.

Some early-childhood experts say the city should focus its prekindergarten dollars on low-income areas where many parents can't afford preschool and children often need more help catching up with vocabulary and other skills. The mayor has pushed

universal prekindergarten, which middle-class taxpayers want for their own children and which many praise for potentially bringing children of different backgrounds together.

Ben Kallos, a Democratic councilman who represents the Upper East Side and Roosevelt Island, has pushed for more pre-K seats there for years, often sending photos of empty storefronts that could serve as centers to the Department of Education. Mr. Kallos said private pre-K in that area typically starts at \$24,000 per child yearly, and getting free public seat lets parents keep working and stay in the city.

"My only concern is that this is an incredibly popular program and it will continue to be a victim of its own success as more and more parents apply," and demand will keep outpacing supply, he said.

Now 68,000 children attend free, full-day pre-K, at a cost of \$850 million in city and state funds this school year, up from about 20,000 children before the mayor took office. Officials said they are also planning more seats for the Corona area in Queens and Bay Ridge in Brooklyn.

Deputy Chancellor Josh Wallack said by email that his team would continue to work with communities to meet their needs so that every four-year-old can attend.

Former Governor Was N.J.'s Elder Statesman

BY HEATHER HADDON

Brendan Byrne, a two-term New Jersey governor who legalized gambling in the state and served as an elder statesman for decades, died Thursday.

Mr. Byrne, 93 years old, died at a home in Livingston, N.J., with his wife by his side, his son Tom Byrne said. Mr. Byrne came down with a cold over the holidays that turned fulsome and caused respiratory problems, his son said.

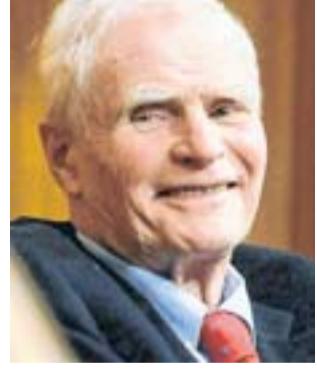
"He had a long, fulfilling and fun life," his son said.

The Democrat was New Jersey's oldest living governor, a World War II veteran and a humorist well into the end of his life.

Cut from New Jersey's Irish-American political establishment, Mr. Byrne led the state through difficult economic times in the 1970s, when gas lines were common and the unemployment rate hit 10%. He imposed New Jersey's first income tax, a decision that led his critics to call him "One-Term Byrne."

New Jersey's 47th governor served from 1974 to 1982. His administration was largely scandal-free in a state long associated with political cronyism.

A sports fanatic raised in a close Roman Catholic family,



Mr. Byrne flew combat missions on B-17s across Europe during World War II. He returned home to pursue a legal career and went into public service. He acted as the Essex County prosecutor during the Newark riots in 1967, overseeing the processing of hundreds of arrests.

During his two terms as governor, Mr. Byrne preserved more than a fifth of the land in the densely populated state. He ushered in the development of the Meadowlands Sports Complex, where the New York Giants and Jets play.

He also supported the legalization of casino gambling in Atlantic City, with New Jersey becoming the second state to allow it after Nevada in 1974.

After leaving public office in 1982, Mr. Byrne practiced law and remained a beloved figure in New Jersey among both parties.



Milly Gonzalez plays a game with students in a pre-K class on the Lower East Side. New York City plans to add pre-K seats on the Upper East Side, as well as in parts of Queens and Brooklyn.

GREATER NEW YORK

Housing Claims Face New Scrutiny

BY JOSH BARBANEL

In 2015, the new owners of two huge Manhattan developments, Stuyvesant Town and Peter Cooper Village, agreed to keep 5,000 apartments affordable for middle- and low-income residents for 20 years, the biggest such deal the city has ever done.

It was part of a grand plan by Mayor Bill de Blasio to create and preserve affordable housing in New York. In exchange, the city agreed to provide the owners with \$220 million in subsidies and other assistance.

But a study expected to be released Friday by the city's Independent Budget Office found that the affordable-housing benefits were overstated. It said that even without the agreement, existing tenants were likely to continue to occupy their current apartments under existing rules for two-thirds of the 20-year period.

The agreement also promised that 10% of units at the developments would be turned over to low-income New Yorkers as they became vacant, at rents limited to 30% of income. But because of the low turnover, the study forecast that during the 20 years, on average only 3% of apartments would be occupied by low-income tenants.

"The magnitude of the benefits received by city tenants

is less than suggested," the report said.

In announcing the deal in 2015, Mr. de Blasio said it was "an achievement that helps us ensure we can keep this a city for everyone." A press release noted that "This agreement represents the largest number of affordable apartments ever preserved in a single City-led transaction in the history of New York City."

Eric Enderlin, president of the New York City Housing Development Corp., who helped negotiate the deal working with the mayor's office, said the study by the budget office was "an academic, ivory tower analysis" that focused on accounting procedures. "It is pretty outrageous," he said.

The deal provided certainty to current and future occupants of all 5,000 affordable apartments in the developments, Mr. Enderlin said, and removed any incentive by the owners to try to push up rents to market levels as apartments became vacant. A cost/benefit analysis showed that tenants in the 5,000 affordable apartments would save at least \$500 million in rent, far exceeding the \$220 million cost to the city, he said.

Stuyvesant Town and Peter Cooper Village have a total of more than 11,000 apartments in 110 red-brick buildings on an 80-acre stretch of Manhattan north of East 14th Street and east of First Avenue.

ASSOCIATED PRESS



Stuyvesant Town and Peter Cooper Village buildings in Manhattan.



'The Play That Goes Wrong' has extended its Broadway run at the Lyceum Theatre to at least July and will launch a national tour in the fall.

Klutzy Show Gets Something Right

'The Play That Goes Wrong' reaps success with a spartan strategy

BY CHARLES PASSY

Just a few months ago, the producers behind the Broadway screwball comedy "The Play That Goes Wrong" thought they might have to shut down the show.

The British import, which looks at an amateur theatrical production gone haywire, was pulling in as little as about \$300,000 some weeks. And it failed to garner much recognition at the Tony Awards, taking home one honor—for scenic design.

But the 10-month-old production just reported its best sales week, with a gross of \$707,000. Moreover, it has extended its Broadway run to at least July and will launch a national tour in the fall.

The producers had made a bet that keeping the show going until it found an audience would pay off. They have proven themselves right and say they intend to capitalize on the momentum.

"We plan to be here for a

long time," said Kevin McCollum, a Broadway veteran and the show's lead producer. Mr. McCollum said he expects the play to recoup its \$4 million capitalization in this year's first quarter.

Mr. McCollum and his team have championed an approach that is almost unheard of today on Broadway.

Plays have become something of the forgotten child in the current musical-dominated scene. And when they are produced, they are typically done with a star cast and run just a few months. The idea is to create a quick buzz and limit your risk.

"The Play That Goes Wrong" has virtually no stars and has never had a set closing date. It is also has minimal advertising.

The idea was to follow the path established by the still-running production in London's West End, which dates back to 2014 and built an audience largely through word-of-mouth over an extended period.

While no producer likes

sluggish sales, "The Play That Goes Wrong" team says they could afford a "long game" strategy because they weren't spending money on star talent or advertising. The running expense is about \$300,000 a week, according to Mr. McCollum—at least 25% less than many other Broadway plays, he said.

Of course, it helps if the show is well-received. With comedy built around a set that literally collapses on itself, the play opened to strong reviews. It also benefits from good timing, the producers said. Few comedies are coming to Broadway these days—and even fewer that eschew social or political themes in favor of plain old slapstick. In other words,

it may just be the kind of goofball diversion the world needs right now.

Or at least that is how J.J. Abrams sees it. The veteran film producer, writer and director of "Star Wars" and "Star Trek" fame is making his first foray into Broadway

The Prescription For a Funny Hit

What's the formula for creating a successful screwball comedy on Broadway? Consider what happens at nearly every performance of "The Play That Goes Wrong".

Actors hit by objects:

22 times

Actors spit out a drink:

12 times

Performer cries out for a missing ledger: 7 times

Door slams: 20

Pyrotechnic effects: 3

Duran Duran songs played: 2

Vases smashed: 1

—Source: "The Play That Goes Wrong"

as one of the play's producers. Mr. Abrams caught the show in London and almost immediately decided it needed a home on Broadway.

"I hadn't seen an audience laugh that hard since I was a kid," he said.

GREATER NEW YORK WATCH

NEW YORK CITY

Bronx Blaze Claims Life of 13th Victim

A 13th person has died in one of the city's deadliest fires in decades.

Police say 27-year-old Holt Francis died at a hospital on Thursday after being critically injured in the Dec. 28 Bronx apartment building fire caused by a 3-year-old boy playing with stove burners.

Mr. Francis' wife, their two daughters and a niece were also killed in the fire.

The total deaths include eight adults and five children. Among them was 28-year-old Emmanuel Mensah, who rescued a number of people that night, then went back into the burning building where he died of smoke inhalation.

Fire Commissioner Daniel Nigro says the fire started on a stove and raced through a door and up five floors.

—Associated Press

TRANSPORTATION

NJ Transit Chief To Step Down

The man who has led New Jersey's embattled transit agency for the past 15 months is stepping down. A person with direct knowledge of the announcement said Thursday that NJ Transit Executive Director Steven Santoro will announce that in April he is leaving the agency.

Mr. Santoro, an 18-year

agency employee, was named executive director of the nation's second-largest commuter railroad in October 2016, two weeks after an NJ Transit train crashed at Hoboken Terminal, killing one person and injuring more than 100.

His tenure has been marked by criticism over safety and on-time performance. Gov.-elect Phil Murphy recently called the agency "a national disgrace." Mr. Murphy is expected to name a new executive director in coming weeks.

—Associated Press

EDUCATION

School Settles Sexual-Abuse Suits

A Connecticut boarding school has made payouts to settle two lawsuits by former students alleging they were sexually abused by faculty members in the 1980s, an attorney said Thursday.

The plaintiffs had accused the Indian Mountain School in Salisbury of failing to stop teachers and the headmaster from inflict-

ing abuse on young boys.

"The amount of money although confidential is meaningful and it is a start to closing this very sad and very tragic chapter in my clients' lives," said plaintiffs' attorney Antonio Ponvert.

A statement issued by attorneys for both sides said the settlements allow the school to focus on its role of educating children.

The school enrolls students in pre-kindergarten through ninth grade and charges up to \$59,600 a year.

—Associated Press

A ZIP CODE SHOULD NOT DETERMINE A CHILD'S FUTURE.

Many variables can shape a child's outcome in life—like the zip code where a child grows up. That's because not all neighborhoods have the same opportunities and resources, such as quality schools, transportation, housing, healthcare, food and jobs. The good news is that there are many ways to improve our communities so that everyone has a fair chance to succeed, regardless of zip code. You can play a vital role in your local community.

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LIFE & ARTS

TELEVISION REVIEW

By John Anderson

Ziggy Stardust's Last Years



David Bowie performing c. 1974.

IN ONE OF THE MANY film clips of various vintages featured in "David Bowie: The Last Five Years," the rock star compares celebrity to "a very luxuriant mental hospital." He would have known: After five decades of cultivating stardom, fame was not just an engine of his pop-music-making career, it was the entire navigation system.

Monday would have been Bowie's 71st birthday; Wednesday marks two years since his death, something that came as a shock to millions who hadn't known about his battle with cancer, or were perhaps reassured by the output of his last few years—the ostensible focus of this 95-minute HBO documentary, though it takes its sweet time getting there. Lifelong Bowie fans will be appeased by the amount of old material woven in between more recent interviews with Bowie's band members and producers. But the film really doesn't get going till it reaches his final projects, specifically his collaborations with jazz composer/bandleader Maria Schneider and saxophonist Donny McCaslin, which came to be among the more musically adventurous of his career.

As director Francis Whately makes pretty clear, Bowie was a manipulator of the pop-cultural spine—a "provocateur," someone says, and as Bowie himself puts it in an interview, a performer who got a lot of mileage "lying to you"; his diverse personae and abrupt musical choices were part of the performance. Like Madonna, with a few more musical chops, he was a master of disguise, branding and imagery, and a musician whose greatest impact may have been visual.

But he was also tirelessly innovative, and driven: Bowie had all but retired from live performance in 2004, after suffering from what turned out to be a blocked artery during a concert in Germany, and entered what many assumed to be his retirement. After seven years, he re-emerged. What followed included two albums—one, "Blackstar," released two days before his death—and a stage musical, "Lazarus," which opened off-Broadway in late 2015. "The Last Five Years" visits all of it, including the Schneider-McCaslin work, and while the subject is only present in the later years through some random audio, archival footage and the recordings themselves, the sense of celebration is uplifting. So, oddly enough, is the look on the older Bowie's face, a kind of weary satisfaction that provided a peek behind the man's highly cultivated façade.

David Bowie: The Last Five Years
Monday, 8 p.m., HBO



FILM REVIEW | By Joe Morgenstern

'In Between': Heartfelt Combat



Firas Nassar, Sana Jammalieh, Riyad Sliman, Mouna Hawa, Ayman Daw, Samar Qupty, above; Ms. Hawa, Ms. Jammalieh and Shaden Kanboura, left.

'I'M A VERY LONG STORY,' a Palestinian defense attorney tells a man who's all eyes for her beauty, and all ears for whatever she's willing to tell him about herself. She's also a very good story, one of three at the center of "In Between," a fascinating debut feature by Maysaloun Hamoud. The setting is contemporary Tel Aviv, where the lawyer, Laila (Mouna Hawa), shares an apartment with two other Palestinian women. They're no strangers to cool glances or daily prejudice, but their immediate conflict isn't with Israelis, or Israel. It's with the men who blight their lives in various ways, with imprisoning traditions that keep women's hearts under lock and key.

The movie has a lot on its mind—too much to manage with aplomb, so the anger sometimes slips into preachment, while several characters on the edge of the action have a significant cardboard content. But "In Between" is full of life, a triptych of sexual and cultural combat that takes us to places that I, for one, knew nothing about. Two of the three women, Laila and her friend Salma (Sana Jammalieh), are part of a Palestinian underground scene in the heart of Tel Aviv. They're modern women, in their late 20s or early 30s, with modern yearnings, lusts and vices, although Salma has the edge in anxiety. Her Christian family doesn't know she's gay, and her catch-as-catch-can work as a DJ

and occasional food prepper puts her at the mercy of the gig economy.

The third member of the apartment-based sisterhood, Nour (Shaden Kanboura), is a traditional Muslim in her early 20s. A friend of an absent roommate's cousin, Nour shows up at the door for a brief respite from the noise of a college dorm; she needs to study for her finals in computer science. Sweet-spirited, unsophisticated and devout, Nour creates problems for her worldly roommates with morning ablutions that tie up the only bathroom, though she isn't there for comic relief. Her fiancé, Wissam (Henry Andrawes), is equally devout, at least outwardly, but, as her roommates learn, he's a bogus-pious hypocrite with all

the instincts of a spousal brute. Ms. Hamoud pulls no punches in her depiction of Wissam or the implacable misogyny he represents. But she's an equal-opportunity polemicist (as well as a spirited humanist, lively humorist and all-around gifted filmmaker). Laila, a secular Muslim with a keen wit and an open embrace of life, makes her own dismaying discoveries about ostensibly modern, like-minded men. Salma enters a time warp whenever she goes home to visit her parents. At bottom the film is bleak—it works best as drama when a revenge subplot kicks in. Yet "In Between" is also affecting, and entertaining. (And beautifully photographed, by Itay Gross.) In one charming scene outside a Tel Aviv courthouse, Laila works out a plea bargain with an Israeli prosecutor. He's a handsome Jewish guy and she's a stunning woman, so he turns from business to the pleasure of flirtation. "Let's go with the flow," he says. "Who knows, tomorrow peace might erupt." She smiles wryly. "And we'll hit the streets and do Palestinian folk dances together?" Anything is possible, and nobody's holding their breath.

MUSEUMS

IF YOU'RE NOT A NEW YORKER, PAY UP AT THE MET

BY ELLEN GAMERMAN

THE METROPOLITAN Museum of Art, a cultural behemoth that is closely watched by art institutions around the world, will reverse decades of tradition by charging mandatory admission for some visitors.

A policy in effect March 1 will partly roll back the Met's longstanding admissions based on suggested donations. The change largely targets tourists and suburbanites living outside New York, who will have to pay \$25 for an adult ticket. New Yorkers can continue paying whatever they choose—the suggested amount is \$25—though now they will have to present proof of residency in the city or state. Payment remains optional for students from New Jersey and Connecticut.

"Over the last 15 years, the admissions policy has effectively failed," said Daniel Weiss, president and chief executive of the New York institution, which unveiled its new ticket policy Thursday.

Mr. Weiss called the current policy of suggested fees a "complicated sociological experiment" in which the museum let visitors—a record 7 million at the Met's three locations last year—decide how much to pay. The percent of adults contributing the full recommended amount fell from 63 per-



cent in 2004 to just 17 percent today, he said. Attendance and the museum's suggested donation amount have risen steadily over the years, but revenue from admissions has remained flat. The average ticket donation is \$9.

The Met calls itself the only institution of its size and scope that doesn't receive a large amount of government funding and

still relies exclusively on "pay as you wish" for admissions revenue. The Louvre in Paris charges roughly \$18 for tickets purchased at the museum but admission is free for certain groups including European Union residents ages 25 and younger. London's Tate Modern is free but special exhibitions cost extra. Many major museums in the U.S. charge admission, including the Los Angeles

County Museum of Art and the Museum of Fine Arts, Boston, though others like the Menil Collection in Houston are free.

Mr. Weiss said admission will remain discounted, optional or free for roughly 70 percent of the Met's visitors. Four in five of the adults required to pay the \$25 ticket price will be on their first visit to New York or come to the city less than once a year, he said. Guests who pay full-price admission can visit the Met, the Met Breuer and the Met Cloisters for three consecutive days without additional charge. Senior and student discounts as well as free admission for small children remain unchanged.

The Met's policy shift comes amid other belt-tightening and revenue-generating moves at the museum, which reported a \$10 million operating deficit last year. In 2016, the museum cut its 2,200-person work force by 90 people through layoffs and voluntary departures. The Met has scaled back the number of exhibits from about 60 a year to 45 or 50.

The Met's ticketing policy has been a point of contention in the past. In 2016, the museum faced lawsuits alleging its admissions language misled visitors into thinking that payment was mandatory. As a result, the museum changed signs from "recommended admission" to "suggested admission."

SPORTS

OLYMPICS

Tonga's Shirtless Flag-Bearer Is Now a Skier

Pita Taufatofua is one race away from a return to the Olympics. Can he make it from Rio to Pyeongchang?

BY JOSHUA ROBINSON
AND BEN COHEN

HITTISAU, Austria—Pita Taufatofua was not the most famous or the most successful athlete in the opening ceremony of the Rio Olympics. He was the most shirtless. The previously unknown flag-bearer from Tonga marched into the world's most-watched parade slathered with coconut oil and walked out a global celebrity.

The world may see the strapping taekwondoka again sooner than anybody expected—this time with a whole lot more clothing.

Taufatofua is now a cross-country skier. He's quietly one race from qualifying for the Pyeongchang Games next month, and he could secure his spot this weekend. Even though he had never skied a day in his life before last winter. And he still can't afford his own pair of skis.

"This is a crazy story even for me," he said while training here in the Austrian mountains. "I'm, like, what the hell am I doing here? I'm freezing my ass off."

Taufatofua had only seen snow once before embarking on an incredibly unlikely journey that would plunge him \$30,000 in debt, inflict more pain than any kick to the face and possibly make him the first taekwondoka-turned-skier in Olympic history.

It started when he flew to Germany last January to meet the coach who would teach him how to ski. They were introduced by the Royal Tonga Ski Federation, an organization with fewer employees than your average Starbucks, and it took a two-hour drive from the airport for Thomas Jacob to decide he wanted Taufatofua to move in with his family. His wife agreed.

Jacob, a smiling German with a clipped accent, has a day job running a home-decoration business. On the side, he moonlights in local politics. In the rest of his spare time, he teaches skiing to local kids. "I know exactly how to work with a beginner," he said.

Jacob's students are typically between 8 and 10 years old. Taufatofua is 34. Everything about the sport was unfamiliar to him—especially the snow.

"I'm from the sand and the coconuts," Taufatofua said. "What is this white stuff over here?"

He's still getting used to the idea that he could be a Winter Olympian. Taufatofua requires an extra layer of clothing for warmth. He insisted on wearing a helmet until the head of the Tongan ski federation told him he looked ridiculous. Even then he secretly wore knee pads under his pants. "Safety first," he said. "It's probably more dangerous walking from the cabin to the track. Black ice."

Taufatofua's road to the Winter Olympics didn't keep him in the snow for long. After competing in the sprint event at the world championships last year in Finland—"I didn't come last!"—he returned to the Southern Hemisphere deeply proud of finishing in 153rd place of 156 skiers. "I was one second off beating India," he



Pita Taufatofua during training in Hittisau, Austria. Below, Taufatofua during the Rio 2016 opening ceremony.



said. "That's a billion people."

But there was no snow back home in Brisbane, Australia, and he couldn't regularly drive 30 hours and sleep in his car to hit the nearest ski mountains. His training consisted of beach workouts and roller-skiing for several hours a day in the sunshine and without a shirt.

"I destroyed myself on those things," he said. "I think they're made by the devil."

The satanic roller-skis are the only reason Taufatofua has any hope of making it to Pyeongchang. The International Ski Federation changed its rules after the Sochi Games to allow points accrued in roller-skiing events to count toward cross-country skiing in an effort to include warm nations.

Taufatofua had become a sensation on social media and a selfie attraction in the Olympic Village after he wore a traditional tupenu

around his waist and nothing above except for a shark-tooth necklace during the 2016 Games' opening ceremony. Once his time in Rio was over—he lost his bout in six minutes—Taufatofua needed something else to do. He didn't want to wait four years for another Olympics. He set himself a challenge: pick a sport and qualify for Pyeongchang.

"My research process was really limited, because I'm an impulsive sort of guy," he said. "That looks hard—I'm going to do that. That looks impossible—that's where I need to be."

He needed to train for a winter sport in tropical weather. He needed to figure out how to ski. And he needed to shed around 30 pounds of muscle he'd sculpted over two decades in taekwondo.

It's not uncommon for Summer Olympians to become Winter Olympians through cross-country skiing. But never has there been a taekwondoka in the Winter Games, according to Olympic historian Bill Mallon. That's partly because it's absurd, but mostly because they're built like Taufatofua, who fights at 220 pounds with a physique that turned heads in a crowd of Olympic athletes.

To qualify for Pyeongchang, Taufatofua needed five finishes that satisfied a formula designed to keep rookies like him out of the Olympics. He pushed himself as hard as he could for a year and beat that threshold four times over a wild week of roller-skiing in Colombia this winter.

Suddenly he was one good race away from Pyeongchang.

Except there were no more roller-skiing events. Taufatofua would have to qualify for the Winter Olympics on snow.

He flew to this Austrian village for training, and his skiing education continued at night after his

skis came off. In the basement of their cabin one recent evening, Yo-nathan Fernandez, his Chilean training partner, demonstrated the proper care for cross-country skis.

The man who was deeply familiar with oil listened intently. He had lots to learn about wax.

Fernandez unzipped a bag of tiny jars for every condition: dry snow, wet snow, soft snow, hard snow. The right wax, Fernandez explained, could save precious time at the finish line. It could be the difference between going to Pyeongchang and going home.

"I'm in trouble," Taufatofua said.

He only had one stick of wax. He'd bought it on eBay. And it was snowboard wax.

"I don't want my slow wax," Taufatofua said.

Taufatofua needed all the fast wax he could find. He was running out of time. He only has until Jan. 21 to qualify, and he still needs one more result inside the Olympic cutoff. He spent the last of his money on a trip to Turkey for races—on snow—in late December and early January. But he struggled with the altitude, distance and high pace. The score he needed remained just out of reach. His plan now is to take one more shot in Poland this weekend.

"I don't fear failure," he said. "I fear not trying."

It was already improbable for Taufatofua to make it this far. It might be impossible for him to get any farther.

But that hasn't stopped him from imagining himself inside the Olympic stadium next month on the night of the opening ceremony, when the temperature in Pyeongchang is expected to be sub-freezing. He promised that he already has a surprise in store.

He wouldn't say whether that surprise involved a shirt.

COLLEGE FOOTBALL | By Jason Gay

Does Trump Know How Long the Game Runs?

The President of the United States plans to attend the college football national championship on Monday, and as a sports columnist, and a citizen of this country, I feel compelled to warn him:

Mr. President, it could be a very long night.

I'm not saying President Trump has to stay for the whole game—he has other stuff happening—but does he know how long a college football contest drags on these days? His aides are going to need to stockpile caffeine—a 12-pack of the President's prized Coca-Cola, at the very least. And bring him some White House sweatpants, so he can take off his slacks and get comfortable. He might want to plan on a nap during halftime.

After all, it's hard to just "pop in" to a college football game. I know Air Force One is a fast jet and all, but if President Trump hangs in there until the very end, he is not getting back to D.C. until Tuesday.

I don't mean to be a wet blanket. This year's title game is a real doozy-doo, and that's surely one reason the President wants in. You

have the Georgia Bulldogs squaring off against...what's that other team again? Oh right: The Alabama Crimson Tide, coached by that handsome headset hunk, Nick Saban. Those are two of the sport's most insane fan bases, so the crowd's going to be nuts.

Who wouldn't want to be there?

But you've got to hunker down to watch a college football game, whether you're in the stadium or watching on TV. College football now lasts longer than college itself. The average contest has inched over 3 hours, 20 minutes, so if the kickoff happens at 8:17 p.m. ET as planned, you're looking at a finish close to midnight.

That is not Fake News! Near midnight! On a Monday!

(This is the time when those West Coast weasels pop up and say, "Hey, that's only 9 p.m. where we live, bro." Whatever, West Coast weasels. Your lives are taner and better than ours—you win. Now go climb a redwood.)

If you follow college football, you're accustomed to these endurance contests. You've learned to stockpile snacks and beer and rotate your body on the couch every so often, to avoid couch sores. You

send your kids to bed at halftime and promise you'll tell them about it in the morning. Every so often, you fall asleep yourself.

I fell asleep during Alabama-Clemson the other night, and I'm not ashamed to say it. Hey college football pooh-bahs: nobody wants to stay up until midnight the night AFTER New Years Eve.

I'm not sure the President's been briefed on the national epidemic of overlong college football games, which, of course, is simply

part of our national epidemic of overlong everything. Baseball games are too long, many basketball games are still too long, political speeches are too long, office meetings are too long, movies are too long...I nearly fainted when I heard the new Star Wars movie is two and a half hours long. COME ON, LUKE SKYWALKER, I HAVE OTHER THINGS TO DO.

With sports, this is TV's fault. Television desperately needs sports—for all the howling about

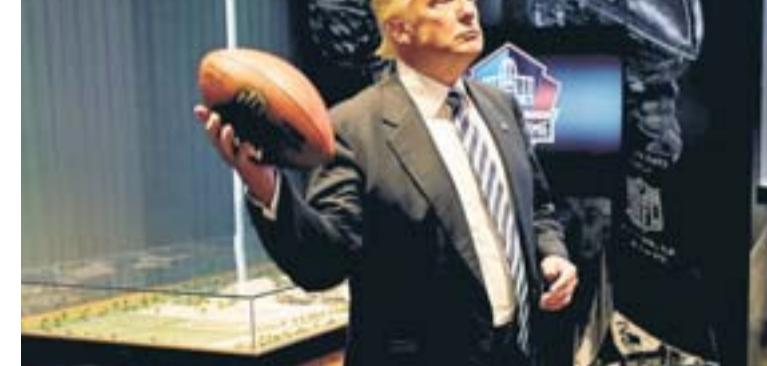
boycotts and cord-cutting, it's still the most reliable ratings bet in programming—and they'll happily stretch the games and seasons as long as they possibly can. If college football wanted to add a fifth and sixth quarter to games, networks would be thrilled. Make the NFL season 18 games? Of course. Expand the playoffs? Yes! Make the World Series Best of Nine?

OK maybe not that.

Does President Trump know what he's in for? He's already going to be tired Monday, since he's promised on Twitter to reveal his "MOST DISHONEST AND CORRUPT MEDIA AWARDS" starting at 5 p.m. that night (I'm nominated in several categories; wish me luck). Has anyone pulled him aside and said: "Mr. President, I know you're excited to see Bama and UGA, but this game might last longer than election night?"

Because if they haven't warned him, the President is going to look up at the game clock in the third quarter, notice that it's well past 10 p.m. and...well, someone's probably going to get yelled at.

Then again, the President loves golf. He might think college football is fast.



Donald Trump at the Pro Football Hall of Fame in Canton, Ohio, in 2016.

MIKE SEGAR/REUTERS

OPINION

The Democrats' 'Russian Descent'



POTOMAC WATCH
By Kimberley A. Strassel

Democrats have spent weeks making the case that the Russia-Trump probes need to continue, piling on demands for more witnesses and documents. So

desperate is the left to keep this Trump cudgel to hand that Senate Intelligence Committee Democrats have moved toward neo-McCarthyism.

If that sounds hyperbolic, consider an email recently disclosed by the Young Turks Network, a progressive YouTube news channel. It's dated Dec. 19, 2017, and its author is April Doss, senior counsel for the committee's Democrats, including Vice Chairman Mark Warner.

Ms. Doss was writing to Robert Barnes, an attorney for Charles C. Johnson, the controversial and unpleasant alt-right blogger. Mr. Johnson's interactions with Julian Assange inspired some in the media to speculate last year that Mr. Johnson had served as a back channel between the Trump campaign and WikiLeaks. There's still no proof, but in July the Intelligence Committee sent a letter requesting Mr. Johnson submit to them any documents, emails, texts or the like related to "any communications with Russian persons" in a variety of 2016 circumstances, including those related to "the 2016 U.S. Presidential Campaign."

OPINION

REVIEW & OUTLOOK

The Book of Bannon

Washington is having another media meltdown, this time over the public divorce between Donald Trump and former aide Stephen Bannon over a new book on President Trump's first months in office. Our reading is that the book tells us what everyone already knew, and the falling out could help the Trump Presidency and Republicans.

The book is by Michael Wolff, which means it arrives with large factual caveats. Mr. Wolff has a history of combining anecdotes that are true with sweeping assertions that include no substantiation and are often merely his personal conclusions. The media know this, but Mr. Wolff's quotes and stories reinforce the contempt they have for Mr. Trump so the tales are too good to ignore or try to disprove.

Most striking, despite the juicy quotes, is how little new the book reveals. Everyone knew Mr. Trump was surprised to win the election, that he then tried to run the White House like he had his family business with rival factions and little discipline, and that the place was a chaotic mess until John Kelly arrived as chief of staff. We also knew that Mr. Trump knew almost nothing about government or policy, that he reads very little, and that he is a narcissist obsessed with his critics. Any sentient voter knew this on Election Day.

The book is told mainly from Mr. Bannon's point of view, and the Breitbart impresario is portrayed as thinking Mr. Trump is as much a do-it-as-Democrats think he is. He dislikes the Trump family, especially son-in-law Jared Kushner, who was a rival for influence.

The book also makes clear that Mr. Bannon was a leading cause of the pre-Kelly White House chaos. He and the press corps have a relationship of mutual loathing but co-dependency. They use each other, and the media love to promote Mr. Bannon because he is a talkative source and a destructive political force inside the Republican Party.

The press is also playing up Mr. Bannon's claims, which he doesn't deny, that Don Jr.'s meeting with Russians in June 2016 was "treat-

Trump's divorce from his former aide is good for his Presidency and the GOP.

sonous" and that Don Jr. and Mr. Kushner will be cashiered for money laundering. So the same reporters who think Mr. Bannon is a xenophobe and bigot now view him as a legal authority. There's that co-dependency thing again.

The surprise is that Mr. Trump kept Mr. Bannon around as long as he did, and the reason is probably what LBJ said about keeping J. Edgar Hoover micturating inside the tent. But Mr. Bannon fed Mr. Trump's political paranoia and his worst policy instincts such as tearing up Nafta. Mr. Bannon resembles Pat Buchanan, a protectionist predecessor to Mr. Trump, in being at heart an American declinist. He rails against the present in favor of a more idyllic past. Recall the "American carnage" of the Trump inaugural.

He also tried to conjure a grand theory of Trumpism that isn't possible. The Trump appeal is a cult of personality that combines sometimes destructive populist passions for restricting trade and immigration with healthier instincts to revive the private economy and restore American strength in the world. For all of his demagoguery, Mr. Trump is no declinist.

* * *

The President finally fired Mr. Bannon after Mr. Kelly came aboard and Mr. Bannon defied the new chief by attacking his colleagues in an unapproved interview. The White House has since become a saner place, notwithstanding Mr. Trump's Twitter effusions.

The Trump-Bannon divorce is therefore a political relief. The President's worst mistakes have come from heeding Mr. Bannon's desire to blow up the status quo first and pick up the pieces later—think of the travel ban. The President's successes have come when he has bursts of discipline while pursuing the more conventional conservative agenda on judges, tax reform, regulation and foreign policy.

If Mr. Bannon's assaults on his former boss marginalize Mr. Bannon a player in Republican politics, as they certainly should, so much the better for the 2018 elections and the rest of the Trump Presidency.

Trump and Dow 25000

The Dow Jones Industrial Average leapt above 25000 for the first time on Thursday, and naturally the White House sent out a press release taking credit. President Trump's pro-growth policies are partly responsible for the market's extraordinary bull run, but he is still making a mistake to hang his economic credentials on stock prices.

As Mr. Trump likes to say, equity prices have climbed nearly 40% since Election Day in 2016. Investors have stayed bullish as growth has increased around the world, inflation has remained contained despite accommodating central bank policy, and the Trump deregulatory and tax agenda has taken shape.

The cut in corporate tax rates will increase earnings, which will flow into equity values in addition to higher wages. The market's run since the tax bill passed may also reflect that many investors doubted it would pass, or that they doubted the final version would have the pro-growth qualities that economist Robert Barro describes nearby. In that sense Dow 25000 is a harbinger of faster growth.

Yet it still makes no sense for a President, especially one in his first year, to tee up stocks as

A portent of growth but a bad measure for politicians to tout.

a measure of economic success. As Wall Street legend Ace Greenberg famously put it amid the 1987 market crash, "stocks fluctuate, next question." The current lengthy period without a major correction is highly unusual—and it won't last. When prices fall after Mr. Trump's many boasts about their rise, the press corps will ask him to explain the correction at every opportunity. Presidents do not want to become stock-market analysts.

All the more so because no one knows how the unwinding of the Federal Reserve's unprecedented balance sheet will affect stock and other asset prices. The Fed's bond-buying was explicitly intended to buoy asset prices including stocks, and it did. But will asset prices be under greater pressure as the Fed begins to move in reverse with more dispatch this year? Somehow we don't see Mr. Trump offering an extended financial analysis of the asset-price impact of quantitative easing.

Mr. Trump can certainly tout the benefits of faster economic growth. Those will be manifest in ways that affect all Americans—more jobs and job mobility, higher wages—not only those who own stocks or have 401(k)s. Stock prices will take care of themselves.

Trump's Offshore Energy Opening

The United States sits on more than a decade's worth of oil and natural gas offshore. In another reversal of President Obama's policies, Interior Secretary Ryan Zinke proposed Thursday to open up more than 90% of America's Outer Continental Shelf for potential energy development.

The Interior Department's plan would expand the areas under consideration for offshore drilling in the Gulf of Mexico. It would also open up the Pacific Coast from Washington to California, the Atlantic Coast from Maine to Florida and the eastern Gulf of Mexico, and nearly all of the waters surrounding Alaska. The proposal will go through two more rounds of public comment, and no doubt some revisions, but when finalized the expanded lease sales could begin as early as 2019.

The proposal would enhance U.S. energy security while raising billions in federal revenue. In the past decade, thanks to the fracking revolution, the U.S. has surpassed Saudi Arabia in oil production and Russia in natural gas. America and its allies are now far less dependent on energy from international disruptors and despots.

But offshore has been a largely undeveloped resource. Thanks to drilling mainly in the western Gulf, offshore production accounts for one in six barrels of domestic oil. But in the wake of the 2010 Deepwater Horizon oil spill, Mr. Obama disallowed energy extraction on 94% of the Outer Continental Shelf.

Between fiscal 2008 and 2016, the federal government's revenue from offshore activities had dropped to less \$2.8 billion from \$18 billion. In its final days, Mr. Obama's Interior De-

No other developed nation has comparable offshore drilling limits.

partment finalized a plan allowing a mere 11 lease sales.

To reap the long-term geopolitical benefits of energy resources, the time to expand offshore leases is now. Even after the federal government approves a lease sale, it takes up to seven years for the first oil and gas production to begin. Meantime, energy companies must find investors, complete environmental assessments, secure permitting and conduct exploratory drilling.

Accordingly, the Trump Administration has proposed replacing the Obama plan with the largest lease sale in history. That sounds more radical than it is because of how stringent U.S. restrictions have been. No other developed nation limits its offshore drilling to the same extent.

And while Mr. Obama often pursued his energy and environment policies through executive orders and other unilateral actions, the Trump Administration has committed to public consultation. The draft proposal alone took into account more than 800,000 comments, and Interior will no doubt hear vociferous objections from the environmental lobby and politicians in both parties. Florida Republican Marco Rubio wasted no time Thursday urging Mr. Zinke to extend the Obama drilling moratorium in the eastern Gulf to 2027.

If Mr. Zinke wants to avoid a political backlash, we trust he understands that he can't afford more Deepwater Horizons. His regulators have to enforce drilling safety and accident-prevention standards. But if he does that, there is no good reason not to exploit America's offshore resources for the public good.

LETTERS TO THE EDITOR

Protecting Birds, Though Not From Windmills

The Trump administration's new interpretation of the Migratory Bird Treaty Act (MBTA), endorsed in your editorial "Birds of Regulatory Prey" (Dec. 29), misconstrues the act. It will make it hard to take sensible and much-needed steps to conserve North America's migratory bird species, 40% of which have declining populations.

The new interpretation reverses a long-standing U.S. Fish and Wildlife Service interpretation that the MBTA covers both the direct and, in some circumstances, the unintentional killing or "taking" of birds, particularly involving conduct known to cause bird deaths that could be avoided by reasonable precautions. In practice, the agency has been very judicious in its enforcement of the law. Only a handful of companies have faced prosecution for failing to adopt best industry standards—and only after multiple warnings from the government.

Take one example: energy companies placing screens over their oil-waste pits to keep birds from becoming trapped, a proven and efficient conservation measure. If screens aren't in place, the government asks the company to install them, and gives multiple warnings about non-compliance before taking enforce-

ment action. This strikes a reasonable balance between conservation and industrial production, and is a far cry from what the editorial board calls "open season on energy companies."

The new opinion, by contrast, would make it hard to hold companies accountable for conduct that knowingly but needlessly kills birds.

STEVE HOLMER
American Bird Conservancy
Washington

Your editorial describes a situation purposely kept hidden by wind-energy companies and the federal regulators who issue their construction and operating permits. Wind farms in naturally optimal locations sited to take advantage of constant winds have resulted in the deaths of thousands of birds, especially large raptors like our national emblem, the bald eagle. Such birds (and bats too) have used those same steady wind locations. The editorial cites the previous administration's "calling open season on energy companies whose activities 'incidentally' harm birds." This large loss of wildlife, not intentionally to be sure, is hardly "incidental."

BILL MATTOX
Meridian, Idaho

Trump's Right, Given Palestinian Stonewall

Reuel Marc Gerecht's "In the Middle, Trump Gives Reality a Chance" (op-ed, Dec. 27) should have included more history. The British were concerned about the potential for Arab assistance to rising threats from Nazi Germany. In 1939 Britain called a meeting known as the London Conference. Arab leaders, including Haj Amin al-Husseini, were invited (as well as Zionist leaders) to finalize a British offer concerning Palestine. The proposed agreement would limit Jewish immigration to 75,000 over five years, would allow for a truncated Jewish state of some 15% of the area of Palestine and prohibit or severely restrict any Jewish purchase of land. Arab dominance in the proposed governing body would be guaranteed. Every Arab leader at the conference urged al-Husseini to accept the great victory for Islam. He refused and demanded that there be no Jewish state and immediate Arab total control of Palestine. The other Arab leaders left the conference. If "victory" wasn't accepted

HAROLD B. REISMAN
Carlsbad, Calif.

President Trump's statements are premature. First, the United Nations must come forward to declare firmly that it created the state of Israel, and all U.N. members have every right to determine their own capitals. Secondly, as Mr. Gerecht points out, "the [divided] Palestinians . . . have to get their own house in order," and among other things recognize the reality of Israel's existence.

IRVING RIKON
West Palm Beach, Fla.

If the U.N. were relocated to Gaza City, it could conceivably go a long way toward resolving the Israeli/Palestinian question.

DAVID HOIEM
San Francisco

Healing the Soul, if Not Always the Body

Regarding David H. Rosmarin's "Psychologists Shouldn't Ignore the Soul" (Houses of Worship, Dec. 29): Most patients are open to receiving spiritual input when they face medical challenges. One's religion can influence how he or she understands illness.

So how does a clinician provide spiritual help to a patient requesting it? One can call for a chaplain's assistance or, better, the health-care provider can offer counsel. For those of us with a Judeo-Christian position who are comfortable discussing spiritual matters, this is an approach I use that many patients have found helpful.

God is able to heal in one of three ways. He can perform a miracle—not very common today, but we occasionally see evidence of this happening. Or he can work through current medical means to bring about cures that almost seem out of reach. Finally, he can give us the grace to endure a condition.

It is important to understand the definition of health. The Bible defines it as shalom, or peace. The World

Look at Nisman's Murder In the Context of Diplomacy

Your editorial "Murder Most Foul in Argentina" (Dec. 28) on the murder of Argentine prosecutor Alberto Nisman is spot on, but the timing of this sordid affair is overlooked. Nisman was assassinated not long before the signing of the Iran nuclear deal with the P5+1 when the ayatollahs needed to project an image of respectability. The imminent presentation of Nisman's report to the National Congress of Argentina proving Iran's culpability in the bombing of the Buenos Aires Jewish community center could have undermined the ayatollahs' objective of having the nuclear deal signed. Thus Nisman had to be stopped at any cost.

I don't believe the timing of this "mysterious" assassination was a coincidence.

JEHUDA GREENER
Rochester, N.Y.

Austen Taught Us a Lot, But Not About Harassment

Regarding Paula Marantz Cohen's "What Jane Austen Can Teach Us About Sexual Harassment" (op-ed, Jan. 2): What did Jane teach us?

Well, nothing. Did the odious Mr. Collins pinch Elizabeth Bennett's butt? No. Cop a feel? No. He proposed marriage. What a nerve! This is not about harassment—it's about primogeniture. There were no property rights for British women at that time (not in the U.S. either). An unmarried woman had to be supported by her family, which was often a hardship, as clearly outlined by Charlotte Lucas. This is the same plotline driving "Downton Abbey." Both stories focus on young women finding a socially acceptable rich husband. Doing so provided the happy ending for both heroines. Ms. Cohen needs to get a grip.

MS. MICHAL MAINWARING
Washington

Pepper ... And Salt

THE WALL STREET JOURNAL



"No, this is his monster."

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OPINION

Tax Reform Will Pay Growth Dividends

By Robert J. Barro

The recently enacted tax package promises to raise economic growth substantially over the short and long run. In a November letter to Treasury Secretary Steven Mnuchin, eight other economists and I argued that the bill's corporate tax provisions would increase business investment and expand the economy. But what about the changes to the individual tax code?

The effects will be even larger thanks to last-minute cuts in marginal individual rates.

During the congressional debate, many of the proposals for individual income taxes did not seem designed to promote growth, simply because they did not cut marginal tax rates. But the final legislation signed by President Trump does significantly reduce these marginal rates. That means the bill will boost the economy, particularly in the short run, more than originally predicted.

The Tax Policy Center estimates that the weighted-average marginal tax rate from individual income and payroll taxes will fall in 2018 by 3.2 percentage points. By comparison, the cuts were 4.5 points from 1986-88 in the Reagan reform, 3.6 points from 1963-65 in the Kennedy-Johnson tax reduction, and 2.1 points from 2002-03 in the George W. Bush reform.

Moreover, the Tax Policy Center

finds that marginal tax rates in 2018 will drop for taxpayers across the income distribution. Most cuts are near 3 percentage points, with the smallest being zero for incomes below \$10,000 and 0.6 point for incomes between \$500,000 and \$1,000,000.

My research with Charles Redlick, published in 2011 by the Quarterly Journal of Economics, suggests that cutting the average marginal tax rate for individuals by 1 percentage point increases gross domestic product by 0.5% over the next two years. This means the tax bill's average cut of 3.2 points should expand the economy by 1.6% through 2019, or extra growth of 0.8% a year. This growth effect is temporary, but what it adds to the level of GDP is permanent.

Expansionary effects from cutting marginal income-tax rates also appear in a recent study, forthcoming in the Quarterly Journal of Economics, by Karel Mertens and Jose Montiel-Olea. But their estimated effects are roughly twice as large as those that Mr. Redlick and I calculated. They also find that incomes expand across the distribution, not primarily among the wealthy.

My evaluation of the tax bill's corporate provisions relies on the "user cost of capital." This is a concept economists employ to gauge how much it costs businesses to acquire and deploy capital. The calculation starts with the expected return companies need to undertake investments. This return is high—around 8% a year in real terms—because investing entails large risks.

The tax system is also included, in two ways. First is the tax rate on corporate profits. The recent legislation cuts the main rate on corporations



ISTOCK/GETTY IMAGES

from 35% to 21%. A second factor is the degree of expensing allowed on business investments. This gets a bit complicated because of the need to distinguish between equipment and structures.

On equipment, the generous depreciation allowances in the current system suggest that the effective expensing rate is already high, around 80%. The new law raises this rate to 100%. That change is scheduled to lapse after five years, but I treat it as permanent on the assumption that Congress will extend it. I estimate that this lowers the user cost for equipment by 10%.

On structures, the existing recovery period is long, depreciation allowances are heavily discounted, and the effective expensing rate is only 30%. The new tax law does not change depreciation schedules for most structures, such as factories and office buildings. But the lower corporate tax comes into effect here

because whatever output is generated by the investment is taxed at the new rate of 21%. Overall, I estimate that the user cost for structures falls by 14%. Surprisingly, this is larger than the drop for equipment, mainly because equipment already is effectively expensed at a high rate.

Lowering the user cost of capital increases the long-run ratios of corporate capital to labor—that is, companies are willing to provide each worker with more equipment and structures to do their jobs. My estimate is that the capital-labor ratio will rise in the long run (after 20 or more years) by 14% for equipment and 20% for structures. These changes imply a 7% long-run increase in both corporate output per worker and real wages paid to workers. This is "trickle-down economics" at its best—raising wages by cutting corporate taxes.

The long-run increase in GDP per worker will be less than 7% because

corporations represent only about half of national income. But the effect won't be much less, because the new law applies full expensing of equipment to all businesses, while also lowering tax rates on pass-through enterprises. My rough estimate is that GDP per worker will rise by about 6% over the long run. If labor supply does not change, this 6% increase applies also to GDP per capita.

I project the short-run effect by using estimates of how fast the economy moves toward its long-run position. A convergence rate of 5% a year implies that the corporate changes will increase GDP growth by 0.29 percentage point in 2018, and then by an average of 0.24 percentage point a year over Congress's 10-year horizon.

As a bottom line, I estimate that the total tax package will create extra GDP growth of 1.1% a year through 2019. The main effect (0.8%) comes from changing the individual tax code, with the remainder from the corporate reform. Over the following eight years, the projected growth rate rises by 0.2 to 0.3 percentage point a year because of the law's expansionary effects on long-run capital and GDP per worker.

In other words, cutting income taxes on individuals will power economic growth in the short run, and reforming them for businesses will do the same over the long haul. Together they add up to more investment, increased output and higher wages for millions of Americans.

Mr. Barro is a professor of economics at Harvard University and a visiting scholar at the American Enterprise Institute.

If You Want Women to Move Up, You Have to Accommodate Mothers

By Rebecca Johnson

I got mixed reactions when I brought my 6-month-old daughter to a recent professional conference. Several people pointedly ignored us. One person asked if I was the speaker's wife; another rushed over to me in the plenary session to say she was "proud" of me for being so "brave" as to take my baby to a conference. Many stared, and I heard a couple of comments about the need for better maternity leave and conference day care.

As someone fairly senior in my organization, I have been encouraged, supported and welcomed as a mother. It was surprising to have people react to my daughter as if she were an alien in this similar professional space.

Between panels, I did what I have done thousands of times—sent a quick tweet commenting on my day: "At a massive professional conference. Brought the baby. People seem astounded. Here's the thing: If you want women in positions of authority, you have to get comfortable with motherhood. You're welcome."

The tweet went viral. In the first day, it received roughly 1,000 "likes" an hour. I was inundated with comments from women and men who shared stories about how their mom brought them to conferences, the lab,

class or on rounds at the hospital, helping to spark a passion for their current profession and shape their adult lives. Women also told of being turned away from professional settings because they brought their still-nursing infants with them.

In subsequent discussions with women concerning what it would mean for organizations to "get comfortable with motherhood," two themes emerged: Working moms need flexibility in how they get their job done, and they want recognition of their professional commitment and abilities. To the extent organizations can meet these two needs, they are well-positioned to retain female talent and enjoy the advantages of a diverse leadership team.

Hands down, the greatest need working mothers articulate is for increased flexibility at work. People, particularly women, lose significant control over their daily lives when they become parents. Day care won't take kids with fevers. Children with chronic health issues or developmental challenges can spend a lot of time at appointments. Snow days, teacher work days, a sick babysitter—any of these can require a quick change in a working mom's day.

Working mothers recognize their responsibility to meet their organization's mission. "Flexibility" does not mean absolution from responsibility.

It may mean having the ability to work from home, video-conference to a meeting, work fewer but longer days each week, or another arrangement that allows the mom to get the job done without needing to be in the office during business hours every day.

Working moms need more flexibility, and they want recognition of their commitment and abilities.

Companies can make organizational shifts to support flexibility—using a project-based, as opposed to hours-based, system of personnel accounting; providing child care on-site to reduce commute time; providing hospital-grade pumps in lactation rooms with locking doors at multiple points across the organization.

More ambitiously, companies could allow employees to "job share" for a time—for example, one employee assumes the local responsibilities for a position, while a different employee covers the travel requirements for that job. Companies might also allow working mothers to "ramp down" at reduced pay. Instead of working on five

projects simultaneously, a working mom could work on three until her child enters preschool (or over the summer), then return to her normal load.

As more millennials enter the workforce, corporations might consider how flexible work plans could benefit employees beyond working mothers. Adopting these alternative work arrangements for working mothers today can allow managers to figure out which options fit the culture and tempo of their organization, in order to roll them out to wider groups of workers over time. This would enable not only working moms but anyone who doesn't perform optimally in an 8-to-5 desk job to thrive professionally.

Women I talked to also noted the desire for recognition. Every working mom knows she has to carry her weight. If that were the only requirement, working mothers would be likelier to stay in the workforce and continue to advance. Unfortunately, they also have to fight well-documented bias that automatically identifies working mothers as less committed and less capable than their peers who are fathers.

Leaders who counter that prejudice by providing clear, practical acknowledgment of those women's accomplishments—in staff meetings, company newsletters, team

lead selection, annual performance reviews and bonuses—are likely to retain and promote motivated, effective women.

Mothers who work in environments that maintain a gender- and parent-neutral culture of recognition are cultivated professionally in reinforcing ways—by managers who publicly acknowledge their talent and performance, and over time by peers who are made aware of these women's accomplishments by leadership. Over time, public recognition erodes the biases working mothers face. This motivates mothers to stay in the workforce for longer periods of time, to continue to push themselves professionally in anticipation of future recognition, and ultimately to be in a position to advance to more-senior levels.

Flexibility and recognition are the keys to working mothers' ability to thrive. While these insights are hardly revolutionary, they could bring significant change to organizations that take them seriously. The greatest change will be more highly qualified, high-performing women in positions of authority—and a more welcoming environment for my daughter when she reaches working age.

Ms. Johnson is dean of academics at the Marine Corps War College.

Climate-Change Policies Can Be Punishing for the Poor

By Bjorn Lomborg

Freezing temperatures in the U.S. Northeast have pushed up heating costs, creating serious stress for many Americans. Although the rich world's energy poor are largely forgotten in discussions about climate policies, they bear an unfair burden for well-meaning proposals. That reality is being laid bare this icy winter as energy and electricity prices surge.

When we think about energy poverty, we imagine a lack of light in the world's worst-off nations, where more than one billion people still lack electricity. This is a huge

challenge that the world can hope to address as it reduces poverty and expands access to grid electricity, largely powered by fossil fuels.

But there is a less visible form of energy poverty that affects even the world's richest country. Economists consider households energy poor if they spend 10% of their income to cover energy costs. A recent report from the International Energy Agency shows that more than 30 million Americans live in households that are energy poor—a number that is significantly increased by climate policies that require Americans to consume expensive green energy from

subsidized solar panels and wind turbines.

Last year, for the first time, the International Energy Agency tried to calculate the global scale of this problem. The IEA estimates that in the world's rich countries—those that are members of the Organization for Economic Cooperation and Development—200 million people are in energy poverty. That includes 1 in 10 Americans, although the IEA notes that the highest estimates for the U.S. approach 1 in 4.

People of modest means spend a significantly higher share of their income paying for their energy needs. One careful study of energy usage in North Carolina found that a lower-income family might spend more than 20% of its income on energy. Among people with incomes below 50% of the federal poverty line, energy costs regularly consumed more than a third of their budgets.

Europe, where renewable subsidies are about three times as high as in the U.S., provides a window into America's possible energy future. Higher costs from policies like stringent emissions caps and onerous renewable-energy targets make it even harder for the poorest citizens to afford gas and electricity. In Germany, more than 30% of the population spends at least one-tenth of income on energy. Some estimates show that half of Greeks are in energy poverty, according to the IEA.

Calls for government to take ever stronger action on climate change can seem like selfless appeals to democracy and shared re-

sponsibility: The gist is that everyone should carry the burden and pay more. But that isn't what happens. Policies aimed at addressing climate change can easily end up punishing the poor.

Around the world, subsidies to homeowners for erecting solar panels or installing insulation

overwhelmingly go to the better-off. When the costs jump for electricity, heating a home, or filling up a car, the people most affected are those already struggling. Think of a retiree living in a chilly house or a minimum-wage worker driving to work every day.

In the U.K., the cost of electricity has increased by 36% in real terms since 2006, while the average income has risen only 4%. Environmentalists point out that energy usage has fallen as a result. But they ignore the fact that the poorest households cut back their consumption much more than average, while the richest have not reduced electricity consumption at all. Meanwhile, the share of income the bottom tenth of Britons spend on energy has increased rapidly, to almost 10%, while the share of income spent by the top tenth is still under 3%.

One 2014 poll shows that one

third of British elderly people leave at least part of their homes cold, and two-thirds wear extra layers of clothing, because of high energy costs. According to a report in the Independent, 15,000 people in the U.K. died in the winter of 2014-15 because they couldn't afford to heat their homes properly.

Climate change is a real challenge for every country, but we need to maintain some perspective. The United Nations' climate-change panel estimates that global warming could cause damage amounting to 2% of global gross domestic product toward the end of the century. That makes it a problem, but not the Armageddon produced by some feverish imaginations.

The best macroeconomic estimates suggest that meeting the energy commitments reflected in the Paris Agreement on climate change would cost the world about \$1 trillion a year in slower growth and higher energy prices. When environmental campaigners claim that more draconian cuts are needed, they aren't thinking of the people who will be most affected by sharply increasing energy bills.

Instead of trying to slow growth, governments should accelerate spending in green-energy research so that alternative energy becomes cheaper and more efficient than fossil fuels. The solution to climate change need not punish the poor.

Mr. Lomborg is president of the Copenhagen Consensus Center and author of "The Skeptical Environmentalist" and "Cool It."

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WORLD NEWS

U.S. to Suspend Security Aid to Pakistan

Washington wants more action against terror; Islamabad says it can't do any more

The Trump administration said it would freeze all security assistance to Pakistan until the country takes a tougher stance against terror networks on its

*By Felicia Schwartz
and Nancy A. Youssef
in Washington
and Saeed Shah
in Islamabad*

territory, a move that reflects new tensions and could lead to problems in supplying U.S. troops in neighboring Afghanistan.

"Pakistan has played a double game for years," U.S. Am-

bassador to the United Nations Nikki Haley said this week as she announced the U.S. would continue to withhold \$255 million in already budgeted military aid. She said while working with the U.S., the country is also harboring terrorist groups that target American troops in Afghanistan. The U.S. originally suspended that payment in August.

The Trump administration went further on Thursday, vowing to freeze more than \$1 billion in other forms of security assistance, bringing the total of security funds that could be held back to at least \$1.3 billion, U.S. officials said. The freeze doesn't affect more than \$220 million in economic support and health-related funding, and the U.S. can make exceptions to the freeze on a case-by-case basis.

U.S. officials said the suspension of funds was motivated in part by frustration that Pakistan wouldn't grant Washington access to a member of the Haqqani network captured by Pakistani forces late last year when they freed a Canadian-American family held hostage by militants, and was also denying the U.S. access to other people of interest.

The funds freeze came as U.S. ties with Pakistan deteriorated further under President Donald Trump, who tweeted on New Year's Day: "The United States has foolishly given Pakistan more than 33 billion dollars in aid over the last 15 years, and they have given us nothing but lies & deceit, thinking of our leaders as fools. They give safe haven to the terrorists we hunt in Afghanistan, with little help. No more!"

In that context, Thursday's move came as no surprise in Islamabad. "The behavior of America is not the behavior of an ally or friend," said Foreign Minister Khawaja Muhammad Asif on Thursday before the U.S. action was announced. "They have abandoned us at every difficult moment in our history."

Mr. Trump's New Year's tweet has united Pakistan's political opposition, government and the powerful military against the U.S., causing a pause in the infighting amid a continuing political crisis in the country.

Pakistan insists it can live without U.S. aid and won't be bullied by Washington.

"We did not fight for money," Maj. Gen. Asif Ghafoor, the spokesman of the powerful military, said Wednesday. "We have done enough and we can-

not do any more."

At the Pentagon, some officials expressed concern that Pakistan could respond to the suspension of funding by restricting the U.S. military from using its border crossings to send supplies, food, fuel and equipment to the nearly 14,000 U.S. troops stationed in neighboring Afghanistan.

Pakistan closed the border to the U.S. military for several months in 2011 after it alleged that U.S.-backed airstrikes killed 24 of its troops.

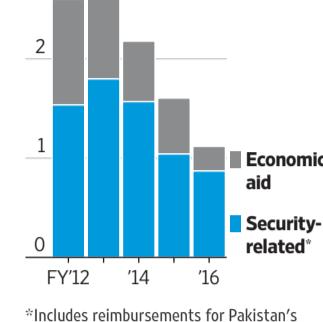
Defense Secretary Jim Mattis said Thursday that he didn't believe a policy change would lead to another such border closure. "We have no indication of anything like that," he said.

—Farnaz Fassihi
at the United Nations
contributed to this article.

Endangered Aid

The U.S. plans to withhold security assistance to Pakistan. A look at how much has been appropriated in the past:

\$3 billion



*Includes reimbursements for Pakistan's logistical and operational support of U.S.-led operations.

Note: Fiscal year ends Sept. 30

Source: Congressional Research Service
THE WALL STREET JOURNAL.

Seoul, U.S. Won't Conduct Exercises During Games

President Donald Trump and South Korean President Moon Jae-in agreed to delay military exercises until after the Winter Olympics, the two governments said, a move that could cool tensions with North Korea.

The South Korean government, which favors dialogue

*By Michael R. Gordon
in Washington and
Andrew Jeong in Seoul*

with Pyongyang, suggested the delay, and the two leaders agreed during a 30-minute phone call on Thursday.

The decision affects two longstanding military exercises: Foal Eagle, a field-training exercise involving hundreds of thousands of South Korean and American troops, as well as aircraft and ships, that was to begin in February, and Key Resolve, a command-post exercise that involves computer simulations, which was to be held in tandem. North Korea has long denounced the joint exercises as preparations for war.

The announcement follows steps the North Korean and South Korean governments have taken to ease tensions on the Korean Peninsula, including the reactivation of a hotline between the two governments and the announcement by Kim Jong Un, the North Korean leader, that he was willing to send athletes to the Winter Olympics to be held in South Korea in February.

On Friday, the two Koreas agreed to hold high-level talks next Tuesday on the North's potential participation in the Games and on improving relations between the two nations, South Korea's Unification Ministry said.

The Trump administration,



South Korean forces and U.S. Marines took part in a military drill in Pyeongchang last month. Exercises between the nations involve hundreds of thousands of soldiers.

which has called for a campaign of maximum pressure to persuade North Korea to abandon its efforts to develop nuclear weapons and long-range missiles, has firmly rejected the idea that it should freeze its military exercises on the Korean Peninsula in return for a moratorium on North Korea's nuclear and missile tests.

The White House sought to dispel any impression that its agreement to delay the two military exercises represented

concessions to North Korea, insisting they were being postponed merely so the two countries could concentrate on security arrangements for the Olympic Games.

Some American officials said they expected the exercises would be carried out—more or less unchanged—after the Winter Olympics and the Winter Paralympics, which are scheduled to take place March 9-18.

Defense Secretary Jim Mattis said he "wouldn't read too

much" into the delay.

In comments to South Korean media, the Blue House acknowledged that it took the initiative by suggesting a delay, assuming North Korea didn't undertake "provocations."

"We will closely cooperate with the U.S. in any talks with the North, and strongly believe inter-Korean talks will help create a mood desirable for U.S.-North Korea talks aimed at resolving the North Korean nuclear-weapons is-

sue," Mr. Moon said in the call, the Blue House said.

Mr. Kim, the North Korean leader, said this week that he was interested in his country's participation in the 2018 Games, which are being held in the South Korean ski resort of Pyeongchang, and sought to open a dialogue with South Korea. The two countries haven't officially spoken in about two years.

The Moon administration seized on the opening from North Korea to propose a face-

to-face meeting next week. The talks have emerged as a point of tension, and Seoul has tried to dispel rumors that it approached the North without consulting the U.S.

Seoul has been in touch with Joseph Yun, the U.S. special representative for North Korea policy, and Kenji Kanaseki, the head of the Japanese Foreign Ministry's Asian and Oceanian Affairs Bureau, the South Korean Foreign Ministry said on Thursday.

In Difficulty, Venezuela Turns to Barter

BY KEJAL VYAS

CARACAS, Venezuela—With hospital shelves bare and the government stumped on how to settle \$5 billion in arrears to pharmaceutical companies, cash-strapped Venezuela recently offered some foreign suppliers alternative compensation: diamonds, gold and coltan, the rare metal used to make cellphones and PlayStations.

The proposed exchange perplexed the pharma representatives, whose companies had no policies on accepting precious gems and metals as payment, according to three people familiar with the meeting last month where Venezuela's health minister made the offer.

While it isn't clear if any of the companies accepted it, the proposal underscores how Venezuela's economic collapse is forcing President Nicolás Maduro's embattled administration to improvise to pay for goods as severe dollar shortages push the country toward a barter society.

Bartering is also creeping into daily street transactions for staples, partly because the government is too broke to print enough currency. The so-called Strong Bolívar, which the government created in 2008 by lopping three zeros off its previous currency, lost 97% of its value in 2017 alone as the oil-rich country plunges further into hyperinflation.

"Money was created so that



A man faces police in Caracas. Protests against shortages continue in the capital and elsewhere.

we could avoid having to barter for basics," said Caracas-based economist Omar Zambrano. "But we've fallen so far that we're now going back in time."

Health Minister Luis López, who calls himself a radical anti-imperialist on his official Twitter account, couldn't be reached to comment. Calls to a ministry spokesman went unanswered.

Using commodities as payment isn't uncommon for large global companies trading in mining or oil, but is almost unheard of as a way to settle debts to other sectors like pharmaceuticals, according to Caracas-based economic con-

sultant Orlando Ochoa.

Given the country's opaque finances, it isn't clear how much Venezuela holds in certified precious metals and stones. The Socialist government unilaterally pulled out of the international Kimberley Process, which certifies the origins of diamonds, for eight years until it re-entered in 2016. Much of the country's mining of diamonds and other valuable minerals is in the hands of wildcat miners in the lawless, jungle-covered states of Amazonas and Bolívar.

The Health Ministry's proposal to pharmaceutical suppliers, "feels like a bluff," Mr. Ochoa said. "It's as if they

want to show off their assets to give the illusion that there's still an intention of paying even though they can't pay."

Lower crude prices and nearly two decades of profligate public spending have left Venezuela's economy—once Latin America's most prosperous—in tatters. Gross domestic product shrank by more than 16.5% in 2016, according to the government, and there was scant evidence of improvement in 2017. The International Monetary Fund estimates inflation will top 2,000% in 2018. The government has defaulted on more than \$700 million in bonds in recent months.

Nigerian soldiers said they rescued another of the 276 schoolgirls kidnapped from the town of Chibok nearly four years ago, the latest hostage to gain her freedom after a series of escapes and hostage ex-

changes.

Troops said they found the young woman, Salomi Pogu, near the Cameroon border, traveling through the mountainous region with another captive—a girl of roughly 14 years of age who wasn't one of the several hundred teenagers the jihadist insurgency Boko Haram seized in 2014 from the Chibok

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Westinghouse's Assets Find Buyer

Canada's Brookfield makes \$4.6 billion deal for nuclear business in chapter 11 auction

Westinghouse Electric Co., a faded industrial giant that once helped electrify the world but recently fell into bankruptcy because of bad

By Dana Mattioli,
Russell Gold
and Jacquie McNish

bets building nuclear power plants, is being sold to a Canadian conglomerate in a deal valued at \$4.6 billion.

Brookfield Business Partners LP and institutional partners announced their deal to buy the troubled company's assets on Thursday.

The acquisition marks Brookfield's entry into the nuclear power business, though it may not mean the company has any future in nuclear power-plant construction.

One person familiar with the transaction said that Brookfield wasn't interested in building plants, rather it seeks to expand into servicing existing nuclear facilities and decommissioning aging plants.

Westinghouse's attempt to design and build a new generation of nuclear power plants proved disastrous, plunging it into bankruptcy amid massive cost overruns. But it retains a potentially lucrative business in producing nuclear fuel as well as servicing and decommissioning the world's 400 existing reactors.

"This is a huge and very safe business," says Mycle



Westinghouse Electric ran into trouble building nuclear power plants, including over-budget projects in the U.S. Southeast.

Schneider, a Paris-based independent consultant to the nuclear industry.

The company, owned by Toshiba Corp., reported in bankruptcy filings early last year that these business segments generated \$3.13 billion in revenue and \$403 million in earnings before interest, taxes and depreciation and amortization, or Ebitda, in the company's 2015 fiscal year.

The chapter 11 auction for Westinghouse assets attracted considerable interest from private-equity firms. The deal

remains subject to approval in U.S. Bankruptcy Court.

Westinghouse was founded in 1886 by George Westinghouse in a successful bid to promote alternating current electricity over Thomas Edison's favored direct current. It was once one of the most iconic brands in the U.S., with an industrial portfolio rivaling **General Electric** Co. The Pittsburgh-based branched out into radio broadcasting in the 1920s and designed and built the world's first commercial nuclear power plant

in the 1950s.

By 1998, the nuclear business—and with it the Westinghouse Electric name—was sold to a British company, which later sold it to **Toshiba** in 2006 for \$5.4 billion as the Japanese tech giant looked to grow in the American nuclear market.

Westinghouse bet its future on a new nuclear design called the API1000 that was intended to be easier to build and safer to operate than older generations of reactors. It struck deals with utilities in

South Carolina and Georgia to build the first of its new reactors in the U.S.

But building the reactors turned out to be much more difficult than anticipated. Costs skyrocketed and schedules slipped by years. Westinghouse was responsible for the cost overruns, forcing it into bankruptcy and nearly dragging down Toshiba as well.

The future of nuclear construction looks dire for Westinghouse and its competitors.

Please see ASSETS page B2

Zuckerberg Vows to Work on Fixing Facebook

BY DEEPA SEETHARAMAN

For years, Mark Zuckerberg has announced an annual personal challenge, from slaughtering his own meat to learning Mandarin to building his own artificial intelligence.

His 2018 task might be the most ambitious yet: Fix **Facebook** Inc.

In a Facebook post Thursday that highlights his company's mounting difficulties, Mr. Zuckerberg said the social network has made "too many errors enforcing our policies and preventing misuse of our tools." The Facebook chief executive, a self-described optimist about technology, said promising tools such as encryption and cryptocurrency could help counter concerns about the growing power of technology giants, but added that they, too, carried risks that needed to be deliberated.

Now Mr. Zuckerberg is fo-



The CEO is focused on addressing risks facing his company.

cused on addressing a mountain of risks that threaten to damage the company he co-founded in 2004 as a service for Harvard University students. Today, more than two billion people log into Face-

book every month and it is one of the world's most valuable and influential companies—power that is now drawing enormous scrutiny.

Over the past 18 months, Facebook has been lambasted

for allowing objectionable content, including violent videos, and fabricated news articles to proliferate on its service.

Last fall, Facebook lurch-

into crisis mode after disclosing that Russia-backed entities used its platform and advertising tools to spread divisive messages to disrupt the 2016 U.S. presidential campaign. The admission sparked congressional hearings where lawmakers grilled officials from Facebook, Twitter Inc. and Alphabet Inc.'s Google.

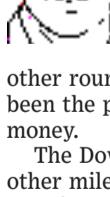
More recently, several former Facebook executives and employees have expressed remorse for helping build a platform that they said was de-

signed to foster dependence on Facebook. Those comments eventually prompted Facebook to acknowledge that certain types of social-media use could be harmful to users'

Please see FIX page B2

HEARD ON THE STREET | By Justin Lahart

Dow Industrials Have What Investors Want

 Say what you will about the Dow Jones Industrial Average passing another round number; it has been the place to put your money.

The Dow reached yet another milestone Thursday, crossing 25000 a bit more than a month after it breached 24000. Numbers with lots of zeros aside, the Dow has done very well lately, with a total return of 27% since the end of 2016, versus 24% for the S&P 500. And that has less to do with the quirk of how the Dow is constructed than what is in it.

The Dow is an odd bird, weighted by share prices rather than the stock-market values of the companies in it. So moves in **Boeing** Co. count about eight times as much as moves in **Pfizer**.

Inc., even though Pfizer is worth more. Boeing has been the Dow's best performer lately, nearly doubling over the past year, so that matters.

But the median stock in the Dow also has done well, matching the index's overall return of 27% since the end of 2016, while the median stock in the S&P 500 returned 20%. One reason for that is that companies in the Dow are bigger than most S&P 500 stocks, and far more exposed to the strong global economy. Another reason is that the Dow is tilted toward growth and growth has been in favor.

These advantages are a function of design. Among the factors considered by the committee that picks stocks for the Dow is whether a company has demonstrated sustained growth. For the moment, at least, the Dow is exactly what investors want.

INSIDE



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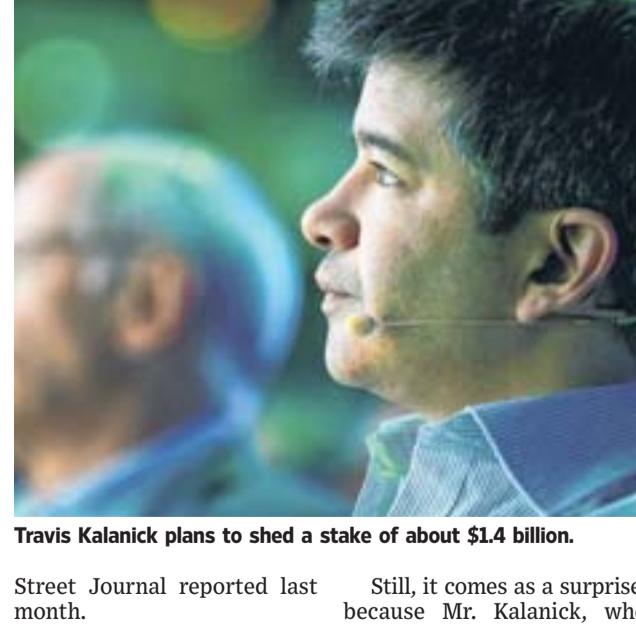
Uber Founder Sells a Chunk

BY DOUGLAS MACMILLAN

Travis Kalanick plans to sell 29% of his shares in **Uber Technologies** Inc., the ride-hailing giant he co-founded, as part of a broader investment deal led by **SoftBank Group Corp.**, people familiar with the matter said.

Mr. Kalanick, who was pushed out from his role as Uber's chief executive last year but remains on the board, plans to sell the stake of about \$1.4 billion in the tender offer for Uber shares by a SoftBank-led consortium, the people said. That tender offer, which concluded late last month, values Uber at \$48 billion—a roughly 30% discount to its most recent valuation of about \$68 billion but still a huge premium for early investors and employees like Mr. Kalanick.

As part of the deal, SoftBank also plans to invest about \$1.25 billion in Uber at the \$68 billion valuation. It will end up owning 15% of Uber, and other members of its bidding group will get a stake of around 3%, The Wall



Travis Kalanick plans to shed a stake of about \$1.4 billion.

Street Journal reported last month.

Still, it comes as a surprise, because Mr. Kalanick, who holds about 10% of Uber, had indicated he wouldn't sell shares into the offer, people familiar with the matter have said previously.

Bloomberg earlier reported news of Mr. Kalanick's planned share sale.

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Vanguard 'Just Getting Started'

BY SARAH KROUSE

Vanguard's new chief executive has a challenge his three predecessors didn't when they took over: how to further expand a company that is already the world's second-largest investment manager.

When Mortimer J. "Tim" Buckley started at Vanguard in 1991, the firm managed \$77 billion and attracted \$15 billion in new cash that year. It had 2,600 employees in one Malvern, Pa., office and was trying to grow with an unusual ownership structure—it is owned by its customers—and ultralow fees.

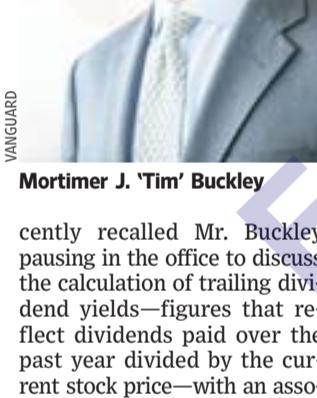
More than two decades later, the firm has \$5 trillion in assets under management and 17,000 employees across 18 offices.

It is the largest U.S. provider of mutual funds and exchange-traded funds by assets and the second-largest money manager in the world after BlackRock Inc.

Mr. Buckley, 48 years old, spent his first day as CEO on Tuesday meeting with senior staff on the firm's campus, where employees are referred to as crew and buildings are named after battleships.

\$5T

Vanguard assets in 2017, thanks to inflows and market gains.



Mortimer J. 'Tim' Buckley

He also visited the firm's call center and talked with some clients to get a "quick pulse on what's on their mind," he said.

Mr. Buckley's challenge will be to balance Vanguard's own investments in technology to improve the customer experience and to increase assets with expense controls that keep fund fees low.

Vanguard has largely built itself by offering some of the lowest-cost funds in the asset-management industry. Today, that success means rivals are increasingly trying to match or beat the firm on fees to nab assets.

"People do target us. They see the success of Vanguard and want to compete on price," Mr. Buckley said Wednesday in his first interview as CEO. "They'll bring attention to where they can beat one product. No one can match prices across the whole product set."

Colleagues say Mr. Buckley is able to discuss firmwide strategy as well as technical operational topics.

Managing director Chris McIsaac said a colleague re-

cently recalled Mr. Buckley pausing in the office to discuss the calculation of trailing dividend yields—figures that reflect dividends paid over the past year divided by the current stock price—with an associate.

In the near term, Mr. Buckley said investing more in the firm's financial-advice business is a priority. Vanguard's Personal Advisor Services unit, which blends human and digital wealth management for customers with at least \$50,000, has gathered about \$100 billion in assets since its launch in 2015. It charges 0.30% while traditional wealth advisers typically charge about 1%.

The most expensive part of providing advice is getting clients signed up and understanding their needs, processes that technology can ease, Mr. Buckley said.

The broader firm attracted a record \$368 billion in new investor cash in 2017, according to preliminary company estimates. Its assets swelled by about \$1 trillion last year to roughly \$5 trillion, according to early estimates, thanks to the inflows and market gains.

It has been one of the biggest beneficiaries of investors plowing record sums into funds that match the performance of markets, instead of funds that try to beat them.

The firm started the first index fund for retail investors 40 years ago and now sells mutual funds and ETFs in addition to offering wealth-management services.

"We don't sit back and think, 'Wow we're at the top of the heap.' We've got a long way to go," said Mr. Buckley. "Yes, we have \$5 trillion. That's not our money, that's your money. Our revenues are more like \$5 billion—we're no Amazon."

In the longer term, the firm continues to push overseas in search of growth.

"We are on rung three of a 50-rung ladder. We're just getting started," Mr. Buckley said.

ASSETS

Continued from the prior page

Power companies are moving toward smaller power generators, such as wind farms and plants fueled by natural gas, that can be brought online more quickly than nukes.

China, once seen as the most promising market, appears to be losing its appetite for large nuclear facilities.

"Not a single commercial Chinese reactor went under construction last year," says Mr. Schneider. "Not a single one. None. At the same time, China connected to the grid over 50 gigawatts of solar alone."

Brookfield Business Partners is the publicly traded arm of Toronto-based **Brookfield Asset Management** Inc., which owns a variety of interests including one of the world's largest portfolios of office properties, including London's Canary Wharf.

The company was drawn to Westinghouse's power engineering, maintenance and service expertise, according to a person familiar with the matter. Brookfield Business owns a mix of energy, construction, transportation and industrial companies including Teekay Offshore LP, an offshore oil shipping and services company.

Brookfield Business reported total assets of \$15.9 billion in the third quarter of 2017. It reported earnings before interest, appreciation, taxes, depreciation and amortization of \$85 million in the quarter.

The company said the deal would be funded with \$1 billion of stock and \$3 billion raised through debt financing, and that the \$4.6 billion price includes the assumption of pension, environmental and other obligations.

The deal, expected to close in the third quarter, is the second buyout announced this week of a nuclear-related company.

On Wednesday **Dominion Energy** Inc. said it would buy **Scana** Corp. for over \$7 billion and help the South Carolina energy company refund customers for some of the construction costs of its failed nuclear projects. Westinghouse Electric was the designer and contractor for the projects.

—Imani Moise contribute to this article.

BUSINESS & FINANCE

NFL Drop in TV Ratings Worsens

By JOE FLINT

The decline in TV ratings for **National Football League** games accelerated in the recently completed 2017 regular season, though NFL games remain among the most-watched programming on television.

The average audience for a game was 14.9 million viewers this season, down 9.7% compared with 16.5 million for the 2016 regular season, according to Nielsen data. That is a steeper decline than the 8% viewership erosion in the 2016 season.

A variety of potential explanations have been cited for the ratings problems. Some viewers have said that they were turned off after several players knelt during pregame performances of the national anthem to protest against social injustice. President Donald Trump also has criticized the protests.

Television executives acknowledge that the protests had a part in the ratings decline, but they say overexposure of NFL programming is the primary cause. The NFL has increased the number of Thursday night games in recent years and added early-morning Sunday games played in London.

In an interview earlier this season, CBS Sports Chairman Sean McManus said the new games "diluted the Sunday afternoon packages and affected the ratings."

Some media executives say the league, long viewed as invincible, is simply being hurt by changes in the broader television business as more viewers shift from traditional cable-TV packages to digital services.

To be sure, some sports viewing has migrated online and the audience there is growing, although Nielsen has had challenges capturing those viewers in its measurement

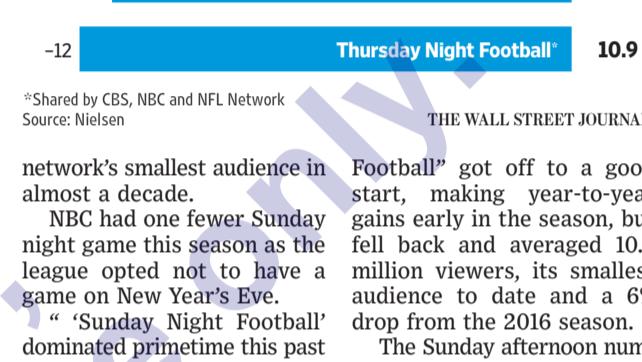


A young fan picks up a souvenir at an NFL game last month. Fewer people are watching on TV.

Ratings Fumble

TV ratings for NFL games continued to fall in the 2017 season.

Change from previous year and average number of viewers



*Shared by CBS, NBC and NFL Network

Source: Nielsen

network's smallest audience in almost a decade.

NBC had one fewer Sunday night game this season as the league opted not to have a game on New Year's Eve.

"Sunday Night Football" dominated primetime this past season, and we are pleased that it is likely to extend its record streak as primetime's #1 show," an NBC spokesman said in a written statement.

ESPN's "Monday Night

Football" got off to a good start, making year-to-year gains early in the season, but fell back and averaged 10.8 million viewers, its smallest audience to date and a 6% drop from the 2016 season.

The Sunday afternoon numbers were equally dim. CBS's Sunday package averaged 15.7 million viewers, down 11% from the 2016 results. Fox's audience declined 9% to 17.7 million viewers.

Football

Continued from the prior page

mental health.

Mr. Zuckerberg said in Thursday's post that the current national mood resembles that of 2009, when he mounted his first personal challenge by wearing a tie every day. At the time, the U.S. economy was in the midst of

Facebook has gained a reputation for being ruthless in its desire to squash its rivals.

recession and Facebook, then five years old, wasn't profitable. "It was a serious year, and I wore a tie every day as a reminder," Mr. Zuckerberg wrote. "Today feels a lot like that first year."

Many people have lost confidence in tech giants' ability to level the playing field, he said.

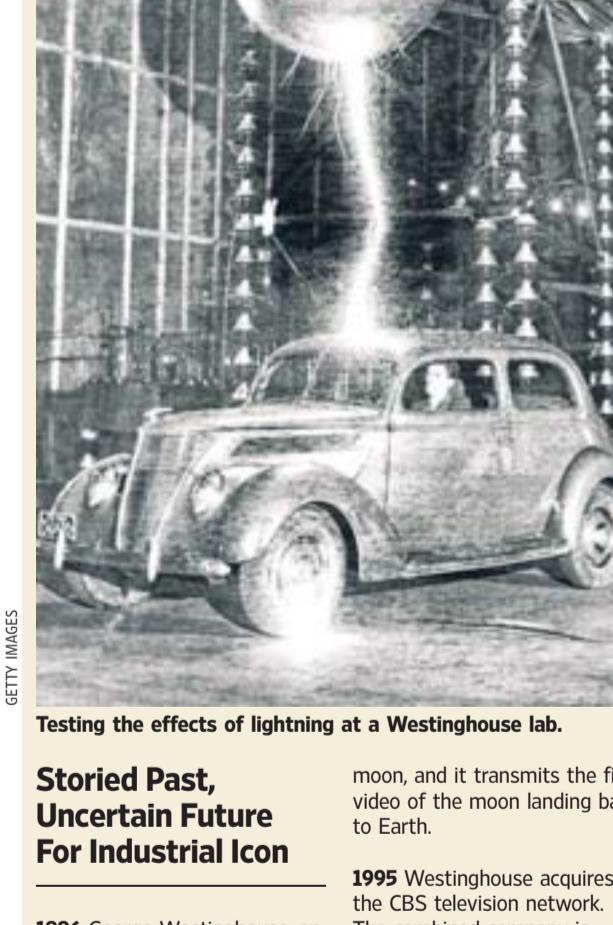
Facebook in particular has gained a reputation for being ruthless in its desire to squash its rivals. "With the rise of a small number of big tech companies—and governments using technology to watch their citizens—many people now believe technology only centralizes power rather than decentralizes it," Mr. Zuckerberg wrote.

Mr. Zuckerberg's latest mission lacks the same kind of concrete goals as prior challenges, which also generally have skewed more toward individual development, such as his 2015 promise to read a new book every two weeks.

It isn't clear what it would take for his 2018 personal challenge to be met, and a Facebook spokesman didn't respond to a request for more information.

Mr. Zuckerberg said the issues facing the company touched on "history, civics, political philosophy, media, government, and of course technology." He added that he would be "bringing groups of experts together to discuss and help work through these topics," but didn't specify the goal of those conversations or whom he would invite.

"If we're successful this year then we'll end 2018 on a much better trajectory," he wrote.



Testing the effects of lightning at a Westinghouse lab.

Storied Past, Uncertain Future For Industrial Icon

1886 George Westinghouse, an American inventor, starts Westinghouse Electric in Pittsburgh to sell alternating-current power systems.

1893 Some 25,000 Westinghouse electric lights illuminate the Chicago World's Fair.

1914 George Westinghouse dies at the age of 67.

1920 Westinghouse Electric enters broadcasting with the KDKA radio station in Pittsburgh.

1957 Westinghouse designs the world's first full-scale nuclear power plant built for commercial electricity generation in Shippingport, Pa.

1969 Apollo astronauts take a Westinghouse camera to the

moon, and it transmits the first video of the moon landing back to Earth.

1995 Westinghouse acquires the CBS television network.

The combined company is renamed CBS Corp. in 1997.

1998 CBS sells its nuclear business to British Nuclear Fuels. The nuclear business inherits the Westinghouse Electric name.

2006 Toshiba Corp. of Japan buys Westinghouse Electric for \$5.4 billion.

2012 U.S. regulators approve Southern Co.'s application to build nuclear reactors developed by Westinghouse in Georgia and for a Scana Corp. project in South Carolina.

2017 Toshiba says it will record more than \$6 billion in write-downs because of cost overruns on Westinghouse nuclear projects in the U.S. Westinghouse subsequently declares bankruptcy.

BUSINESS NEWS

Surfwear Brands Ride Wave Of Mergers

By SUZANNE KAPNER

The parent of the Quiksilver surfwear brand agreed to acquire rival **Billabong International** Ltd., combining two of the largest active sports brands as the industry is undergoing a major shakeout.

The combination would create a global player with ubiquitous brands, about \$2 billion in annual sales and 630 stores in 28 countries. But both Quiksilver and Billabong have struggled in recent years with declining sales and corporate restructurings.

Boardriders Inc., formerly known as Quiksilver Inc., of Huntington Beach, Calif., is paying roughly A\$400 million (US\$315 million) for its Australian competitor, according to a person familiar with the situation.

The deal values Billabong at A\$1 a share, or a slight premium to its closing price on Australia's stock exchange on Wednesday, the day before the deal was announced.

Both companies expanded rapidly in the 1990s by selling board shorts, skateboarding T-shirts and, later, snow gear. They have struggled as the once hot surf, skate and activewear industry has cooled, and they found themselves with too many stores in too many malls.

Billabong has been losing money and closing stores. Quiksilver filed for bankruptcy protection in 2015 and emerged in 2016. It changed its name to Boardriders a year later. It is privately owned and majority controlled by the investment firm **Oaktree Capital Management**, which also owns a 19% stake in Billabong.

Grocers Value These Birds in Hand

Rotisserie chickens, first popular in the '90s, continue to bring in shoppers, profit

By ANNIE GASPARRO

For grocery stores, rotisserie chickens have become a golden goose.

The spit-roasted birds emerged as a supermarket staple in the 1990s, paving the way for the array of prepared foods that grocery stores sell today. Now they are many grocery stores' best-selling hot food item and a rare bright spot in an industry struggling to adapt to a shift away from packaged foods.

Americans bought 625 million rotisserie chickens at supermarkets in 2017, according to market-research firm Nielsen and **Costco Wholesale** Corp., a few million more than the year before. Costco sold 87 million in its 2017 fiscal year, compared with 51 million in fiscal 2010.

With labor costs and competition rising, more stores are relying on rotisserie chickens to draw customers. To continue selling them for \$5 to \$7 each, executives are working to trim supply-chain costs, cook chickens more efficiently and throw fewer of them away unsold.

"We are relentlessly focused on keeping that price point," said Russ Richardson, vice president of deli and bakery for **Kroger** Co., the second-largest U.S. food retailer. "It's the hallmark item."

One reason executives say it is so important to hold down rotisserie prices is that shoppers often buy higher-margin side dishes and beverages to round out a meal.

"If they get a chicken, a salad, and maybe they pick up a bottle of wine—now we're really talking," said Don Fitzgerald, vice president of



Americans have liked the convenience of a meal regarded as cheaper and healthier than fast food.

Two Hours in Oven, At Most Four Hours Under Heat Lamp

While the size of many chickens raised for meat has increased over the years, grocers have negotiated with farmers and meat processors including **Tyson Foods** Inc. and **Pilgrim's Pride** to breed and raise more birds small enough to sell at the low rotisserie price.

Commercial farms can get them from hatching to slaughter in as little as four weeks, one farmer said. Costco, which sells larger rotisseries than most grocers, has farmers raise its chick-

ens for up to 11 weeks.

Grocers still face tough competition from Boston Market, a rotisserie chicken pioneer on prices. The restaurant chain recently offered a deal for \$1.99 chickens when buying its full meal package for four.

Meat processors season and baste the chickens and put them onto skewers. Some inject them with special flavorings like lemon pepper or barbecue, or a saline solution that can increase their weight. At the supermarket, they are roasted on the spit in industrial ovens for about two hours.

Some stores have deli employees start roasting chickens before they open in the morning. Most aim to have their warmers

fully stocked for the rush hours of 3 p.m. to 7 p.m.

Stores have toyed with variations on their packaging such as cardboard and foil bags. Some of those leaked, however. Most grocers prefer the clamshell plastic container with an absorbent pad.

Most stores display their rotisserie birds under heat lamps for two to four hours, after which they start to dry out. Rather than throw those unsold birds away, some chains are deboning the meat for use in other prepared foods they sell.

"With a four-hour shelf life, there's not a lot of room to make mistakes," said Russ Richardson, **Kroger** Co.'s head of deli.

daughter at a Kroger store in Sandusky, Ohio.

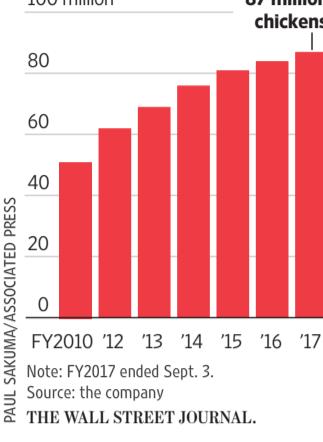
The rotisserie craze started in the early 1990s when Boston Chicken, now **Boston Market**, opened drive-through restaurants selling chicken dinners and sides.

Families liked the conve-

Not So Paltry

Costco has sold rotisserie chickens for \$4.99 since 2009, one reason sales have climbed.

Rotisserie chickens sold at Costco



Note: FY2017 ended Sept. 3.

Source: the company

THE WALL STREET JOURNAL.

nience of a meal that was seen as cheaper and healthier than fast food. Costco and Kroger began selling rotisserie chickens in 1994.

"Nothing else from the '90s is still this popular today," said Mariano's Mr. Fitzgerald.

While Kroger and Mariano's display their chickens near the front of the store, Costco puts them at the back, hoping people will add to their carts on their way to getting a chicken.

Costco has sold rotisserie chickens for \$4.99 since 2009. When a bird flu outbreak prompted higher prices for ready-to-cook chickens in 2015, Costco took a \$30 million to \$40 million profit hit to keep its rotisserie prices steady.

The chain also has bought bigger, more-efficient ovens and saved millions of dollars by packing the chickens in containers that use less plastic. Now Costco is building its own roughly \$300 million chicken-processing plant in Nebraska, which should be cheaper than buying ready-to-cook chickens from suppliers.

Neiman Marcus Chooses New CEO

By SUZANNE KAPNER
AND JOANN S. LUBLIN

The retailer's incoming chief, Geoffroy van Raemdonck, formerly worked at Ralph Lauren.

designer goods in 1985 and climbed the ranks. She held various roles, including president of its catalog division, which included internet operations. She successfully led the company out of the recession, returning sales and profits to prerecession levels.

More recently, the company has struggled with weak sales growth and losses, as even wealthy shoppers search online for the best deals.

Neiman Marcus filed to go public in 2015 but scrapped the planned offering in January 2017. Later, it was approached by **Saks Fifth Avenue** parent **Hudson's Bay** Co. about being acquired. But the talks ended without a deal.

"We believe that we can deliver better shareholder value by remaining an inde-

pendent retailer," Ms. Katz said in an interview at the time.

Under Ms. Katz, Neiman took steps to attract younger shoppers, including a partnership with fashion startup **Rent the Runway**.

She also invested heavily in Neiman's digital operations. Those investments began to produce results in the quarter ended Oct. 28, when sales excluding newly opened or closed locations rose 4.2%, the first quarterly increase since 2015. About a third of Neiman's \$4.7 billion in annual sales comes from e-commerce.

But losses in the most recent period totaled \$26.2 million, extending a string of losses that date to July 2016.

Mr. van Raemdonck is ex-

pected to build on and accel-

erate the current strategy, one of the people familiar with the situation said.

At the time of Neiman's acquisition by Ares and the pension board, Ms. Katz had made it clear to the new owners that she was thinking about retiring in the not too distant future, this person said. A clause was included in her employment contract that specified she could retire on or after the second anniversary of the agreement.

The contract required Ms. Katz to give fellow directors 12 months written notice about her intended retirement.

Executive-search firm **Russell Reynolds Associates** Inc. handled the hunt for Neiman,

people familiar with the situation said.

Macy's and Penney Bolstered Their Sales In the Holiday Season

By SUZANNE KAPNER
AND ALLISON PRANG

A healthy economy and strong consumer spending gave a boost to **Macy's** Inc. and **J.C. Penney** Co., which reported sales growth for the critical holiday months.

Macy's said its same-store sales rose 1% in November and December from a year earlier, while Penney reported a 3.4% increase. The results were an improvement from a year earlier, when declines occurred at both chains. The mall anchors are the first large retailers to give investors a readout on the holiday season.

Analysts and economists predicted that low unemployment and rising wages gave consumers at all income levels the confidence to spend this holiday season. Retailers had their best holiday sales since 2011, according to Mastercard SpendingPulse.

Both Macy's and Penney have struggled with falling sales as shoppers make fewer trips to malls and do more of their spending on smartphones. They have responded by closing weaker locations and ramping up investments in e-commerce.

"It was the first November-December increase for us since 2014," Macy's Chief Executive Jeff Gennette said in an interview. He added that the retailer's momentum has continued into 2018.

Not all chains are faring better. **Sears Holdings** Corp. plans to shut more than 100

stores. Sears's problems are benefitting some of its rivals. "We had over 30% growth in appliances, and we think that market share is coming from Sears," Penney CEO Marvin Ellison said in an interview.

On Thursday, Macy's said it would close 11 stores earlier than planned this year. They were part of about 100 closures the company had announced in August 2016. Macy's also intends to reduce or increase the number of employees in different stores.

After weak sales last holiday season, Macy's announced plans to cut 10,000 jobs and Penney unveiled plans to close 138 stores and offer buyouts to 6,000 workers.

On Thursday, Macy's raised its adjusted earnings guidance for fiscal year 2017 to be between \$3.59 and \$3.69 a share given the effect tax reform will have on the company's yearly tax rate. The retailer said it expects total sales during the 2017 fiscal year to fall between 3.6% and 3.9%.

Penney said it was reaffirming its previous financial targets, which include a forecast of fiscal 2017 comparable sales that will be flat to down 1% from a year earlier.

"Consumer confidence is high, unemployment is low and we think the new tax legislation will benefit our core customers," Mr. Ellison said. "That should lead to positive sales growth in 2018."



Macy's in New York. The retailer's sales rose over the holidays.

By AISHA AL-MUSLIM

Sears Holdings Corp. is closing more than 100 stores in the next few months as it continues to reduce its footprint after a yearslong sales decline.

The 64 Kmart stores and 39 Sears stores will close in March and April, the company said on Thursday. Liquidation sales will begin as early as

Jan. 12.

The company said it told associates about the store closures on Thursday. Eligible associates affected will receive severance and will be able to apply for open positions at other Kmart and Sears stores.

Sears "will continue to right size our store footprint in number and size," the company said.

In November, the company revealed plans to close 63 stores by late January, comprising 45 Kmart and 18 Sears locations. The company operated roughly 1,100 stores at the end of its quarter ended in October.

Chief Financial Officer Rob Riecker said during an earnings call in November that a reduced footprint and specialized stores selling mattresses,

appliances and car services will help the struggling retailer get back on track.

Sears once dominated American retailing and helped build famous brands, including Whirlpool appliances, Craftsman tools, Schwinn bicycles and Allstate insurance.

Sears shares fell 4.8% in Thursday trading and have fallen 65% in the past year.

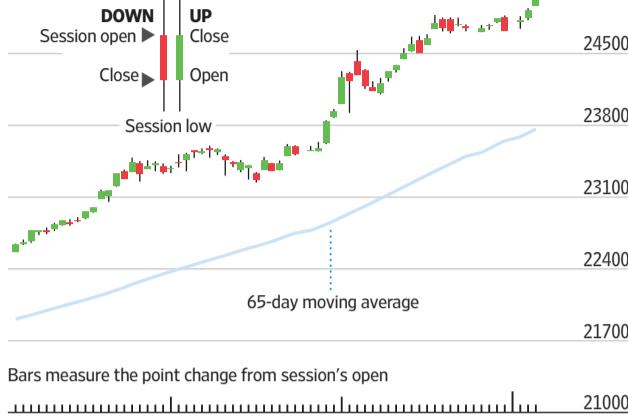
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

25075.13 ▲ 152.45, or 0.61%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 22.08 21.70
 P/E estimate * 19.77 18.59
 Dividend yield 2.08 2.41
 All-time high 25075.13, 01/04/18



Current divisor 0.14523396877348
 Session high 25200
 Session open ▶ UP Close
 Close ▶ Open
 Session low 23800
 65-day moving average 21700

Bars measure the point change from session's open

Oct. Nov. Dec. 21,000

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2723.99 ▲ 10.93, or 0.40%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 21.81 24.82
 P/E estimate * 20.02 18.92
 Dividend yield 1.89 2.07
 All-time high 2723.99, 01/04/18



Oct. Nov. Dec. 24,000
 65-day moving average

Nasdaq Composite Index

7077.91 ▲ 12.38, or 0.18%
 High, low, open and close for each trading day of the past three months.

Trailing P/E ratio * 26.62 24.22
 P/E estimate * 21.48 19.42
 Dividend yield 1.05 1.22
 All-time high 7077.91, 01/04/18



Oct. Nov. Dec. 6,250
 6,375
 6,500
 6,625
 6,750
 6,875

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.	
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	SPX	MidCap 400	SmallCap 600
Industrial Average	25105.96	24963.27	25075.13	152.45	0.61	25075.13	19732.40	26.0	1.4	12.0	
Transportation Avg	10917.01	10804.70	10854.55	33.81	0.31	10854.55	8783.74	19.9	2.3	6.1	
Utility Average	708.38	699.19	700.52	-6.00	-0.85	774.47	651.14	6.2	-3.2	4.1	
Total Stock Market	28216.87	28137.79	28167.80	101.89	0.36	28167.80	23526.88	19.3	1.8	9.6	
Barron's 400	725.92	722.54	724.12	2.65	0.37	724.12	600.24	19.2	1.9	10.4	

Nasdaq Stock Market

Nasdaq Composite	7098.05	7072.38	7077.91	12.38	0.18	7077.91	5487.94	29.0	2.5	14.4
Nasdaq 100	6603.17	6576.92	6584.58	8.78	0.13	6584.58	4964.95	32.6	2.9	15.9

S&P

S&P	500 Index	2729.29	2719.07	2723.99	10.93	0.40	2723.99	2263.69	20.1	1.9	9.8
MidCap 400	1935.07	1928.14	1928.45	5.09	0.26	1928.45	1667.44	14.6	1.5	9.9	
SmallCap 600	948.48	942.76	945.33	2.09	0.22	945.33	815.62	11.9	1.0	11.1	

Other Indexes

Russell 2000	1560.84	1552.37	1555.72	3.15	0.20	1555.72	1345.24	13.4	1.3	9.1	
NYSE Composite	13045.16	12999.53	13028.46	71.18	0.55	13028.46	11148.85	15.8	1.7	6.4	
Value Line	572.34	569.77	571.34	1.57	0.28	571.34	503.24	11.1	1.6	4.5	
NYSE Arca Biotech	4394.57	4315.13	4321.63	-52.41	-1.20	4374.04	3134.03	33.6	2.4	7.8	
NYSE Arca Pharma	555.91	552.91	554.89	1.64	0.30	560.52	469.13	12.1	1.8	1.3	
KBW Bank	109.60	108.13	108.67	1.00	0.93	108.67	88.02	17.6	1.8	13.6	
PHLX® Gold/Silver	87.79	86.44	87.79	0.70	0.81	96.72	76.42	-0.2	2.9	7.6	
PHLX® Oil Service	157.44	153.22	157.04	2.82	1.83	192.66	117.79	-17.7	5.0	-9.3	
PHLX® Semiconductor	1321.11	1306.37	1317.24	7.38	0.56	1341.69	901.69	46.1	5.1	24.2	
Cboe Volatility	9.31	8.92	9.22	0.07	0.77	16.04	9.14	-21.0	-16.5	-19.7	

\$ Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
Yamana Gold	AUY	10,678.6	3.24	-0.02	-0.61	3.26	3.23	
SPDR S&P 500	SPY	10,509.3	271.76	0.15	0.06	271.80	271.35	
Cnsmr Staples Sel Sector	XLP	6,072.9	56.68	...	unch.	56.70	56.60	
Industrial Select Sector	XLI	5,203.5	77.22	0.13	0.17	77.22	77.06	
Van Eck Vectors Gold Miner	GDX	3,262.7	23.70	-0.02	-0.08	23.74	23.68	
Finl Select Sector SPDR	XLF	3,215.7	28.37	0.04	0.14	28.40	28.30	
General Electric	GE	2,797.4	18.58	0.05	0.27	18.59	18.43	
Southwestern Energy	SWN	2,532.9	5.88	0.02	0.34	5.90	5.86	

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low

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COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.							
Jan 3.2630	3.2630	3.2360	3.2425	0.0055	1,450		
March 3.2570	3.2980	3.2450	3.2630	0.0055	177,263		
Gold (CMX)-100 troy oz.; \$ per troy oz.							
Jan 1322.00	1322.00	1321.90	1319.40	3.20	197		
Feb 1315.50	1327.30	1307.10	1321.60	3.10	362,453		
April 1319.50	1331.90	1312.00	1326.40	3.00	57,642		
June 1322.60	1336.40	1316.70	1331.10	2.90	41,867		
Aug 1324.00	1338.50	1321.70	1335.90	2.80	13,407		
Dec 1336.60	1350.00	1331.50	1345.60	2.80	25,845		
Palladium (NYM)-50 troy oz.; \$ per troy oz.							
Jan 1088.00	1088.00	1088.00	1097.40	11.40	1		
March 1080.65	1101.70	1075.90	1094.75	11.40	36,484		
June 1067.50	1092.50	1067.00	1087.05	12.70	1,603		
Platinum (NYM)-50 troy oz.; \$ per troy oz.							
Jan 955.50	967.00	944.00	947.20	9.80	261		
April 961.40	971.50	949.10	970.20	7.90	78,084		
Silver (CMX)-5,000 troy oz.; \$ per troy oz.							
Jan 17.085	17.230	17.085	17.189	0.004	24		
March 17.155	17.320	17.025	17.269	0.002	149,569		
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.							
Feb 61.96	62.21	61.59	62.01	0.38	477,484		
March 61.83	62.05	61.49	61.90	0.35	387,216		
April 61.64	61.86	61.34	61.73	0.32	173,785		
May 61.37	61.59	61.13	61.52	0.31	124,588		
June 61.08	61.31	60.84	61.23	0.29	257,749		
Dec 58.80	59.06	58.58	58.95	0.18	252,349		
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.							
Feb 2.0850	2.0884	2.0661	2.070	-0.110	155,660		
March 2.0628	2.0689	2.0480	2.0596	-0.068	93,964		
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.							
Feb 1.8066	1.8111	1.7771	1.8067	0.0093	133,374		
March 1.8284	1.8314	1.7995	1.8270	0.0085	82,719		
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.							
Feb 3.015	3.070	2.840	2.880	-0.128	318,812		
March 2.935	2.992	2.776	2.813	-0.118	285,892		
April 2.778	2.808	2.664	2.696	-0.081	158,045		
May 2.769	2.791	2.665	2.692	-0.072	129,130		
July 2.830	2.849	2.742	2.765	-0.058	51,050		
Oct 2.839	2.854	2.749	2.776	-0.056	88,775		

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.							
March 353.00	353.50	350.25	351.00	-2.00	821,693		
July 369.25	370.00	367.00	367.75	-1.75	244,207		
Oats (CBT)-5,000 bu.; cents per bu.							
March 245.00	246.75	244.50	245.75	1.25	4,788		
May 250.50	251.00	249.75	250.00	1.00	1,774		
Soybeans (CBT)-5,000 bu.; cents per bu.							
Jan 959.25	960.00	950.25	959.25	-50	3,535		
March 968.50	969.00	959.25	967.75	-1.00	347,380		
Soybean Meal (CBT)-100 tons; \$ per ton.							
Jan 314.10	316.00	311.40	315.80	1.40	1,849		
March 318.80	320.50	315.50	319.80	1.20	183,704		
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
Jan 33.70	33.75	33.60	33.74	-0.02	1,386		
March 33.82	33.98	33.70	33.87	-0.03	218,765		
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.							
Jan 1153.50	1153.50	1150.00	1147.50	6.50	16		
March 1168.50	1179.50	1175.50	1171.00	6.50	8,865		
Wheat (CBT)-5,000 bu.; cents per bu.							
March 435.75	436.00	431.00	434.00	-2.00	289,336		
May 448.00	448.25	443.50	446.50	-1.75	87,244		
Wheat (KC)-5,000 bu.; cents per bu.							
March 441.50	441.75	436.00	439.75	-1.25	187,172		
May 454.75	454.75	449.00	453.00	-1.00	60,278		
Wheat (MPLS)-5,000 bu.; cents per bu.							
March 619.50	628.75	615.60	627.75	8.00	38,420		
May 627.00	633.25	624.00	632.75	5.75	13,342		
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
Jan 149.425	150.925	148.625	149.025	-350	8,589		
March 146.875	148.550	145.025	145.550	-1,275	23,379		
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Feb 123.075	123.625	121.00	122.250	-700	116,154		
April 124.450	125.175	123.650	123.825	-550	98,134		
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Feb 71.450	71.800	70.825	71.375	-325	81,425		
April 75.700	76.175	75.550	76.100	-675	72,415		
Lumber (CME)-10,000 bd ft.; \$ per 1,000 bd ft.							
Jan 457.30	459.20	455.20	456.80	1.10	852		
March 453.00	455.70	450.00	454.10	1.50	4,607		
Milk (CME)-200,000 lbs.; cents per lb.							
Jan 14.04	14.18	14.02	14.05	.04	3,536		
Feb 13.51	13.66	13.45	13.62	.10	3,564		
Cocoa (ICE-US)-10 metric tons; \$ per ton.							
March 1,882	1,910	1,836	1,905	-2	143,099		
May 1,887	1,911	1,840	1,908	...	53,074		

Currency Futures

Japanese Yen (CME)-¥12,500,000; \$ per 100Y							
Jan .8884	.8888	.8866	.8872	-.0020	2,303		
March .8917	.8921	.8891	.8900	-.0019	224,918		
Canadian Dollar (CME)-CAD 100,000; \$ per CAD							
Jan .7973	.8005	.7973	.8004	.0027	1,118		
British Pound (CME)-£62,500; \$ per £							
Jan 1.3528	1.3563	1.3528	1.3558	.			

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, 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.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, January 4, 2018

	Stock	Sym	Net Close	Chg	Stock	Sym	Net Close	Chg	Stock	Sym	Net Close	Chg	Stock	Sym	Net Close	Chg
	A	B	C													
ABB	ABB	27.45	0.23		Autodesk	ADSK	110.27	2.69	CapitalOne	COF	101.42	1.98	EMC	RJF	91.66	0.8
ACM	ACM	38.95	0.34		AutoHome	ATHM	73.30	1.02	CardinalHealth	CAH	63.66	0.04	Enron	LHH	42.18	1.2
AES	AES	10.83	-0.04		AVL	ALV	130.78	1.78	Carlyle	CG	23.90	...	ET	SYF	31.36	-0.4
Aflac	AFL	88.14	0.91		AVB	AVB	174.61	-3.18	Carnival	CCL	65.85	-0.55	ExpeditorsInt'l	EAT	80.77	-0.87
AGNC Inv	AGNC	19.72	0.10		Avangrid	AGR	48.96	-0.54	Caterpillar	CAT	159.44	2.16	Facebook	FBN	110.49	-0.05
Ansys	ANSS	151.88	0.40		AveryDennison	AVY	116.78	0.77	Cavium	CAVM	88.35	0.03	FirstEnergy	FEE	58.97	-0.07
ASML	ASML	180.75	1.67		AxaltaCoating	AXTA	32.22	0.12	Ecobee	ECBE	124.04	0.48	Fluor	FLR	100.70	-0.05
AT&T	T	38.00	0.35		BBT	BBT	51.07	0.61	GlobeMaxGmkt	GBOE	76.83	-0.36	GeneralMotors	GM	95.00	-0.05
AbbottLabs	ABT	58.82	-0.10		BCE	BCE	47.58	0.11	GoPro	GPRO	49.15	0.21	GlobalFoundries	GFS	100.00	-0.05
AbbVie	ABBV	99.38	-0.57		BCE	BCE	47.58	0.11	Hanesbrands	HBI	21.26	0.23	GoldmanSachs	GS	265.83	-0.05
Abiomed	ABMD	199.25	3.43		BEP	BEP	142.50	0.15	Heico	HEI	94.25	0.57	Google	GOOGL	104.33	-0.05
Accenture	AZM	156.83	1.83		BOK Fin	BOKF	92.02	-0.23	Hilco	HIL	11.55	0.12	HP	HPQ	110.00	-0.05
ActivisionBliz	ATVI	64.66	-0.65		BP	BP	43.04	0.17	Hilti	HIT	10.79	-0.26	Huawei	HWT	100.00	-0.05
AcuityBrands	ABY	180.64	2.96		BRF	BRF	115.52	0.12	Hokanson	HOK	10.00	-0.05	IBM	IBM	100.00	-0.05
Adient	ADNT	82.38	0.38		BT Group	BT	18.39	-0.08	HormelFoods	HDF	36.45	0.45	IndustrieAer	IA	100.00	-0.05
AdobeSystems	ADBE	183.22	2.18		BWXT	BWXT	61.06	...	Intel	INTC	144.93	-0.16	Intuit	INTU	100.00	-0.05
AdvanceAuto	AAPL	110.00	3.95		Baldwin	BIDU	245.73	0.18	Investec	IT	27.14	-0.05	Invesco	IVV	100.00	-0.05
AdvMicoDevices	AMD	12.12	0.57		BarkerHughes	BHGE	34.63	1.10	Itron	ITR	100.00	-0.05	JPMorganChase	JPM	100.00	-0.05
AdvSemEnergix	ASX	6.69	0.07		Ball	BLL	38.35	-0.18	Kinney	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Aegon	AEG	6.44	0.07		Bancroft	BANC	115.22	-1.53	Kirkland	KIRK	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AerCap	AER	52.97	0.29		BanColombia	BIB	12.19	1.14	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Aetna	AET	183.37	1.57		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AffiliatedMtrs	AMG	198.54	-3.58		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AgilentTechs	AGL	68.80	-0.52		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AgnicoEagle	AEM	46.86	0.40		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AlProducts	APPD	167.05	0.64		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AlkamataTech	AKAM	65.66	-0.34		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AlaskaAir	ALK	73.85	-0.81		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albermarle	ALM	132.00	-1.57		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Alcoa	AA	54.70	0.20		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AlexandriaREst	ALXN	126.74	-2.58		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Alexipharm	ALXN	122.69	-2.26		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Alibaba	BABA	185.71	1.71		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
AlignTech	ALGN	23.30	2.10		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Alkerimes	ALKS	54.50	-1.35		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Alleghany	Y	59.30	0.84		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Allegion	ALGN	81.37	1.12		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Alphabeta	ALBK	25.18	2.17		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albright	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100.00	-0.05
Albrite	BBL	13.70	0.24		BanCana	BIB	174.61	-3.18	KinneyBausch	KIN	100.00	-0.05	KinneyBausch	KIN	100	

BANKING & FINANCE

Developing Countries Embrace Bitcoin

In Sudan, a young woman wants her dowry paid in bitcoin. In Kenya, students are using it to bet on English soccer games, and use of the cryptocurrency in South Africa has surged amid political turmoil.

Around the world, investors

By Matina Stevis-Gridneff in Nairobi, Kenya, and Georgi Kantchev in London

are piling into bitcoin, sparking talk of a gigantic bubble after the virtual currency notched a 1,375% gain last year.

That includes people in developing and frontier markets, where it is often viewed as a haven from political and economic turmoil. Bitcoin has also been a means of navigating financial obstacles, like the lack of conventional banking services or limited access to foreign currencies, and even to skirt sanctions.

"The main attraction in bitcoin is the ability to transfer money without any restrictions or going through a bank, this was very important as there were U.S. sanctions imposed on Sudan," said Mohammed Mahgoub, a web developer who was one of the earliest bitcoin enthusiasts in Sudan.

In the developed world, central banks and senior bankers have warned investors away from such currencies, which they say they don't trust. In frontier markets, some people are turning to bitcoin precisely because they don't trust the country's bankers or the state.

"Buying cryptocurrencies is seen as a protection by people who have been constantly disappointed by central banks and politics," said Arnaud Masset, a Geneva-based analyst at brokerage Swissquote, which offers bitcoin trading to retail clients. "When conventional money fails, bitcoin wins."

In one sign of rising demand, bitcoin often trades in frontier markets, which are the smaller and least developed of emerging countries, at a significant premium to elsewhere.

On Golix, a Harare, Zimbabwe-based exchange, a bitcoin goes for \$22,000, a premium of more than \$7,000 to the price quoted on CoinDesk.

Bitcoin, a digital form of money with no government or central bank behind it, is often seen as a replacement currency in countries rocked by political or economic instability. People can use bitcoin, and similar digital currencies, as a store of value or as a way to circumvent government money-changing limits.

Mati Greenspan, an analyst at online trading platform



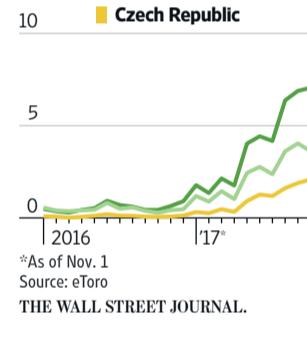
Eugene Mutai operates a laptop connected to a rack of cryptocurrency 'mining' machines at his home in Nairobi, Kenya. Many young Kenyans are using bitcoin.

LUIS TATO/BLOOMBERG

Emerging Currency

Bitcoin trading has surged in several countries amid political and economic instability.

Users trading bitcoin on the eToro platform, monthly change



THE WALL STREET JOURNAL.

Regulators to Rein In Criminal Abuse

Bitcoin has a reputation as the Wild West of markets. But the sheriffs are closing in.

Governments have increased scrutiny of cryptocurrencies, mixing tough rhetoric about the risks involved with, in some cases, new rules around trading and fundraising.

In China, authorities shut the country's biggest cryptocurrency trading exchanges last autumn to curb speculation and deter domestic investors from using bitcoin to evade the country's tight capital controls.

South Korea is considering

doing the same.

U.S. regulators have been more liberal, greenlighting the trading of bitcoin futures last year. But officials, including Federal Reserve Chairwoman Janet Yellen, have also warned about the potential harm to individual investors.

The global rule makers' response has escalated in tandem with the phenomenal rise, and periodic slumps, in the price of bitcoin. It surged from about \$1,000 at the start of 2017 to more than \$19,000 in December but has since fallen back to about \$14,900 as of late Thursday.

Regulators aren't just worried about the potential for investors to suffer sharp losses if the bitcoin frenzy abates. Gov-

ernments have long fretted about the use of cryptocurrencies by criminals who look to avoid detection by skirting standard payments systems. They are also becoming more concerned about apparent hacking of bitcoin markets.

As regulators bring greater scrutiny to bitcoin and other cryptocurrency markets, they are challenging what for many is key to their appeal: the lack of government and central-bank involvement.

The question now is, can bitcoin stay true to its roots as a cryptocurrency free from official meddling, or will it become just another regulated—but, arguably, safer—financial asset?

—Steven Russolillo

November 2017, albeit from a low starting base, according to the site.

Kenyans use bitcoin to bet on anything from horse races to English soccer matches, according to Bovado and other betting sites. But many young Kenyans are also using bitcoin to enjoy services others in the country can't access.

Several months ago, Kelvin Ngunyi, a 22-year-old web developer, exchanged 20,000 Kenyan shillings (about \$200) for bitcoin to pay for a subscription for a virtual private network, or VPN, that allows him to stream music through Spotify AB.

Still, bitcoin has some way to go before becoming a currency of choice in frontier markets.

In Sudan, Mr. Mahgoub is still trying to figure out how to get richer through it.

"I just have a couple of satoshis," he says, referring to the currency's smallest denomination, one-hundred-millionth of a bitcoin, named after its pseudonymous creator, Satoshi Nakamoto.

The recent drop in bitcoin value has also hurt. The price quoted on CoinDesk fell by more than a fifth from a high of \$19,343 in mid-December to about \$14,900 late Thursday.

—Gabriele Steinhauser in Harare, Zimbabwe, contributed to this article.

◆ Heard on the Street: A digital gold that is bitcoin B10

nected with money laundering and terrorist financing. It is also emerging as a way to circumnavigate international sanctions, because it reduces reliance on the U.S. dollar and removes intermediaries like banks, which have an obligation to report transactions.

"It's a convenient and fast way to skirt sanctions," Swissquote's Mr. Masset said.

Three decades of sanctions had starved Sudan of hard currencies, including U.S. dollars, making it hard for people and businesses to buy international goods and move money out of the country.

While the U.S. lifted some

sanctions in October, the

country remains listed as a state sponsor of terrorism, keeping it on blacklists of virtually all Western banks.

Enter bitcoin. The Facebook group "bitcoin Meetup Sudan" was founded in 2013 as a forum to exchange information about the cryptocurrency and has increased to about 1,800 members.

Mr. Mahgoub, the Sudanese web developer, said that one of the group's members was a manager of a nonprofit organization that wanted to use bitcoin as a way to collect donations from the Sudanese diaspora.

On a recent post, Islam Mirghani Aslam said she wished

she could receive her traditional bridal gifts in bitcoin instead of the local currency.

The increased adoption of smartphones in the developing world is another factor that has paved the way for the bitcoin boom.

Sub-Saharan Africa, which accounts for roughly a 10th of the global mobile subscriber base, is expected to increase 50% faster than the global average in the next five years, according to research firm GSMA Intelligence.

In Kenya, one of Africa's most advanced economies, with high connectivity, the number of bitcoin users rose 1,400% on eToro in the year to

CFTC Focuses on Cryptocurrencies

By GABRIEL T. RUBIN

The top U.S. derivatives regulator is moving to address financial-industry concerns over its oversight responsibilities for virtual currencies and related futures products.

Two Commodity Futures Trading Commission advisory committees, which include both regulators and industry participants, will meet in late January to address issues related to policing activity on virtual-currency exchanges.

It pushed back on criticism

the clearing of bitcoin futures and the risk of fraud and manipulation related to virtual currencies.

"Ignoring virtual-currency trading will not make it go away. Nor is it a responsible regulatory strategy," said CFTC Chairman J. Christopher Giancarlo in a statement announcing the meetings.

In addition, the CFTC also released a fact sheet further elaborating on its approach to regulating virtual currencies. It pushed back on criticism

leveled by powerful institutional investors, including billionaire Thomas Peterffy and the Futures Industry Association, who have opposed the CFTC's approach to bitcoin futures. They have raised concerns about whether clearing bitcoin futures alongside other more traditional derivatives products might introduce unwanted risks into the clearing process.

The CFTC has labeled bitcoin a commodity, but as with other commodities, it mostly

lacks jurisdiction over a product's primary market, as it has taken pains to remind investors. The CFTC can, however, regulate bitcoin markets that lend traders money to increase their bets.

Mr. Giancarlo has been more willing to embrace virtual currencies than other regulators and has said proper enforcement of bitcoin and its related products would increase transparency and limit wrongdoing, making virtual currencies safer.

Allstate Promotes Three as President Retires

By NICOLE FRIEDMAN

Allstate Corp. promoted three executives on Thursday ahead of the retirement of President Matt Winter.

Mr. Winter, 60 years old, is set to retire in late February after eight years at Allstate. It was a voluntary decision and not a surprise internally, according to Allstate Chairman and Chief Executive Tom Wilson.

"We've been working on this for a while," Mr. Wilson said in an interview.

Allstate appointed Mario Rizzo, currently chief financial officer of the company's personal-lines division, to be CFO of the entire company.

The insurance company also named current Allstate CFO Steve Shebik vice chairman

and appointed Glenn Shapiro president of the personal-lines division.

Allstate's CEO, who is also 60, said he has no plans to retire.

"What I said to the board is I

have no intention in leaving at this point...and I'll keep working as long as you want me to keep working," he said.

"Our business has got a lot of momentum coming out of 2017,

and we're doing all this innovative and fun long-term stuff," he said.

Allstate has raised car-insurance prices in recent years to offset the cost of more auto accidents around the country. It has also invested in new technologies, such as using location data to assess how well its customers drive.

The company reported better-than-expected operating income of \$587 million, or \$1.60 a share, for the third quarter despite \$861 million in catastrophe losses from Hurricanes Harvey and Irma. The company announced estimated October catastrophe losses of \$516 million pretax, mostly due to wildfires in California.

—Allison Prang contributed to this article.



Allstate President Matt Winter

Citigroup Is Rebuked On Laundering Curbs

By CHRISTINA REXRODE

A U.S. regulator said that Citigroup Inc. hasn't lived up to its promises to beef up anti-money-laundering procedures.

The Office of the Comptroller of the Currency said Thursday that Citigroup's deposit-taking bank, Citibank NA, hasn't adhered to a 2012 order that accused it of failing to fully comply with the Bank Secrecy Act. This requires financial firms to report suspicious activities and take other measures to prevent potential money laundering.

Thursday's regulatory action suggested to some lawyers that the administration of President Donald Trump, despite promises to loosen bank regulation, is drawing distinctions.

"The big question for the new administration was how they were going to categorize [anti-money-laundering] compliance," said Ross Delston, a Washington-based attorney who specializes in the topic. "Would they view it as yet another regulatory burden left over from previous administrations, which they abhor? Or would they view it as it should be viewed, with a law enforcement and national security framework?"

The Citigroup order could signal the administration is drawing a distinction on what

exactly it is willing to roll back, he added.

The original 2012 cease-and-desist order against Citigroup said the bank had inadequate internal controls and independent testing. This, the OCC said, prevented it from conducting adequate due diligence on customers in correspondent and retail banking.

As a result, the bank failed to file some reports on suspicious activities, the regulator said at the time.

The OCC then ordered Citigroup to fix those problems but didn't fine the bank. In Thursday's statement, the OCC didn't specify its complaints, except to say that Citigroup had "fail(ed) to complete corrective actions to address...compliance issues as required by the order." The OCC fined the bank \$70 million and left the consent order in place.

The bank neither admitted nor denied wrongdoing following the OCC's Thursday announcement or the 2012 order.

"Citi is committed to taking all necessary and appropriate steps to remedy the concerns identified by the OCC," a spokesman said. "We have made substantial investments to enhance our [anti-money-laundering] programs and we maintain a commitment to developing an industry-leading program to help to protect the integrity of the financial system."

MARKETS

Treasurys Ease on Strong Jobs Report, Advancing Equities

By DANIEL KRUGER

U.S. government bonds edged lower on Thursday as signs pointed to continuing strength in the labor market.

The yield on the benchmark 10-year Treasury note rose for the second time in the past three trading sessions, to 2.452% from 2.445% Wednesday. Yields rise as bond prices fall.

Some investors sold bonds and bought stocks as equities around the world advanced and the Dow Jones Industrial Average pushed above 25000 for the first time.

Private U.S. employers added 250,000 workers in December, according to data from payroll processor Automatic Data Processing Inc. and forecasting firm Moody's Analytics.

Economists surveyed by The Wall Street Journal had expected the addition of 195,000 jobs. Upbeat economic data tend to weaken demand for assets that investors see as havens, including Treasurys.

The ADP report arrives ahead of Friday's monthly Labor Department data, which economists expect to show a 180,000 jump in nonfarm jobs for December, compared with 228,000 the prior month.

"It's a risk-on move to start the year," said Larry Milstein, head of government and agency trading at R.W. Pressprich & Co. "Everything's pushing in one direction, which is higher Treasury yields."

Investors will be looking at the wage data in Friday's labor report for signs that low unemployment, which has held at 4.1% for the prior two months—a level below what economists consider to be full employment in the U.S. economy—is starting to translate into higher take-home pay for workers. Some investors have

said that the relatively slow growth in wages has led to inflation being stuck below the Federal Reserve's 2% target. It last touched that level in February 2017.

Inflation poses a threat to the value of long-term government bonds, because it chips away at the purchasing power of their fixed payments.

Treasury Auctions

The U.S. Treasury Department will auction \$146 billion in securities next week, comprising \$66 billion in new debt and \$80 billion in previously sold debt. Details (all with minimum denominations of \$100):

◆ **Monday:** \$48 billion in 13-week bills, a reopening of an issue first sold on Oct. 12, 2017, maturing April 12, 2018. Cusip number: 912796PA1.

Also, \$42 billion in 26-week bills, dated Jan. 11, 2018, maturing July 12, 2018. Cusip number: 912796PQ6.

Noncompetitive tenders for both issues must be received by 11 a.m. EST Monday and competitive tenders, by 11:30 a.m.

◆ **Tuesday:** \$24 billion in three-year notes, dated Jan. 16, 2018, maturing Jan. 15, 2021. Cusip number: 9128283Q1. Non-competitive tenders must be received by noon EST Tuesday; competitive tenders, by 1 p.m.

◆ **Wednesday:** \$20 billion in nine-year, 10-month 2.25% notes, a reopening of an issue first sold on Nov. 15, 2017, maturing Nov. 15, 2027. Cusip number: 9128283F5. Noncompetitive tenders must be received by noon EST Wednesday; competitive tenders, by 1 p.m.

◆ **Thursday:** \$12 billion in 29-year, 10-month 2.75% bonds, a reopening of an issue first sold on Nov. 15, 2017, maturing Nov. 15, 2047. Cusip number: 912810RZ3. Noncompetitive tenders must be received by noon EST Thursday; competitive tenders, by 1 p.m.

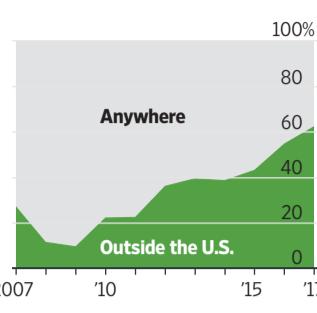
The high level of local demand is changing the way

Far East Fireworks

Companies and governments in Asia, excluding Japan, issued a record amount of dollar debt in 2017, driven by China. U.S.-dollar bond issuance in Asia*, in billions



A growing share of U.S. dollar-bond sales in Asia* is being marketed only outside the U.S.



Asian demand for dollar bonds lets issuers borrow at lower rates.

The extra yield investors demanded to own Asian dollar bonds over U.S. Treasuries' 3.5 percentage points

Chinese firms were some of the biggest Asian* issuers of U.S. dollar debt in 2017.

DEAL VALUE	\$22.7 billion
Industrial & Commercial Bank of China	12.5
China Evergrande Group	9.1
Indonesia	9.0
China Huarong Asset Management	8.6
CK Hutchison Holdings	7.7
Bank of China	7.6
Postal Savings Bank of China	7.3
Alibaba Group Holding	7.0
China Development Bank	6.6

THE WALL STREET JOURNAL.

U.S.-Dollar Bonds Bloom in Asia

By SAUMYA VAISHAMPAYAN AND YASUFUMI SAITO

Asia is becoming more self-reliant, at least when it comes to buying and selling U.S. dollar-denominated bonds.

Growing Asian wealth and local investors' desire for assets denominated in currencies other than their own, especially in China, have helped fuel demand for dollar bonds in the region.

Bankers and analysts say the appetite for dollar bonds remains strong given the pool of cash that still needs to be invested, even after Asian companies and governments, excluding those in Japan, issued a record \$333.9 billion last year, according to Dealogic data.

The high level of local demand is changing the way

banks sell dollar bonds in Asia, often allowing them to bypass U.S. investors and complete offerings more quickly.

"Asian issuers increasingly do not need to go to the U.S. market to get the same pool of liquidity as they did before," said Terence Chia, head of the Asia-Pacific debt capital-markets syndicate at Credit Suisse in Hong Kong.

The boom last year was driven by China, where rising domestic-bond yields meant it was cheaper for many companies to borrow in U.S. dollars.

Thanks to the bounty of cash in the region, Asian investors are grabbing a larger share of the dollar bonds sold by Asian issuers.

About 76% of Asian dollar-bond deals were allocated to Asian investors in the fourth quarter of 2017, according to

preliminary data from J.P. Morgan, up from 58% in 2011's fourth quarter.

Asian banks such as Bank of China have become bigger players in selling dollar bonds in the region as local demand rises, based on Dealogic data comparing 2017 with 2013.

And Asian banks excluding Japan are grabbing a larger share of the estimated fees on those U.S. dollar-bond deals, as they received about \$840 million, or 43%, of the estimated fees in 2017, according to Thomson Reuters, up from \$96.14 million, or 13%, in 2013.

A growing share of U.S. dollar-bond sales in Asia, excluding Japan, are being marketed only outside the U.S., according to Thomson Reuters.

Those offerings, which are known as Reg-S deals, allow debt securities to be offered

and sold to investors without being registered under the U.S.'s Securities Act and are typically completed quicker than the deals offered in the U.S.

Chinese companies were some of the biggest issuers of dollar debt in Asia last year. Asian Development Bank and Industrial & Commercial Bank of China topped Dealogic's list of the 10 biggest non-Japanese Asian issuers of dollar debt in 2017 by deal value.

The demand for dollar bonds in Asia means issuers are able to borrow at lower interest rates, shrinking the extra yield that investors earn from Asian dollar bonds compared with Treasuries. At the end of 2017, the extra yield they demanded was down at 1.61 percentage points, according to ICE.



Tensions in Venezuela, seen here, and Iran, along with a decline in U.S. crude inventories, sent prices to a new three-year high.

Stockpile Data Send Crude Higher

By STEPHANIE YANG AND SARAH MCFARLANE

USA Inc. "It was a gigantic number."

Meanwhile, stockpiles of oil products rose by more than analysts were anticipating.

Gasoline inventories increased by 4.8 million barrels and distillate inventories rose by 8.9 million barrels as refineries increased utilization rates.

However, some analysts said the extreme cold spreading across the East Coast could interrupt refinery operations and lead to a surge in demand for heating fuel.

As the amount of crude in storage has declined, geopolitical risks around the world raised concerns about disruptions to supply from major oil exporters. Prices have risen 11 out of the past 14 sessions.

"Firming fundamentals have placed the market on the firmest footing seen in several years," said Michael Tran, director of energy strategy at RBC Capital Markets, in a Thursday note. "Recent production hiccups in the North Sea and Libya are examples of how outages will be magnified

as the global storage surplus continues to taper."

Most recently, antigovernment protests in Iran have helped support oil prices over the past week, partly driven by economic grievances after the lifting of international sanctions two years ago didn't generate an expected windfall.

Some foreign leaders, including U.S. President Donald Trump, have been critical of how Iran has used money on foreign conflicts, another focal point of protester anger.

"The market has taken a strong cue from the increased level of back-and-forth between Iran and the U.S. in response to widespread pro-reform protests in the third-biggest OPEC crude producer over the last week," said consultancy JBC Energy in a note.

"The potential reinstatement of U.S. sanctions targeting the Iranian oil industry remains an issue."

The U.S. is due to review temporary waivers on sanctions against Iran this month.

For now, Iran's oil exports haven't been disrupted.

Iranian daily crude oil loadings have remained consistent, in line with the volumes exported since mid-December, according to Kpler, a tanker tracking firm.

Analysts also pointed to deteriorating economic outlooks creating uncertainty in other large producers including Venezuela.

"The No. 1 issue is the geopolitical situation...not only Iran, because we also have an escalating situation in Venezuela where they haven't been able to pay their debt recently," said Torbjorn Kjus, oil analyst at Norway-based DNB Bank.

Mr. Kjus said there was a risk that Venezuela could "collapse" in 2018, which could entail several different scenarios, from a coup to a general strike, or a slow choking of the economy. Venezuelan production is falling by around 50,000 barrels a month, he added.

Gasoline futures rose 0.5% to \$1.8067 a gallon and diesel futures fell 0.5% to \$2.0770 a gallon.

Agency's Reversal On Marijuana Chills A Hot Stock Sector

By BEN EISEN

Stocks and funds that represent the marijuana industry fell hard after reports of the Justice Department's plan to rescind its hands-off policy on the drug.

EQUITIES The Justice Department revoked an Obama-era policy that largely left marijuana enforcement to local authorities in states that have legalized its sale, according to a statement made public Thursday. Attorney General Jeff Sessions will allow top federal prosecutors in each state to determine how aggressively to enforce drug laws tied to marijuana trafficking and sales.

The move put a damper on recent gains in marijuana stocks, just days after they surged when California became the latest state to legalize pot sales for recreational use on Jan. 1.

The ETFMG Alternative Harvest exchange-traded fund, which holds stocks like **Aurora Cannabis**, a producer and distributor of medical marijuana, and **Canopy Growth**, a diver-

sified cannabis company, was down as much as 9.7% at one point Thursday, though it pared losses to close down 6.2%. The Horizons Marijuana Life Sciences ETF fell as much as 15% before closing 8.7% lower.

Many marijuana-linked stocks fell sharply on the day. Aurora sank 8%, while Canopy was down 10%. **Medreleaf** dropped 9.1% and **Cronos Group** sank 9.3%. All are top-10 holdings in both ETFs.

Still, many pot stocks are up sharply over the past 12 months, with Aurora rising 441% and Canopy up 218%. That extended into the first two trading sessions of 2018. Even with Thursday's drop, the ETFMG fund is up 8.9% this year and the Horizons ETF has risen 13%.

Investors have piled into the products to take advantage of the burgeoning marijuana industry.

The ETFMG product, which switched its focus to marijuana from Latin American real estate on Dec. 26, grew its total assets from \$5.6 million that day to \$272.8 million on Thursday morning, according to the company. Change in asset value is typically a function of moves in the money flowing in and out of a fund as well as moves in the prices of underlying holdings. The ETF providers say they believe the fund could grow to \$1 billion in the next few months.

The Horizons ETF, which launched in April of last year, now has more than half a billion Canadian dollars in assets.

Investors are rushing into a market that is still made up of many companies with small market values. The stocks tend to be volatile. The Horizons ETF, for example, has had 15 daily moves of more than 5% in the nine months since it went live. Its share price has also doubled during that span.

Losing Momentum

The ETFMG Alternative Harvest ETF slid Thursday morning, though it pared some losses in the afternoon.

\$38



Source: FactSet

THE WALL STREET JOURNAL.

MARKETS

Severe Weather Drives Up Energy Prices

Frigid temperatures across half of the U.S. raise heating demand; one area has 90% gain

By STEPHANIE YANG

A major winter storm pounding the East Coast drove up heating demand and energy prices, as the eastern half of the U.S. grappled with a stretch of extreme cold not seen in years.

The National Weather Service issued a warning for "bitingly cold temperatures and dangerous wind chills" stretching from the Southeast to New England through the rest of the week.

The storm, referred to by some meteorologists as a "bomb cyclone," which occurs when there is a rapid drop in atmospheric pressure, created a surge in demand for commodities used for heating, such as natural gas and fuel oil.

Substantially lower-than-average temperatures across half of the country have led to record heating demand. According to PointLogic Energy, total natural-gas consumption reached a record of 143 billion cubic feet on Jan. 1.

Analysts were expecting natural-gas demand to climb further as temperatures drop going into the weekend. "The worst is still yet to come," said Luke Larsen, vice president of analytics at PointLogic.

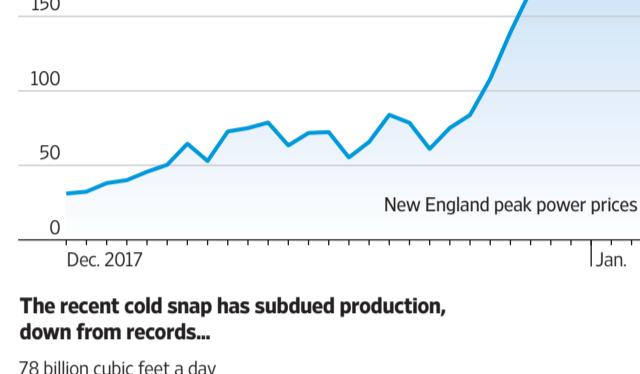
Natural-gas futures for February delivery rose to a one-month high this week and have rallied more than 10% since their lows in December. Spot prices in some parts of the U.S. have risen even more, as production and pipeline infrastructure have been hobbled by the freezing cold.

According to S&P Global Platts, New England next-day prices jumped to \$38.40 a million British thermal units Wednesday, up nearly 90%

A winter storm along the East Coast sent heating demand soaring, driving natural-gas spot prices up nearly 90% in New England...

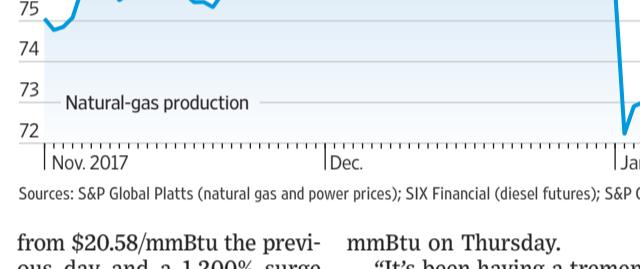
...as peak power prices have more than doubled since mid-December...

\$200 a megawatt hour



The recent cold snap has subdued production, down from records...

78 billion cubic feet a day



Sources: S&P Global Platts (natural gas and power prices); SIX Financial (diesel futures); S&P Global Platts Analytics (production); EIA (inventory)

from \$20.58/mmBtu the previous day and a 1,200% surge from \$2.94/mmBtu at the beginning of December. The most-active futures contract, which trades on prices at Henry Hub in Louisiana, closed down 4% at \$2.88/

mmBtu on Thursday.

"It's been having a tremendous locational effect on power and gas," Scott Shelton, a broker at ICAP PLC, said of the extreme weather.

The rapidly developing storm rattled energy markets

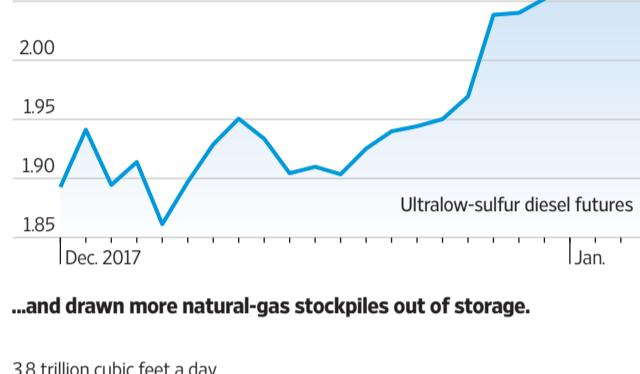
that were largely quiet at the start of December due to unseasonably warm weather.

After years of mild winters and depressed natural-gas prices, the storm for many is reminiscent of the polar vortex that swept across North America in



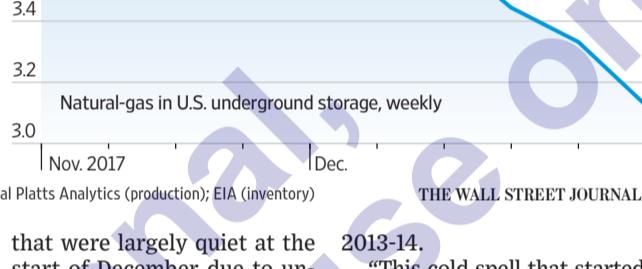
...and diesel futures hit a two-year high as generators switched to cheaper fuels.

\$2.10 a gallon



...and drawn more natural-gas stockpiles out of storage.

3.8 trillion cubic feet a day



THE WALL STREET JOURNAL.

2013-14.

"This cold spell that started almost two weeks ago now really is longer than anything we ever saw during the polar vortex," said John Borruso, director of natural-gas trading for Con Edison Energy. "This cold

has really stressed the natural-gas market from a physical perspective."

As natural-gas prices have surged, many generating units have switched to using fuel oil to provide power and heating. The price volatility has spread to other corners of the energy markets, and some traders anticipate markets such as crude oil and petroleum products could get roiled.

Mark Anderle, director of supply and trading at fuel marketer TAC Energy, said such worries have led to long lines at fuel terminals, as supply bottlenecks have kept trucks from loading up on diesel quickly.

"Diesel demand's going through the roof," Mr. Anderle said. "You've got people scrambling for diesel wherever they can find it right now."

Diesel futures closed at the highest level since February 2015 on Wednesday at \$2,088 a gallon, and edged down 0.5% Thursday. U.S. crude futures closed at a three-year high of \$62.01 a barrel.

Analysts are skeptical that the cold spell will last long enough to have a sustained impact on energy prices. Already, some researchers have adjusted their temperature forecasts higher for the second half of January, as weather is expected to return to more normal levels next week.

Meanwhile, U.S. companies recently ramped up natural-gas production to record levels, which helped ease worries of a supply shortage. While the cold weather has led to some disruptions in production, activity could rebound quickly after the storm passes, analysts said.

"The market is focused much further in the future," said Jacob Meisel, chief weather analyst at Bespoke Weather Services. "The real threat is if we get sustained cold. That's when you start playing with fire."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

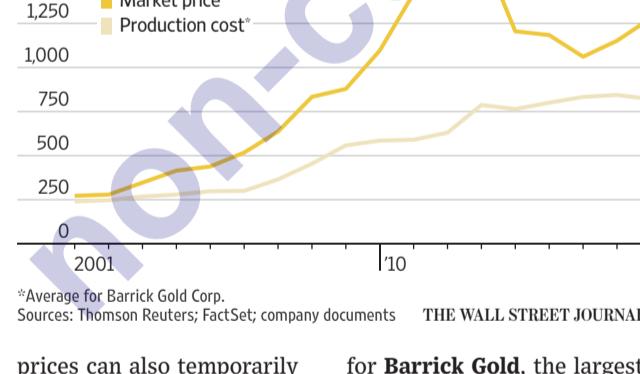
WSJ.com/Heard

Email: heard@wsj.com

Price Bitcoin Like a Commodity

Reality Check

\$1,750 per troy ounce



*Average for Barrick Gold Corp.

Sources: Thomson Reuters; FactSet; company documents THE WALL STREET JOURNAL.

prices can also temporarily move much higher when demand is strong but tend to fall back toward the marginal cost of production once worries about inflation or the dollar subside and gold begins to lose its appeal as a hedge.

The last great bull market in gold is a classic example: Prices peaked at around \$1,900 a troy ounce in 2011—more than three times the production cost, at the time

for Barrick Gold, the largest listed gold producer. By the end of 2016, gold prices had plummeted to \$1,151 a troy ounce, above Barrick's production cost of \$844, according to FactSet.

Applying the same analysis to bitcoin suggests its price could face a steep fall if demand dries up. The cost of minting a bitcoin is as low as \$3,224 in Louisiana, according to an analysis by the Crescent Electric Supply,

one of the largest electrical suppliers in the U.S. The Pelican State had the lowest average residential power costs in the U.S. as of October, according to the Energy Information Administration. Electricity is the biggest cost for bitcoin miners once they fork out for their equipment.

On the demand side, some investors appear to be using bitcoin as a hedge against currency weakness in a manner similar to gold. Deutsche Bank reckons that Japanese retail investors were the main force behind the monstrous bitcoin rally last fall—also a period of weakness for the yen, which shed about 6% of its value between early September and mid-November. Around 40% of bitcoin trading is yen-denominated, according to Japanese bank Nomura.

If the yen were to rise sharply this year, or even if investors begin concluding bitcoin is overpriced as a hedge relative to gold, bitcoin might have a long way to fall.

—Nathaniel Taplin

OVERHEARD

Total buzz kill.

The Justice Department's plan to rescind the Obama-era hands-off policy on marijuana couldn't have come at a worse time for pot investors. While the drug remains illegal under federal law, several states have allowed recreational and medical use.

Despite the legal haze, businesses and investment vehicles have embraced the pot industry, and investors grew more excited ahead of the start of recreational sales in California this week. The ETFMG Alternative Harvest ETF, which owns stocks such as Medreleaf Group, Canopy Growth Corp. and Scotts Miracle-Gro Co., began trading just before Christmas. Through Wednesday's close, the fund was up 29%.

Investors are taking the Justice Department's threat seriously. Shares of the ETF fell more than 9% Thursday morning. Scotts, whose fertilizer apparently is used by growers, rose 20% in the last six months of last year, but its shares fell 1.5% Thursday.

Reinsurers Still Stymied On Pricing

Global insurers suffered one of the worst ever years for catastrophe claims in 2017 after three major hurricanes hit the Caribbean and U.S. and terrible wildfires swept California. And yet the reinsurers that backstop the industry's worst losses are still struggling to lift prices at all, let alone impose the significant increases that used to follow severe losses.

Their problem is the huge supply of capital willing to back catastrophe insurance risks. This comes both from traditional reinsurers and alternative market sources like catastrophe bonds.

Total losses for 2017 are estimated at \$135.6 billion by Swiss Re, roughly tied with the worst annual losses since the early 2000s. Even after the losses, the industry had a significant excess of funds over the volume of reinsurance policies written. By mid-November, investors were putting more money into the market, according to Willis Re, the global broker.

Capacity, in other words, remains plentiful. So although reinsurers tried to raise prices before Jan. 1, they mostly had to back down at the last minute.

The upshot is that while prices rose 10% to 20% for some U.S.-specific policies that suffered the biggest losses, global catastrophe policy rates for 2018 are less than 5% higher compared with last year so far, though still below 2016 price levels, according to JLT Re.

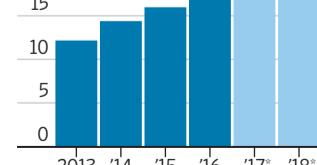
The best that can be said for the reinsurance industry is that the uninterrupted price falls of the past five years have been arrested. However, the era of historically low returns on equity from reinsurance is far from over.

—Paul J. Davies

Intel Chip Flaw Reveals Company's Long-Term Challenges

Stacked Up

Intel's data-center revenue per year



Sources: the company; FactSet *estimates

computers and servers currently in operation. Intel has been working with a consortium of other tech giants to develop fixes since becoming aware of the issue in June.

Those fixes are currently being deployed. Intel says most will see a "limited to negligible" performance impact from the changes.

The company also says it doesn't anticipate a financial impact, such as a charge to earnings or a "change in acceptance of our products." But some of that is due to the simple reality that Intel controls the vast majority of the market for processors for PCs and more than 90% of those sold for servers. In data centers in particular, the big cloud service operators have pressing needs. Combined capital spending by Amazon.com, Microsoft and Google parent Alphabet

Inc. for the first nine months of 2017 was up 28% year over year to \$29 billion.

In the long term, the impact is less clear. Intel faces strong competition as artificial intelligence shapes the future of computing. New data-center designs are incorporating different types of chips made by rivals such as Nvidia and Advanced Micro Devices. Deep-pocketed customers like Google are also now designing their own processors for part of their cloud workloads. And the future is further complicated by the Chinese government, which is investing heavily in its homegrown chip industry with an aim to take global share.

So Intel can ill afford to give its customers an excuse to look elsewhere—or to demand lower prices.

And it doesn't help that CEO Brian Krzanich made his largest stock sale on record in November following a late-year surge that put Intel's stock to a 10-year high. That sale was arranged and executed after Intel learned of the vulnerabilities, though the company denies any connection.

Intel has been a laggard in a powerful two-year chip stock rally. If it bungles the handling of this crisis, investors and customers will keep looking elsewhere.

—Dan Gallagher

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—Paul J. Davies

Kushner company lists
Brooklyn townhouse
M2



MANSION

'Wilderness is not a luxury but a necessity of the human spirit.'

—Edward Abbey

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

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THE WALL STREET JOURNAL.

Friday, January 5, 2018 | **M1**



NEWLY BUILT Sportscaster Dick Enberg and his wife, Barbara, finished their home shortly before Mr. Enberg's death last month.



UPGRADED Bill and Joan Whitacre bought a home for about \$1 million and spent another \$350,000 on improvements.



EXPANSIVE Kristi Mitchem and Thomas Mawhinney's 14,000-square-foot home sits on 2.8 acres.

It's the Real McCall

This former Idaho logging town attracts newsmakers and VIPs seeking an outdoorsy lifestyle away from the glitz of nearby Sun Valley; Dick Enberg's legacy home.



LUXURY BY THE LAKE Mansions are sprouting up along Payette Lake where log cabins used to sit. Seven homes in McCall, Idaho, sold for more than \$2 million in 2017, compared with four in 2016 and none in 2015. Still, the median sales price of homes in McCall is currently \$320,000—much lower than the \$502,000 in Sun Valley, the resort community to the southeast.

BY NANCY KEATES

MCCALL, IDAHO, IS NO SUN VALLEY—and many folks hope it stays that way.

While the resort town of about 3,000 has the requisite glacial lake and powdery ski slopes, McCall has retained the simple charm and small-town feel that's less evident in Sun Valley and Ketchum, Idaho, to the southeast. Those two towns have been reshaped, in part, by the influx of finance, tech and media titans—as well as celebrities—drawn to the annual Allen & Co. Sum-

mer Conference, which started in 1983.

If anything, McCall's lack of glitz has made it more attractive in recent years to newsmakers and other VIPs looking for a lower profile vacation spot.

"This wasn't about fur coats. It was about people loving the outdoors," says Bill Whitacre about why he and his wife, Joan, bought a second home in a 1,300-acre luxury golf-course community called Whitetail Club.

Mr. Whitacre, the CEO of Simplot Co., an agricultural concern, bought a 3,500-square-foot, three-bedroom house and a 1,500-square-foot

barn with two bedrooms in 2012 on 2.5 acres for about \$1 million. The couple then spent about \$350,000 on improvements.

When he's inside, Mr. Whitacre, 64 years old, spends most of his time in a small, bare office, working and planning motorcycle trips. "This is where I come to decompress," he says.

Whitetail Club has lured some notable sports figures, including NBC sportscaster Heather Cox, and football coaches Dirk Koetter of the Tampa Bay Buccaneers and Chris Petersen from the University of Washington. Chuck Pagano, former

Please turn to page M8

HOUSE CALL | PETULA CLARK

INSIDE

SHE FLED THE BLITZ AND FOUND BLISS

The British pop singer recalls living with her grandparents in 'bewitching' Wales; today, an apartment in Geneva.

Petula Clark, 85, is a Grammy-winning British singer-songwriter and actress whose 22 U.S. hits include "Downtown," "My Love" and "I Know a Place." Her new album is "Living for Today" (BMG). She spoke with Marc Myers.

Before my American hits in the '60s, before my popularity in France in the late '50s and before my British records and movies in the late '40s and '50s, there was Wales. I was sent there to live with my grandparents in 1941, when I was 7. It would be the most memorable year of my life.

My family lived in Epsom, England, about 15 miles southwest of London. My dad, Leslie, was handsome and had wanted to be an actor. My mother, Doris, was very pretty and musical but not very social.

Both of my parents were nurses at our local hospital. When Britain entered World War II in 1939 my father went into the Army.

We lived in an ordinary little semidetached house and lived an ordinary life—except we were being bombed all the



'DOWNTOWN' SINGER Petula Clark in New York in November.

time by Germany. Most of my schoolwork then was done in air-raid shelters.

My sister, Barbara, and I shared a room. She was four years younger than me, and we were quite different. Barbara was far more sensible. I had a ridiculous imagination.

I saw spooky things all the time and must have seemed slightly mad. I'd walk down the street in the pouring rain singing with my coat wide open. I was living a life in my head.

Singing came naturally to me. I listened to the radio and records from time to time. There was always music going on somewhere.

I sang only once in a local choir. I thought the music sounded boring, so I sang in harmony. Afterward, I was scolded and rapped over the knuckles. Then they threw me out of the choir.

Lots of children I knew had an equally peculiar childhood. We lived with the constant fear of bombings, hurried evacuations and the sudden tragic deaths of neighbors we had seen just hours earlier.

During the Blitz bombings

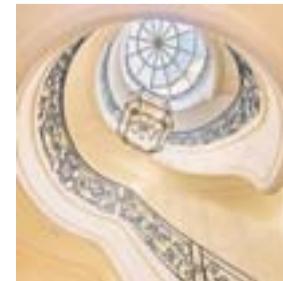
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\$38 MILLION
Miami Beach spec home listed **M2**



WEIGHTY WORDS
Desire for a gym exceeds its use **M3**



STEP IT UP
Three homes with grand staircases **M6**

MANSION

PRIVATE PROPERTIES

Big Ask in Silicon Valley



A

A 48-acre hilltop estate in Los Altos Hills, Calif.—believed to be one of the largest properties in Silicon Valley—will list for \$30 million.

Purchased in 1983 for \$2.45 million, the property previously had been used as a dairy farm, said seller Bob Fenwick, retired co-founder of BR Communications, a designer, manufacturer and seller of military-communications equipment, and his wife Jan.

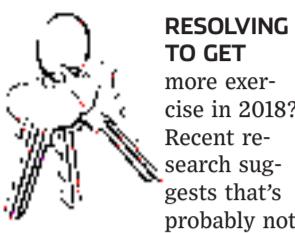
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MANSION

SPREAD SHEET | ADAM BONISLAWSKI

RENTERS LOVE THE GYM—IN THEORY

82% of respondents say an on-site fitness center is important in apartment buildings, but 42% note they rarely or never use those facilities



RESOLVING TO GET
more exercise in 2018? Recent research suggests that's probably not

going to happen.

In a survey of renter preferences across the U.S., 82% of renters say an on-site fitness center is an important building amenity, with 55% saying they wouldn't rent in a property without one. Yet 42% of the respondents say they rarely or never use

Gyms have become a standard amenity for rental developments

their fitness center—a significant gap between people's exercise ambitions and their follow-through.

The survey, conducted with the National Multifamily Housing Council, a non-profit trade group, by real-estate research firm Kingsley Associates, was done in July 2017. In it, 272,743 residents of 4,795 rental communities across the U.S. were asked about what they look for in apartment developments and what they are willing to pay for certain perks.

"It's all a question of what will get people to sign a lease," says Caitlin Sugrue Walter, senior director of research at the NMHC. "If 82% say they need a fitness center, then most places will have a fitness center."

Gyms have become a standard amenity for rental de-



velopments, with 91% of respondents living in a community with an on-site fitness center.

The findings are no surprise to University of California, Berkeley economics professor Ulrike Malmendier. In 2006, she and her Berkeley colleague, Stefano Del-

laVigna, published "Paying Not to Go to the Gym," a study that found people dramatically overestimate their future gym attendance.

"I think the phenomenon we documented is very robust and very pervasive," Prof. Malmendier says, noting that even though people

are fairly self-aware about their lack of gym commitment, "they are often still too optimistic about how much use they will make" of fitness centers.

The paper, published in the American Economic Review, looked at gyms unconnected to residential devel-

opments, but Prof. Malmendier says the NMHC survey provides an interesting example of the phenomenon that study observed.

"On the one hand, an on-site location is a really good idea in that we know that the slightest hurdle that makes it harder to go to the

Desire for a fitness center is high ...

The apartment-building amenities residents say they have the most interest in.

Reliable cell reception	92%
Secure resident parking	88
Secure amenity access	84
Swimming pool	82
Fitness center	82
Secure visitor parking	76
Gated community access	75
Recycling	75
Non-smoking buildings	75
Shared outdoor space	66
Additional storage space outside of unit	66
Sustainability / green initiatives	65

... but usage is spotty

Fitness-center usage reported by residents who have an on-site facility.

FREQUENCY	
Daily	7%
A few times a week	26%
Once a week	7%
A few times a month	15%
Once a month	4%
Rarely	25%
Never	17%

Source: National Multifamily Housing Council and Kingsley Associates

gym can have a huge effect," she says. "Having it in the building is a good thing in that you want to minimize the friction."

"On the other hand," Prof. Malmendier adds, "there is still some friction. You still have to go down and find the gym."

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Englewood, NJ

Scavolini Store Brooklyn
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Westbury, NY



5143 Tuscan Dawn

 **caesarstone®**

MANSION

SHE FLED THE BLITZ AND FOUND BLISS

Continued from page M1

in 1941, my mother sent Barbara and me to her parents' house in Abercanaid, in the south of Wales.

My grandparents were very poor. Their stone house didn't have running water or electricity, and the toilet was at the end of a long, thin garden.

My grandfather was still coal mining, and my grandmother cooked on an open fire. They both spoke Welsh, and soon so did I.

Wales was a rustic place and so different from England. There was something enchanted and bewitching about it. I felt free to get lost in my imagination.

Not far from my grandparents' house, I could cross a stream and go into the woods and climb the green hills. The surrounding countryside was a spiritual place, and I loved singing while wandering alone.

The first time I performed in front of an audience was in a chapel in nearby Pentrebach, across the River Taff. I sang solo in Welsh.

By 1942, British defenses had improved and the intensive German bombing of London subsided. My sister and I rejoined our mother in Epsom.

Not long after we returned, I went to the Criterion Theatre in London's Piccadilly Circus. The theater was deep underground, so it was really a glorified air-raid shelter.



A LIFE IN THE SPOTLIGHT Petula Clark at a New York City studio in November, above. Top left, she is seen in 1942 with her father, Lance Cpl. Leslie Clark. The Grammy-winner, top right, is shown circa 1970.

The BBC was putting on a radio broadcast for the armed forces. I was among 20 children waiting to go on the air to send messages to relatives in uniform.

During the rehearsal, Piccadilly Circus was bombed. When the shaking stopped, a producer asked if someone would like to sing, to bring the atmosphere down.

I raised my hand, so up on stage I went. They fetched a wooden box so I could reach the mic, and I sang "Mighty Lak' a Rose."

Faces lighted up in the control booth. They asked me to sing two more songs. That was the start of my career. The BBC invited me back to sing some 500 times. I also began performing live for the troops.

In 1944, while appearing at London's Royal Albert Hall, I was discovered by a British movie director. He cast me in the film, "Medal for the General," which led to a string of movie roles.

After the war, my family moved to a house just outside London, in

Surbiton. It was a little nicer. Early on, my dad could do no wrong in my eyes. Eventually he became my manager and our relationship became more stern and business-like. I didn't know my mother that well. She was shy and retiring, and she didn't want to have anything to do with show business. My sister got along with her much better.

Throughout the late '40s and '50s, I recorded for EMI, Decca and Pye. In 1957, I performed in Paris, singing in French. I became a sen-



sation there.

A turning point for me came in the early 1960s, when I saw Edith Piaf sing. Her performance helped me understand how to use love, pain and compassion when performing and not be afraid to let that out.

Songwriter Tony Hatch began working with me in the early '60s. One day he played me a song on the piano that he had just written. I told him if he could write lyrics as good as his melody, I would record it. When he returned with words, he called the song "Downtown."

I have no idea when or why my father changed my name from Sally to Petula. I'd like to go back to Sally now, but it is a bit late for a change.

Today, my husband, Claude Wolff, and I live in Geneva, Switzerland. We've lived there for about 40 years. We used to have a house, but we sold it several years ago and moved to a lovely two-bedroom apartment.

We have views of the Alps on one side and Lake Geneva on the other. The light is fantastic. My favorite space is our bedroom. It is quiet, and I have all of my own things around me. I also can see Mont Blanc.

I don't have anything to remind me of my time in Wales except my Welshness. It is something deep inside of me. Being Welsh means having a sense of music and magic. And a little mischief, too.

FROM LEFT: FRED RAMAGE/HULTON ARCHIVE/GETTY IMAGES; BRAD TRENT FOR THE WALL STREET JOURNAL (PORTRAIT); MICHAEL OCHS ARCHIVES/GETTY IMAGES

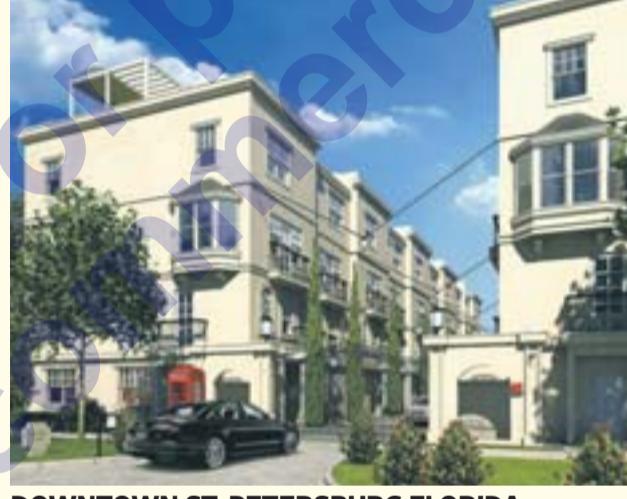


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JESSICA DONATI FOREIGN CORRESPONDENT

The Face of Real News

In 2013, Jessica Donati arrived in Kabul at the tail end of the U.S.'s transfer of security to the Afghanistan government. Despite the dangers, she traveled with and without military escort to report on the country's dramatic upsurge in violence. Over the next four years, Ms. Donati provided WSJ readers the full scope of the unending corruption, bombings and kidnappings that has encapsulated America's longest war.

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Luxury properties for sale in Florida, New York and California that have a grand staircase—or two

FROM LEFT: GIANFRANCO SPAGNOLO (2); THE CORCORAN GROUP (2)

**\$18 million**

Longboat Key, Fla.

Six bedrooms, six full bathrooms, two half-baths

Located in Longboat Key Club, this 12,095-square-foot home on the Gulf of Mexico has two grand staircases: One from the entrance to a two-story portico, and a curved, two-sided one from the foyer to a formal living room. The home, built in 2002, has four guest suites, a guest kitchen and an infinity pool.

Agent: Louis Wery, Premier Sotheby's International Realty

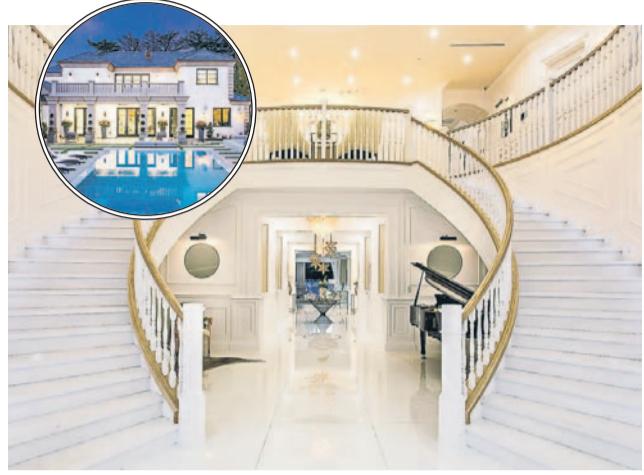
**\$39.8 million**

Sutton Square, Manhattan

Five bedrooms, five full bathrooms, six half-baths

This 9,600-square-foot home in a gated community has private parking and keys to a garden overlooking the East River. A filigree spiral staircase ascends from a double-story entry to a glass rotunda. The townhouse, built in 1899 was restored in 2008. It includes a fireplace and parquet wood floors. It also has an exercise room.

Agent: Carrie Chiang, Corcoran Group Real Estate

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Encino, Calif.

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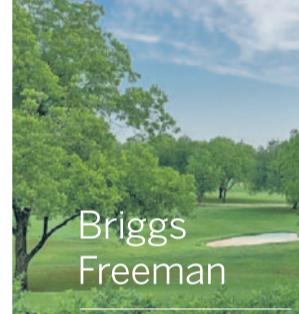
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Real Estate Trends



Fort Worth's Wild Ride

You may not realize this, but real estate is exactly like a rodeo: It takes some real, professional riders to succeed.

And succeed our "riders" do — the most experienced, insightful, friendly agents in this wild business. Real estate? Wild? Absolutely. It's got ups, downs, colorful characters, drama, history, thrills, spills, intrigue and a limitless future.

The *real* rodeo — the famous Fort Worth Stock Show & Rodeo — opens a week from today, on January 12. As its slogan says: This thing is legendary. What started in 1896 as a little rodeo on the banks of a creek has grown into three weeks of ropin', ridin' and spectacles at the Will Rogers Memorial Center, an Art Deco wonder built in 1936. You'll see broncos, bulls, sequins, sidesaddle drill teams, cowgirls, cowboys, trick riders, ropers, mariachis, folklorico dancers, livestock auctions, live bands, hundreds of exhibitors and thousands of people. Even the parking lots are a wow: some of the biggest, most impressive pickup trucks and horse trailers you've ever seen.

We love Fort Worth — so much so that we have two offices there: in the Cultural District and in Mira Vista, plus a ranch-and-land group, too, who bases out of the former. Our agents there — more than 100 in all — are deeply rooted in Fort Worth and its

surrounds. They know the culture, the neighborhoods, the land and the people. Every day, they connect those great people to great properties, from mansions to Midcentury Moderns, high-rises to ranches — in a place like no other. No city mixes the gritty with the glamorous like Fort Worth.

And, believe me, its real estate scene is as exciting as its rodeo. Just two examples? The sensational new Clearfork development with its restaurants, offices, residences and luxury stores, and the upcoming Walsh community of more than 7,000 acres of homes, parks, trails and thoughtful amenities. The new Dickies Arena, going up near the Will Rogers center, will be a game-changer when it opens in late 2019, not only as the new home of the rodeo but also as host to big-name concerts, large conventions and world-class basketball and hockey. It's already booked for a slew of NCAA and AAC games and championships.

Yes, Fort Worth is the place to be. Come see us. It's an amazing place to live, too.

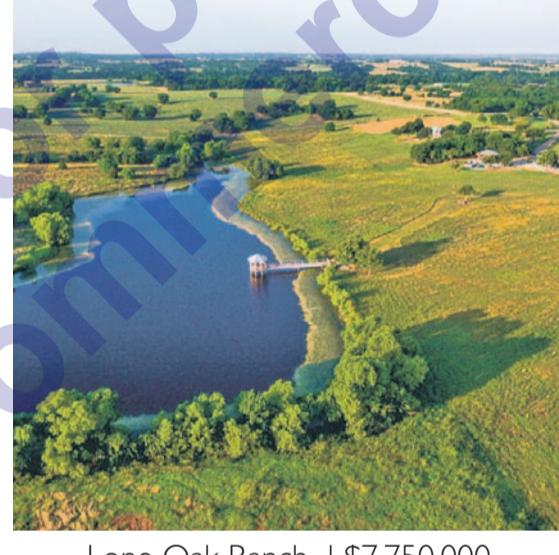

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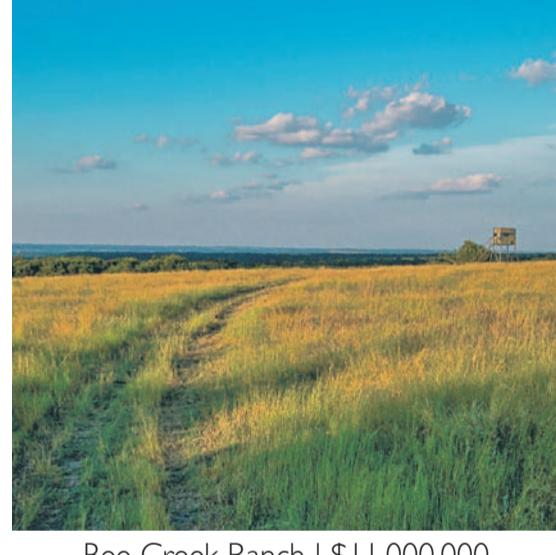
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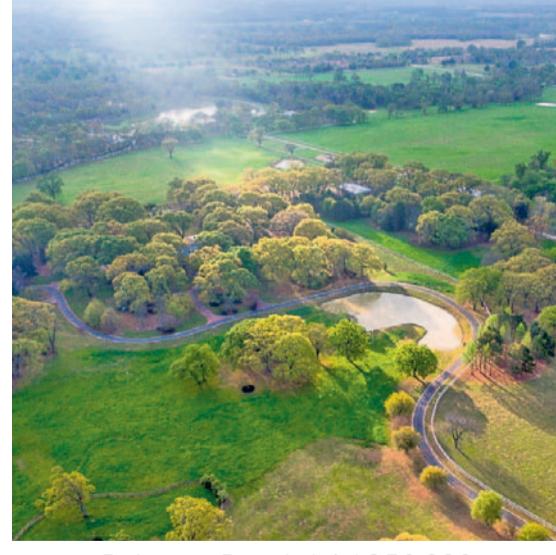
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MANSION

LUXURY BUYERS FIND THE REAL MCCALL

Continued from page M1

coach of the Indianapolis Colts, has been seen on the golf course. Legendary sportscaster Dick Enberg, who died last month at age 82, recently finished building a home at Whitetail.

Increasingly, young families from Silicon Valley, Texas and San Francisco are buying homes in and around McCall as weekend and summer getaways.

"I'd never set foot in Idaho. We'd thought of Idaho as potatoes and Boise," says Jane Butler, 48, a managing director at Google. She and her husband, Ian Kennish, 46, formerly a senior director at Yahoo and now a stay-at-home dad, wanted a lakeside house near a ski mountain to spend vacations with their two children. They considered Lake Tahoe, but found it was crowded and expensive—not to mention what can be a 10-hour drive in the winter from their Hillsborough, Calif., home. Besides, Tahoe felt too much like Silicon Valley, with the same vibe and intensity. Friends suggested they check out McCall, and in 2014 the couple bought a furnished house at Whitetail, where home listings currently range from \$1.2 million to \$2.9 million.

Ms. Butler declined to say what they paid for their four-bedroom, 4½-bathroom, 4,700-square-foot home, only that it would have cost far more in Tahoe. The trip to their Idaho house takes about three hours—a 1½-hour flight to Boise and then a half-hour charter flight to McCall. It's a two-hour drive from Boise.

Residents say the small, former logging town, settled in the 1880s on the shores of Payette Lake, has only changed a little in the past few decades. It's still normal to ski all day on nearby Brundage Mountain without waiting in line, and there's no residential mail delivery—everyone goes to the post office. Aside from a Subway sandwich shop, there are no restaurant franchises. The inclusion of a Starbucks in an Albertson's grocery store last year was big news.

McCall's high-end home sales have seen an uptick. Seven houses sold for more than \$2 million in 2017, compared with four in 2016 and none in 2015, according to Ambre Little, executive of the Mountain Central Association of Realtors. Still, the median sales price of homes in McCall is currently \$320,000—much lower than the \$502,000 in Sun Valley. Some 70% of McCall's houses are second homes, says Bob Crawford, a broker with Crawford Olson Real Estate Services.

Large new homes are sprouting up along the lake where log cabins used to sit. There is no more land available along the lake to build, and about a quarter of the lakeside homes have been built in the past two decades, says Boise-based real-estate agent April Rinehart, who sold five homes along the lake in the past year that range from \$1 million to \$4 million.

Ryan Stratton, 40, an accountant in Boise who spent vacations in McCall as a kid, bought in October what he says was a steal along the lake in McCall: a 1948, 2,000-square-foot log cabin for about \$600,000. (It was listed at \$925,000.) "McCall still feels like the place I grew up, except maybe the boats are fancier," he says.

Whitetail Club was started by Doug Manchester, a La Jolla, Calif.-based hotel developer who currently is President Donald Trump's nominee for U.S. ambassador to the Bahamas. During the housing crisis in 2008, Mr. Manchester sold Whitetail, including the golf course and Shore Lodge hotel, to Joe Scott, grandson of the grocery magnate Joe Albertson, Rich Hornechea of RMH Co. and John Sabala, Mr. Manchester's son-in-law.

In 2010, Mr. Scott, who grew up summering in McCall and is a bone fide Idahoan, acquired sole ownership of the club and lodge through his company Alscott Inc., although Mr. Sabala still owns a significant amount of land there. In 2016, the club bought Mr. Manchester's former 11,000-square-foot mansion along the lake and spent about \$8 million remaking it into the resort's clubhouse.

"We wanted a place with incredible amenities for all our members," says Dan Scott, Whitetail's president and general manager and the half-brother of Joe Scott.

Of Whitetail's total 233 lots, which go for between \$292,000 to \$1.2 million, 102 have been sold. About 50 homes have been built, including 14 cabins built as spec-



LAKESIDE Shore Lodge, a hotel across the street from Whitetail Club, a luxury golf-course community where home listings range from \$1.2 million to \$2.9 million



CHILLING The great room, above left, at Bill and Joan Whitacre's three-bedroom house on 2.5 acres at Whitetail. 'This is where I come to decompress,' says Mr. Whitacre, CEO of Simplot Co., an agricultural concern. Above right, the couple in the entryway of their home.



lative houses. There are five full-time residents.

Kristi Mitchem, 47, a banking executive, and her husband, Thomas Mawhinney, 49, a venture capitalist, bought a 2.8-acre lot in 2007 in Whitetail. They declined to say what they paid for the land, but a comparable lot would cost between \$1 million and \$1.2 million today, according to club management. The couple then built a 14,000-square-foot home, spending about \$200 a square foot—far less than what it would cost in Tahoe, Ms. Mitchem estimates.

The couple, whose main home is in Woodside, Calif., say they love the energy and buzz of the Bay Area, but they wanted somewhere to go where their children could get away from the "grit."

Heather and Bill Cox also were looking for an antidote to Silicon Valley when they moved from Atherton, Calif., to Boise in 2000. They bought a ¾-acre lot at Whitetail in 2010 and finished a 3,500-square-foot, three-bedroom, four-bathroom vacation home there in 2013.

In the summer, they and their two children, 10 and 12, golf and go waterskiing and wakeboarding. In the winter, the children are there every weekend for ski team.

"It's like a little bubble here. It's so safe. It feels private," says Ms. Cox, 47.

Mr. Enberg initially bought a 2-acre lot at Whitetail in 1995 for \$500,000 because he was friends with Mr. Manchester. Having never built a house, he went to McCall two years ago intending to sell his land. Instead, he and his wife, Barbara, decided to build, and they recently finished a contemporary mountain house.

Mr. Enberg, who was interviewed shortly before his death, said that building the house was "absolutely a romantic move on my part" and that he wanted to leave something for his children and grandkids that still felt simple and authentic.

Michael Hollenbeck, 44, a software entrepreneur, recently bought a five-bedroom, 2,288-square-foot house for \$323,000 with his wife, Crissy, sister Heather Mercy, and brother-in-law Shawn Mitchell. The property features vaulted ceilings and large windows overlooking a public golf course and a pond.

Mr. Hollenbeck, whose primary residence is in Boise, says the family plans to spend weekends there together and to rent the house out. There's no sense of grandiosity, Mr. Hollenbeck says. "It's a place where Idahoans can still hang out."

IDAHO SNOW Heather and Bill Cox finished their McCall vacation home in 2013. Bottom left, the kitchen and dining room. Bottom right, Ms. Cox, a sportscaster, in the great room.



FAMILY HOME From left, Shawn Mitchell and Heather Mercy, with their daughter Cadence, purchased a home with Michael and Crissy Hollenbeck, pictured with their son Kai and dogs Chloe and Sandy.