THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** TUESDAY, JANUARY 30, 2018 ~ VOL. CCLXXI NO. 24 WSJ.com ★★★★ $4.00

DJIA 26439.48 ▼ 177.23 0.7% NASDAQ 7466.51 ▼ 0.5% STOXX 600 399.80 ▼ 0.2% 10-YR. TREAS. ▼ 9/32, yield 2.695% OIL $65.56 ▼ $0.58 GOLD $1,339.80 ▼ $11.80 EURO $1.2383 YEN 108.96

What's News

Business & Finance

Selling in government bonds intensified around the world. The yield on the 10-year U.S. Treasury note notched its highest closing level since April 2014. **A1**

◆ **U.S. stocks retreated** as utilities and real estate shares declined. The Dow fell 177.23 points to 26439.48. **B11**

◆ **Global investors** are shifting more of their money from U.S. to foreign stocks. **B11**

◆ **The household saving** rate fell in December to its lowest level since September 2005 amid a spending splurge by Americans. **A1**

◆ **Coffee company Keurig** is taking over Dr Pepper Snapple, a deal that will unite popular brands that have faced struggles. **B1**

◆ **JPMorgan named** two executives to share the No. 2 post, the bank's clearest step yet to designate a potential successor to CEO Dimon. **B1**

◆ **MetLife delayed** its earnings report and said it would revise prior financial reports due to unpaid pensions. **B1**

◆ **France's Sanofi said** it would acquire Belgian biotech company Ablynx for $4.85 billion. **B3**

◆ **Lawmakers are moving** to stanch the flow of U.S. technology to foreign investors with legislation to broaden CFIUS's authority. **B4**

◆ **China's JinkoSolar** said it plans to open a solar-panel plant in the U.S., a week after Trump imposed tariffs. **B4**

◆ **Fitch is poised** to become the first of the world's major bond-rating firms to operate independently in China. **B10**

World-Wide

◆ **North Korea** has scaled back winter military exercises this year, a development U.S. officials believe reflects pressure from international sanctions. **A1**

◆ **FBI Deputy McCabe** left his post at the urging of his bosses following weeks of criticism from Trump and other Republicans. **A1**

◆ **A House panel voted** to make public a classified GOP-authored memo that alleges surveillance abuses against a Trump associate. **A4**

◆ **Trump is expected** to outline a broad agenda while spotlighting immigration in his State of the Union address. **A3**

◆ **The administration** said it was resuming refugee admissions from 11 countries, but with added vetting. **A3**

◆ **The Pentagon** has classified a sweeping range of data used to measure its progress in Afghanistan. **A7**

◆ **Xi is turning** to a trusted ally who ran his anticorruption campaign to help manage fraught U.S.-China ties. **A6**

◆ **Nafta talks** survived a sixth round, even as tensions flared between the U.S. and Canada over auto rules. **A8**

◆ **The GOP governors** association has decided to return $100,000 in donations from casino mogul Wynn's firm. **A4**

◆ **Melania Trump's flights** between the inauguration and her move to the White House cost over $675,000. **A5**

◆ **GOP Rep. Frelinghuysen**, chairman of the Appropriations Committee, said he won't seek re-election. **A5**

CONTENTS

January's Wave of Violence in Kabul Continues With New Attack

RAHMAT GUL/ASSOCIATED PRESS

TENSE GRIP: Afghan personnel stood guard at a military academy in Kabul, following an attack Monday that left 11 members of the Afghan security forces dead. The Pentagon has classified a range of data used to measure its progress in Afghanistan, a government watchdog said. **A7**

FBI Deputy Leaves After Criticism

Official faced allegations of bias amid Clinton and Russia probes

BY ARUNA VISWANATHA AND DEL QUENTIN WILBER

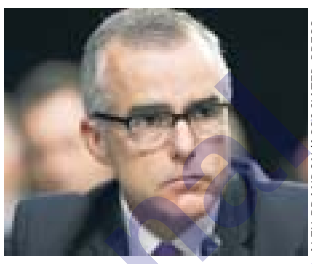
WASHINGTON—Deputy FBI Director Andrew McCabe left his post on Monday after his bosses urged him to step aside, people familiar with the matter said, following weeks of criticism from President Donald Trump and other Republicans.

Mr. McCabe will take leftover vacation time until he is technically eligible to retire from the Federal Bureau of Investigation in March, the people said.

Mr. McCabe has faced a steady string of attacks over an alleged conflict of interest stemming from his wife's previous run for Virginia state Senate as a Democrat before he became deputy director. He has denied any conflict.

Mr. Trump and other Republicans have cited the alleged conflict as part of a broader assertion of bias on the part of the FBI, Justice Department and special counsel's office as they investigate Russian meddling in the 2016 election and any links between the Trump campaign and Moscow in that effort. Mr. Trump has specifically called for Mr. McCabe's ouster.

Democrats say these assertions are an attempt to distract from the investigations and discredit them.



ALEX BRANDON/ASSOCIATED PRESS

Andrew McCabe

Trump's Focus
◆ Immigrants to be in spotlight at speech........ A3
◆ Panel votes to release Russia-probe memo........ A4

FBI Director Chris Wray, addressing Mr. McCabe's departure in an email to employees, said Mr. Wray "will not be swayed by political or other pressure" in making decisions, according to a person familiar with the message.

Mr. Wray thanked Mr. McCabe for his service, adding that Mr. McCabe said he would take leave immediately following a conversation between the two, the person said. The email was earlier reported by the New York Times.

In the message, Mr. Wray also said he wouldn't comment on a pending report from the Justice Department's inspector general, an in-house watchdog, which is expected to criticize the FBI's handling of an investigation into Hillary Clinton's email arrangement when she was secretary of state. The report is expected to prompt

Please see FBI page A4

North Korea Cuts War Exercises

BY MICHAEL R. GORDON AND JONATHAN CHENG

SEOUL—North Korea's armed forces have scaled back their annual winter military exercises this year, U.S. officials said, a development they believe reflects growing pressure from international sanctions on the isolated nation's economy and its military preparedness.

The North Korean maneuvers, which typically run from December through March, were slow in getting started and are less extensive than usual, American officials familiar with intelligence reports and experts outside the government said.

One possibility is that restrictions on shipments of oil and refined petroleum products to North Korea imposed by the United Nations have led the country, which has one of the world's largest standing armies, to conserve fuel by cutting back on ground and air exercises.

"Where this will have an effect is on ground-force readiness," said Joseph S. Bermudez Jr., a military analyst for 38 North, a website on North Korean affairs run by Johns Hopkins University's U.S.-Korea Institute. "Military units have to train to maintain their proficiency."

Still, military analysts inside and outside the government cautioned that the development hasn't yet led to a dramatic decrease in the North's military capabilities. There also appear to be no signs that sanctions are limiting North Korea's push to strengthen its nuclear and missile arsenal.

In a New Year's address, North Korean leader Kim Jong

Please see KOREA page A6

◆ China's Xi enlists 'fireman' to help manage U.S. ties........ A6

Government-Bond Selloff Accelerates World-Wide

BY DANIEL KRUGER AND MIKE BIRD

Selling in government bonds intensified around the world Monday, as a pickup in global growth is prompting investors to embrace stocks and other risky investments while dumping more staid holdings such as bonds.

As bond prices fall, their yields rise, and on Monday the yield on the benchmark 10-year U.S. Treasury note closed at 2.695%, its highest closing level since April 22, 2014.

Germany's five-year bond yield touched positive territory for the first time since late 2015. Yields also rose for the government bonds of France, Italy, the U.K. and Japan as prices fell.

Bond yields have climbed since the start of the year, spurred by signs of growth and increasing expectations for a pickup in inflation. Economic expansion can push investors into riskier assets while inflation poses a threat to the value of government bonds because it erodes the purchasing power of their fixed payments.

Some investors said those expectations, combined with growth in the supply of Treasury debt and a pullback in stimulus from central banks, have helped drive the selling.

Investors are closely watching the rising yields in government bonds because the 10-year Treasury is a key foundation of global finance, influencing borrowing costs for consumers, businesses and state and local governments.

Ultralow yields in recent years have also helped boost stocks by making them look more attractive to yield-seeking investors, while driving record debt issuance by U.S. companies.

"The Treasury market's going to be taking it on the chin," said Andrew Brenner, head of global fixed income at NatAlliance Securities. "You've set yourself into a bear market."

The endurance of persistently low bond yields, even while major stock indexes around the world have soared to new heights, has long confounded analysts and investors. Many had expected yields to rise in 2017, lifted by a surge of growth and inflation. Instead the 10-year Treasury yield finished the year lower than where it began.

Now, some are betting the selling will continue, in part because bond yields are rising as central banks around the world are sending signals that they are reconsidering postcrisis stimulus programs.

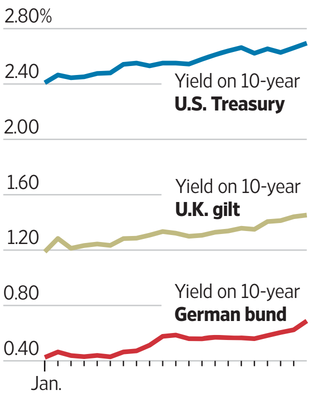
The European Central Bank scaled back its monthly bond-purchase program to €30 billion ($37.1 billion) in January from €60 billion in December, while the Federal Reserve is reducing its reinvestment in maturing

Please see BONDS page A8

◆ Long bonds signal unease on outlook........ B12

In Sync

Government-bond yields have rise this year as investors bet on a pickup in growth and inflation.



Sources: Ryan ALM (U.S.); FactSet
THE WALL STREET JOURNAL.

Lawyers Faced With Emojis And Emoticons Are ¯_(ツ)_/¯

* * *

Chipmunks, lipstick, champagne bottles are bones of contention in legal disputes

BY MIKE CHERNEY

Lawyers gathered at the Atlanta office of a big law firm were debating a head-scratching legal question. What does the emoji known as the "unamused face" actually mean?

They couldn't even agree that the emoji in question—it has raised eyebrows and a frown—looked unamused.

"Everybody said something different," recalls Morgan Clemons, 33 years old, a regulatory compliance lawyer at Aldridge Pite LLP who organized the gathering last summer at Bryan Cave LLP, called "Emoji Law 101."

She didn't even know that's what the emoji was named. "I don't think many of us in the room ever thought that's what it was."

Unamused face

Emojis—tiny pictures of facial expressions or objects used in text messages, emails and on social media—are no longer a laughing matter for the legal profession. Increasingly, they are bones of contention in lawsuits ranging from business disputes to harassment to defamation.

In one Michigan defamation dispute, the meaning of an emoticon, an emoji-like image created with text characters from a standard keyboard, was up for debate. A comment on an internet message board appeared

Please see EMOJIS page A8

INSIDE

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CHEMO'S RISKS LEAD TO SHIFT IN TREATMENT

LIFE & ARTS, A9

BLOOMBERG NEWS

NAFTA EXIT WOULD COME AT STEEP COST

OPINION, A15

Americans Save Less As Good Times Roll

BY HARRIET TORRY

Soaring stock prices and improving job prospects have set Americans off on a spending splurge that is cutting into how much they sock away for retirement and rainy days.

U.S. household net worth has risen from $56 trillion in 2008 to $97 trillion in the third quarter of 2017. It is natural for people to spend a bit of their rising lifetime savings when asset values are increasing. Economists call that a "wealth effect."

But when taken too far it can be a red flag that markets are getting overheated and households overextended. Previous busts—in the mid-2000s and the late-1990s—were preceded by periods of rising asset values and especially low saving.

The U.S. household saving rate dropped in December to its lowest level since the height of the 2000s housing boom, when many Americans were drawing on rising equity in their homes to spend on vacations, new cars, appliances and more.

This time they aren't feasting on debt as aggressively as they did back then, which should leave them less vulnerable should another downturn hit the economy. However, they have shifted decidedly away from a postcrisis rush to save for the future, which could leave them exposed if stocks or other assets take a sudden turn for the worse.

The saving rate was 2.4% of disposable household income in December, the Commerce Department said Monday. That was the lowest rate since September 2005, not long after then-Federal Reserve Chairman Alan Greenspan began warning about froth in housing markets.

The saving rate had risen to 6.6% when the recession ended in June 2009.

Clara Soh, a health-care consultant, said her investment property in Portland, Ore., has more than doubled in value since she bought it in 2009, and

Please see SAVING page A2

U.S. NEWS

Miami Soccer Fans Win a Franchise

ERIC ESPADA/GETTY IMAGES

GOAL-ORIENTED: Major League Soccer awarded its 25th franchise to a Miami group led by former international soccer star David Beckham. The name of the team, logo and first season haven't been announced. A 25,000-seat privately funded stadium is planned.

SAVING

Continued from Page One

she is thinking about selling to reap the capital gain. Feeling confident, she recently took a ski vacation to Japan and bought a new van.

"I felt like I could afford to," Ms. Soh said.

Confident about their employment prospects and seeing their portfolio and property increase in value, consumers currently feel their "assets are doing the saving for them," said financial adviser Lawrence Glazer, managing partner at Mayflower Advisors LLC in Boston.

Investors are tapping into retirement accounts for expenses "out of overconfidence rather than desperation," he said, noting that "everybody and their brother is renovating their kitchen and bath right now."

Aaron Parrish, a senior financial adviser at Triad Financial Advisors Inc. in Greensboro, N.C., said one of his clients, a divorcee and retired therapist, gave $56,000 in total to her two daughters and their spouses last year. "She would not have felt comfortable doing that if we did not have such a good year in the market," he said.

Some economists say it is too soon to ring alarm bells. The saving rate may have been depressed in December by households deferring income to 2018 in anticipation of lower tax rates, and by spending in anticipation of a tax windfall this year.

Shifts in the saving rate due to tax changes have precedent. The rate tanked in January 2013, to 4.9% from 11% the month before, when a payroll tax break expired and ate into take-home earnings.

"If the saving rate is still down in the 2%'s by mid-2018, then you can begin to worry, but any anxiety over this now will almost certainly prove to be misplaced," said Stephen Stanley, chief economist of Amherst Pierpont Securities.

The spending spree, meanwhile, is adding fuel to the economy. Consumer spending expanded at a 3.8% annual rate in the fourth quarter, with big gains in cars. That helped overall economic output expand at a 2.6% rate, above the 2% trend that has prevailed since the early 2000s.

"More and more, people want to live now," said Sheila Padden, owner of Padden Financial Planning LLC in Chicago. "Nobody's going crazy; they might be taking a trip or considering a vacation home. It's not extreme spending."

Economists said income gains would be key to keeping household spending on a steady course and household finances from getting overextended. That means the economy will depend on steady hiring and could benefit if wages start rising.

Moreover, the $1.5 trillion tax cut passed by Congress and signed by President Donald Trump could help in the near term.

Some of that tax cut will go directly to households in the form of lower individual income-tax rates. Some of it will be passed on by companies enjoying lower corporate rates.

A list compiled by Americans for Tax Reform, a conservative advocacy group that favors lower taxes, said Monday that at least three million Americans are receiving bonuses in the wake of the tax changes, and 275 companies have announced wage and salary increases, bonuses, or 401(k) match increases directly related to the cuts.

The path of debt is another wild card. Household debt levels aren't much higher now than they were in the mid-2000s boom, even though wealth and incomes have risen. Household debt levels fell from $14.2 trillion in 2007 to $13.4 trillion in 2011 and then rose back to $15.1 trillion by the third quarter. Moreover, low interest rates have held down the cost of servicing that debt.

Still, some economists said the recent rise is another sign that households could be on a path toward overextending themselves.

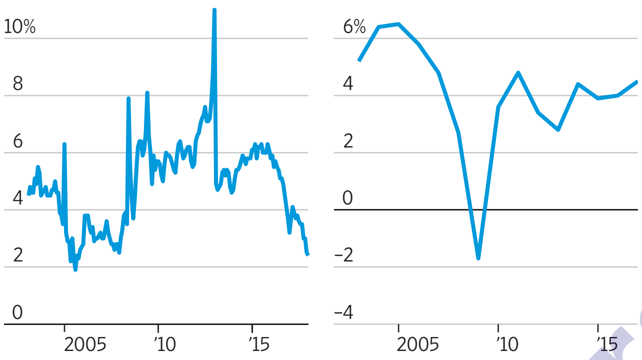
"Debt is climbing and we're not paying adequate attention to what could happen when those kinds of things go south," said Jonathan Morduch, an economics professor at New York University.

Rainy Day Retrenchment

Americans' rate of saving dropped to a 12-year low in December as consumers spent more.

Personal saving as a percentage of disposable income:

Personal consumption expenditures, annual percent change:



Source: Federal Reserve Bank of St. Louis

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Regulators Reject Idea Of a Nationalized 5G

By John D. McKinnon And Drew FitzGerald

WASHINGTON—A number of regulators and elected officials on Monday rejected as overly expensive and unrealistic the idea of a "moonshot" effort by the government to build a nationwide, next-generation wireless network, floated in a leaked internal national security memo.

The suggestion nonetheless highlighted a growing concern among government officials that the U.S. risks falling behind in the global race to establish 5G, particularly given China's aggressive efforts to develop a next-generation network.

It also echoes a case for shared infrastructure being made by Alphabet Inc.'s Google unit, which like other tech firms could benefit from the ability "to essentially offer a 5G service with little capital costs [and] with superior consumer brands," New Street Research wrote in a note Monday.

The anticipated 5G service will offer significantly faster user speeds and expanded capacity that could accommodate emerging technologies such as self-driving vehicles and the internet of things.

Although the notion of a government-built and -operated network appeared to fall flat, some experts said, the potential problem it highlighted isn't likely to go away and could require unorthodox solutions.

"This ball is going to keep bouncing even though the [Trump administration] has kind of put the kibosh on this," said Blair Levin, a New Street adviser and former Federal Communications Commission broadband expert.

The idea for a government-run system was pushed in recent weeks by Brig. Gen. Robert Spalding, a former Defense Department attaché in China who joined the National Security Council last year. He floated the proposal at a U.S. Chamber of Commerce dinner, according to people familiar with the event. The idea got a chilly reception from telecom executives attending, according to the people.

Gen. Spalding wasn't available for comment.

FCC Chairman Ajit Pai, a Republican, said he would "oppose any proposal for the federal government to build and operate a nationwide 5G network."

ASSOCIATED PRESS

FCC Chairman Ajit Pai doesn't want the U.S. government to build and run a nationwide 5G network.

CORRECTIONS & AMPLIFICATIONS

National Security Council officials have urged the Trump administration to consider extraordinary efforts to clear the way for next-generation 5G wireless service. In some editions Monday, a What's News item on Page One incorrectly said it was the National Security Agency.

Tom Hanks's character in "Cast Away" talked to a volleyball. An Off Duty article on Jan. 20 about watches incorrectly called the movie "Castaway" and incorrectly identified the ball as a soccer ball.

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

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Immigrants to Be in Spotlight at Speech

State of the Union address could build momentum or set back pursuit of a resolution

WASHINGTON—President Donald Trump plans Tuesday to outline in his State of the Union address a broad agenda for the coming year, but he is also expected to wade into a more immediate political showdown: an immigration deal.

By Louise Radnofsky, Siobhan Hughes and Kristina Peterson

Lawmakers were no closer this week to reaching an agreement on immigration since the impasse led to a three-day partial government shutdown earlier this month. But with all eyes on the president Tuesday night, the address offers the White House an opportunity to build momentum toward a resolution—or to set it back.

Republican hard-liners have voiced strong opposition to Mr. Trump's plan last week to offer a path to citizenship to the so-called Dreamers, undocumented immigrants brought to the U.S. as children by their parents.

"I can imagine some of my friends around me in a standing ovation, but I can imagine also some of my friends sitting with arms crossed, scowling," said Rep. Steve King (R., Iowa), one of the most conservative voices in his party on immigration.

Mr. King and other GOP lawmakers said they wanted to pull the president, a fellow Republican, back to the kind of immigration policies Mr. Trump advocated on the campaign trail, though Mr. King allowed that he could be hoping for "a little more than I'm going to hear."

Democrats have already signaled skepticism toward the White House's outreach on the issue. "What I would look for is someone who can demonstrate empathy," Rep. Joe Crowley (D., N.Y.) said. "I'm not holding my breath."

Mr. Trump is expected to urge lawmakers to support a framework for an immigration deal that his administration outlined last week.

In exchange for providing a way for the young immigrants to become citizens, it calls for limits on family-based immigration, an end to the visa lottery program that offers visas to people from countries that are underrepresented in the U.S., and an allocation of $25 billion to expand the border on the U.S.-Mexico border.

The White House's proposal has elicited criticism from both the president's own conservative base and immigrant advocates. Some advisers who had counseled the president to urge reasonableness to secure an immigration deal now expect the president may simply aim to show he tried to find a compromise.

"We cover immigration," said Mr. Trump, referring to the speech on Monday. "It's got to be bipartisan, because the Republicans really don't have the votes to get it done in any other way.... But hopefully the Democrats will join us, or enough of them will join us."

Beyond immigration, the president is expected to take a victory lap on the state of the U.S. economy, highlight the recently passed tax overhaul and reaffirm his goal to get "fair and reciprocal" trade deals.

On national security, he is planning to tout a vision of "peace through strength," warning of the nuclear threat in North Korea and heralding gains made against Islamic State during his first year.

Refugees From 11 Countries Allowed In

The Trump administration said it was resuming refugee admissions from 11 countries deemed national-security risks, while adding additional screening measures for them.

Senior administration officials said Monday that the new vetting would include more independent interviews of refugee applicants and their families but gave no other details.

The decision comes when refugee arrivals are at a low point, partly due to a near-total suspension of admissions from these nations, including places such as Iraq and Syria that have produced a large number of refugees in recent years.

Last summer, the administration suspended the refugee program as part of its travel ban, citing the need to review vetting standards. In the fall, it announced tougher refugee screening and resumed admissions for most of the world. Nationals of 11 nations, however, were to be admitted only on a case-by-case basis.

The result was that admissions from those countries plummeted. In recent years, about 40% of all refugees came from the 11 countries, but that fell to about 5% in the first three months of fiscal 2018, which began Oct. 1. In addition, the portion of all refugees who were Muslim fell to 14% from more than 40%.

Critics say those figures bolster their argument that President Donald Trump's aim is to ban entry to foreign Muslims, a promise he made when running for president. Administration officials say admissions aren't related to religion. The 11 include Iran, Iraq, Somalia and Syria, which account for the bulk of refugees in this group, and Egypt, Libya, Mali, North Korea, South Sudan, Sudan and Yemen, according to people familiar with the list, which isn't public.

—*Laura Meckler*

Los Angeles Coliseum and United Set Naming Deal

BY NOUR MALAS

LOS ANGELES—The Los Angeles Memorial Coliseum, a city landmark and historic venue for both sports and music, will become the United Airlines Memorial Coliseum in a $69 million deal struck between the airline and the coliseum's operator, the University of Southern California, according to people familiar with the agreement.

The deal is a crucial part of the university's $270 million upgrade of the 95-year-old Coliseum ahead of the 2028 Summer Olympics, which the Los Angeles stadium will host.

"Upgrading and renovating the L.A. Memorial Coliseum has been long overdue. It's needed, it's needed badly, and we are doing it now," USC President C.L. Max Nikias said in an interview, ahead of the deal's public announcement.

The Coliseum will become the only venue in the world to have hosted three Olympics; Los Angeles hosted the Summer Games there in 1932 and 1984.

The venue is home to the USC Trojans football team and, through next year, the Los Angeles Rams NFL team. It will assume its new name starting in August 2019, officials from USC and United said, when a new, co-branded logo will replace signs, including a historic marquee across the freeway.

The deal, worth $69 million over 16 years, is the largest naming-rights deal in U.S. college sports, the people familiar with the agreement said.

USC operates the Coliseum under a 98-year lease with the city, county and state. Mr. Nikias said the university has a contractual commitment, under that agreement, to invest at least $70 million in upgrading the Coliseum.

It is pursuing a much more comprehensive—and expensive—overhaul because the stadium has deteriorated since its last renovation in 1994, he said.

The renovations began this month and are expected to take around a year and a half to complete.

USC, one of the nation's wealthiest universities, has raised the $270 million needed for renovations from donors including alumni, as well as corporate sponsorships and now, the deal with United, Mr. Nikias said.

Home Team Sports, a sales unit of Fox Sports—the programming arm of Fox Broadcasting Co.—brokered the deal with United for USC, executives from USC and Fox Sports said.

They declined to detail terms between USC and Fox Sports entities, parts of which date back several years to broader agreements on multimedia and naming rights.

Fox Broadcasting's owner, 21st Century Fox, and **News Corp**, the parent company of The Wall Street Journal, share common ownership.

The deal boosts United Airlines' brand exposure in a market company executives said is important to the airline, which is owned by **United Continental Holdings** Inc. United Airlines has two hubs here, in Los Angeles and San Francisco, and has recently invested in improving its terminals at the Los Angeles airport.

HARRY HOW/GETTY IMAGES

The USC Trojans at the Los Angeles Memorial Coliseum in September. The stadium will be renamed the United Airlines Memorial Coliseum.

Score

Biggest naming-rights deals in U.S. college sports

United Airlines / University of Southern California, Los Angeles	$69 million
Alaska Airlines / University of Washington, Seattle	$41 million
TCF National Bank / University of Minnesota	$35 million
Kroger/ University of Kentucky	$22.5 million
Apogee / University of North Texas	$20 million
Charter Communications / University of Central Florida	$15 million
Texas Dow Employees Credit Union / University of Houston	$15 million
TD Ameritrade / College World Series	$15 million
University Federal Credit Union / University of Texas, Austin	$13.1 million
Albertsons / Boise State University	$12.5 million

Source: people familiar with the United/USC deal; University of Southern California (USC)

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Lawmakers Are Warned on Harassment

BY DAN FROSCH AND NOUR MALAS

SANTA FE, N.M.—Ed Mitnick, a lawyer from Massachusetts, recently traveled to the state capitol here to present an uncomfortable question to a room full of lawmakers.

"What about the serial hugger?" Mr. Mitnick asked, as a murmur rippled through the crowd. "The person who walks around the statehouse, and every time they see someone, they say, 'Gimme a hug. You look like you need a hug.' And they squeeze you very tight."

Many lawmakers across the country are experiencing for the first time what has been commonplace in the private sector for years: anti-sexual-harassment training.

The sessions are part of new requirements being implemented from New Mexico to Wisconsin to Ohio, months after sexual-misconduct allegations swept through state legislatures.

Both women and men say the statehouse can be an archaic workplace, slower to adopt reporting procedures and protections in place across large corporations.

Legislatures are especially susceptible to potentially inappropriate behavior because of the nature of lawmakers' work, people in and outside local government say. Political work often relies on personal relationships, and work days often spill over into social events.

"You can't change everyone, but you can get that group [of legislators]—whether they're doing it for moral reasons or survival—that want to change," said Sharon Roberson, president of the YWCA of Nashville and Middle Tennessee, who conducted the first in-person mandatory training for Tennessee House members this month.

Too often, legislative sessions resemble a "spring-break environment," unlike corporate workplaces, Ms. Roberson said. During her training, Ms. Roberson reminded lawmakers that their job is to conduct state business and that younger staff members need to be treated with respect, she said.

Since October, at least 10 state legislators across the nation have resigned as lawmakers or from leadership assignments because of allegations of sexual misconduct, according to the National Conference of State Legislatures.

Oregon, which offered anti-harassment training in the past for lawmakers, recently updated its approach to include demonstrations about how to interpret body language, including whether an open-arms gesture is an appropriate greeting.

The new training session led to a debate about whether there are better ways to address an old problem.

State Rep. Bill Post, a Republican who has a daily radio talk show, used airtime to criticize the Oregon training, which he called "painful" and "ridiculous."

On the radio, he likened the experience to getting dental work done outdoors in freezing temperatures, without pain medication.

Mr. Post told The Wall Street Journal that the training felt longer than usual but not substantially different, an indication, he said, that statehouses must rethink the approach altogether.

Florida's Senate approved a proposal on Jan. 24 that makes sexual-harassment training mandatory for its members.

New Mexico's session came after harassment allegations against several current and former New Mexico lawmakers have shaken the legislature.

The state's anti-harassment training focused on boundaries, using examples of jokes and comments about physical appearance or personal relationships. It was the first time lawmakers have received anti-harassment training since 2004.

New Mexico's legislature overhauled its policies on sexual misconduct and harassment this month. The changes include requiring an outside lawyer to review all allegations against lawmakers and holding anti-harassment training sessions every two years.

Elizabeth Thomson, an Albuquerque representative who helped craft the new policies, said the sessions are a first step. "I think we have a long way to go," she said.

Training Tips

Here are some examples of inappropriate situations, also known as 'red-light scenarios,' that came up in New Mexico's anti-harassment training.

◆ A group of employees have worked together a long time and regularly socialize together. They often tease each other (all in good fun) and talk a lot about their personal lives, including some graphic details of their dating lives.

◆ Larry comes to work with a tattoo of a naked woman on his arm.

◆ Eileen offers Tim a massage to relax his shoulders because he has been working on the computer all day and seems tense.

Source: Just Training Solutions LLC

Fitness Tools' Tracking Of Troops Stirs Concern

WASHINGTON—The Pentagon is reviewing policies that allow deployed troops to use activity-measuring devices and fitness apps that rely on GPS tracking, after publication of a digital map online accidentally exposed information that could reveal where American troops are deployed or even precisely where they exercise overseas.

By Gordon Lubold in Washington and Rob Taylor in Canberra

An interactive display called the Global Heat Map, published online by the fitness app Strava, is based on satellite information gathered to track the location and activity level of its users.

The map has existed online since the fall, but an Australian researcher demonstrated over the weekend how it could potentially be used to track the movement and locations of military formations, including U.S. troops.

Portions of the map show areas that likely constitute running or patrol routes for troops in places like east Africa, Iraq, Syria and Afghanistan—anywhere troops are deployed but where their locations and numbers aren't necessarily disclosed by the U.S. military, analysts said.

The publication of the map amounted to a potential security breach for the Pentagon, which usually avoids publicly disclosing even how many troops it has deployed to any given country.

Col. Rob Manning, a Pentagon spokesman, said Monday that officials weren't aware that troops have been directly endangered. He said the military is reviewing the issue to see if it should adjust its policies or training as a result.

The Pentagon hasn't banned use of the devices, Col. Manning said. But it did give discretion to commanders across the military to decide if they would allow their troops to use such devices. Other devices, such as Fitbits, work on a similar basis, by transmitting data so it can be stored online and later analyzed by their wearers.

The Pentagon said officials weren't aware that troops have been directly endangered.

Strava Inc. in a statement encouraged users to opt out of device-tracking apps. Fitbit officials said most of their users aren't synchronized with Strava.

Trump Likes Controversy, Conflict Less So

CAPITAL JOURNAL
By Gerald F. Seib

When President Donald Trump walks to the rostrum in the House of Representatives on Tuesday night to deliver his State of the Union address, he will be facing a throng of lawmakers who, even after a full year of exposure, are still trying to figure him out.

Here is a tip for them as they consider how to work with the president: He likes controversy, but he isn't all that fond of conflict.

That might seem like a contradiction, but it actually isn't. The distinction is important, and is woven through Mr. Trump's operating style during his first year in office.

He relishes stirring up controversy, and, in fact, believes stirring the pot advances his reputation as an outside agitator and improves his position by keeping adversaries off balance. But he usually keeps controversy at arm's length, using his Twitter feed or offhand comments to attack and posture.

By contrast, when he finally comes face-to-face with both friends and foes, his actual positions are often less contentious and rigid than his public posturing suggests. His Twitter bark is worse than his personal bite.

Thus, he angrily withdrew the U.S. from the Trans-Pacific Partnership trade pact, but then he walked into the very den of economic globalists at the World Economic Forum in Davos last week to say that he is prepared to negotiate a new version of it. He ordered the U.S. out of the Paris accord on climate change, but told British interviewer Piers Morgan over the weekend that, thanks in part to the personal intervention of French President Emmanuel Macron, who, "as you know, I like," he might rejoin the accord.

When he is standing apart from negotiations over a new immigration system, he denigrates Democrats, saying they have no interest in securing the border and are "only interested" in obstruction. But in a room with congressional leaders he sounded ready to do a deal with them, and even provide political cover for those who agreed—and then last week proposed the very path to citizenship that Democrats have been demanding for "Dreamers," young immigrants brought to the U.S. illegally as children.

CHRIS KLEPONIS/PRESS POOL

President Donald Trump, shown on Monday at the White House, is set to deliver the State of the Union address on Tuesday.

He complains about both his attorney general, Jeff Sessions, and special counsel Robert Mueller. But he repeatedly has backed away from firing them. Perhaps he learned from the notable exception to this pattern, when he actually did fire James Comey as head of the Federal Bureau of Investigation, which proved to be one of the most disastrous presidential decisions in recent times.

He also complains openly about other aides, including Secretary of State Rex Tillerson and the White House chief of staff, John Kelly. But he then promptly backs away and praises them, as if he had never whacked the hornet's nest in the first place. When he wants someone to leave, he is more likely to drop hints he wants them to depart on their own, or have someone else send them overboard, than to fire them himself.

"Donald Trump enjoys controversy and to a degree thrives on it," says Christopher Ruddy, chief executive of Newsmax Media and a presidential confidant. "Controversy helps ratings, taking a page from his very successful show-biz career."

But, he adds: "He often stakes out very extreme positions. He does this partly for rhetorical effort or to stake out a negotiating position. It's worked for him in business so he's applying it to politics."

Mr. Ruddy notes that, after calling for the deportation of all illegal immigrants during the 2016 presidential campaign, "now he's close to embracing" the Deferred Action for Childhood Arrivals program that gives legal status to Dreamers. If he gets funding for a border wall and an end to programs allowing entry to immigrants' extended families and a lottery system for visas, he will accept a path to citizenship for Dreamers, Mr. Ruddy says: "In his mind, he's a winner, and he is, if he gets this deal."

The problem is that the president's allies and enemies alike, at home and abroad, have a hard time figuring out where bluster ends and reality begins. What is the bottom line? Nobody seems to know for sure, perhaps including the president himself. That opens up the risk of missed opportunities and, worse, miscalculations, which could prove deadly in tense national security situations.

Jason Miller, who was communications director for the Trump campaign and remains in touch with the White House, suggests viewing the president's approach as a "one-two negotiating tactic....Tweets are a one-way written message delivery vehicle to lay down markers, while in-person meetings are an opportunity to show progress and cooperation that get us one step closer to the desired outcome."

Mr. Miller also advises members of Congress that "the president is only going to bring up issues he genuinely wants to find consensus on....There's always room for compromise after policy markers are laid out."

Panel Votes to Release Russia-Probe Memo

By Byron Tau

WASHINGTON—A congressional panel voted on Monday to make public a classified Republican-authored memo that alleges surveillance abuses against an associate of President Donald Trump dating back to the 2016 campaign.

The GOP-led House Intelligence Committee invoked an obscure rule in its effort to release the memo that was drawn from highly classified law-enforcement material and written under the direction of its chairman, Rep. Devin Nunes (R., Calif.), a close ally of Mr. Trump.

People familiar with the memo say it raises concerns about surveillance under the Foreign Intelligence Surveillance Act—specifically how a campaign associate of Mr. Trump's came to be the target of U.S. spying and whether a dossier of salacious and unverified material was used in part to obtain the warrant.

The four-page document has been made available to all House members for more than a week but many GOP lawmakers have been calling for it to be released to the public—with some who have seen the memo saying that it outlined "disturbing" behavior under the previous administration.

Democrats say the document is misleading and part of a GOP effort to discredit the investigation into whether Mr. Trump or his associates colluded with Russia in its interference in the campaign and whether the president obstructed justice when he fired former FBI Director James Comey, who launched the probe. Mr. Trump has denied there was collusion and that he obstructed justice. Moscow has denied it meddled in the campaign.

PABLO MARTINEZ MONSIVAIS/ASSOCIATED PRESS

Rep. Adam Schiff, center, the top Democrat on the House Intelligence Committee, talking to reporters in Washington on Monday.

After the vote, the matter goes to Mr. Trump, who has five days to decide whether to object to the release of the material. If he does, the full House can override his decision.

The committee vote to release the memo fell along party lines. Democrats were defeated on a motion to release their own memo that rebuts the GOP one. The Democratic document will be made available to the full House and Republicans on the panel say they are open to releasing it to the public in the coming days.

"We have crossed a deeply regrettable line in this committee where for the first time in the 10 years or so that I've been on the committee, there was a vote to politicize the declassification process of intelligence and potentially compromise sources and methods," said Rep. Adam Schiff, (D., Calif.), the top Democrat on the panel.

The measure also caused something of a split within the Trump administration. The White House has called for "full transparency" over the surveillance concerns raised in the document. The Justice Department has said it would be "extraordinarily reckless" to release the memo without giving the officials involved an opportunity to review it.

According to people who have seen the memo, it expresses concerns about how prosecutors used ex-British spy Christopher Steele's material in their application for a FISA warrant to monitor Carter Page, a foreign-policy adviser to Mr. Trump. Mr. Page hasn't been accused of wrongdoing. He has called the Russia probe, now led by special counsel Robert Mueller, "baseless, politically-motivated investigation" and said it has harmed him in terms of reputation, money and time.

GOP Group To Return Wynn Donations

By Janet Hook And Brody Mullins

WASHINGTON—The Republican Governors Association has decided to give back $100,000 in donations from Steve Wynn's company and cut other financial ties with the casino mogul, in the wake of a Wall Street Journal report on allegations describing a decadeslong pattern of sexual misconduct by Mr. Wynn.

"These are serious allegations," said a statement Monday by the group. The RGA also said it canceled its contract with **Wynn Resorts** Ltd. to hold its 2020 conference at the Wynn Las Vegas.

The RGA, a major source of support for GOP gubernatorial candidates, had made a $10,000 nonrefundable deposit to hold its conference at the resort and said it will "incur a large financial penalty" for canceling.

The action was the latest by Republicans and party officials to gain some distance from Mr. Wynn, who stepped down as Republican National Committee finance chairman over the weekend. In response to the allegations reported in the Journal, Mr. Wynn said it was "preposterous" that he would assault a woman.

The RGA said Monday that it wouldn't accept future contributions from Mr. Wynn or Wynn Resorts "unless the allegations against Mr. Wynn are proven false."

Michael Weaver, a spokesman for Wynn Resorts, said the company doesn't have a comment on the RGA's move.

Over the weekend, Massachusetts Gov. Charlie Baker called on the RGA to return all donations received from Mr. Wynn's company for the past three years.

That period of time doesn't include Oct. 1, 2014, when Mr. Wynn's company contributed $2 million to the RGA to help elect Mr. Baker that November, according to a Page One article in the Journal on Dec. 29, 2017.

On the same day the RGA received the $2 million donation, the governor's group gave $1.1 million to a super PAC in Massachusetts seeking to help Mr. Baker's campaign, according to Internal Revenue Service filings. Eight days later, the RGA contributed another $1.1 million to the pro-Baker group, the filings show.

In the Journal article, Mr. Wynn and the RGA denied the donation was intended to help Mr. Baker. Republican officials said the Wynn Resorts money was intended to help the Republican candidate in Michigan. In an interview, Mr. Wynn said he "didn't know Charlie Baker was running" for governor.

◆ Heard on the Street: Wynn Resorts is test of tolerance. B12

FBI

Continued from Page One

some personnel changes.

Mr. McCabe's decision Monday surprised many inside the FBI and Justice Department. Officials abruptly canceled a press conference to discuss an unrelated criminal operation as news of Mr. McCabe's resignation became public.

Mr. McCabe, 49 years old, will be succeeded, at least temporarily, by the No. 3 official at the bureau, David Bowdich, one person said.

Special counsel Robert Mueller has publicly obtained two guilty pleas from Trump campaign aides. He has charged two other Trump campaign officials with tax-related and other offenses related to private work predating the campaign.

The U.S. intelligence community in January 2017 said it believed Russia had conducted an influence operation with the goal of hurting Mrs. Clinton and helping Mr. Trump in the 2016 presidential election.

DREW ANGERER/GETTY IMAGES

FBI Director Christopher Wray

Mr. McCabe's abrupt departure is the latest event in a highly unusual back-and-forth between the Trump administration and a federal law-enforcement establishment that is both investigating him and works for him, and cherishes its independence.

The dueling narratives about the Russia investigation have engulfed multiple senior law-enforcement officials and spilled into a fight in Congress.

House Republicans produced a memo earlier this month describing what they say were abuses by U.S. intelligence agencies in the Russia probe. Democrats dismissed the memo as a partisan document.

A House panel voted Monday to make the memo public, a move the Justice Department has said would be "extraordinarily reckless" because its officials had not reviewed it.

Mr. McCabe's resignation comes as the FBI faces fallout from thousands of text messages between an FBI agent and lawyer who were involved in the Russia investigation, including some texts harshly critical of Mr. Trump. The lawyer worked for Mr. McCabe.

After reports circulated in December that Mr. McCabe might soon leave the bureau, Mr. Trump took to Twitter to criticize him for remaining in the job.

"FBI Deputy Director Andrew McCabe is racing the clock to retire with full benefits," Mr. Trump wrote. "90 days to go?!!!"

The White House said Mr. Trump played no role in Mr. McCabe's decision to step down. White House press secretary Sarah Huckabee Sanders said the president wasn't part of the "decision-making process" on Mr. McCabe's departure.

Mr. McCabe, a career official at the FBI who spent nearly 20 years with the agency, was the acting FBI director after Mr. Trump in May fired the previous director, James Comey. Days later, Mr. Mueller was appointed to probe the Russian conduct.

Mr. McCabe first worked on organized crime cases in the FBI's New York field office, then advanced to a series of leadership positions, including in counterterrorism and at the Bureau's Washington field office.

Beyond Mr. McCabe, Mr. Trump has criticized, or raised questions about, a variety of figures related to the Russia investigation, from Attorney General Jeff Sessions to Deputy Attorney General Rod Rosenstein to Mr. Comey, who hired Mr. McCabe as his deputy in January 2016.

Those close to Mr. McCabe expected him to leave the FBI around March when he was eligible to receive his full retirement benefits after 20 years of service. Many agents in such a position choose to retire and start second, generally more lucrative, careers outside of government.

Mr. McCabe first attracted notice from Republicans in 2016 as a result of his supervisory role in the FBI investigation into Mrs. Hillary Clinton's email server.

The Republicans raised conflict-of-interest questions because his wife, Dr. Jill McCabe, ran for Virginia state senate in 2015 with financial support from the political organization of then-Virginia Gov. Terry McAuliffe, a Democrat and longtime ally of Bill and Hillary Clinton.

The FBI has said Mr. McCabe played no role in his wife's campaign, and Mr. McAuliffe has said it is typical for governors to support candidates of the same party. Mr. McCabe received clearance from the FBI's ethics office to oversee the Clinton investigation, but Republicans have argued he should have stepped aside.

—Peter Nicholas contributed to this article.

SUE OGROCKI/ASSOCIATED PRESS

Rep. Bridenstine was nominated in September to lead NASA.

Trump NASA Pick Stymied in Senate

By Andy Pasztor

President Donald Trump's pick to run NASA faces what increasingly seem insurmountable obstacles to confirmation by the current Senate, according to industry officials and congressional staffers.

The combination of unanimous Democratic opposition plus stiff resistance from Florida's Republican Sen. Marco Rubio, these people said, create the biggest roadblock for the nominee, GOP Rep. James Bridenstine.

Sen. Rubio has expressed deep misgivings that the nomination would lead to "the politicization of NASA" at "this critical stage of its history."

The choice previously confronted mounting troubles, but now opponents and backers alike see the nomination most likely languishing—perhaps for months—until there is a shift by pivotal lawmakers or a change in the makeup of the Senate.

Ailing Republican Sen. John McCain of Arizona also is widely considered to be leaning against the controversial National Aeronautics and Space Administration choice, some of them said, a sentiment shared by White House legislative strategists and many of Rep. Bridenstine's congressional supporters. That prospective no vote, combined with anticipated Democratic demands for extended debate, appears to be delaying floor action indefinitely.

Mr. McCain's office didn't respond to requests to comment.

The White House nominated Rep. Bridenstine for the NASA post in September.

Senate Democratic leaders continue to push for a party-line rejection of Rep. Bridenstine, a socially conservative lawmaker from Oklahoma, while GOP leaders have been reluctant to bring the nomination to the floor without guaranteed support. Trump administration officials have rejected suggestions to consider alternate candidates.

The nominee has some personal baggage with the pair of GOP naysayers. Rep. Bridenstine attacked Sen. Rubio as being soft on immigration and terrorist threats during the 2016 GOP presidential primaries. Mr. Bridenstine also supported Sen. McCain's unsuccessful challenger during the Republican primary race for his Senate seat that same year.

Testifying at his 2017 confirmation hearing, the Oklahoma lawmaker vowed to run NASA in an open and entirely nonpartisan manner.

—Natalie Andrews contributed to this article.

First Lady's Flights Cost $675,000

By James V. Grimaldi And Peter Nicholas

First lady Melania Trump took 21 flights in a three-month period on Air Force jets at a cost of more than $675,000 before she moved to the White House in June 2017, military records show.

Air Force jets flew Mrs. Trump to and from New York City, Florida and Washington under an arrangement unlike any modern first lady because she was living in New York after President Donald Trump's inauguration to allow their son Barron to finish fifth grade.

While the first lady was living in Trump Tower in Manhattan, Air Force jets made at least 19 trips to LaGuardia Airport in New York and nine trips to Florida's Palm Beach International Airport to drop off or pick up Mrs. Trump, according to military records reviewed by The Wall Street Journal.

The records, received after a public-records request filed by the Journal, cover the period from the inauguration through April 2017. The request for the records was filed at the beginning of May.

"The trips mentioned in this story are examples of Mrs. Trump juggling dual roles—putting her son first while also fulfilling some of her duties as first lady," said Stephanie Grisham, a spokeswoman for Mrs. Trump.

JOE RAEDLE/GETTY IMAGES

First lady Melania Trump after arriving at the Palm Beach International Airport in Florida in March.

There have been no suggestions that Mrs. Trump's travel is improper. Michelle Obama and other recent first ladies moved straight into the White House with their husbands and didn't have expenses that come from living 225 miles away. Mrs. Obama's solo travel cost more than $2.8 million over eight years, according to similar records obtained by Judicial Watch, a conservative group. That amounts to an average of about $350,000 a year.

Mrs. Trump's trips to and from New York and Palm Beach were particularly costly because the Air Force jets she flew were based at Joint Base Andrews just outside Washington and in some instances needed to fly without passengers to pick her up or to return to the base. To accommodate Mrs. Trump, 27 flights were made without passengers while jets flew back and forth to Trump residences in New York and Palm Beach, and then to Joint Base Andrews, the records show.

Air Force spokeswoman Erika A. Yepsen declined to comment specifically about the flights. "The Air Force works diligently to ensure it acts as a good steward of taxpayers' money while meeting the requirements of every mission it is assigned regardless of where the mission occurs, what the mission is or who the mission supports," the spokeswoman said.

WASHINGTON WIRE

SENATE VOTE

Abortion Restrictions Fail to Advance

A bill criminalizing abortions performed after 20 weeks of pregnancy failed to advance in the Senate on Monday but forced Democrats up for re-election in competitive races to take sides on the contentious issue.

The legislation secured 51 votes, mostly from Republicans, shy of the 60 the bill needed to move forward. The three Democrats to support the bill—Sens. Joe Manchin of West Virginia, Bob Casey of Pennsylvania and Joe Donnelly of Indiana—all face re-election this fall and represent states that President Donald Trump carried in 2016.

Forty-six senators voted against the bill, including two Republicans: Sens. Susan Collins of Maine and Lisa Murkowski of Alaska.

The legislation has become a core plank of the antiabortion movement's federal strategy, and its leaders plan to force lawmakers to repeatedly cast votes on the issue to raise public awareness.

—Natalie Andrews and Michelle Hackman

CONGRESS

GOP's Frelinghuysen Won't Run Again

Rep. Rodney Frelinghuysen, chairman of the powerful House Appropriations Committee, said Monday he wouldn't seek re-election in 2018, making him the latest in a parade of senior House Republicans and committee leaders heading to the exits.

The New Jersey congressman, who comes from a storied political family and whose father served in the House from 1953 to 1975, faced the toughest re-election race of his 23-year career in his suburban district west of New York City.

In his statement announcing his decision, Mr. Frelinghuysen didn't explain why he was quitting but said, "My father reminded me often that we are temporary stewards of the public trust." Mr. Frelinghuysen's district, once solidly Republican, has been trending away from the party. It only narrowly voted for Donald Trump in the 2016 presidential election and voted for Democrat Phil Murphy in the gubernatorial election in 2017.

—Janet Hook

WORLD NEWS

Xi Looks to Ally to Fix U.S. Ties

Chinese leader enlists Wang Qishan, known as the 'fireman' for his crisis postings

CHINA DAILY/REUTERS

Wang Qishan, left, with President Xi Jinping in Beijing in 2015. Mr Wang will help manage U.S. relations.

President Xi Jinping is turning to a trusted political ally who ran his potent anticorruption campaign to help manage the critical but fraught relationship with the U.S. as trade tensions escalate, according to officials familiar with the leadership's thinking.

By Lingling Wei in Beijing and Bob Davis in Washington

Wang Qishan, who stepped down from the leadership in October after hitting an unofficial retirement age, is being considered by Mr. Xi for several roles, including state vice president, the officials said.

On Monday, the 69-year-old Mr. Wang's career as a senior official was extended when he was named a deputy to the national legislature, a rare position for an elder official after exiting the leadership.

Part of Mr. Wang's charge, whether as vice president or as an adviser in some other capacity to Mr. Xi, would be to handle relations with the U.S., the officials said.

In recent months, Mr. Wang has met with former Treasury Secretary Henry Paulson and other U.S. business leaders he has known in more than two decades as a Communist Party insider. At one meeting, just before his retirement, Mr. Wang used what he called an "old friend" session to pepper a visiting U.S. financier about President Donald Trump, according to people attending.

"Is Trump a rare phenomenon, or a trend?" asked Mr. Wang, these people said.

Mr. Wang is known as the "fireman" in China for his long career of handling emergencies and his enlistment on U.S. relations is a sign of how unsteady Beijing sees relations under Mr. Trump, said the officials familiar with the leadership's thinking.

"Wang is tough," one of the officials said. "You need someone like that to deal with the Americans."

Under the "America First" banner, Mr. Trump and his aides are unrolling a tougher China policy to address what they call Beijing's unfair trade practices.

Last week, the Trump administration fired a trade shot at China by levying steep tariffs on imports of solar panels. The U.S. has set in motion studies and proceedings that could lead to sanctions on China involving intellectual property and trade in steel and aluminum.

The Chinese government's information office didn't respond to a request to comment on Mr. Wang.

For the past five years Mr. Wang ran the wide-ranging, politically treacherous antigraft crackdown that helped Mr. Xi cement his power.

The vice presidency, though a ceremonial position, would give Mr. Wang a title, a staff and justification for engaging with foreigners, officials and China politics experts said.

Mr. Wang has forged relations with many influential Americans since the late 1990s, when he was put in charge of handling China's largest bankruptcy, facing down angry foreign creditors. A decade later, he led annual economic talks with his U.S., opposite, then-Treasury Secretary Timothy Geithner.

Wang Qishan was promoted to vice premier in charge of economic relations in 2008, and was credited by U.S. officials with convincing Chinese leaders to let the yuan start to float somewhat, beginning in 2010, a longtime U.S. aim.

Chinese officials in recent weeks have been steering Americans influential on China issues to see Mr. Wang when they travel to Beijing.

Other senior officials involved in dealing with Americans would include Hu Chunhua, who is expected to be named vice premier overseeing trade, and Liu He, Mr. Xi's top economic aide, who is slated to become the vice premier in charge of finance and state-owned enterprises. Yang Jiechi, State Councilor in charge of foreign policy, and Foreign Minister Wang Yi are also expected to continue to be involved in foreign affairs.

The post he was given on Monday allows him to take part in deliberations of the legislature, but doesn't signify any particular authority.

Trump administration officials said they hope the potential appointment of Mr. Wang and other officials they consider economic reformers would give a push to liberalization efforts in China.

Finance Minister Xiao Jie plans to meet with U.S. officials next month with a goal of resuming a dialogue on trade and economic issues that stalled last summer, according to people familiar with the matter.

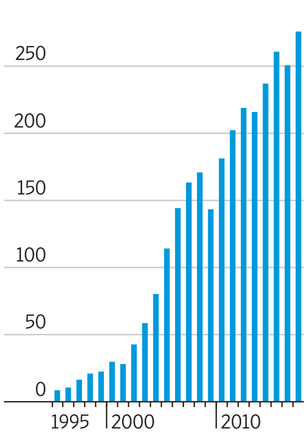
Treasury officials said they would talk—but administration officials have said they are looking more toward sanctions than negotiations.

—Jacob M. Schlesinger in Washington contributed to this article.

Growing Apart

China's widening trade surplus with the U.S. hit a record last year, fueling trade tensions.

China's U.S. trade surplus



Source: China's General Administration of Customs via WIND

THE WALL STREET JOURNAL.

Wang Qishan's Career Highlights

1994-97 Runs a large state-owned lender.

1998–2000 As vice governor of Guangdong, handles bankruptcy of large financial trust.

2000–02 Heads Office of Economic Restructuring.

2003–07 Named Beijing mayor to stem SARS epidemic.

2008–12 As vice premier, leads trade talks with U.S..

2012-17 Member of leadership, heads Communist Party's discipline agency.

—Xinhua News Agency

◆ U.S. legislation could add curbs on foreign deals........ B4

U.S. Prods Security Council On Iran

By Felicia Schwartz

WASHINGTON—The Trump administration urged the United Nations Security Council on Monday to take action to address Iran's ballistic missile tests and arms transfers to Houthi rebels in Yemen, steps top officials said were essential to preserving the 2015 Iran nuclear deal.

Ambassador to the U.N. Nikki Haley led the 14 other members of the Security Council on a trip to Washington that included lunch with President Donald Trump and a stop at a military hangar to see what the U.S. says is evidence that Iran is arming Houthi rebels in Yemen. They also visited an exhibit on Syria at the Holocaust museum.

Ms. Haley said she pressed fellow Security Council members: " 'If you don't do anything about all of these violations, I can't promise you that we're staying in the deal.' "

The goal of the trip wasn't to focus on the 2015 nuclear accord, but on other concerns about Iran's behavior in the Middle East, she said. "Even though the nuclear deal is one thing, we can't tiptoe around Iran and give them a pass on all of these other things," she said.

Iranian officials didn't immediately respond to a request for comment.

The nuclear accord came up during a lunch with Mr. Trump, where they also discussed Yemen, North Korea and Syria. The administration is discussing the international agreement with European allies ahead of a May deadline set by Mr. Trump to halt sanctions relief without changes in the deal. Mr. Trump told the U.N. ambassadors he believed the nuclear agreement is "a really bad deal."

KOREA

Continued from Page One

Un called on his generals to "mass-produce nuclear warheads and ballistic missiles." North Korean officials have insisted that recent talks with Seoul center on Pyongyang's participation in the Winter Olympics in South Korea, rather than on its nuclear program.

The reduction in the North Korean winter exercises comes amid other signs of strain on the country's military.

"We are seeing defections happening in areas where we don't generally see them, for example crossing the DMZ," said Gen. Vincent K. Brooks, the top U.S. commander in South Korea, referring to the demilitarized zone that divides the peninsula.

"We're seeing some increase in executions, mostly against political officers who are in military units, for corruption," the general said. He said the moves "are really about trying to clamp down as much as possible on something that might be deteriorating and keeping it from deteriorating too quickly."

Responding to North Korea's nuclear and missile tests, the U.N. Security Council has passed resolutions that ban the export of North Korean coal—an important source of revenue for Pyongyang—and severely limit vital petroleum imports.

Senior South Korean officials and foreign diplomats in Pyongyang say they have yet to see indicators of instability in everyday life inside the country, but point to signs of stress. North Korean laborers are being sent home in large numbers from overseas work postings, for example, crimping the country's supply of hard currency and leading to fluctuations in the exchange rate, they say.

In addition, propaganda directed at the North Korean public also points to anxiety about the likely impact of sanctions. Mr. Kim in his New Year's speech acknowledged that the economy faced "unprecedented impediments" in 2017.

The squeeze on oil, in particular, appears to have grown extreme enough for the North to try to evade sanctions by bringing in oil through ship-to-ship transfers on the high seas.

KRT/ASSOCIATED PRESS (2)

North Korean leader Kim Jong Un has acknowledged economic woes that could affect military exercises.

North Korea's armed forces have long had to contend with tight budgets and antiquated hardware. An unclassified 2015 report by the U.S. Army on North Korea's military noted that "the amount of time spent on larger exercises pales in comparison to most Western militaries."

Still, North Korea retains significant "asymmetric" capabilities that help offset deficiencies in its army and air force. These include chemical weapons, artillery capable of hitting the South Korean capital, special-operations forces and Pyongyang's missile and nuclear programs.

The exercise cutbacks this year are likely to further diminish the ability of the North Korean military to synchronize large-scale maneuvers involving multiple armor, artillery and aviation units, while slowing the training of new conscripts.

One clear indication winter exercises have been toned down has been a drop in public appearances by Mr. Kim at training events and bases. By this time last year, Mr. Kim had been observed at a winter river-crossing maneuver, an artillery exercise and an air-combat competition.

Mr. Bermudez of 38 North cited two reasons for the downturn in winter training.

"One probable reason for it is the impact of sanctions because military exercises require fuel, which is a tight commodity now," he said. "Another factor is that they are facing food shortages due to floods and drought."

The November defection of a North Korean soldier across the DMZ also underscores the hardships that are affecting even Pyongyang's elite front-line units, normally the best-provisioned troops, senior U.S. military officials said. South Korean doctors who treated the soldier found he was malnourished and afflicted by intestinal parasites.

The U.S. has been determined to ratchet up the economic pressure. Amid signs the sanctions are being evaded, the Trump administration is considering ways to tighten enforcement at sea, officials said.

Among steps under consideration are efforts by U.S. Navy and allied vessels to stop and inspect vessels suspected of bringing banned cargo to or from North Korea, a procedure naval officers call "hail and query."

North Korea is sending messages of its own, and despite the curtailed exercises is still looking to project strength. Satellite imagery has shown extensive preparations for a large military parade in Pyongyang that U.S. and South Korean officials believe will be held on the eve of the Winter Olympics opening ceremony next week.

Pyongyang Cancels Joint Performance

SEOUL—North Korea abruptly canceled plans to hold a joint musical performance with South Korea this week at a mountain resort in the North, Seoul officials said, putting a damper on the two Koreas' attempts to build a detente before the coming Winter Olympics.

Pyongyang on Monday pulled out over South Korean press reports questioning the North's motives for agreeing to hold the joint performance, Seoul's Ministry of Unification said.

Pyongyang also cited South Korean press reports criticizing the North's plans to hold a "domestic event" next week, an apparent reference to preparations for what appeared to be a large military parade on Feb. 8 in the North Korean capital to commemorate the founding of the North Korean army.

—Andrew Jeong

American Firms Upbeat on China

By Yoko Kubota

U.S. companies are more optimistic than a year ago about business prospects in China despite a backdrop of escalating trade tensions and worries over regulation, according to the latest annual survey by the American Chamber of Commerce in China.

The survey of 411 member companies found that 46% believed the government was committed to further opening China to foreign investment over the next three years, up from 34% in the year-earlier survey.

The upbeat tone appears to reflect "strong growth across many sectors and for many companies during 2017 in China," as the nation's expanding consumer economy creates opportunities, said Stephen Shih, a partner at Bain & Co. who worked on the survey.

The survey, conducted between Oct. 23 and Nov. 26 and released Tuesday, said 64% of member companies reported revenue growth in 2017, up from 58% the prior year and 55% in 2015. "Profitability is climbing, too, with nearly three-quarters of respondents reporting that they are profitable—the highest proportion in three years," the survey found.

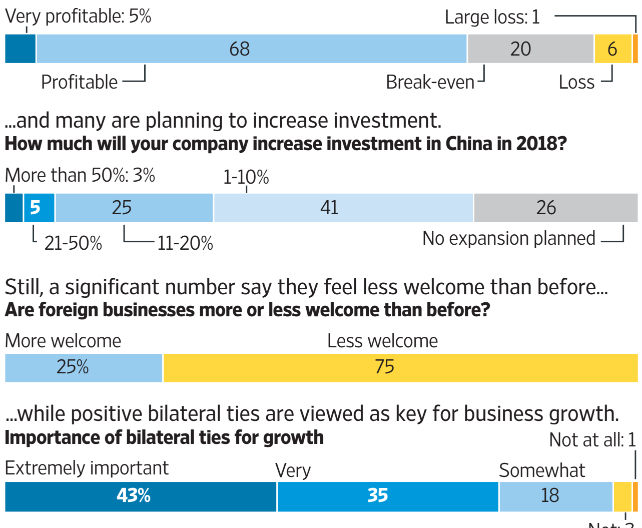
Three-quarters of respondents said they plan to increase investment in China in the next year, though the pace of growth is slower than a decade ago.

Even so, concerns persist over the business environment for foreign firms. Three in four companies said they feel less welcome in China than before—although that is down from 81% in the previous year. On China's regulatory process, 73% of companies said they are pessimistic or neutral.

The survey found the top challenges for companies doing business in China included inconsistent application of the law and rising labor costs.

Still an Attractive Market

China's importance as a place to do business continues to override the worries it poses for many U.S. companies.



Note: 2018 China Business Climate Survey of 411 companies, conducted Oct. 23 - Nov. 26, 2017
Source: American Chamber of Commerce in China
THE WALL STREET JOURNAL.

OMAR SOBHANI/REUTERS

American military personnel at the Kandahar air base this month. The U.S. has stepped up action in Afghanistan over the past year.

U.S. Classifies Afghan War Data

By Jessica Donati in Washington and Craig Nelson in Kabul

The U.S. Department of Defense has classified a sweeping range of data used to measure its progress in Afghanistan, a government watchdog said, sealing much of the information from public view.

Key indicators that are now being kept secret include figures on the size of the Afghan army, police force and civilian airstrike casualties, the watchdog, the Special Inspector General for Afghanistan Reconstruction, or Sigar, said in its latest quarterly report to Congress on Tuesday. That data now will be made available only to senior U.S. officials in a classified index of the report.

The move comes as new data show a steady increase in U.S. casualties as military operations in the country expand. American casualties for the last quarter had almost doubled on the year, the report said, with a total of 11 U.S. military personnel killed and 99 wounded between January and November 2017.

Sigar said the classified figures on the Afghan army, police and civilians were among the last metrics available to the public to track the success of the more than 16-year war. The U.S. Department of Defense has invested almost $75 billion on training and equipping the Afghan army and police since 2002.

"Redacting this kind of information makes no sense," said John F. Sopko, the special inspector general. "No one expects the administration's new [South Asia] policy to produce an immediate turnaround, but when you classify things like this, it feeds a perception that we're not doing well."

One key indicator for measuring progress has continued to decline. The latest quarterly report shows the number of districts under Afghan government control fell from 63% in August 2016 to 57% in August 2017. Data for subsequent months were classified by the U.S.-led Resolute Support operation command, Sigar said.

On Monday, in response to questions, the Pentagon said the number of districts under Afghan government control had dropped another percentage point in the last quarter of 2017.

The military said the decision to classify the various categories of data followed a written Afghan government request last fall to withhold information on army and police casualties, readiness and five other categories of information.

Sigar's quarterly release of data has long been a contentious issue in Afghanistan and

11

U.S. troops killed in Afghanistan from January to November 2017

it wasn't immediately clear why the Pentagon has chosen to take action now.

The decision restricts the publication of key indicators at a time when the U.S. military has dramatically ramped up its efforts in the country as part of President Donald Trump's new strategy for South Asia announced in August. U.S. airstrikes have more than tripled and thousands more troops have been sent to bolster U.S. forces in Afghanistan, as part of the new strategy.

So far, the increased pressure has yet to halt the deteriorating state of security in the country. A massive bomb hidden in an ambulance killed more than 100 people in Kabul over the weekend.

Early Monday, Kabul came under attack again. Suspected militants raided a military compound, setting off a battle with security forces. Islamic State claimed responsibility for the raid. Eleven members of the security forces were killed and 16 others were wounded, said Dawlat Waziri, a Defense Ministry spokesman.

Sigar said the U.S. military is also refusing to release data on civilian casualties linked to coalition airstrikes.

"We're respecting the [Afghan] government and its wish to withhold the information," said Navy Capt. Tom Gresback, the spokesman for American forces in Afghanistan.

Mr. Waziri said his ministry hadn't made the request.

—Nancy A. Youssef contributed to this article.

Egypt Leader Gets Challenger In Election Critics Call Farce

By Jared Malsin

CAIRO—The leader of a minor political party that supports President Abdel Fattah Al Sisi filed to run for the presidency, a move that poses a token challenge to the incumbent in an election campaign opponents are calling a sham.

Moussa Moustafa Moussa, the leader of the secular nationalist Ghad Party, filed his campaign paperwork minutes before the deadline on Monday, according to the national election commission, making him the sole challenger to Mr. Sisi following weeks in which all other would-be opponents dropped out or were detained by the security forces.

The night before he declared his candidacy, an account identified as Mr. Moussa's personal Facebook page had been adorned with a campaign-style banner displaying a portrait of the president, according to screenshots published by Egyptian news sites. His party had been campaigning for Mr. Sisi as recently as mid-January, according to the group's official Facebook page.

"We're not entering as puppets," Mr. Moussa was quoted as saying by the privately owned Al Youm Al Sabaa newspaper on Monday, characterizing his campaign as a legitimate challenge to Mr. Sisi.

Although his candidacy wasn't publicly confirmed until Monday, Mr. Moussa said he had gathered the endorsements of 26 members of Parliament and 47,000 Egyptian citizens to satisfy one of the legal requirements of running. It was unclear how he could have gathered so many signatures in time.

Critics describe the election as a farcical exercise in which Mr. Sisi's re-election has never been genuinely in doubt.

Two would-be opposition candidates are now in the custody of the security forces, including a former military chief of staff, Sami Anan, who was arrested last week after announcing a challenge to Mr. Sisi.

The surprise candidate came forward after five senior opposition figures urged the public to boycott the election.

One of the signers of the statement, Mohamed Anwar Sadat, the nephew of the former president, also issued a rare call for a public protest to pressure Mr. Sisi into easing restrictions on political expression.

At a news conference Monday evening, Mr. Sisi's campaign rejected the notion that the arrests of aspiring opposition candidates created an unfair environment before the election.

"The reality will prove as it proved before how election process in Egypt is more fair and more honest than what some people might imagine," said Mohamed Bahaa Abo Shokka, a campaign spokesman, in response to a question from The Wall Street Journal.

MOHAMED ABD EL GHANY/REUTERS

Ghad Party leader Moussa Moustafa Moussa in Cairo on Monday

Qatar Says Blockade Has Failed

By Dion Nissenbaum And Doug Cameron

WASHINGTON—A Saudi-led economic blockade has failed to isolate Qatar, which has found ways to shield itself from outside pressure, the Gulf nation's finance minister said Monday.

"If the blockade strategy was to corner us economically, that completely failed and it will not work," Finance Minister Ali Shareef al-Emadi said on the eve of talks with the Trump administration.

Saudi Arabia, Bahrain and the United Arab Emirates severed air and sea routes to Qatar last June to press Doha to scale back ties with Iran, the Muslim Brotherhood and Turkey.

The U.S. has sought to broker a solution to end the standoff, but those efforts have stalled.

This week, top Qatari officials are in Washington for a series of meetings meant to strengthen ties between Doha and the Trump administration. Saudi officials didn't reply to requests for comment.

This week's talks in Washington will provide Qatar with a chance to burnish its image in the U.S. and strengthen its ties with the Trump administration. President Donald Trump signaled his support for the Saudi-led boycott last June, but tempered his criticism as members of his administration made it clear that the U.S. had strategic interests in Qatar.

The U.S. has more than 10,000 service members stationed in Qatar at Al Udeid Air Base, which serves as a main hub for American airstrikes in Iraq, Syria and Afghanistan.

Nafta Negotiations Live On to Next Round

U.S. sees 'real headway' but dismisses Canada proposal on rules for crucial auto sector

By Paul Vieira And William Mauldin

MONTREAL—Negotiations to revamp the North American Free Trade Agreement survived what was seen as the crucial sixth round, with the U.S., Canada and Mexico tackling difficult issues even as tensions flared between the U.S. and Canada over auto-industry rules.

Singling out Canada for criticism, U.S. Trade Representative Robert Lighthizer said Ottawa's proposal on changing rules in the crucial auto sector would reduce jobs in the bloc. He also chastised Canada for recently bringing a case to the World Trade Organization challenging the Trump administration's use of tariffs.

Still, Mr. Lighthizer and his Mexican and Canadian counterparts nodded to progress in the talks at the official end of a six-day round of Nafta negotiations in Canada's second-largest city.

"Some real headway was made here today," Mr. Lighthizer told reporters after meeting with his counterparts. "I am hopeful that progress will accelerate soon."

The stakes were high going into the sixth installment of talks, amid worry among some officials, business groups and trade watchers that a lack of progress on key U.S. demands could prompt President Donald Trump to follow through on his threat to begin America's withdrawal from the 24-year-old agreement.

The three countries are under some time pressure. Some U.S. lawmakers are worried that disagreements over Nafta or other trade issues could affect their 2018 election campaigns. Extending the talks past late March, the latest official deadline, could also lead to political problems in Mexico, which holds presidential and congressional elections July 1.

The Trump administration months ago unveiled divisive proposals intended to bring manufacturing jobs back, and both Canada and Mexico have recently countered the U.S. proposals with ideas of their own, reassuring observers who worried the talks would grind to a stalemate.

Canada laid out an informal proposal seeking to address the U.S. demand for more North American content in cars. But it didn't address the most controversial U.S. demand that light vehicles contain 50% U.S. content to cross U.S. borders duty-free, and Mr. Lighthizer, dismissed it.

"We find that the automobile rules-of-origin idea that was presented, when analyzed, may actually lead to less regional content than we have now," he told reporters.

During the Nafta negotiations, tension has risen between the U.S. and Canada, with trade cases filed on each side. The strain was visible as Mr. Lighthizer criticized Ottawa's policies while Canadian Foreign Minister Chrystia Freeland looked on.

Ms. Freeland said the tensions with the U.S. don't pose a risk to the talks. "I don't think I need to ever defend Canada's actions when it comes to defending our workers and industry," she said in a later briefing with journalists.

Beyond cars, significant disagreements remain among the Nafta negotiators, especially on a dispute-resolution process. That came into focus in the Montreal round as Mexico and Canada rejected a Trump administration proposal to remake a corporate arbitration system, known as the investor-state dispute settlement.

"It's going to be a long and drawn-out process, but at least there's a process," said Eric Miller, president of Washington-based trade consultancy Rideau Potomac, who was in Montreal for part of the round. "We have stepped back from the precipice. We are not out of the woods but we have avoided disaster."

Canadian union leaders and Democratic lawmakers who came to Montreal said negotiators have yet to seriously address improving labor standards to stem the flow of manufacturing jobs from the U.S. and Canada to Mexico.

Mr. Trump has appeared to soften some of his harsh rhetoric toward Nafta in recent weeks, signaling a deadline could be extended. But he has also reiterated his threat to withdraw from the trade pact if the three countries don't agree on a major overhaul that accommodates U.S. concerns.

Ildefonso Guajardo, Mexico's economy minister, said a deal may be possible before Mexican elections in July. Meanwhile, he said, "there must be engagement from all parties to be able to move this and have possible solutions on the table for the three or four most contentious issues."

Mexico's July vote is seen as a referendum both on President Enrique Peña Nieto's ruling Institutional Revolutionary Party and on a trade-anchored economic model that critics argue has left too many Mexicans behind. Andrés Manuel López Obrador, the leftist nationalist who leads in opinion polls, has vowed a tougher stance on trade issues and on dealings with Washington.

—Dudley Althaus in Mexico City contributed to this article.

GRAHAM HUGHES/THE CANADIAN PRESS/ASSOCIATED PRESS; CARLOS OSORIO/ASSOCIATED PRESS (BELOW)

Mexico's Ildefonso Guajardo, Canada's Chrystia Freeland and the U.S.'s Robert Lighthizer in Montreal; below, a Chrysler plant in Ontario.

BONDS

Continued from Page One

turing bond proceeds.

The Fed also is expected to continue raising interest rates, signaling three rate rises this year and two more in 2019.

European bond yields ticked up almost across the board on Monday.

The rise of the five-year German government-bond yield as high as 0.017% on Monday was accompanied by Italian 10-year yields climbing above 2%, Spanish yields reaching as high as 1.432% and French yields hitting 0.995%, according to Thomson Reuters data.

Deutsche Bank analysts believe the selloff is still in progress, and expect a 1% yield on the 10-year German bund, which closed at 0.634%, and a 3% yield on the 10-year U.S. Treasury by the end of 2018.

"They're finally normalizing," said Jack McIntyre, who manages global bond portfolios at Brandywine Global Investment Management. "The way we're positioned is for European rates to better reflect European fundamentals. That process has started."

Can Treasury Yields Reach the 3% Mark?

The benchmark U.S. Treasury yield is closing in on 3%, prompting some analysts to warn that an era of ultralow interest rates may be drawing to a close.

The yield on the 10-year Treasury note rose as high as 2.727% on Monday, according to Tradeweb, from 2.661% Friday and about 2.41% at the start of 2018. Bond yields rise as prices fall.

The sharp rise in yields in recent weeks has spurred predictions on Wall Street that the benchmark yield could soon touch 3%, a level last reached in January 2014.

Wall Street has predicted a 3% yield before. Some analysts expected it to happen last year, and the year before, too. Since 2011, yields have shown signs of life several times, but failed to keep their momentum for long.

The most recent example was in the 2013 "taper tantrum," when investors grew concerned as the Federal Reserve hinted it would begin dialing back its bond-buying stimulus program.

Yields were below 2% in the spring of that year, touched 3% near the end, and were back down near 2% before the year had passed.

The 10-year U.S. yield bottomed out below 1.4% in 2016 as global central banks have been slow to withdraw the massive stimulus programs put in place in the wake of the financial crisis. Those programs led central banks including the Federal Reserve to purchase trillions of dollars worth of bonds in an effort to depress yields and spur lending.

Now, central banks from the U.S. to Japan to Europe are beginning to pare back stimulus as economic growth accelerates, helping push global bond yields higher. In the U.S., yields are also being helped by plans to step up bond issuance this year in order to fund the growing budget deficit.

Mark Grant, chief global strategist at B. Riley FBR Inc., noted that U.S. yields could quickly rise from Monday's level of 2.7% to 3% as there are few so-called support levels in between. Those are points—such as 2.72%—that yields have historically struggled to surpass.

A brighter outlook for yields would force investors to reassess their portfolios and could damp recent rallies in assets such as U.S. stocks.

Higher yields on government bonds can dent the attractiveness of riskier investments like U.S. stocks, emerging market assets and low-rated U.S. debt. Analysts are split on how far rates can rise without constraining stocks' gains.

Credit Suisse analysts say U.S. stocks could continue to rise until the 10-year yield reaches 3.5%, while Schroders says stock valuations "are sustainable as long as the U.S. 10-year yield does not go above 3%."

Stifel analysts, meanwhile, forecast that the uptick in yields will spur a 5% selloff in the S&P 500 in the first quarter as the 10-year yield tops 3%, driven primarily by higher inflation.

—Chelsey Dulaney

The Bank of Japan has an official target of a 0% yield on 10-year government bonds and has stepped in to buy debt when yields reach around 0.1%, signaling its commitment to keep borrowing costs low.

At 0.094%, according to Tradeweb, the 10-year yields have crept closer to that trigger point through January, rising further Monday.

Fiscal stimulus in the U.S. is also expected to push the federal budget deficit sharply higher. That has some investors and analysts concerned that a wave of new bonds to finance the deficit will overwhelm investors' demand for the debt.

Some analysts said the U.S. tax cut and plans to boost spending on public-works projects could push up wages, feeding inflation readings.

"There are a number of factors seemingly converging to challenge the long-run bull market that's been going on for most, if not all market participants' lifetimes," said Richard McGuire, head of rates strategy at Rabobank.

Despite stronger global growth, bond yields are still low by historical standards and inflationary pressures remain tepid across much of the world. That leaves some analysts skeptical about whether the current upward move in bond yields will continue to accelerate.

At its meeting last week, the ECB's Mario Draghi said he saw "very few chances at all that interest rates could be raised this year."

"The way that we're seeing it is I think it's going to take more of an upside surprise on inflation to give this move continued momentum," said Fraser Lundie, co-head of credit at Hermes Investment Management.

Rabobank is still generally positive on U.S. Treasurys and believes recent moves are more likely to be reversed than continued over the course of the year.

"I think it is a very bold claim to suggest that a trend that is far more than 40 years in the making is now behind us, and that we're about to enter a new era for bonds," Mr. McGuire said.

EMOJIS

Continued from Page One

to accuse a local official of corruption. The comment was followed by a ":P" emoticon.

The judges on the Michigan Court of Appeals concluded in 2014 that the emoticon "is used to represent a face with its tongue sticking out to denote a joke or sarcasm." The court said the comment couldn't be taken seriously or viewed as defamatory.

Puzzled lawyers are turning to seminars, informal meetings and academic papers to discern innuendo in seemingly innocuous pictures of martini glasses and prancing horses. Researchers at Deakin Law School near Melbourne, Australia, produced a 61-page study on the topic slated for publication in the April issue of an academic journal.

Debra Katz, an employment lawyer in Washington, D.C., says she was stumped by a combination of emojis that included horses and one that "looked like a muffin" in text messages associated with a harassment case. She solicited opinions from her colleagues in the office about what it might mean. Her client told her it meant "stud muffin." She says her client viewed the emojis as an extension of the alleged unwelcome advances at issue in the dispute.

"There are no limits to the emoji possibilities," Ms. Katz says. "The reality is people are just going to keep using their technology to communicate."

Last year, emojis or emoticons were mentioned in at least 33 U.S. federal and state court opinions, according to research from Eric Goldman, a law professor at the Santa Clara University School of Law. That is up from 25 in 2016 and 14 in 2015. He's already counted three this year.

Jon Pfeiffer, an entertainment lawyer in Santa Monica, Calif., is representing a producer in a dispute with her former business partner, a middle-aged man, who allegedly sent sexually explicit texts to a potential female employee. In one text, the potential employee responded with an emoji that depicts a red-lipstick kiss mark. There is now debate, Mr. Pfeiffer says, over whether that meant she approved of his advances or was politely trying to keep her distance.

Lawyers in the case intend to ask the potential employee during a deposition what she wanted to convey, Mr. Pfeiffer says, who cautions that her answer might not resolve the debate.

"It's like the crying smiling face," Mr. Pfeiffer says. "Is that laughing so hard that you're crying, or is it something else?"

In a 2013 battle between J.C. Penney Co. and Macy's Inc. over the sale of Martha Stewart-branded products, then-Penney CEO Ron Johnson acknowledged during a trial that he included a smiley face in an email in which he boasted about a deal to sell the products.

In a 2015 trial about the Silk Road online drug bazaar, lawyers argued over how to present emoticons in online messages to jurors. A judge decided that jurors must be able to see all internet communications, not just have them read aloud, according to the Deakin Law School study.

ISTOCK

Emojis are no longer a laughing matter for the legal profession.

The study also discussed a case in Israel that involved a couple looking for an apartment. They texted a landlord a series of emojis, including a smiley face, a comet, a champagne bottle, dancing yellow Playboy bunnies and a chipmunk. The landlord believed, based in part on the emojis, that the couple had agreed to rent the apartment. He took down the listing, then sued them when they stopped responding to his messages.

A judge found in favor of the landlord, reasoning the couple had negotiated in bad faith, and fined them a month's rent as damages, according to the Deakin study.

Certain emojis are easier to decipher than others. Brian Kabateck, a consumer lawyer in Los Angeles, said an email sent by insurance company executives, referencing his client, featured an emoji of a smiling piece of excrement.

The emojis "tell you what they thought," Mr. Kabateck says. "It was like, 'are they saying what I think they're saying?' And the answer is, 'yeah, that's pretty much what they're saying.'

Ms. Katz, the employment lawyer in Washington, says a recent text message from her teenage son brought home the interpretational difficulties.

"He sent me a picture of a mouse—not sure why," Ms. Katz says. "I think he wants me to call him."

GREATER NEW YORK

Lawmakers Pitch Highway Tolls

Democrats see levies as answer to problems Connecticut faces funding road work

By Joseph De Avila

Connecticut Democrats on Monday once again raised the prospect of reinstating highway tolls, increasing the stakes in a long-running debate over how the state should pay for transportation improvements.

State Rep. Tony Guerrera, the House chairman of the transportation committee, said he would propose legislation instructing the Department of Transportation to draft a statewide plan to bring tolls back to Connecticut.

"We must invest in transportation now," Mr. Guerrera said. "Every day we put off making these tough decisions, we risk tragedy on our decaying roads and bridges."

The push for highway tolls follows a decision earlier this month by Gov. Dannel Malloy, a Democrat, to postpone $4.3 billion in transportation projects due to a lack of money. The state's special transportation fund is expected to fall into deficit in the fiscal year that begins in July.

Mr. Malloy said those postponed projects can't resume until the Legislature provides more money to pay for them. Raising gas taxes is another option lawmakers could pursue.

"The Special Transportation Fund is drying up fast," said Rep. Chris Perone, the chief transportation financial officer for House Democrats. "Electronic tolls are the answer."

Republican lawmakers have opposed tolls and have called them a tax on residents.

"Connecticut needs to consider ways to fund transportation without asking for more from state taxpayers who have already been drained enough," said Sen. Len Fasano, the state Senate's top-ranking Republican.

A recent AAA poll found that 47% of Connecticut drivers would support highway tolls, and 16% would back increases to gasoline taxes.

The state ditched tolls in the 1980s after a tractor-trailer collided with other cars at a toll plaza on Interstate 95 in the town of Stratford. Tolls have become a touchy subject in Connecticut politics ever since their removal.

Toll supporters say the state would use electronic and cashless tolls that don't require booths that could lead to traffic jams. New York's Metropolitan Transportation Authority removed its toll booths on all of its bridges and tunnels last year as it switched to a cashless system.

A transportation panel appointed by Mr. Malloy said in 2016 that tolling could generate $18.3 billion over 20 years but it would take years for the state to implement a new system. Reintroducing highway tolls would require federal approval, and the panel said it wasn't a short-term solution to produce additional transportation funds for the state.


JASON REARICK/THE STAMFORD ADVOCATE/ASSOCIATED PRESS

A panel said in 2016 that tolls could raise $18.3 billion over 20 years.

Testimony: Ex-Cuomo Aide Used State Phone

By Erica Orden

New York Gov. Andrew Cuomo's campaign manager appeared to make extensive use of state resources while running the governor's re-election bid in 2014, including placing hundreds of phone calls from a government office, according to evidence presented in Manhattan federal court on Monday.

During the seven-month period in 2014 in which Joseph Percoco, a former top aide and family friend of Mr. Cuomo, had left state service to work on the campaign, phone records showed 837 outgoing calls from the phone in Mr. Percoco's former government office in New York City.

The evidence and testimony presented Monday raised questions about whether Mr. Percoco, who is on trial on federal bribery charges, may also have violated state ethics laws that prohibit the use of public resources for political campaigns. It isn't clear whether any of the state resources Mr. Percoco allegedly used at the time were applied to campaign work.

Prosecutors accuse Mr. Percoco of accepting payments and other perks from two companies in exchange for using his official position in Mr. Cuomo's administration to give them government favors. To obtain a conviction, they must prove that Mr. Percoco was a public official at the time of the alleged crimes, and the information concerning his use of government resources appeared designed to aid that effort.

Mr. Percoco's attorney has called him a dedicated public servant.

The evidence presented in court Monday showed that of the 837 outgoing calls, 114 went to Mr. Percoco's home, to his wife's cellphone or to an associate, Todd Howe, suggesting that Mr. Percoco was the individual using that phone. Additionally, Mr. Cuomo's chief of staff testified last week that she didn't see anyone besides Mr. Percoco use that office.

Mr. Percoco also continued to make use of a state employee who was once his government assistant after leaving his state job to work as Mr. Cuomo's campaign manager, email evidence showed. He directed some people to schedule calls or meetings with him by contacting the state employee, the evidence showed.

A spokesman for Mr. Cuomo, a Democrat, didn't respond to a request for comment.

—Mike Vilensky contributed to this article.

New Transit Chief Aims to Speed Up Changes

By Paul Berger

Andy Byford never sits on a New York City subway or bus. "Seats are for customers," said Mr. Byford, the new president of New York City Transit.

Standing on an almost empty M20 bus as it rattled through lower Manhattan on Thursday, Mr. Byford peeled a sticker from the back of a seat as he admitted he has a tough job turning around subway and bus service in America's most populous city.

Plain-spoken and direct, Mr. Byford has won plaudits from New Yorkers during his first two weeks overseeing a system that carries eight million passengers daily.

Mr. Byford, who is 52 years old, grew up in Newton Ferrers, a seaside village on the southwest coast of England. He began his career as a station agent on the London Underground.

He worked his way up to running three of London's busiest lines and went on to senior posts at British rail operators and at Australia's largest transit system in Sydney. Until last month, he ran Toronto's subway, bus and streetcar system.

Today, he heads one of the largest subway systems in the world and a workforce of 50,000. He takes over at a time when commuters are at a breaking point and when New York state and New York City are at odds over transit funding and spending priorities.

Mr. Byford says he is "obsessive about detail." He also says he can't abide mediocrity; as an example, he says using handwritten signs to communicate with customers won't do.

He tries to say hello to every colleague he passes, which can make walking through subway stations time-consuming.

The subway system endured a series of major disruptions last year, including a derailment in which dozens of people were injured.

New York Gov. Andrew Cuomo, who is running for re-election this year, has vowed to restore the subway. Much of that responsibility now rests with Mr. Byford.

After leaving the M20 bus at the corner of State and Whitehall streets and saying goodbye to the driver, Mr. Byford walked into the Metropolitan Transportation Authority's headquarters and took the elevator to his 30th floor office.

At the side of Mr. Byford's standing desk is a widescreen console showing a real-time status of subway incidents: A train with door trouble at the Grand Central-42nd Street stop; a rail defect at Canal Street; "person struck by train (alive)."

Even as New York City adds tens of thousands of jobs each year, ridership on the subway and buses is declining.

Subway passengers face regular delays caused by outdated signal systems, mechanical failures, track fires and overcrowding. Buses crawl through increasingly congested streets.

Mr. Byford has promised a plan to improve bus service. He also intends to build on an $800 million plan to restore subway service, which was announced last summer by Joe Lhota, the chairman of the MTA, which also oversees two commuter railroads and nine bridges and tunnels.

Mr. Byford realizes that his honeymoon phase will end quickly and that fixing decades of underinvestment and changing a corporate culture will take years.

According to the MTA's latest plan, it could take 40 years to modernize the subway's signal system, a major cause of delays and spotty service.

Mr. Byford said the process must be sped up.

But when an MTA spokesman interjected that the

Please see SUBWAY page A8B


MARK KAUZLARICH FOR THE WALL STREET JOURNAL

Andy Byford, the new head of New York City Transit, rode an M20 bus to work Thursday. Mr. Byford says he is 'obsessed about detail.'

NYPD Sergeant Set for Trial in Death of Mentally Ill Woman

By Zolan Kanno-Youngs

The trial for a New York City police sergeant accused of murdering a 66-year-old mentally ill woman in 2016 is set to begin Tuesday in Bronx Supreme Court.

New York Police Department Sgt. Hugh Barry faces second-degree murder, criminally negligent homicide and manslaughter charges for fatally shooting Deborah Danner in her apartment in the Castle Hill section of the Bronx. He pleaded not guilty last year, and opted for a trial solely before a judge, not a jury.

Sgt. Barry is free on $100,000 bail and suspended without pay from the NYPD.

The trial, before Judge Robert Neary, is expected to shed light on how police respond to incidents involving the mentally ill. The day after the Oct. 18, 2016, shooting, Police Commissioner James O'Neill said the NYPD "failed" in its response to Ms. Danner.

Sgt. Barry, who is 31-years old, responded to a report of an emotionally disturbed person screaming in the hall of the apartment building with several other officers, according to prosecutors.

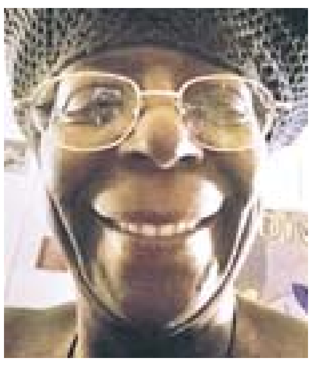
Ms. Danner, a paranoid schizophrenic, was off her medication that day, prosecutors have said. When police arrived, Sgt. Barry persuaded Ms. Danner to drop the scissors but she picked up a bat and began swinging at him, police have said. Sgt. Barry fired his gun, hitting her twice in the chest. He was carrying a stun gun but didn't use it, police said.

The defense will try to convince the judge that Sgt. Barry feared for his safety.

"This is not a question of whether he made the best choice," said Peter Brill, an attorney for Brill Legal Group who represented police unions and has worked as an assistant district attorney. "This is a question of in the seconds, literally seconds he had to react, did he make a reasonable choice?"

The Sergeants Benevolent Association, which has accused New York City Mayor Bill de Blasio and Mr. O'Neill of scapegoating Sgt. Barry, released a statement on Monday calling for members of the union to attend the trial.

The Bronx District Attorney's office declined to comment. Sgt. Barry's attorney didn't return requests for comment.


Deborah Danner

Bronx Drug Court Offers Unique Path

By Corinne Ramey

A defendant in Judge George Grasso's Bronx courtroom didn't show up for a court date Monday, his lawyer explained., because he was receiving inpatient opioid treatment.

The defendant, the judge noted, did the right thing by switching from outpatient treatment, where his social worker said he had struggled.

"I want you to tell him that Judge Grasso is very much appreciative and supportive and respectful of his decision-making process," the judge told the social worker in court.

The defendant is participating in a new drug court aimed at helping offenders at risk of opioid overdose. While other boroughs, including Manhattan, have drug courts, the Bronx's is the first in New York City that coordinates drug treatment for offenders without requiring them to plead guilty, according to New York state court officials.

In the other drug courts in New York City, defendants who plead guilty generally complete treatment in exchange for a reduced sentence.

The Bronx court is designed to help people who repeatedly cycle through the criminal-justice system. Those who complete the program, which includes treatment, have their cases dismissed and sealed. Only offenders with nonviolent misdemeanors, typically criminal possession, are eligible for the program, officials said.

The court was designed to address the borough's opioid epidemic, said Judge Grasso, supervising judge of the Bronx County Criminal Court, during a news conference Monday. "It's not the normal sense of crime and punishment," he added.

Drug courts, which help connect nonviolent offenders with treatment, began nationwide in the late 1980s and have since proliferated. There are more than 3,000 across the U.S., according to the National Association of Drug Court Professionals, a trade group.

Proponents say the courts help drug users who benefit more from treatment than incarceration. Critics of the courts contend drug users' treatment should be managed by health-care workers in the community, not within the criminal-justice system.

CAITLIN OCHS FOR THE WALL STREET JOURNAL

Judge George Grasso says the drug court was designed to address the Bronx's opioid epidemic.

In the Bronx, drug overdoses have increased in recent years. The Bronx had 308 residents die of an overdose in 2016, more than any other borough, data show. In 2015, 252 residents died, and 170 in 2014. "It may be a new phenomenon to the suburbs or to middle America, but opioid abuse has been here since the '70s," said Bronx District Attorney Darcel Clark.

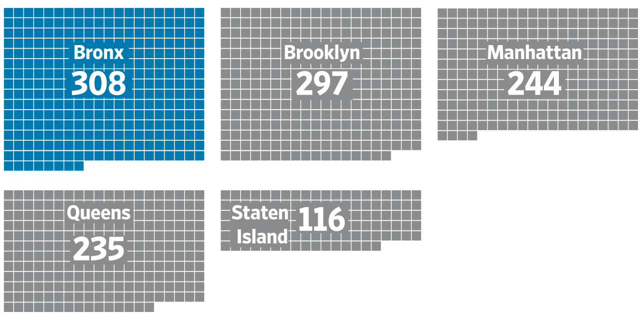
From January 2013 through July 2017, 879 people in the Bronx died of opioid overdoses, the district attorney's office said. Of those, 551 had been involved in the criminal-justice system in the borough. They each were arrested an average of 8.9 times.

Fifty-two people currently are participating in the drug court, which began in December, court officials said. They include a 22-year-old man who became addicted to pain medication after having knee surgery. Another man, who is 55 years old, suffered three overdoses and has a long history of incarceration. The court helped both get treatment.

If offenders don't comply with the treatment and other conditions, their case is sent into the regular court system. "Jail is not being held over their head," Judge Grasso added.

Hardest Hit

Number of New York City overdose deaths in 2016 by borough



Source: New York City Department of Health and Mental Hygiene

THE WALL STREET JOURNAL.

GREATER NEW YORK WATCH

TRAFFIC

Study Looks at Effect Of Fee on Commuters

Political opponents of a plan to charge motorists to enter congested parts of Manhattan say it would unfairly burden commuters driving in from New York City's outer boroughs and suburbs.

But an analysis of commuting habits by a transit advocacy group published Tuesday shows that even in those New York state legislative districts where political opposition to a pricing scheme is strong, only a small portion of residents would pay.

In most districts, less than 4% of residents commute by car into Manhattan's proposed congestion zone, according to the Tri-State Transportation Campaign analysis of U.S. census data.

Gov. Andrew Cuomo is weighing proposals from a panel he convened late last year to find ways of reducing congestion in Manhattan's central business district and to increase funding for the Metropolitan Transportation Authority.

The panel suggested a range of options, including a weekday fee for vehicles entering Manhattan below 60th Street between 6 a.m. and 8 p.m.

—Paul Berger

POLITICS

Lawmaker Expected To Run for Governor

New York Senate Deputy Majority Leader John DeFrancisco, a veteran Syracuse-area legislator, filed paperwork Monday with the state elections board for a gubernatorial campaign committee.

Mr. DeFrancisco, a 71-year-old Republican, has an event scheduled for Tuesday where he is expected to announce his candidacy. A spokesman said the senator will make his plans clear there.

If he runs, Mr. DeFrancisco will be joining upstate Assemblyman Brian Kolb and former Erie County Executive Joel Giambra in seeking the GOP nomination for governor. Mr. DeFrancisco is a vociferous critic of Democratic Gov. Andrew Cuomo.

—Mike Vilensky

SUBWAY

Continued from the prior page

agency might be able to update signals faster using wireless technology—an idea raised as part of an MTA Genius Transit Challenge championed by Mr. Cuomo—Mr. Byford sounded a word of caution.

"I would need to be convinced that an alternative is viable because we don't have the time to waste going down a blind alley," he said.

He is aware of the political battles going on around him, but he says his job is to give professional advice. "I am determined in this job to maintain my integrity and to speak truth to power and not to compromise my principles," he said.

One of Mr. Byford's biggest tests will come in spring 2019, when the MTA shuts down a section of the L line for 15 months while repairs are carried out on an East River tunnel.

Last week, he attended an open house in East Williamsburg to listen to local concerns about the outage between stations at Bedford Avenue in Brooklyn and Eighth Avenue in Manhattan.

He left the open house and hopped on the L train. At one stop, the doors opened and the car filled with loud music.

Passengers seemed unfazed, but Mr. Byford looked concerned. Even if the performer on the platform had a permit, Mr. Byford said, he wasn't allowed to use an amplifier.

"I lay great importance on a controlled environment," Mr. Byford explained later, saying he had reported the incident to MTA staff.

At the final stop at Eighth Avenue, passengers waited for about 10 seconds before the doors opened. "Now that shouldn't happen," Mr. Byford said.

He stepped off the train and excused himself. He wanted to talk to colleagues and to walk the station as part of a plan to familiarize himself with all 472 stations in the system.

"It's going to take time," he said.

RESEARCH

Chemo: More Help or Harm?

The treatment has been used to fight breast cancer for decades but doctors now are at odds over its benefits

FROM TOP: ANNIE TRITT FOR THE WALL STREET JOURNAL; LOLA FARRA

Memorial Sloan Kettering's José Baselga worries about breast cancer doctors prescribing chemo less and wants to see studies that prove the approach works.

BY LUCETTE LAGNADO

CHEMO OR NO CHEMO? That is the question.

Doctors are at odds over whether some women with breast cancer should have chemotherapy—one treatment among the arsenal long seen as crucial to fighting the disease, along with surgery and radiation.

Many oncologists are shunning chemo as risky and ineffective at combating some early-stage breast tumors. Traditionally, the majority of women with invasive breast cancer were treated with some combination of surgery, radiation and chemotherapy.

A shift to less chemotherapy or none at all, called "de-escalation," is being hailed by some as revolutionary, following what some doctors see as years of overtreatment with drugs that may have harmed more than helped. Proponents of de-escalation say chemotherapy—the use of chemical agents to treat the disease—should be used only when it appears likely to reduce the chances of the cancer spreading.

De-escalation has exposed a rift among oncologists, with some worrying women may not get the treatment they need to survive. Cancer mortality rates have improved since the late 1980s and some researchers credit chemotherapy for playing a role. In use since the 1940s, chemotherapy has become generally less toxic and more effective since the early days of nitrogen mustard. While it has side-effects such as nausea, doctors are more skilled at controlling them.

The fault lines over chemotherapy are emerging amid a larger debate about over-treatment. Concerns include whether too many antibiotics are being prescribed for ailments that don't warrant them and whether surgery has been foisted on prostate-cancer patients despite tumors that posed little risk.

Faye Ruopp, left, seen in 2015 with her sister, Elaine Nisonoff, was diagnosed with breast cancer in 2014. She and her doctor opted to treat it with surgery, radiation and hormonal therapy but decided against having chemotherapy.

Some doctors say the time has come to reassess treatment for breast-cancer patients, too. "Tens of thousands of women were overtreated, they got surgery they didn't need, they got radiation they didn't need, and they got chemotherapy they didn't need," says Steven Katz, a professor of medicine at the University of Michigan, and a supporter of de-escalation.

Advances in understanding tumor biology have changed the way many doctors approach chemotherapy. With genomic testing—which looks at genes that affect cancer—a tumor is given a score. A low score means a woman has a good prognosis and won't benefit from chemotherapy. A higher score suggests a greater risk of recurrence and a need for chemotherapy treatment. The middle scores—which are fueling physicians' angst—are in a gray zone in terms of whether to prescribe chemotherapy.

In 2014, Faye Ruopp, of Chestnut Hill, Mass., learned she had invasive breast cancer. Her tumor was 1.3 centimeters and "growing fast" says Ms. Ruopp, a former math teacher. On the genomics test, her tumor got an ambiguous score.

Ms. Ruopp's physician, Eric Winer, director of the Breast Cancer Program at Dana-Farber Cancer Institute in Boston, says her case wasn't a "slam dunk." Indeed, Dr. Winer says, "there was the very real possibility we would give her chemotherapy." Patient and doctor discussed the pros and cons and decided: no chemotherapy. She was treated with lumpectomy surgery, radiation and hormone therapy. Ms. Ruopp, now 67 years old and a math coach, had hoped to avoid chemo and says she has no misgivings: "You need to trust your oncologist."

Treatments for those who decide against chemotherapy still include surgery and radiation. Women whose tumors are deemed receptive to the hormone estrogen, will get hormone therapy. They can take pills, such as Tamoxifen, which reduce the risk of recurrence.

Use of chemotherapy to treat early breast cancer has been declining, according to a study led by Dr. Katz and Stanford oncologist Allison Kurian published in December in the Journal of the National Cancer Institute. The study of about 3,000 women with early-stage breast cancer—and some 500 doctors who treated them from 2013 to 2015—found that use of chemotherapy declined overall during that time, to 21.3% of cases from 34.5%.

Dr. Winer says he is "not afraid of chemotherapy," which he prescribes when necessary. The challenge is balancing risks and benefits, he says. "The medical community has underestimated the side-effects and impact on a woman's life," Dr. Winer says, adding that thanks to strides in understanding breast cancer, "we may be able to do less without compromising outcomes."

> 'Chemotherapy has saved many, many lives. There is zero question about that.'
>
> —José Baselga, Memorial Sloan Kettering

Among the chemotherapy drugs commonly used against breast cancer are Cytoxan, Adriamycin, Taxol and Taxotere, administered intravenously. In addition to nausea, side-effects can include hair loss and fatigue. The de-escalation debate, Dr. Winer says, isn't about these drugs, which oncologists generally agree can be effective. Rather, it is about which patients would benefit from such regimens.

Other doctors at major cancer centers worry that a less-aggressive approach poses dangers. The attacks on chemotherapy are scaring patients, they say, and could prevent them from making life-saving decisions.

At Memorial Sloan Kettering, Physician-in-Chief José Baselga says that while there is data to support forgoing chemotherapy on certain women with early-stage disease—and he himself has been prescribing less—these are only "a fraction" of cases. In some cases, he warns, "people will die because they will not get the therapy they need."

One of Dr. Baselga's patients, Evette Fairweather, was diagnosed with early-stage invasive breast cancer in 2013. Her 1.5-centimeter tumor had a genomics test score of 19, putting her in the ambiguous zone of whether to have chemotherapy. After Dr. Baselga said it would reduce her risk of recurrence, Ms. Fairweather, now 51, decided to overcome her fears of the treatment and proceed with it.

While receiving the chemo drugs over the several months, Ms. Fairweather, a payroll processor, kept working. "I won't say I felt great, but I was able to bounce back," she says. Now relocated to

Please see CHEMO page A10

JON KRAUSE

YOUR HEALTH | By Sumathi Reddy

DOCTORS CALL FOR NEW LIMITS ON OPIOID PRESCRIPTIONS

WHEN MARK GREENBERG had arthroscopic knee surgery in 2017 he was surprised he got a prescription for 50 pills of the pain reliever Percocet from a fellow doctor. Percocet contains oxycodone, an opioid commonly used to treat pain but has a high risk of addiction.

"I never filled the prescription," says Dr. Greenberg says, a pain management physician in Ashland, Ore. "I certainly didn't need any pain medications for a relatively painless surgical procedure."

The pain specialist says he can see how some patients getting such a procedure might need 10 or 15 pills to get them through the first couple of days. But he found 50 excessive.

The opioid epidemic kills on average 115 Americans a day, according to the Centers for Disease Control and Prevention. About 40% of overdose deaths in the U.S. involve a prescription opioid.

Emergency room doctors, dentists and outpatient physicians are curbing prescriptions. And surgeons are rethinking their own prescription practices.

Mark Lockett used to routinely send his patients receiving partial mastectomies home with 30 pills of oxycodone. The South Carolina surgeon changed that approach two months ago and now typically gives such patients 10.

"As a surgeon, I didn't realize how many of my patients who were never on opioids continued on opioids after surgeries that I had done on them," says Dr. Lockett, an associate professor of surgery at the Medical University of South Carolina in Charleston. "We heavily overprescribe, not intentionally, but because we don't want patients to hurt, and what we do hurts."

Many of Dr. Lockett's fellow surgeons at his medical school have cut in half or more the amount of opioids given to patients undergoing common procedures such as knee replacements and hysterectomies.

Dr. Lockett's efforts began after he at-

Please see OPIOIDS page A11

ANATOMY OF A SONG | By Marc Myers

The Story Behind 'Ain't No Mountain High Enough'

WHEN "Ain't No Mountain High Enough" was released by Tammi Terrell and Marvin Gaye in 1967, the single peaked at No. 19 on Billboard's pop chart. Then in 1970, after Diana Ross left the Supremes, her version of the song went to No. 1.

Valerie Simpson, the song's co-writer, Motown arranger Paul Riser, guitarist Eddie Willis, and the Supremes' Mary Wilson recently looked back on the song's evolution. Motown/UMe in November released "Diamond Diana," an album of remastered Diana Ross singles that includes a remix of the song. Edited from interviews:

Valerie Simpson: I first met Nick Ashford in church in 1962. He had just graduated from high school in Michigan and came to New York to be a dancer. But his auditions didn't work out, and he wound up homeless. He was staying at a friend's apartment on Manhattan's Upper West Side.

I was still a senior in high school then and sang in the choir at the White Rock Baptist Church in Harlem. I also sang in the Followers, a gospel vocal group. One day, I saw Nick standing in the back of our church as we sang. He was there looking for a hot meal. After we were introduced by his friend, I talked him into joining the Followers.

In early '63, the Followers performed at Sweet Chariot on West 46th Street. We had a nice run there until May, when the gospel club was picketed by a Harlem church. The minister felt gospel had no place in a club.

The experience informed Nick and me to stick together as songwriters. Nick was the perfect mouthpiece for my melodies, and my piano inspired his lyrics.

Our first hit, "Let's Go Get Stoned," was written with Joshie Armstead for the Coasters in 1965. Ray Charles recorded the song a year later and had a No. 1 R&B hit. The song's success brought us to the attention of songwriter Eddie Holland at Motown.

To do well there, Nick and I knew we needed a great song. Nick told me about lyrics he had written while walking down Central Park West. During his walk, he worried about whether he'd be able to remain in the city. That's when he noticed that the buildings along the park looked like mountains.

Words came to him: "Ain't no mountain high enough / Ain't no valley low enough / Ain't no river wide enough / to keep me from getting to you." The "you" here meant success.

I loved the lines, and we used them to write a love song. When we were done, we recorded a demo with me on piano and Nick singing. Motown loved it and wanted the song for singer Tammi Terrell. She hadn't had a big hit yet.

Paul Riser: The first thing I did was record the rhythm track with the Funk Brothers, the label's house band.

After Tammi recorded her vocal, the producers decided the single would be stronger as a duet. Months earlier, Marvin had a hit with Kim Weston on "It Takes Two." So Marvin was added to Tammi's record to help its odds on the charts.

Tammi Terrell and Marvin Gaye, above left, sang the original song, followed by Diana Ross, above, who released hers a few years later. Songwriters Valerie Simpson and Nick Ashford, below left, on 'Saturday Night Live.'

CLOCKWISE FROM TOP LEFT: GAB ARCHIVE/REDFERNS; HARRY LANGDON/GETTY IMAGES; NBC/GETTY IMAGES

Marvin was amazing. He overdubbed his vocal so it wrapped around hers, as if the two of them were in love, singing to each other in the studio.

Mary Wilson: Tammi had a great record with "Ain't No Mountain High Enough." But in October '67, she collapsed on stage while performing with Marvin. Doctors later diagnosed she had a brain tumor, which kept her from touring.

The following spring, the Supremes—Diana Ross, me and Cindy Birdsong, who had replaced Florence Ballard months earlier—recorded "Ain't No Mountain High Enough" for a duet album with the Temptations.

Ms. Simpson: When Diana left the Supremes in the fall of '69, (Motown founder) Berry Gordy asked Nick and me to produce her first album.

Nick suggested we have Diana narrate an extended verse. He thought she had a great speaking voice, so he wrote new lyrics.

I created an introduction that began as an instrumental and led into a choir that set up Diana's spoken voice.

Mr. Riser: Since the chorus didn't come until late, I wanted the choir in the introduction to sing the chorus as "Ahhhs." This worked like a Broadway musical overture, teasing what was coming later in the song.

Ms. Simpson: When we began to record, we did the rhythm track first at Motown. I played piano with the Funk Brothers. That's me on the record throughout.

Eddie Willis: Valerie's piano was cold-blooded. Man, she could really play.

Ms. Simpson: After New York, we overdubbed the choir parts and background vocals at Motown.

When all of the music and background vocals were on tape, we had Diana come in to record her vocal. I wanted everything done so she'd hear all of it in her headset. We really got the best out of her. Producing is about getting something special out of an artist. We stretched Diana. She could do it, and she didn't mind going for it.

But when we gave the song's final 6:18 mix to Berry, he felt it took too long to get to the chorus. Nick said to Berry, "It's like an orgasm. You don't have it immediately. It builds."

Berry insisted we at least cut it down for the single. Eventually I edited the song down to 3:32 so we could get it out. But many radio DJs played the album version instead. Nick and I felt vindicated.

In the years that followed, something happened between Nick and myself. I'll just say that when you're writing love songs all day long with someone, you can wind up falling in love. We did. Nick and I married in 1974.

CHEMO

Continued from page A9

Atlanta, she visits Dr. Baselga for a checkup twice a year and feels fine. She says she has no regrets about her decision.

De-escalation supporters "have these buzzwords they use quite lightly such as chemotherapy being a poison: Are you kidding me?" Dr. Baselga says. "Chemotherapy has saved many, many lives. There is zero question about that."

A paper published in the New England Journal of Medicine in 2015 gave de-escalation supporters powerful ammunition. In a study of more than 10,000 women, 1,626 who had early-stage breast cancer with no lymph node involvement were given hormonal treatment alone, without chemotherapy.

KIERAN KESNER FOR THE WALL STREET JOURNAL

'The medical community has underestimated the ...impact on a woman's life' from chemotherapy.

—Eric Winer, Dana-Farber Cancer Institute

The study, led by Joseph Sparano, an oncologist and professor of medicine at Albert Einstein College of Medicine, found that those with a low genomics score also had "very low rates of recurrence at five years with endocrine therapy alone."

At the MD Anderson Cancer Center in Houston, oncologist Gabriel Hortobagyi, in practice for more than four decades, recalls the years when high percentages of women died from breast cancer. He credits chemotherapy for helping achieve a turnaround, saying "tens of thousands, maybe hundreds of thousands" owe their lives to it.

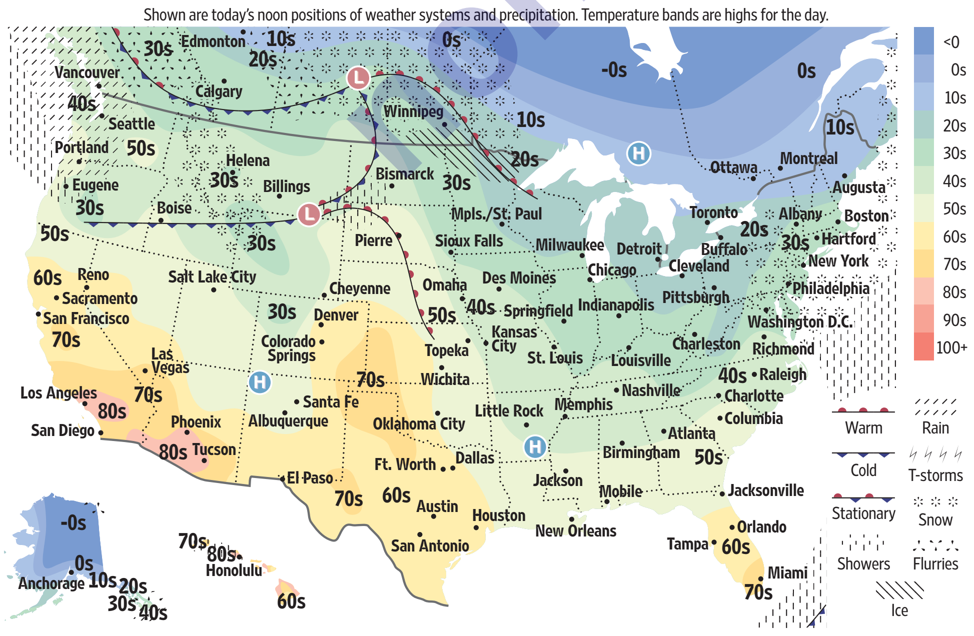
"There is clearly a need for addressing the toxicities of the treatments," Dr. Hortobagyi says, "but we have to do it responsibly and on the basis of the highest level of evidence."

Besides, he adds, "the worst toxicity is death."

Weather

AccuWeather DOWNLOAD OUR APP TODAY

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



U.S. Forecasts

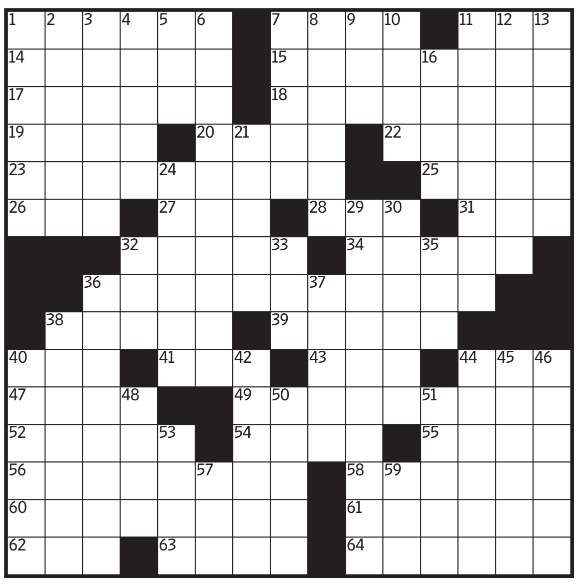
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	17	6	s	16	5	s
Atlanta	45	27	s	54	36	s
Austin	65	37	s	69	52	pc
Baltimore	36	16	sn	36	29	s
Boise	52	30	pc	46	32	c
Boston	31	19	sn	31	27	s
Burlington	19	9	c	27	25	pc
Charlotte	45	20	s	49	32	s
Chicago	32	29	pc	44	24	c
Cleveland	24	16	sf	41	36	c
Dallas	63	46	s	70	52	pc
Denver	60	31	c	47	26	pc
Detroit	26	18	s	38	31	c
Honolulu	82	71	pc	80	71	r
Houston	60	39	s	68	55	pc
Indianapolis	32	24	pc	46	35	c
Kansas City	49	40	pc	51	32	pc
Las Vegas	71	48	pc	73	49	pc
Little Rock	47	32	s	61	45	pc
Los Angeles	83	57	pc	78	55	s
Miami	72	57	pc	71	64	pc
Milwaukee	31	28	pc	44	20	c
Minneapolis	29	25	c	35	2	pc
Nashville	42	28	s	56	44	s
New Orleans	53	39	s	65	52	pc
New York City	38	22	sn	34	30	s
Oklahoma City	59	44	s	69	36	s
Omaha	47	30	pc	47	21	c
Orlando	62	41	s	65	48	s
Philadelphia	37	21	sn	36	28	s
Phoenix	80	51	pc	79	51	s
Pittsburgh	23	14	sf	40	36	pc
Portland, Maine	26	9	sn	26	21	s
Portland, Ore.	50	37	sh	48	39	c
Sacramento	66	42	pc	66	44	pc
St. Louis	42	33	pc	56	37	c
Salt Lake City	56	36	pc	47	34	pc
San Francisco	62	46	pc	60	48	pc
Santa Fe	54	24	pc	59	24	pc
Seattle	47	39	sh	46	41	r
Sioux Falls	38	29	c	42	7	pc
Wash., D.C.	37	22	sn	40	35	s

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	45	39	c	47	39	r
Athens	62	46	s	62	46	pc
Baghdad	61	38	s	63	40	s
Bangkok	88	74	pc	89	73	pc
Beijing	40	16	s	38	14	s
Berlin	42	34	c	46	35	r
Brussels	45	39	c	49	36	r
Buenos Aires	88	66	pc	91	68	s
Dubai	72	62	pc	71	58	s
Dublin	45	35	c	43	36	sh
Edinburgh	44	35	c	42	34	sh
Frankfurt	46	37	c	49	36	r
Geneva	51	37	pc	51	39	r
Havana	71	61	s	74	60	pc
Hong Kong	54	50	c	54	48	r
Istanbul	54	41	s	52	42	s
Jakarta	84	73	t	87	74	sh
Jerusalem	54	38	s	56	38	s
Johannesburg	77	59	t	79	60	t
London	48	44	pc	47	39	pc
Madrid	58	34	s	59	36	pc
Manila	88	74	pc	86	74	sh
Melbourne	65	57	r	64	52	c
Mexico City	60	40	pc	69	45	pc
Milan	52	40	c	50	42	c
Moscow	33	27	sn	30	12	sn
Mumbai	90	63	pc	90	63	pc
Paris	51	47	sh	50	38	r
Rio de Janeiro	81	72	t	84	73	r
Riyadh	61	42	pc	65	45	s
Rome	58	43	pc	58	47	pc
San Juan	83	71	s	83	71	pc
Seoul	35	19	pc	34	16	c
Shanghai	39	28	pc	39	29	c
Singapore	87	75	t	87	77	t
Sydney	85	65	pc	72	64	sh
Taipei	60	58	r	61	53	r
Tokyo	43	34	c	47	37	pc
Toronto	21	11	s	33	31	sn
Vancouver	47	35	sh	44	37	c
Warsaw	42	33	pc	41	37	c
Zurich	50	37	c	50	37	r

The WSJ Daily Crossword | Edited by Mike Shenk



SCHOOL MASCOTS | By Ross Trudeau

Across

1 Cheerfully unconcerned
7 Volcano near the Ionian Sea
11 Loops in on an email
14 Brosnahan of "The Marvelous Mrs. Maisel"
15 Procure, as a warrant
17 Disquiet
18 Apt 36-Across in shop class?
19 Confident affirmation
20 Focuses of several series in a CBS franchise
22 Malia Obama's younger sister
23 Apt 36-Across in health class?
25 Justice Gorsuch
26 Before, poetically
27 Gun rights org.
28 Onetime carrier to JFK
31 ___ Estados Unidos
32 Perfect happiness
34 White as a ghost
36 Apple polisher
38 Battery inventor
39 Eagle on a pole, perhaps
40 Nurse
41 Chicago commuting options
43 Hall of Fame quarterback Dawson
44 Best Buy buys
47 Some hwys.
49 Apt 36-Across in gym class?
52 "The Governator"
54 Rick's "Casablanca" love
55 Diva's moment to shine
56 Apt 36-Across in English class?
58 Floating or swimming
60 Ladies' man
61 Clear, as a waterway
62 Letters on an ambulance
63 Earns
64 Bitter rant

Down

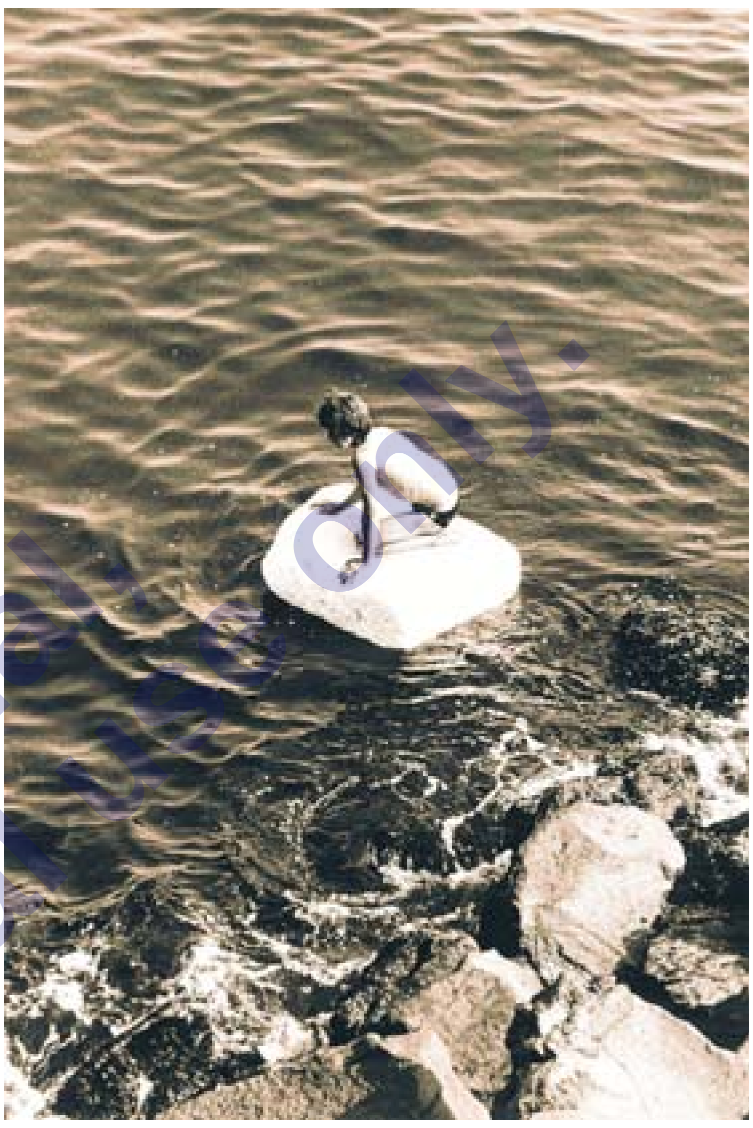
1 Black eye, e.g.
2 Cavalry soldier
3 Glacier-scaling tool
4 Express gratitude to
5 1963 #1 hit "___ So Fine"
6 Made with juice?
7 L'Oréal nail polish brand
8 Quaint three-word contraction
9 Fresh
10 Massage sounds
11 Girdle-and-bra undergarment
12 Couch component
13 Great bargains
16 Speckled steed
21 Secret supply
24 Home past curfew, say
29 Barren expanses
30 Trees with trembly leaves
32 ___ canto
33 Harden
35 Tailoring edge
36 Stylish buns
37 Chocolate-caramel candies
38 Club area past a velvet rope, perhaps
40 Where to find grooms and studs
42 Moxie
44 Floats in the street?
45 React to an embarrassing act
46 Played some pond hockey, say
48 Turbaned worshiper
50 Edward James ___ of "Blade Runner"
51 Critic, in modern lingo
53 McGregor of "Trainspotting"
57 Lode contents
59 Story line

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

Previous Puzzle's Solution

© PETER HUJAR ARCHIVE, LLC/PACE/MACGILL GALLERY, NY/FRAENKEL GALLERY, SAN FRANCISCO/THE MORGAN LIBRARY & MUSEUM.

Clockwise from above: Peter Hujar's 'Self-Portrait Jumping (1), 1974'; 'Boy on Raft, 1978; and 'Candy Darling on Her Deathbed, 1973'



ART REVIEW

Life, Death And Everything in Between

BY WILLIAM MEYERS

New York

THE INTENTION OF "Peter Hujar: Speed of Light" at the Morgan Library & Museum is to establish Hujar (1934-1987) as one of the finest photographers of his generation. Curator Joel Smith has succeeded—first by hanging a generous selection of over 140 prints, and then by arranging them in combinations that allow the images to more or less explicate themselves.

There are pictures of artists ("Peggy Lee, 1974") and writers ("Susan Sontag, 1975"); pictures of animals, domestic ("Great Dane, 1981") and wild ("Snake on a Branch, Germantown, New York, 1985"); pictures of the surfaces of various bodies of water ("Hudson River (5), 1976"), plants and trees ("Bush, Briarcliff Manor, New York, 1974"), dead animals ("Dead Gull, 1985") and dead people ("Palermo Catacombs (11), 1963"). But the body of work on which Hujar's reputation will ultimately depend is his portraits from the counterculture scene that flourished in the grungy East Village of Manhattan in the '60s, '70s and '80s. Most involved were, like Hujar, gay, and it was neither his nor their wish to pretend otherwise.

Hujar's two best-known works are in "Speed of Light": "Bruce de Ste. Croix, 1976" and "Candy Darling on her Deathbed, 1973." Ste. Croix, a dancer, sits naked in a simple wooden chair. The chair, a frequent studio prop of Hujar's, is in a bare space, with a gray floor and a lighter gray wall. The remarkable aspect of the portrait is that the subject holds his considerable erection in his right hand. In his catalog essay, Philip Gefter says that "Ste. Croix's erection poses a set of atavistic challenges to the male viewer," and lists comparison, fear and "wish to be penetrated." Another reaction might be that it suggests the exaggerated leather phalluses the actors in ancient Greek and Roman comedy attached to their costumes for droll effect.

But Ste. Croix's penis is not the sole focus of attention and, in fact, it inclines to his face, which looks downward in something like puzzlement. If he looked at the camera, or if his expression were a leer, it would be an entirely different picture, but the sense of quiet meditation makes it impossible to mistake the image for pornography.

Candy Darling (born James Lawrence Slattery, 1944) was one of many drag queens Hujar photographed. (There are five pictures of Ethyl Eichelberger alone in the show.) Hujar photographed Darling in Columbia University Medical Center, where she died of lymphoma on March 21, 1974. Unlike the spare setting for "Ste. Croix," the one for "Darling"—with its hospital bed, fluorescent light, and vases of flowers—might be a movie set except for the happenstance of it being real. Darling has on her makeup, including heavy eye shadow and lipstick, and assumes the expression of a tragic diva. The picture is affecting, but is it an example of heroic panache in the face of death or the delusional maintenance of a fictive persona to the very end?

Hujar was an exquisite printer, and one of the great pleasures of "Speed of Life" is seeing his gorgeous prints. Pictures that seem undistinguished in the tritone reproductions of the catalog are compelling in the originals. Hujar held it against Robert Mapplethorpe that the latter did not do his own printing. The two were well aware of each other, and each had the parochial ambition to be the ultimate photographer of life in the East Village. Mapplethorpe had a talent for self-promotion and came out ahead. Hujar had a very difficult personality and a habit of alienating the gallery owners, editors, curators and writers he needed to woo if he was to become famous; he preferred poverty to sucking up. But in retrospect, and with others to plead his case, Hujar may do better.

Vicki Goldberg, in her essay on Josef Koudelka, differentiates between artists who concentrate on developing a style and those intent on cultivating a vision. Mapplethorpe was a perfectionist and somewhat limited by his mannerisms; Hujar looked to what was most spontaneous and essential in his subjects. "Cockette John Rothermel in Fashion Pose, 1971" has an elegance that may derive from Irving Penn. In "Self-Portrait Jumping (1), 1974," the photographer caught himself in midair with his left arm akimbo and his right hand raised in a salute; his expression both acknowledges and contradicts the humor of the image. The young woman in "Girl in My Hallway, 1976" lies on the floor at the foot of the stairs, her head against a wall of peeling paint, asleep, drunk or overcome with drugs. She represents the dark side of the East Village, and all those who came looking for glamour, sex, chemical ecstasy, loud music, or an anodyne to boredom and loneliness.

It is time for Peter Hujar to take the place he deserves among his peers.

Peter Hujar: Speed of Light
The Morgan Library & Museum, through May 20

Mr. Meyers writes on photography for the Journal. See his photographs at williammeyersphotography.com.

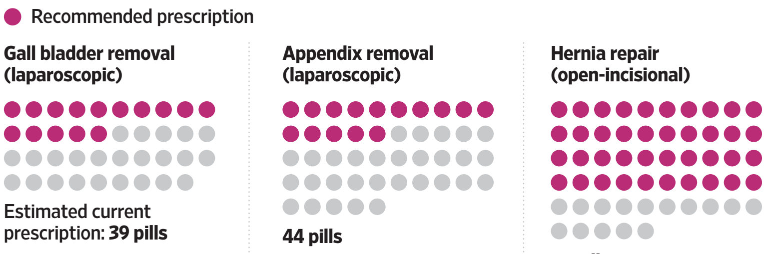
OPIOIDS

TOBY TALBOT/AP

Less Is More

New recommendations call for a smaller number of opioid pain relievers after surgical procedures.

Number of 5-milligram hydrocodone pills



Source: University of Michigan's Opioid Prescribing Engagement Network
THE WALL STREET JOURNAL.

Continued from page A9

tended an educational session at the University of Michigan, where experts have formed the Opioid Prescribing Engagement Network (OPEN), a group working to prevent the overprescription of opioids for acute care, or short-term treatment for a severe injury. The group focuses on surgery and dentistry.

The organization unveiled data-driven recommendations on the appropriate number of opioids to prescribe for 14 common procedures, such as gall bladder and colon removals, in October.

"We have so many opioids in our community," says Chad Brummett, an associate professor of anesthesiology at the University of Michigan and co-director of OPEN. "Drawing back to where that person got the prescription is not easy in many cases. You can assume more than half are for chronic pain conditions. But we think acute care is the most important opportunity for prevention."

Dr. Brummett says studies have found that between 6% and 13% of patients not using opioids before surgery use them persistently three to six months later. But it's a continuing area of research, and experts aren't entirely clear on how many patients who first receive an opioid prescription after surgery become dependent or addicted to them.

In one study, Dr. Brummett and colleagues found that about 6% of patients who received opioids for a minor or major surgical procedure became new persistent users, defined as getting at least one opioid prescription 90 to 180 days after their procedure. They published their study in JAMA Surgery in June.

Doctors also worry about what happens with unused opioids. Experts say unused pills can end up in the hands of adolescents, family members or friends or on the black market.

> Doctors say they are surprised by the number of opioids their patients don't end up using.

Mark Christopher Bicket, an assistant professor of anesthesiology and pain medicine at the Johns Hopkins University School of Medicine, published a review article in November in JAMA Surgery looking at six studies to determine how often opioids prescribed for pain go unused.

"We were fairly surprised to see across the board what we would consider very high rates of leftover opioid medications," Dr. Bicket says.

The rates ranged from 42% to 71%.

"These medications are often unsafely stored and not disposed of in recommended ways," he says. Some hospitals and pharmacies collect them, among other methods.

Richard Barth, a professor of surgery and chief of general surgery at the Geisel School of Medicine at Dartmouth in Hanover, N.H., and his team came up with guidelines for prescribing opioids for five different procedures.

They educated residents, nurses and other physicians on the guidelines. Opioid prescriptions had dropped by 53% four months later. They published their findings in the journal Annals of Surgery in 2017.

Dr. Barth says he know that opioids prescribed to postsurgical patients are just one factor of the opioid epidemic. But it's one doctors can easily fix.

"I'm just trying to do my part as a physician to responsibly prescribe opioids," he says. "I think if you do that, then fewer people are going to become longtime opioid users."

Dartmouth doctors are encouraging patients to bring back unused opioids and depositing them in a dropbox installed in the pharmacy this month.

Surgeons have also started emphasizing to patients how using high doses of a combination of ibuprofen (Motrin or Advil) and acetaminophen (Tylenol) is just as or more effective in relieving acute pain following surgery, he says.

SPORTS

MLB

Indians Remove Logo

BY JARED DIAMOND

THE CLEVELAND INDIANS will remove the controversial Chief Wahoo logo from their uniforms and caps starting in the 2019 season, the year they will host the All-Star Game at Progressive Field. The decision, reached jointly by the team and Major League Baseball, partially resolves a fierce debate about the use of an insignia beloved by some fans, but derided as racist by many others.

After decades of criticism, Chief Wahoo, a cartoonish caricature of a stereotypical Native American, received a renewed round of scrutiny in 2016, when the Indians appeared in the World Series. During that postseason, Douglas Cardinal, an advocate for indigenous people, sought an injunction from a Canadian court to block the Indians from using the logo while playing in Toronto, further fueling the negative attention.

Following the season, MLB commissioner Rob Manfred spoke with Indians owner Paul Dolan about phasing out Chief Wahoo. "During our constructive conversations, Paul Dolan made clear that there are fans who have a longstanding attachment to the logo and its place in the history of the team," said Manfred, who had previously expressed his desire for the Indians to eliminate Wahoo. "Nonetheless, the club ultimately agreed with my position that the logo is no longer appropriate for on-field use in Major League Baseball."

The move doesn't completely end the debate, however. The Indians will keep their nickname and say they might explore creating a new complementary logo in the future. They will also continue to sell merchandise with Chief Wahoo in retail outlets at Progressive Stadium, in Northeast Ohio and in Goodyear, Ariz., their spring training home. Chief Wahoo merchandise will not be sold online.

SUPER BOWL LII

When the Patriots Unleash Hell

No team in the NFL has scored as much as New England at the end of the first half this season

BY ANDREW BEATON

Minneapolis

THE PATRIOTS looked sluggish. They were losing and playing at the other team's pace. Their high-octane offense had scored only three points. Their crafty defense was getting fooled, and by quarterback Blake Bortles no less, in the AFC Championship game against Jacksonville.

Then New England did what it has done to so many teams this season and over the years: It steamrolled its opponent at the end of the first half. The Patriots marched downfield and turned a 14-3 deficit into a far more manageable 14-10 score right before the break. It kept them close enough to storm back at the end of the game. And it reminded them that, in a pinch, their offense could dismantle Jacksonville.

"We needed that," Patriots quarterback Tom Brady said, "because we needed a spark."

The Patriots have dramatically mastered the late comeback in recent years. They did in this AFC Championship against the Jaguars. They trailed by 10 in the fourth quarter only to put together two touchdown drives and advance. They trailed by 25 points against the Falcons in the second half of last year's Super Bowl—and everybody knows what happened there.

But before Sunday's Super Bowl showdown against the Eagles, the best way to understand just how good New England is at coming back isn't by looking at its comebacks at the end of the game. It's more useful to examine their unmatched capability to execute in tight situations at the end of the first half.

Here's just how good they are: The Patriots scored in the final minute of the first half 12 times this season, including the playoffs. That means in two-thirds of their games they put up points right before the break.

Even for an offensive machine like New England, this isn't normal. The Patriots have scored 66 points in the final two minutes of the first half this year. That's not just more than any other team in the league. It's nearly twice the average of the rest of the league (37.1 points), according to Stats LLC.

The gap between New England and everyone else is even more jarring in the final minute: The Patriots put up 56 points. The 31 other teams averaged 24 points. Four teams didn't score a single touchdown in the last 60 seconds of the first half. New England put up five.

In some games, the late first-half score cemented a blowout. In

CLOCKWISE FROM TOP, LEFT: PATRICK SEMANSKY/ASSOCIATED PRESS; MADDIE MEYER/GETTY IMAGES; ANDREW YATES/REUTERS

The Patriots scored 66 points in the final two minutes of the first half this year. The league average was 37.1 points.

others, it evened the game up without giving the other team enough time to respond. On three occasions, it led to a devastating two-for-one: The Patriots scored to close out the first half, got the kickoff to start the third quarter and scored on that possession, too.

The AFC Championship was a clinic in their mastery of these situations. They got the ball with 2:02 left on the clock against Jacksonville. They ran the ball once to start the drive, with the clock stopping because of the two-minute warning. Then Brady dropped back to pass on six consecutive plays. Four were complete. Two netted defensive penalties. After that, it just took a one-yard run from James White into the end zone.

"If we could get it going then, we could win the game," Patriots coach Bill Belichick said. "It took us a little while to do that, but that was a big drive for us."

That gave Jacksonville the ball back with 55 seconds. The Jaguars didn't trust Bortles to march downfield in roughly the same time it took Brady. Bortles took two knees to end the half.

But the Patriots rarely think like that. Even with almost no time left, they at least try to put points on the board. The most telling instance comes from a rare New England loss. Just before halftime of the team's Week 4 defeat to the Panthers, the Patriots got the kickoff with 26 seconds to go. They had saved all three timeouts for just this scenario. They only needed two of them. A nine-yard pass took eight seconds off the clock. An incompletion took seven more ticks. Then a 26-yarder left only four seconds but got the ball within range for Stephen Gostkowski, who converted the 58-yard kick. It was the longest field goal in franchise history—and it came on a possession almost any other team might have written off.

Patriots players say there isn't any secret to their outsize success in these tight spots. And you know something is critically important in Foxborough when everyone is tight-lipped about it.

Even though everything is supposed to be harder in the Super Bowl against another incredible team, the Patriots are actually better at this in the final game of the season. New England has played in seven Super Bowls with Brady and Belichick. They have scored in the final two minutes of the first half of them in six of those seven. Five were touchdowns, and the other was a Gostkowski field goal at the end of last year's first half.

This is shockingly necessary. When it comes to the final game of the season, the Patriots have shown a knack for coming out of the gates slowly: In those seven Super Bowl appearances, New England hasn't scored a single point in the first quarter.

Philadelphia fans know this all too well. The Eagles led 7-0 early in Super Bowl XXXIX. Then Brady threw a touchdown pass with 1:16 left in the second quarter. Then New England got the ball back to start the third. They scored a touchdown again—the two-for-one. Which was the turning point and difference in the 24-21 Patriots win.

PREMIER LEAGUE

ENGLISH SOCCER'S RESCUE ARTIST

BY JOSHUA ROBINSON

Liverpool, England

IN MORE THAN 15 YEARS of coaching at the highest level of English soccer, Sam Allardyce has never won a trophy. Nor has he ever been in a title race or secured so much as a top-four finish.

And yet, the bear-sized veteran known as Big Sam has been consistently one of the era's most sought-after managers, pacing the sidelines of seven different clubs. The reason: he is the English Premier League's pre-eminent rescue artist. When teams are staring down the barrel of relegation from the top tier, Allardyce is the man they call.

That's what Everton did in November after winning just two of its first 12 games. The club was distraught over the prospect of being booted from the top tier for the first time since the 1950s—and even more distraught about missing out on the Premier League's annual payouts of more than $150 million. So they tempted the never-relegated, 63-year-old Allardyce out of retirement.

He took the job, perhaps his last ride in the Premier League, not because of his reputation as a survival specialist, but because he wants to shake it.

" 'Save us, Sam. Come and save us, Sam.' You get tagged with that one," he said, sitting in a room at Everton's Goodison Park. "I never thought that I'd get a football club like this, in all honesty."

For this season at least, survival must stay his priority. Everton has recovered from its early-season disaster, but the club is still involved in one of the most sprawling relegation battles in Premier League history. The gap from the Toffees in ninth place to the relegation zone is just six points. Any one of 11 clubs could yet go down.

"You look at the squad that's available, you look at the opposition you're playing against, and you try and simplify the game," Allardyce said. "Say, 'These are the simple basics, lads, you try and achieve in the 90 minutes.' "

That approach rarely produces beautiful soccer—Jose Mourinho famously accused Allardyce of playing "19th century football." Everton is in the bottom six in the league in possession, pass completion and shots per game. But for the situations Allardyce lands in, there is no time to reinvent a style of play when you're scrambling to rack up the 40 points that usually guarantee safety.

"You've got the fear of failure and that cannot happen for me. I cannot get relegated. It's impossible," he said. "It can't happen. I tell the lads, 'It can't happen. You're not going to spoil my record. So we're going to survive.'"

Everton manager Sam Allardyce, right, looks on as Cuco Martina prepares to take a throw in during a recent match.

The irony is that Allardyce never set out to be a relegation doctor. Before prize money truly exploded in the 21st century, no one thought much about the financial consequences of spending a year or two outside the top flight. Allardyce broke into the big time after guiding a second-tier club back into the Premier League.

"That is the hardest job in football today," Allardyce said. "One there's not enough talent worldwide. And two, it's hugely expensive. There's little or no room for any mistakes you make now...With your 30, 40, 50, 60 millions, you have to be absolutely spot on."

To help him, Allardyce can lean on the support of Everton's Director of Football Steve Walsh. The name isn't familiar to most soccer fans, but his work certainly is. He built the squad of misfits and castoffs that became Leicester City's odds-defying, championship-winning team of 2015-16. Walsh's discoveries include Jamie Vardy, whom he signed from semi-pro soccer; and Riyad Mahrez, the Algerian winger bought for £450,000 ($631,860) and now rumored to be worth 50 times as much.

At Everton, Walsh has a bigger bundle of cash to play with. Since last summer, the club has spent $260 million on nine new players, most recently former Arsenal winger Theo Walcott. Even with those additions, it's unclear whether Everton knows what its best starting lineup is.

"It's about lessening the risk when you sign a player," Walsh said. "Anybody who tells you they get everything 100% right when they sign a player is a liar."

In recent weeks, Everton has begun to slide backwards, leaving Allardyce to publicly question the professionalism of some of his own players. He worried that their hot start under him might have created a sense that they were out of trouble.

"It was a false sense of security if they think like that," he said after a 4-0 defeat to Tottenham and a 1-1 draw with West Brom. "We've only taken three points out of 18."

Because even when Allardyce isn't in a relegation battle, a relegation battle somehow finds him.

OPINION

Poor Chuck Schumer

MAIN STREET
By William McGurn

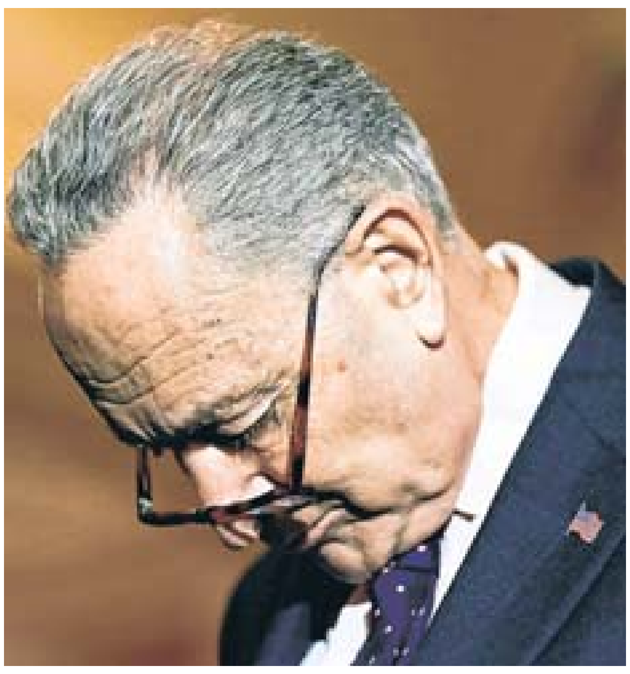
In only one year as Senate minority leader, Chuck Schumer has managed to pull off some large but dubious achievements.

The biggest came last week, when New York's senior senator became the only Democrat in recent memory to lose a government shutdown fight. The way he lost was as distinctive as the loss itself. Having vowed on a Friday not to agree to a funding bill until Congress had a bipartisan agreement to protect the so-called Dreamers (immigrants who came to America illegally as children), by Monday he was crying uncle. By Tuesday angry protesters appeared outside his Brooklyn apartment building, shouting that Mr. Schumer had sold the Dreamers out.

The New York senator made it to the top, but at the worst possible moment.

In short, Mr. Schumer's hard-line start and surrender finish produced the worst of all worlds. To begin with, he provoked more ridicule from a president who seems to enjoy taunting him, especially on Twitter. And Mr. Trump continues to do so, recently tweeting that a legislative solution for the Dreamers "has been made increasingly difficult by the fact that Cryin' Chuck Schumer took such a beating over the shutdown that he is unable to act on immigration!"

Meanwhile, Mr. Trump also offered a framework for an immigration deal that contains genuine concessions, such as a path to citizenship for all 1.8 million people who qualified for DACA—not just the 800,000 who had enrolled. The president has also suggested, plausibly, that Mr. Schumer refuses to cut a deal because the Democrats prefer to exploit the plight of the Dreamers rather than reach a genuine bipartisan solution.



ALEX BRANDON/ASSOCIATED PRESS

The Senate minority leader on Capitol Hill, Dec. 19.

On the eve of Mr. Trump's first State of the Union, it puts him in an interesting place. Here's a what-if: What if Mr. Trump looked up at the gallery full of Dreamers during his address and said, "I have offered a good-faith compromise that would not only resolve your place in America but open to you the precious gift of American citizenship. All I ask is that Chuck Schumer and Nancy Pelosi meet me halfway"?

Still, as trying as Mr. Trump must be, even worse for Mr. Schumer is the split in his own party. It might roughly be characterized as between those looking at 2018 and those looking to 2020.

In the 2018 midterms, Democrats will be defending 26 Senate seats—10 of them in states Mr. Trump carried. Most of these Democrats were irritated by how Mr. Schumer's stand opened them up to accusations (and the inevitable attack ads) that they're willing to shut down the government to protect illegal immigrants. So upset were these Democrats by Mr. Schumer's uncompromising stand that before the weekend was out they had abandoned him for a deal with Majority Leader Mitch McConnell to reopen the government.

In the opposite corner are the 2020 Senate Democrats, i.e., those eyeing a White House run. They sense, correctly, that their party's base is in full resistance mode. It is no coincidence almost all these Democratic senators—including Kamala Harris, Cory Booker, Bernie Sanders, Elizabeth Warren and Kirsten Gillibrand—voted against ending the shutdown. Some are further embellishing their purist credentials by voting against almost every Trump nominee.

Indulging anti-Trump absolutism is not without its price. Notwithstanding the prevailing orthodoxy that Republicans will be overwhelmed by a blue wave in the 2018 midterms, vulnerable Democratic incumbents such as North Dakota's Heidi Heitkamp and Indiana's Joe Donnelly don't seem so sure.

Republican leaders faced this same dynamic themselves, notably in 2013 when Texas Sen. Ted Cruz persuaded enough Republicans that if they would only shut down the government, they could force Mr. Obama to agree to defund his signature legislative achievement, ObamaCare. Republicans who opposed the shutdown found themselves traduced as RINOs—Republicans in name only. It too ended in humiliating retreat.

Of course, it's one thing for an individual senator to push his caucus into a futile gesture. It's quite another for a party leader to do so.

The irony is that by nature Mr. Schumer inclines more to deal-making than suicidal last stands. His problem is that Mr. Trump is an even more polarizing figure for Democrats than President Obama was for Republicans, and what these Democrats want now is to resist. But if Mr. Schumer allows the Democratic zeal for resistance to take the form of rejecting every Trump offer for compromise, Mr. Schumer may well pull off another miracle by making Donald Trump look like the reasonable one in Washington.

For years, Mr. Schumer has been climbing the greasy pole, finally reaching the top last year when he replaced retiring Sen. Harry Reid as leader of the Senate Democrats. Normally the priority of a minority leader would be to regain control of the chamber in which he serves. Alas for poor Mr. Schumer, his tragedy is to have reached the top at precisely the worst moment, caught between a Republican president who can't stop demeaning him and a Democratic Party that seems determined to ensure he remains a minority leader.

Write to mcgurn@wsj.com.

Beijing Attacks Hong Kong's Rule of Law

By Martin Lee

Hong Kong

'Kill a chicken to scare the monkeys' is a well-known Chinese expression for making an example of someone. A Hong Kong court put that saying into effect Jan. 17 by handing down another three-month prison sentence to Joshua Wong, a 21-year-old democracy activist.

Mr. Wong's prosecution is part of a continuing campaign to dissuade young people from advocating the freedoms Hong Kong was promised in the Joint Declaration, the international treaty that governed the 1997 transfer from Britain to China, as well as in its constitution, the Basic Law.

Mr. Wong earned a high-profile depiction in the 2017 documentary film "Joshua: Teenager vs. Superpower." He was one of the youngest people ever to appear on the cover of Time magazine. He also boasts a large following on social media. This growing clout, combined with his refusal to be silent as democratic freedoms are undermined, has made him a target for the governments in Hong Kong and Beijing, which are using the courts against him.

Last August, Mr. Wong became Hong Kong's youngest political prisoner when he was jailed for two months for helping to organize protests in 2014 against restrictive electoral reforms. These protests turned into the 79-day "Umbrella Movement"—a name that stuck when peaceful demonstrators used umbrellas to shield themselves from police tear gas. Mr. Wong's latest sentence is on a separate charge of blocking a protest site from being cleared in 2014.

Since Britain ceded control of Hong Kong, an entire generation of young people here have grown up under Chinese rule. They are politically astute, courageous and determined to defend Hong Kong's core values: the rule of law, academic and religious freedom, transparency, a level playing field, clean government and human rights.

Mr. Wong's story isn't the only one that sends the message that under China's rule, demanding democracy will carry a heavy price. Nathan Law was the territory's youngest legislator when he was elected a year ago, but he was ejected last July for signaling his pro-democracy allegiances when he took the oath of office.

Under Hong Kong law, the convictions of Mr. Wong and his colleagues will bar them from running for office for five years. Mr. Wong—who is still a student living at home with his parents now that he is out on bail—would have been old enough to be eligible for election to the Legislative Council.

The latest outrage: a three-month jail term for 21-year-old activist Joshua Wong.

I have been a practicing lawyer in Hong Kong for more than 50 years. Every day I see the difference between Hong Kong's "rule of law" and China's "rule by law." The Chinese Communist Party is always above the law, which is twisted so as to imprison journalists, activists and lawyers—even Nobel Peace Prize laureate Liu Xiaobo, who died last July in state custody. Hong Kong, however, has always relied on a consistent and apolitical legal system, a crucial constant even as our society is sometimes shaken by political winds from China.

But today, the authoritarian government on the mainland is leaning on Hong Kong to change the meaning of our laws, including their guarantees of freedom of the press, speech, assembly and religion. Rights are being narrowed, and acts that were lawful at the time they were undertaken can be prosecuted under new "interpretations."

If the current pattern continues, Hong Kong's judges will find that they are increasingly pressured to reach unsupportable verdicts. That would be devastating for the global companies that write contracts in Hong Kong, for the news organizations that base their bureaus here, and for the nongovernmental organizations that have long been able to operate here without fear of interference.

Yet diplomats and world leaders are standing by as Beijing throws youth leaders into jail, flouts a clearly worded international treaty, and reneges on written agreements to uphold the rule of law and the independence of the judiciary. The international community must come to Hong Kong's defense and insist that China uphold its treaty obligations to let our society continue to be free.

Mr. Lee is a barrister and founding chairman of Hong Kong's Democratic Party. He was an elected legislator for more than two decades.

Trump Finds a Fan in East Africa

By Michael Taube

President Trump's alleged vulgarity to describe Third World countries made him unpopular among African elites. Governments from South Africa to Nigeria condemned it, as did former U.S. ambassadors to the continent. But there was a notable exception.

"America has got one of the best presidents ever," Uganda's President Yoweri Museveni said at the Jan. 23 opening of the East African Legislative Assembly in Kampala, Uganda's capital. The room erupted in laughter—until members realized he wasn't joking.

"I love Trump because he tells Africans frankly," Mr. Museveni continued. "The Africans need to solve their problems, the Africans are weak."

One might argue that Mr. Museveni has himself become part of the problem. After his election in 1986, he "embarked on an ambitious reconstruction of the broken country," as human-rights lawyer Donald Rukare observed in a 2016 Freedom House report. Mr. Museveni's initiatives helped end a civil war, arrest the spread of AIDS, and expand access to primary education.

'One of the best presidents ever,' says Uganda's Museveni.

But 30 years later, Mr. Rukare wrote, "the country's record of successful development is threatened by endemic corruption and growing worries about the political future." Uganda "is sinking under the unbearable weight of a huge and expensive government sector," with "mind-boggling" examples of corruption.

Further, "the opposition has largely been muzzled by the state through intense intimidation and harassment." Mr. Trump's harshest detractors may see him and his Ugandan counterpart as birds of a feather.

Yet Mr. Museveni's point is undeniable. Africa, despite its abundance of resources, is poor largely because its governance is. Nations like South Africa, Nigeria and Namibia are becoming more prosperous through technological advances, expanded manufacturing sectors, and tax incentives for new business development.

In a tweet following his Jan. 23 comments, Mr. Museveni observed: "You can't survive if you are weak. It is the Africans' fault that they are weak. We are 12 times the size of India, but why are we not strong?" You can blame Mr. Trump for his poor choice of words, but not for the economic and political reality behind them.

Mr. Taube, a Troy Media syndicated columnist, was a speechwriter for former Canadian Prime Minister Stephen Harper.

BOOKSHELF | By Meredith Wadman

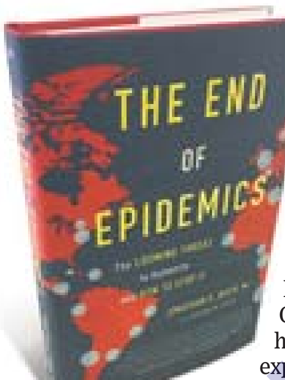
Prepping For a Plague

The End of Epidemics

By Jonathan D. Quick with Bronwyn Fryer
(St. Martin's, 290 pages, $26.99)

For scare value, the 2014 Ebola epidemic looms largest in recent memory; while it ended by killing "only" 11,310 people in West Africa, it looked for a time as if it might become a global catastrophe. But for deadliness, the 1918-19 Spanish influenza pandemic, which killed at least 50 million people, dwarfs any infectious outbreak of the past 100 years. Beginning in the spring of 1918, a flu virus that in a rare feat had evolved to be both highly contagious and extremely lethal swept the planet. Most often, it killed healthy adults in the prime of life.

The specter of a 21st-century version of this calamity has been worrying smart people like the actuaries at Bank of America Merrill Lynch, who estimate that today such a pandemic would cause 180 million to 360 million deaths. Not to mention Bill Gates, who in 2015 rated the likelihood of a major epidemic far worse than Ebola occurring in his lifetime at "well over 50%."



So "The End of Epidemics," Jonathan D. Quick's alarming, cautionary plea for preparation, is both welcome and disturbing—as it should be, given the litany of risks he lays out with the assistance of veteran business writer Bronwyn Fryer. "The threat has never been greater," writes Dr. Quick, a physician and public-health expert with 40 years of experience fighting disease in more than 70 countries. "Population growth, urbanization, international travel, food animal production practices, forest clearance, and a rapidly warming climate all increase our collective risk."

Dr. Quick explains, for example, that population pressure and clear-cutting, whether for subsistence farming or industrial agriculture, are bringing people into ever-closer contact with primates, rodents and bats that carry dangerous diseases. (Scientists believe that the Ebola epidemic began when a 2-year-old boy in a remote Guinean village played with a bat in a tree stump near his home. He was dead several days later.) Deforestation also causes floods that provide breeding grounds for the mosquitoes that transmit dengue, Zika, malaria and other illnesses.

Compounding the risk is a network of international air travel that was scarcely imaginable when the flu swept the planet 100 years ago. Consider the unlucky Thomas Duncan, whose arrival in Texas from Liberia—and thus his Ebola diagnosis—was overlooked by staff at a Dallas hospital in the fall of 2014, until it was too late. (Two of his nurses also became infected; they survived.) Malaria is a more commonplace indicator of our interconnection. Although the U.S. wiped out the disease domestically in 1951, 1,500 to 2,000 cases of malaria occur annually in the U.S., nearly all in travelers arriving from abroad.

But the most frightening risk that Dr. Quick describes is the potential for a new, highly contagious and highly deadly flu to arise from a "viral stirring pot" of DNA from avian, animal and human-infecting flu viruses. Opportunities for these genes to meet and mix abound as beasts, birds and humans rub shoulders in places like factory farms. "Infectious-disease experts agree that under present conditions the question is not whether a superbug will occur and create a global pandemic," Dr. Quick writes. "The question is when."

Preventing the next major disease outbreak will require better health infrastructure, citizen activism—and $7.5 billion a year.

Alas, Dr. Quick also depicts the inertia and shortcomings of global health systems at the outset of the 2014 Ebola epidemic, when authorities failed for months to grasp its severity. Nor does he let industry off the hook. Three-quarters of companies, he notes, have inadequate flu-pandemic preparedness plans; one-quarter have none.

Dr. Quick's remedy is a set of seven sensible steps that we need to take, now. He wants improvements in leadership; health infrastructure; disease prevention, detection and response; communication; innovation; and citizen activism. He also wants, of course, the increased spending—$7.5 billion world-wide each year for 20 years—that would allow all this to happen. None of this is sexy or surprising. But it constitutes the necessary, gritty work of transformation.

Dr. Quick manages to enliven his prescriptions with examples that are alternately shattering and inspiring. How *not* to communicate is made clear by the story of an Ebola-education team that arrived in a Guinean village in 2014 and began spraying disinfectant. Afraid that the outsiders were actually spreading the deadly virus, the villagers murdered them with stones and machetes, dumping the bodies in the village latrine. Contrast neighboring Sierra Leone, where authorities worked to win the confidence of community leaders—traditional healers, market women, pastors and imams—and dispatched them to communicate messages like "Ebola is real" and to impress on people that they must drop the traditional practice of handwashing corpses teeming with virus. Sierra Leone ended the epidemic with a 28% case fatality rate; Guinea's was 67%.

For all the pressing importance of his message, Dr. Quick may be fighting an uphill battle not so much against denial as distraction. Why worry about the coming plague when a nuclear war seems so much nearer? We humans, and our governments, respond largely to the tyranny of the urgent, no matter how deadly more-distant risks may be. This comes into bright focus when Dr. Quick asks a question first posed by the University of Minnesota's Michael Osterholm, a leading prophet for pandemic preparedness: "Imagine if we had had three years' notice that Hurricane Katrina would happen on the day it did. What would have been done in that three-year period?"

"The End of Epidemics" has its weaknesses. It is laden with clichés: Bullets are dodged, ounces of prevention are worth pounds of cures, and health care heroes, who lead as if the house is on fire, have backbones of steel. It is also sprinkled with lists of policy prescriptions that may put off some of the general readers it aims to attract. But given the gravity of the topic, these are quibbles. Dr. Quick's urgent message makes one hope that this book will reach a huge audience and that its exhortations will be acted on everywhere.

Dr. Wadman is a reporter at Science and the author of "The Vaccine Race: Science, Politics, and the Human Costs of Defeating Disease."

OPINION

REVIEW & OUTLOOK

Cleaning Up Comey's FBI

Director Wray needs to restore the bureau's fallen reputation.

Donald Trump is his own worst enemy, and his Twitter attacks on the FBI are a good example. New FBI director Christopher Wray seems to be undertaking a much-needed house cleaning of officials from the James Comey era who have damaged the bureau's reputation, but Mr. Trump's bumbling catcalls make that task all the harder.

A case in point is the resignation Monday of deputy director Andrew McCabe, which every Never Trump conspiracy theorist is blaming on the President's machinations. The same President they claim is an idiot is apparently pulling off a Nixonian cover-up. If you've lost your mind over Mr. Trump, you'll believe anything about him, even if it's contradictory.

Mr. Wray has no choice other than to install new FBI leadership after the Comey calamity if he wants to assert control. That means removing the Comey loyalists who botched the Hillary Clinton email probe and may have inserted the bureau into a presidential election campaign on the basis of Russian disinformation from the Christopher Steele dossier. Cleaning house isn't a conspiracy. It's a necessity to restore the reputation of America's premier law enforcement agency.

We'll learn more about what happened in the Clinton email case when the Justice Department Inspector General concludes his investigation. But Mr. McCabe had done more than enough to warrant removal when he supervised the Clinton probe after his wife, Jill McCabe, had run for the Virginia state Senate in 2016 with the financial help of Clinton loyalist and then-Governor Terry McAuliffe.

The FBI's ethics office cleared Mr. McCabe to stay on the Clinton case, but anyone with any ethical sense would have understood the appearance of a conflict of interest. He didn't recuse himself from the Clinton case until a week before the 2016 election. Mr. McCabe's name has since also appeared in troubling references in the text messages between FBI paramours Lisa Page and Peter Strzok, the main agent on the Clinton probe.

Mr. Wray needs a deputy the public can trust, not one carrying this much political baggage. Mr. McCabe is being given vacation leave to run through March when he will be able to receive full retirement benefits for having served for 20 years. Maybe he can become a paid legal commentator on CNN.

The departure of other Comey loyalists is also encouraging. Special counsel Robert Mueller removed Mr. Strzok from the probe last summer once the texts were discovered, though the news was leaked only after investigators in Congress closed in on the story. The complete tale of his involvement in the Clinton and Trump probes is far from being told.

James Baker, whom Mr. Comey installed as FBI general counsel, was reassigned in December, according to news reports. Messrs. Baker and Comey were pals at Justice and in private business at the investment management firm Bridgewater Associates. And Mr. Wray said in a statement last week that Mr. Comey's chief of staff, James Rybicki, had told him in December that he intends to leave.

The political canard of the year so far—the list is already long—is that criticizing the FBI's behavior in 2016 is an attack on American institutions and an attempt to undermine Mr. Mueller. Mr. Strzok's role and his texts have already damaged Mr. Mueller's probe without outside help. And since when is the FBI above political oversight? The last director who achieved that sort of sovereign immunity was J. Edgar Hoover, and we know how that turned out.

* * *

Which brings us to last week's news, and much weekend hyperventilating, that Mr. Trump considered firing Mr. Mueller last June but refrained after White House general counsel Don McGahn objected. Instead of applauding Mr. McGahn for his obvious good judgment, the press has mainly wondered if he was trying to protect himself. Maybe he was doing his job and trying to protect his client, the President, from Mr. Trump's reckless impulses.

Firing Mr. Mueller would be self-destructive for Mr. Trump, who would look like he has more to hide than he claims. But this does not mean that Mr. Mueller is somehow above criticism. His evidence and criminal judgments are subject to scrutiny on the legal, ethical and constitutional merits.

Congress should also stay away from Senator Lindsey Graham's bad idea to give unelected judges the power to second guess Mr. Trump if he did fire Mr. Mueller. This would violate the separation of powers and the President's authority over the executive branch. If Mr. Trump dismisses Mr. Mueller, the punishment would be political for the President and probably also his party. He'd be teeing up the GOP for defeat in November—and himself for possible impeachment.

Then again, Mr. Trump hasn't fired Mr. Mueller. And Mr. Wray should continue to clean up the Comey FBI.

Another House GOP Retirement

Republicans have one more open seat to defend in November.

President Trump delivers his State of the Union address Tuesday evening, and his number one priority should be the start of an effort to repair his approval ratings if he wants to save a Republican House majority in November. Saving that majority became harder on Monday when House Appropriations Chairman Rodney Frelinghuysen announced he won't seek re-election this year.

Mr. Frelinghuysen hails from a famous New Jersey political family and is in his 12th term. He became Appropriations Chair last year, but he won re-election with only 58% of the vote in 2016 and Mr. Trump is unpopular in Jersey. The Republican voted against the December tax reform on grounds it would hurt his high-tax state—a signal that he wanted to separate himself from the Trump Administration.

The retirement follows that of Ed Royce, the Foreign Affairs Chairman, and Darrell Issa, who would have faced difficult races in California. Open seats are harder for an incumbent party to hold and they increase the odds that Democrats will pick up the 24 seats they need to run the House in 2019.

We trust someone is telling Mr. Trump about the impeachment danger he faces from a Democratic House. Presidential job approval is a leading indicator of midterm election results, and don't believe those who tell you this time will be different. Republicans will find it easier to hold the House if Mr. Trump is less polarizing and drives fewer Democrats to the polls.

White House 5G Folly

Just what America doesn't need: a government internet.

A leaked National Security Council memo proposing to nationalize the embryonic 5G wireless network has generated a public outcry, and the quarter-baked idea shows that government folly knows no party.

The Axios news site reported Sunday that a senior National Security Council official has advocated that the U.S. government take over development of an ultra-high-speed 5G network. Access to the government network would then be leased to private carriers like AT&T and Verizon. The White House said Monday the memo was out of date and it had no plans for a federal internet, but this is a bad enough idea that it needs to be preemptively strangled lest it reappear.

The impetus for a centralized network, according to the NSC memo, is China's "dominant position in the manufacture and operation of network infrastructure" and cyber-warfare. There's little doubt that China is aggressively trying to penetrate U.S. information systems, and a strong, secure and fast wireless network is needed for self-driving cars and other artificial intelligence. Without strong firewalls, malicious actors could hack wireless networks and do great harm.

But federal government networks are hardly impenetrable. In 2014 Chinese hackers broke into the Office of Personnel Management and stole the records of some 22.1 million government workers, contractors and job applicants. The Securities and Exchange Commission reported last summer that its corporate-filing database had been breached.

Building a network from scratch would be expensive, and there's no better recipe for cost overruns than putting the government in charge. Consider the federal proprietary FirstNet network for first-responders during emergencies. That project, started in 2012, likely won't be complete for more than a decade and will cost tens of billions of dollars. The Commerce Department Inspector General noted in 2015 that FirstNet "encountered difficulties in hiring and maintaining staff for key technical positions." Its procurement rules also favored AT&T.

Federal Communications Commission chairman Ajit Pai and his fellow commissioners were quick to shoot down a government 5G takeover. "The main lesson to draw from the wireless sector's development over the past three decades—including American leadership in 4G—is that the market, not government, is best positioned to drive innovation and investment," Mr. Pai said, adding that "any federal effort to construct a nationalized 5G network would be a costly and counterproductive distraction."

He's right on all scores. Private carriers have already invested billions in 5G networks, and AT&T said this month that it will introduce 5G mobile service in a dozen markets this year. The government can accelerate 5G development by providing regulatory certainty and promoting innovation. Broadband providers have increased investment since Mr. Pai in December rolled back the Obama-era "net neutrality" rules that converted the Internet into a public utility subject to the whims of regulators.

Liberals who have denounced Mr. Pai's act of web liberation are now assailing the Trump Administration memo on socializing the internet. We're glad they realize the dangers of government control, but perhaps they could reflect on their cognitive dissonance.

LETTERS TO THE EDITOR

John Bogle and the Rockefeller Fund Respond

In "Stocks Weren't Made for Social Climbing" (Inside View, Jan. 22), Andy Kessler expresses concern that "corporate social responsibility" (CSR) funds have failed to keep pace with the S&P 500 Index. He's right. Over the 10 years ending 2017, annual returns on the average large-cap CSR fund were 7.8%, trailing the 8.5% return of the S&P 500 by 0.7%. But actively managed large-cap funds that don't consider CSR issues performed even worse, earning 7.7% per year and trailing the index by 0.8%. There may be valid objections to CSR funds, but over the past decade they've performed slightly better than their non-CSR peers. The S&P 500 remains a tough standard for all active managers to outpace.

John C. Bogle
Valley Forge, Pa.

"Social investing" campaigns include not only promotion of preferred investments but a determined effort to disable these investments' competition. That darker flip side involves a "climate risk disclosure" industry. Players in this "CRD" movement include state attorneys general, comptrollers and treasurers, and lawmakers combining with public pension funds, interest groups and, of course, contingency-fee lawyers. Even academics admit to expecting a taste of the expected settlement fund.

The campaign seeks to impede access to capital—one player called it "divestment through value destruction." The effective goal is to coerce "confessions" in energy-related interests' public filings that catastrophic man-made global warming is a real problem of which they constitute a significant part, that their reserves are in fact worth little to nothing and their previous filings and other statements constitute actionable misdeeds, possibly fraud.

The "social investing" industry represents more than suspect fiscal responsibility. It also embodies the darker attributes of the climate and environmental industries.

Chris Horner
Energy & Environment Legal Institute
Washington

Investors focused on profits regularly stop investing in companies that are underperforming the market—particularly when those companies produce products the global community has concluded threaten humanity. It was financially rational to stop investing in coal companies, the worst climate polluters, long before the leading companies went bankrupt. Like coal a few years back, oil and gas stocks have been underperforming the market for the last five years. For example, while the S&P 500 was up more than 80%, Exxon Mobil was down 6%. Where's the profit maximizing there? Moreover, the recent rise in oil prices Mr. Kessler notes has done little to lift oil stock prices. Besides, the Rockefeller Family Fund is a long-term investor and keeps its eye on the horizon.

Advocates of pure profit maximizing claim it best allocates resources, but they ignore externalities. Mr. Kessler therefore misses the simplest reason to unload oil and gas stocks. They have been woefully underperforming in the market and appear likely to continue to do so.

Lee Wasserman
Director, Rockefeller Family Fund
New York

Trump Misses the Good Parts of the Iran Deal

Europeans are open to parallel talks about Iran, but they say they won't support undercutting the Iran nuclear agreement as long as the Iranians adhere to the full requirements of that agreement ("Europeans to Discuss Iran Deal With U.S.," World News, Jan. 23).

President Trump sadly doesn't seem to appreciate that the accord has prevented Iran from having a nuclear weapon that it could have developed within a year or two of signing the accord. The agreement lasts for a decade, and restraints for longer, and all authorities confirm Iran has adhered to its restrictions. Israeli top retired intelligence and security officials have stated that the Iran deal is in Israel's security interest.

The Europeans have signaled that they are willing to look at restrictions on ballistic-missile restraints, and America should work with them to achieve diplomatic talks with Iran. This might include possible sanctions aimed at missile restraints in ways that don't try to undermine the existing Iran nuclear deal. The Iran deal set a good precedent of finding the necessary compromises that give security to all sides, a "win-win" as diplomats on both sides saw it.

Harry C. Blaney III
Washington

Food-Stamp Millionaires Are Hardly Typical

Kristina Rasmussen's very misleading "How Millionaires Collect Food Stamps" (Jan. 16) purports to suggest it is easy to get food stamps.

I find people want to work but lack transportation to get to jobs, and the government isn't providing the necessary transportation support. We are trying to fill the gap with no government support and limited funding. With a small amount of funding we could help 1,000 people get jobs and off assistance. A family of three, two disabled parents with a teen son, lives on $1,400 a month in disability checks. Although they are well below the poverty line, they don't qualify for food stamps. I have met others even worse off. Food pantries only provide one bag of groceries a month, enough food for one to two days. The people Ms. Rasmussen writes about who receive food stamps but have wealth are unique. Clearly the average family who is in need is hardly getting by.

It is time to correct the system and make it compassionate and accountable. Eliminate the waste in the administration and help those who really need it.

Deborah Hundley
Providence Services of Syracuse Inc.
Syracuse, N.Y.

Government Should Put Its Citizens First, Not Second

A Jan. 23 letter by Cynthia R. Cross provides yet another instance of those who support an open immigration policy eagerly evoking the famous words on the Statue of Liberty: "Give me your tired, your poor, your huddled masses yearning to breathe free."

Emma Lazarus's sentiment can all too easily be construed to suggest that the U.S. should function as a nation-sized charity organization, rather than a political entity whose first concern is the national interest. Perhaps it's time to emend the final phrase of the immortal motto to read: "your huddled masses yearning to work hard and embrace the cultural values of the United States of America."

Robert L. Marshall
Newton, Mass.

Ms. Cross suggests that "Our immigration policy should serve those whose famine-stricken, war-torn and impoverished countries render them most desperate to emigrate." In today's troubled world, there are hundreds of millions of people who fit this definition. If even a tiny fraction of them moved to McLean, Va., Ms. Cross's hometown would be unrecognizable. Donald Trump was elected in part because he held the novel idea that U.S. immigration policy should serve the interests of the majority of current U.S. citizens.

Bill Badia
Vero Beach, Fla.

The A-10: Bang for the Buck

Congressional leaders and the Air Force want a "new" plane for attacking terrorist tents and camps ("Air Force Looks at Low-Cost Squadron," page one, Jan. 20). Have any of them ever heard about the A-10 Thunderbolt II, aka the Warthog? It was built for this kind of job, carries a huge load of ordnance and has great protection for the pilots. There are probably hundreds of them lying around in boneyards somewhere in the Southwest.

Phil Mooney
Bozeman, Mont.

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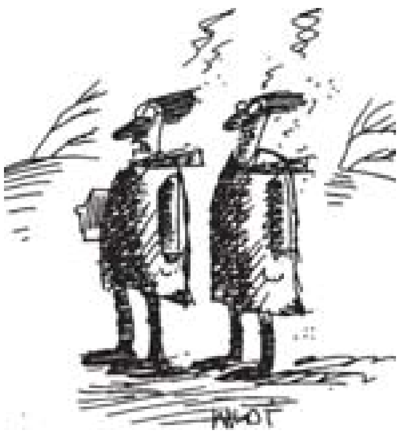
Pepper ... And Salt

THE WALL STREET JOURNAL



"That must have been the paradigm shift."

Did Fake News Lose the Vietnam War?

By William J. Luti

AFP/GETTY IMAGES

A female Viet Cong fighter wields an antitank weapon, 1968.

Seemingly out of nowhere, a shock wave hit South Vietnam on Jan. 30, 1968. In a coordinated assault unprecedented in ferocity and scale, more than 100,000 North Vietnamese and Viet Cong soldiers stormed out of their sanctuaries in Laos and Cambodia. They went on to attack more than 100 towns and cities across South Vietnam.

The following 77 days changed the course of the Vietnam War. The American people were bombarded with a nightly stream of devastating television and daily print reporting. Yet what they saw was so at odds with the reality on the ground that many Vietnam veterans believe truth itself was under attack.

The Tet Offensive had ambitious objectives: cause a mass uprising against the government, collapse the South Vietnamese Army, and inflict mass casualties on U.S. forces.

Journalists wrongly portrayed the Tet Offensive as a U.S. defeat and never corrected the record.

The men in the Hanoi Politburo—knowing the war's real center of gravity was in Washington—hoped the attack ultimately would sap the American people's will to fight.

A key component of this strategy was terror. Thousands of South Vietnamese government officials, schoolteachers, doctors, missionaries and ordinary civilians—especially in Hue City—were rounded up and executed in an act of butchery not often seen on the battlefield.

Despite their ferocity, by most objective military standards, the communists achieved none of their goals. U.S. and South Vietnamese forces held fast, regrouped and fought back. By late March they had achieved a decisive victory over the communist forces. Hanoi wouldn't be able to mount another full-scale invasion of South Vietnam until the 1972 Easter offensive.

But in living rooms across America, the nightly news described an overwhelming American defeat. The late Washington Post Saigon correspondent Peter Braestrup later concluded the event marked a major failure in the history of American journalism.

Braestrup, in "Big Story: How the American Press and Television Reported and Interpreted the Crisis of Tet 1968 in Vietnam and Washington" (1977), attributed this portrayal to television's showbiz tradition. TV news editors put little premium on breadth of coverage, fact-finding or context.

The TV correspondent, Braestrup wrote, like the anchorman back home, had to pose on camera with authority. He had to maintain a dominant appearance while telling viewers more than he knew or could know. The commentary was thematic and highly speculative; it seemed preoccupied with network producers' insatiable appetite for "impact."

Braestrup criticized print media with equal vigor. The great bulk of wire-service output used by U.S. newspapers did not come from eyewitness accounts. Rather, he wrote, it was passed on from second- or third-hand sources repressed several times over.

He was stridently critical of "interpretive reporting," in which editors allowed reporters to write under the rubric of "news analysis" and "commentary." This, he asserts, produced "pervasive distortions" and a "disaster image." The misinformation, fixed in the minds of the American people, played a role in shifting public opinion against the war.

"At Tet," Braestrup assessed, "the press shouted that the patient was dying, then weeks later began to whisper that he somehow seemed to be recovering—whispers apparently not heard amid the clamorous domestic reaction to the initial shouts."

Braestrup suggested that the press committed journalistic malpractice by taking sides against the Johnson administration and not correcting the record once the fog of the battle had lifted.

These hasty assumptions and judgments, he documented, "were simply allowed to stand."

Braestrup's exhaustive analysis remains controversial. His friend and colleague at the Washington Post, the late Don Oberdorfer, attributed the erosion of public support to the credibility of the Johnson administration. The president's office regularly issued rosy pronouncements at odds with the tactical ebb and flow on the battlefield.

But even to this day it's difficult to find fault with Braestrup's concluding insight: The professional obligation of journalists in a free society is to stay calm and get the story straight. It is not, as Walter Lippmann admonished, to conflate "truth" with the assembly and processing of a commodity called "news."

Mr. Luti is a retired career naval officer and former special assistant to President George W. Bush for defense policy and strategy.

Leaving Nafta Would Cost $50 Billion a Year

By Matthew J. Slaughter

U.S. Trade Representative Robert Lighthizer met in Montreal Monday with his Mexican and Canadian counterparts for a critical day of negotiations over the future of the North American Free Trade Agreement. Mr. Lighthizer told the press that "some progress was made" at the talks. That's good. Withdrawing from Nafta would be a $50-billion-a-year mistake for the U.S.

When it was signed in 1994, Nafta presented new opportunities for U.S. companies and their workers to sell in new markets. In the decades since it has spurred innovation and investment, and induced firms to strengthen their supply networks. It has also presented new opportunities for American families to purchase a wider variety of products at lower prices. All of this has translated into tangible gains: higher national output, more jobs and higher average real wages.

In a new report canvassing dozens of academic and policy studies, I find that the U.S. gross domestic product is now 0.2% to 0.3% larger than it would be without Nafta, a yearly boost of about $50 billion.

When U.S.-based multinational companies expand in Mexico and Canada, the result is often more jobs and higher wages back home. These "foreign" investments tend to complement, not replace, U.S. operations. A 2014 Peterson Institute study found that a 10% increase in employment at a U.S. multinational's Mexican affiliate leads to a 1.3% increase in employment, a 1.7% increase in exports, and a 4.1% increase in research spending in the stateside parent company.

Nafta has helped America's small businesses, too. In 2014, more than 125,000 small businesses exported $136 billion to Canada or Mexico. That is 25% of all U.S. small-business exports. Not only has Nafta increased the size of American workers' paychecks, it has helped them stretch those paychecks further. American consumers have saved $10.5 billion a year from lower tariffs under Nafta, with most of the benefits going to households with annual incomes below $70,000.

America's gross domestic product is now 0.2% to 0.3% larger than it would be without the agreement.

Consider the delicious case of avocados. For 80 years before Nafta, the U.S. banned all imports of Mexican avocados. The ban was initially relaxed under Nafta and lifted altogether in 2007. U.S. avocado imports surged 2,214% from 1992 to 2012. Yet the overall U.S. market was growing so rapidly that U.S. avocado production rose, not fell. In California, the number of avocado orchards increased from 4,801 in 2002 to 5,602 in 2012. Many U.S. producers have established a high-end niche, with U.S. varieties commanding a price premium.

Withdraw from Nafta, and all its gains would be permanently lost. For U.S. companies and their workers, new barriers to trade and investment would limit access to foreign markets, dull additional innovation and investment, and weaken their supply networks. A Business Roundtable study released this month estimates that U.S. GDP would shrink by at least 0.6%—about $120 billion a year—in the initial post-exit years, with U.S. exports down more than 2%. This drop in output and exports would initially destroy more than a million U.S. jobs across all 50 states.

Think that "tougher" domestic-content rules post-Nafta would help American car manufacturers? Think again. Withdrawing from Nafta could cost the automobile industry more than 20,000 jobs—plus nearly 50,000 auto-parts jobs—while adding $330 to $440 to the cost of every new vehicle sold in America. The idea that more domestic content per vehicle means more domestic jobs ignores that uncompetitive companies make fewer cars.

The U.S. has been struggling too long with sluggish economic growth. Greater output means more jobs, higher incomes and more opportunity for workers and families. America should not commit a $50-billion-a-year mistake.

Mr. Slaughter is dean of the Tuck School of Business at Dartmouth College.

The War on Grades Deserves to Fail

By Jennifer C. Braceras

As the postmodern takeover of American education nears completion, the practice of assessing student performance with letter grades is under attack. Education disrupters claim grades and GPAs create an unfair academic hierarchy and put undue pressure on high-achieving students, leaving the rest mired in low self-esteem.

Combine these objections with the political insistence that all students graduate "college ready" and armed with "21st-century skills," and a revolution in assessment is well under way.

Many elementary-school teachers years ago abandoned letter grades in reading, writing and arithmetic. Instead they write progress reports that assess, on a scale of 1-3 (or 1-4), the student's proficiency in various skills. The reports typically indicate whether the student has achieved competency, is "progressing" toward competency, or has not made progress.

This type of "standards-based grading" (as it is called) represents more than a change in nomenclature. Whereas letter grades (or numeric percentages) measure the work a student has completed, the new system is concerned primarily with what the student will be able to do by year's end. Teachers expect most students to be "progressing" toward the standard on their first report and then to have "met" the standard on their last.

New assessments make it almost impossible to compare schools.

This method of assessment makes even less sense in high school, where students are savvy enough to know that they need not work hard in October to show proficiency in June. Nevertheless, standards-based grading (or its cousin, "competency-based grading") may be coming to a district near you. It has taken root already in schools from Maine to Idaho to Florida.

Private schools are hardly immune. Some of the nation's most prestigious, including Phillips Andover in Massachusetts, have joined a consortium to develop a new digital "Mastery Transcript" that will neither list grades nor courses taken. Instead, it will show "credits" earned in a particular "competency area," such as Complex Communication and Global Perspective. (And you thought letter grades were subjective?)

Instead of one letter grade in Spanish and another in social studies, the transcript might say a student can "express ideas in two or more languages" and has "the social and intellectual skills to navigate effectively across cultures." It might include a link to a video of the student speaking Spanish while providing hurricane relief in Puerto Rico. Never mind that a high-schooler raised in a bilingual home with an interest in community service might demonstrate mastery of these skills without doing a stitch of homework.

Neither of these alternatives to traditional grading says much about the abilities of a student qua student or whether he has learned anything of substance. Neither takes into account effort, ability to meet deadlines, or level of engagement—all of which are captured by traditional letter grades, and all of which are relevant to success in college and the "real world." Moreover, because standards can vary wildly, the new assessments make comparing schools and students almost impossible. But perhaps that is the point.

Traditional grades aren't perfect, and critics of grade inflation are right to object to that practice. But grades are a more comprehensible and holistic measure of achievement than newfangled alternatives. Perhaps most important, they provide a way for bright and hard-working students from lower-income families to prove themselves and win admission to the nation's elite colleges. Without grades, class rankings and honor rolls, public-school kids who lack family or boarding-school connections are likely to be left behind.

Some people would rather give every child a trophy than let poor performers feel bad about themselves. But anyone who wants to limit the influence of money, connections and bias on students' post-school prospects should fight like hell to keep grades.

Ms. Braceras is a senior fellow with the Independent Women's Forum.

The Dems' Farrakhan Problem

By Jeryl Bier

Hillary Clinton tried to make Louis Farrakhan an issue when she ran against Barack Obama in 2008. The Nation of Islam leader—infamous for calling Judaism a "gutter religion"—had praised the future president as "the hope of the entire world." In a February debate, Mrs. Clinton demanded that Mr. Obama reject Mr. Farrakhan's support, insisting: "There's a difference between denouncing and rejecting." Mr. Obama obliged and added: "There's no formal offer of help from Minister Farrakhan that would involve me rejecting it."

Three years earlier, Mr. Obama posed for a photo with Mr. Farrakhan at a Congressional Black Caucus gathering. The photographer, journalist Askia Muhammad, told the liberal site Talking Points Memo that a CBC staffer contacted him "sort of in a panic" about the photo. "I promised and made arrangements to give the picture to Leonard Farrakhan," Louis Farrakhan's son-in-law and chief of staff. But he kept a copy, which he released last week.

If Republican lawmakers held strategy sessions with David Duke, the party would be held to account.

Mrs. Clinton might have become president had the photo come out a decade earlier. It isn't clear from the photo to what degree Mr. Obama was associated with Mr. Farrakhan. But the Congressional Black Caucus's association is scandalous. Its members have met with Mr. Farrakhan on at least one other occasion.

On Jan. 13-14, 2006, the House Financial Services Subcommittee on Housing and Community Opportunity held hearings in New Orleans and Gulfport, Miss., on the federal government's response to Hurricane Katrina. After the New Orleans hearing, at least four CBC members headed to St. Augustine Church to meet Mr. Farrakhan, who had attended part of the hearing.

In a video posted to YouTube in 2009, Reps. Maxine Waters and Barbara Lee of California, Al Green of Texas and William Jefferson of Louisiana can been seen exchanging hugs and handshakes with Mr. Farrakhan, then talking with him about coordinating their public responses to Katrina.

After praising the representatives for their performance at the hearings, Mr. Farrakhan says: "Tell me how I can be of service."

Ms. Waters responds: "I think we need to get together and talk about how we're going to put New Orleans on the national agenda." (I emailed Ms. Waters's press secretary Tuesday to ask if such a meeting ever took place. The press secretary replied that Ms. Waters was traveling and unable to answer.)

Mr. Jefferson, who represented New Orleans, explains to Mr. Farrakhan how difficult it is to get colleagues from elsewhere in the country interested in Katrina relief.

Mr. Farrakhan tells the group that "this is where the battle lines need to be drawn," but "without a force that makes, that creates the political will," their efforts would be wasted. The video ends with Mr. Farrakhan describing Katrina as a judgment from God, akin to the biblical plagues.

Mr. Farrakhan went much further in a sermon titled "A People Robbed and Spoiled," which he delivered that weekend at St. Augustine Church. "Your problem is you are not now nor have ever been a citizen of the United States of America," he told the congregants. "You are a slave to white America. It bothers me to hear you crying how you're an American but they treat you like a slave. It bothers me that you are willing to fight and die for something that is not willing to sacrifice nothing for you."

The Southern Poverty Law Center classifies Mr. Farrakhan as a "black separatist" and the Nation of Islam as a hate group. Alan Dershowitz reacted to the Obama-Farrakhan photo by saying he would not have campaigned for Mr. Obama had he known about it: "There must be zero tolerance for anti-Semites, whether they are David Duke or Louis Farrakhan. No one should associate with either. The suppression of that photo is disgraceful."

He has a point. If Republican lawmakers were holding strategy sessions with Mr. Duke, their party would rightly be held to account. Why shouldn't the Democrats and the Congressional Black Caucus be held to the same standard?

Mr. Bier is an accountant and freelance writer.

THE WALL STREET JOURNAL.
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Putin Runs on Economy's Gains

President's campaign plays up turnaround, however minor, after Russia's recession

BY JAMES MARSON

MIKHAIL METZEL/TASS/ZUMA PRESS

President Vladimir Putin meeting workers this month at the Tver Carriage Works, a railcar manufacturer in Tver, Russia.

TVER, Russia—Two years after a recession nearly wrecked a railcar factory here, President Vladimir Putin this month reminded workers that it was his intervention that saved it.

"You had a tough period," Mr. Putin told a group of them standing among gleaming carriages. "But since last year everything started growing."

Mr. Putin is taking credit for the Russian economy's emergence from recession as he travels the country ahead of a March presidential election that is almost certain to extend his 18-year rule. Pummeled by weak oil prices and Western sanctions, the Russian economy contracted in 2015 and 2016, but it grew a little last year on the back of recovering oil prices.

That measure of economic good news is the heart of Mr. Putin's campaign message, which resounds with his core voters: middle-aged Russians like factory foreman Mikhail Yevseyev.

"In his first term, we wanted an impulse for development," said Mr. Yevseyev, 40 years old. "Now we want stability."

In the decade after he was first elected in 2000, Mr. Putin oversaw rapid economic growth fueled by strong prices for crude oil, the country's main export. He pumped up social spending while seizing tighter control of the economy and sidelining opponents.

Now he has less leeway. Russia's recovery from its latest economic pains has been weak, and real disposable incomes fell last year.

"At first Putin provided stability, but in recent years, it's turned into stagnation," said Andrei Prokudin, a 27-year-old former history teacher who heads opposition blogger Alexei Navalny's office in Tver.

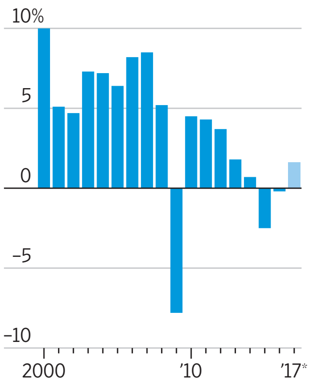
Mr. Putin's campaign hasn't presented a clear economic program for his next term, but he has given no indication of a major shift from his state-dominated approach. His campaign website shows statistics that aim to demonstrate Russia's economic advances since 2000. At the factory he pledged to raise the minimum wage beginning in May.

Polls show that people want changes to how Russia is run, but that hasn't translated into a credible challenge to Mr. Putin, who could win around 73% of the vote in March, according to a Jan. 15 survey by state pollster VTsIOM.

Mr. Navalny was barred from the election due to a fraud conviction that he calls politically motivated. Thousands of supporters rallied across the country Sunday to protest his exclusion from the ballot and to call for a boycott of elections. Police wrestled Mr. Navalny to the ground and detained him as he joined several hundred protesters marching along Moscow's main drag.

Looking Up

Change in Russia's GDP under Putin



*First three quarters
Source: Russia's Federal State Statistics Service
THE WALL STREET JOURNAL.

In Tver, a town of some 400,000 located 150 miles northeast of Moscow, around 100 supporters rallied on Sunday with signs reading, "I vote for a boycott" and "I am against rigged 'elections.' "

A protest there in March drew 600 people, a crowd Mr. Prokudin said he considered quite large given Tver's size and the limited information many Russians receive.

"From the TV, people have the impression that there is only Putin, that he pulled us out of the crisis and returned Crimea to us," said Mr. Prokudin, referring to the Kremlin's annexation of Crimea in 2014.

The century-old Tver Carriage Works is an example of the kind of state-backed stability Mr. Putin offers.

When the company faced large layoffs during the global economic crisis in 2009, Mr. Putin visited the factory and poured state money into the state railway company to fund a big purchase of its railcars.

Orders dried up again during Russia's 2014 crisis, and the factory cut back the workweek to stave off layoffs. Then Mr. Putin ordered a tax break on long-distance rolling stock that brought in orders for hundreds of railcars; the plant swung to a profit last year and is hiring again.

Now, as the factory tries to diversify into trams and electric trains, Mr. Putin said the government could offer credits to foreign buyers. So far, though, Russian towns have been the main customers.

The eight trams the city of Tver bought in 2015 were withdrawn for repairs. Officials blamed the poor state of tram tracks and said the trams needed modifications.

The flub prompted derision online, complaints in Tver's council and stories in some local media.

"People talk in their kitchens that roads are bad, that wages are poor," Mr. Prokudin said. "But they blame low-level officials, not Putin."

WORLD WATCH

INDIA

Growth Will Pick Up, Ministry Forecasts

The Finance Ministry predicted a strong economic rebound as the negative effects of the government's crackdown on cash and a new tax regime fade.

In a survey, the ministry predicted growth of between 7% and 7.5% in the year starting April 1, representing a healthy rebound from a 6.75% expansion expected this fiscal year.

India's export growth will strengthen with the global economy, private investment will rebound, and a decline in interest rates is expected to stimulate demand, according to the survey.

After slowing for five consecutive quarters, economic growth has shown signs of a recovery in recent months. That has raised hopes the country has moved past the disruptive effects of the 2017 good-and-services tax rollout and the withdrawal of high-value banknotes in 2016.

—Anant Vijay Kala

EUROPEAN CENTRAL BANK

Economist Counsels Patience on Inflation

The ECB is still some way from meeting its inflation target and must be patient, the bank's chief economist said Monday, pushing back against calls to phase out the institution's €2.5 trillion ($3.11 trillion) bond-buying program soon.

The ECB left its policy mix unchanged last week, but several members of the bank's rate-setting committee have been calling publicly for a swift end to the bank's bond purchases, known as quantitative easing. The program is due to run at €30 billion a month at least through September.

Speaking in Brussels, Peter Praet—a Belgian who heads the ECB's economics department—said "patience and persistence" were required from policy makers because eurozone inflation remained too weak.

"There should be no doubt about our steadfast commitment to secure a sustained return of inflation rates toward levels that are below, but close to, 2%," he said. *—Tom Fairless*

TECHNOLOGY: LAWMAKERS COMPLICATE U.S.-CHINA CORPORATE VENTURES B4

BUSINESS & FINANCE

S&P 2853.53 ▼ 0.67% S&P FIN ▼ 0.46% S&P IT ▼ 0.87% DJ TRANS ▼ 0.10% WSJ $ IDX ▲ 0.37% LIBOR 3M 1.772 NIKKEI (Midday) 23477.26 ▼ 0.64% See more at WSJMarkets.com

Keurig Bets $19 Billion on Soda

K-Cup maker hopes deal puts its bottled drinks in more stores; record soft-drink deal

By Cara Lombardo And Zeke Turner

The maker of Keurig coffee machines is taking over **Dr Pepper Snapple** Group Inc., a marriage that combines popular brands that have struggled with increased competition and shifting consumer tastes.

The transaction, which would pay nearly $19 billion in cash to Dr Pepper Snapple investors, is the biggest nonalcoholic drinks deal on record, according to Dealogic. It would create a new public company with about $11 billion in annual sales and more than $16 billion in debt.

Keurig's K-Cup coffee pods and single-serve machines redefined the U.S. market, but growth has slowed amid competition from private-label pods. Dr Pepper Snapple has been slower than its soda rivals to diversify its lineup, which includes Sunkist and 7UP, as consumers switch away from sugary drinks.

Executives said the deal would put bottled Keurig coffee drinks in more stores and result in $600 million in annual savings. "To continue to prosper as a company within this space, you need to be able to offer multiple beverage formats, multiple beverage brands and to be able to deliver those brands across platforms," said Bob Gamgort, who is Keurig's chief executive and will run the combined company.

Analysts said the companies could have achieved the same goals without a deal.

But some analysts questioned the logic behind the deal, saying the two companies could have accomplished the same goals without combining.

The transaction is being driven by **JAB**, one of Europe's biggest investment firms, which took control of Keurig two years ago in a $13.9 billion deal. JAB has spent more than $40 billion over the past decade to scoop up coffee and U.S. restaurant brands, including Peet's Coffee, Panera Bread and Krispy Kreme Doughnuts.

The deal would give JAB control of a newly public company, Keurig Dr Pepper, that it could use to strike additional deals and raise the profiles of its other brands, analysts said. Shareholders of Dr Pepper Snapple would own about a 13% stake in the merged company, which would be listed on the New York Stock Exchange.

Mr. Gamgort said in an interview that Keurig would use Dr Pepper's distribution network to market drinks such as Peet's Coffee and Forto coffee shots and use Keurig's online presence to sell more Dr Pepper drinks through retailers such as Amazon.com Inc.

The deal would ramp up Keurig's competition with Starbucks Corp., whose bottled drinks dominate the market and are distributed by PepsiCo Inc. Coca-Cola began distributing a line of Dunkin'

Please see KEURIG page B2

◆ Heard: Keurig-Dr Pepper deal mixes soda and coffee....... B12

JPMorgan Names Two Top Deputies

By Emily Glazer

JPMorgan Chase & Co. elevated two executives to share the No. 2 post at the nation's largest bank, the clearest step yet to designate a potential successor to Chairman and Chief Executive James Dimon.

The bank's corporate and investment banking chief, Daniel Pinto, and the head of its consumer businesses, Gordon Smith, will share the title of president and chief operating officer, vaulting them above a handful of rival leaders at the New York bank.

The bank wanted to reward Mr. Pinto, 55, and Mr. Smith, 59, while offering investors and other stakeholders greater clarity on who could eventually supplant Mr. Dimon, said a person familiar with the bank. Mr. Dimon is perhaps the highest-profile executive on Wall Street and one of the most visible CEOs in the world.

Yet the identity of the next chief executive at JPMorgan remains unsettled. The company has seen a number of top aides of Mr. Dimon leave in recent years and Mr. Dimon, 61 years old, said in a statement that he doesn't plan to hand over control for "approximately five more years."

Over that span, said a person familiar with the bank, at least three other senior executives will compete to earn a shot at following Mr. Dimon if he stays as long as currently

James Dimon, CEO of JPMorgan, says he won't leave the role for five more years.

expected. In the announcement, Mr. Dimon mentioned Chief Financial Officer Marianne Lake, 48; commercial bank chief Doug Petno, 52; and asset and wealth management chief Mary Callahan Erdoes, 50, as taking on expanded roles at the bank.

"Under all timing scenarios, whether today or in the future, the company has several highly capable successors in place," JPMorgan said in a statement Monday.

The promotions of Messrs. Pinto and Smith will add to their current roles. The responsibilities of the rest of the bank's operating committee of roughly a dozen top executives "will remain unchanged" with executives continuing to report to Mr. Dimon.

Mr. Dimon, widely viewed as a statesman for the banking industry, had told people within the bank for years that he planned to stay in his role for another five years. Some have noted that the number has stayed at five even as the years pass.

For years, Mr. Smith was viewed as the executive who would succeed Mr. Dimon if an unexpected event occurred that precluded Mr. Dimon from continuing. He is the oldest business unit head and a trusted confidant of Mr. Dimon, executives said.

Mr. Smith leads the retail-banking, mortgage and credit-card divisions of the bank, and other parts of the bank related to consumers and under the Chase umbrella. That amounts to overseeing 140,000 of the bank's roughly 250,000 employees, 61 million households and four million small businesses.

Mr. Pinto has spent his entire 35-year banking career at JPMorgan and has run the corporate and investment bank for the past five years. That unit includes investment banking, trading and treasury services—businesses that lead the industry in market share and revenue.

STREETWISE
By James Mackintosh

No Strong Answers For a Weak U.S. Dollar

American companies seem to be heeding Donald Trump's sales pitch. They are rushing to announce investments in the U.S. thanks to tax cuts and deregulation. Yet the dollar is having its worst 12 months since 2011, giving back half the gains it made since it began to soar three years ago.

The explanation for the weak dollar is both ludicrously simple and deeply puzzling. The simple explanation is that the economies in the rest of the world are finally expanding again, so their currencies are strengthening. The U.S. economy isn't improving as fast—because it was stronger to start with—so the dollar is falling.

The puzzle is that other markets, particularly bonds, aren't telling the same story. Bond investors, anticipating more Federal Reserve interest-rate increases, have pushed the two-year Treasury yield above 2% for the first time since 2008.

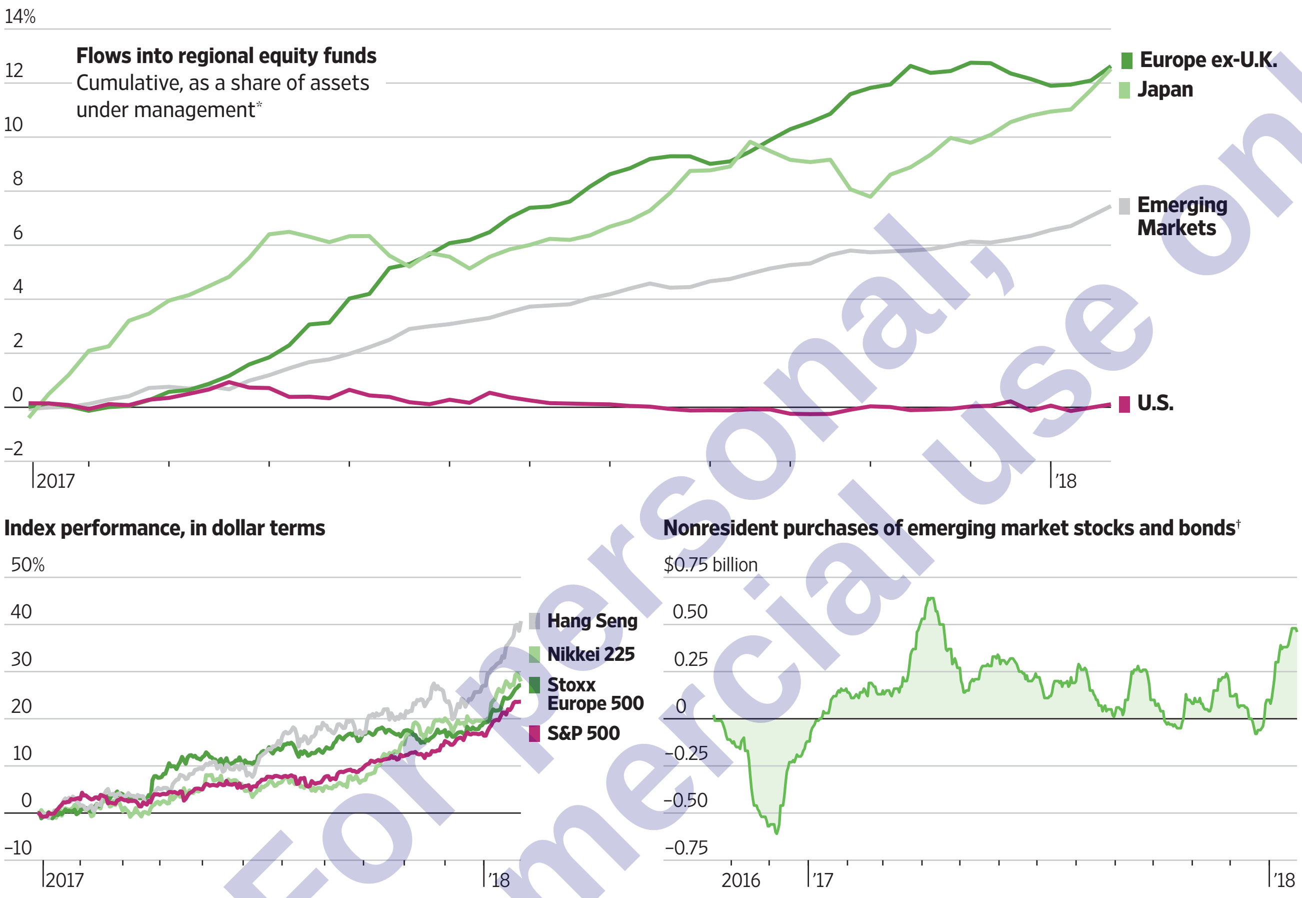
That should draw more investors to the dollar, especially compared with the low-yield euro. Yet the dollar is plummeting against the euro. There are several proposed solutions to the puzzle, but none is satisfactory.

One theory is that the Bank of Japan's and the European Central Bank's dovishness means the market is paying more attention to the

Please see STREET page B11

Investors Shift Their Money to Stock Markets Abroad

Since the beginning of last year, investor cash has been flowing out of U.S. equities markets and into overseas stocks. **See article on B11.**



*All domiciles. Through Jan. 17, 2018 †28-day moving average
Sources: EPFR Global (flows); FactSet (indexes); Institute of International Finance (purchases)

THE WALL STREET JOURNAL.

Pension Snafu Hits MetLife Results

By Leslie Scism

MetLife Inc. disclosed for the first time the scale of a records mistake that left possibly tens of thousands of workers without their monthly pension benefits.

The company said it expects to increase its reserves by $525 million to $575 million on a pretax basis to account for the problem, a major black eye for the nation's second-largest life insurer by assets.

MetLife also postponed its fourth-quarter earnings report, saying it would revise prior financial reports and disclosed that the Securities and Exchange Commission enforcement staff "has made an inquiry" about the matter. MetLife said it also is responding to questions from its lead state regulator in New York and other state regulators.

Shares of MetLife fell about 7% in after-hours trading.

The problems originated with a MetLife business that assumes responsibility for some or all of the payments due participants in private-sector plans, a practice known as "pension risk transfer." Many employers with old-fashioned pension plans, under which they pay monthly benefits to retired workers, are eager to reduce their exposure to investment and interest risk by shifting this responsibility to insurers.

What MetLife discovered late last year is that it had failed to pay monthly pension benefits to possibly tens of thousands of workers in accounts it assumed as part of these pension risk transfer deals.

In mid-December, MetLife disclosed the unpaid pensions, saying that it had failed to

Please see METLIFE page B2

Electric Cars Give Lift to Cobalt Firms

By Scott Patterson

Booming demand for cellphone and electric-vehicle batteries has created a once-unthinkable metals-industry player: the pure cobalt company.

Cobalt prices have risen 270% on the London Metal Exchange to about $80,000 a metric ton since early 2016, creating an opening for companies to specialize in a metal once seen as a waste product. Cobalt is now valued for its ability to withstand the intense heat generated by lithium-ion batteries.

Exhibit A is **Cobalt 27 Capital** Corp., which currently does nothing but buy and hold cobalt. It keeps 3,000 tons of cobalt—one of the world's largest stockpiles of the metal—distributed in warehouses in Antwerp, Belgium; Baltimore; and Rotterdam, Netherlands.

Cobalt 27's shares have quadrupled since it went public in Toronto in June, giving it a market value of about $370 million.

HERMAN VAN HEUSDEN FOR THE WALL STREET JOURNAL

Cobalt is prized for its ability to withstand the intense heat generated by lithium-ion batteries.

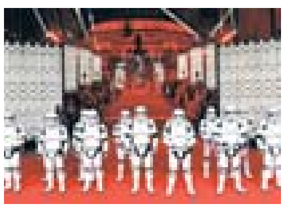
"We are entirely, solely focused on cobalt," says Anthony Milewski, chief executive of Cobalt 27. The number in the name derives from the metal's atomic number.

Cobalt 27 is among a vanguard of companies trying to take advantage of a surge in cobalt demand largely fueled by auto makers trying to lock down supplies of an essential ingredient for their coming electric-vehicle fleets. London commodities researcher CRU Group predicts that by 2030, annual demand for cobalt for lithium-ion batteries will triple the roughly 100,000 metric tons a year produced globally today.

Some of the companies are established mining giants such as **Glencore** PLC, which has a dominant position in the Democratic Republic of Congo, where over 60% of the world's cobalt lies. Others are newcomers, such as **First Cobalt**

Please see COBALT page B2

INSIDE



LUSTER OF 'STAR WARS' FADES

MARKETING, B6

HACKERS OUTSMART A WHIZ KID

CRYPTOCURRENCY, B10

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

INDEX TO PEOPLE

BUSINESS & FINANCE

COBALT

Continued from the prior page

Corp., a Toronto-listed cobalt-exploration company whose shares are up more than 90% in the past 12 months.

First Cobalt is exploring a 110-year-old silver-mining site in Canada that also produced cobalt. Since cobalt wasn't in high demand when the silver was mined, much of it was either left in the ground or discarded into waste piles.

Now, with prices skyrocketing, there is a big incentive to go after the left-behind metal.

"It's not that there's no more cobalt out there, it's that we've never been paid [enough] to go find cobalt," says First Cobalt Chief Executive Trent Mell.

Glencore Chief Executive Ivan Glasenberg says he believes there will ultimately be a shortage of cobalt as electric vehicles become more widely adopted unless a significant new supply is discovered. The world's biggest car makers are plowing cash into EVs. **Ford Motor** Co. recently said it plans to spend $11 billion on EVs by 2022. **General Motors** Co., **Toyota Motor** Co. and **Volkswagen** AG, among others, are aggressively ramping up their spending on EVs.

"Our cobalt trader is very much in demand right now," Mr. Glasenberg told reporters in December.

To be sure, electric vehicles currently make up a tiny portion of global automobile sales, accounting for less than 2% of overall volume. But the pace of EV sales is expected to accelerate in the coming years, reaching 10% of global sales in 2025 and 30% in 2030, according to CRU.

Other risks include mining companies finding big new supplies of cobalt, or that developers create a battery for electric vehicles that doesn't require the metal or requires much less of it. As cobalt prices surge, car and battery makers have a heightened incentive to do just that. "The battery manufacturer will use less and less cobalt in each unit because they have to" as prices rise, says John Meyer, an analyst at London commodities brokerage SP Angel.

Bankers visited Cobalt 27's warehouse in Rotterdam last week, digging their hands into barrels full of small chips full of cobalt. They were conducting due diligence ahead of debt financing for the company, which says it is in talks to buy more cobalt from mining companies world-wide.

Mr. Milewski, 37 years old, says the idea of building a cobalt company first came to him about three years ago in the midst of the collapse of a decadelong China-fueled "supercycle" in commodities. He and a small team of other traders at the firm were searching for the next trend that would drive demand for natural resources.

Cobalt quickly caught his eye. Unlike lithium, another commodity experiencing sharp demand for batteries, cobalt is very scarce.

Mr. Milewski says the company's stockpile is a steppingstone toward other deals, because he can use it as collateral for loans for other cobalt investments. He also says Cobalt 27 could become an acquisition target for a car maker or battery company that covets the metal.

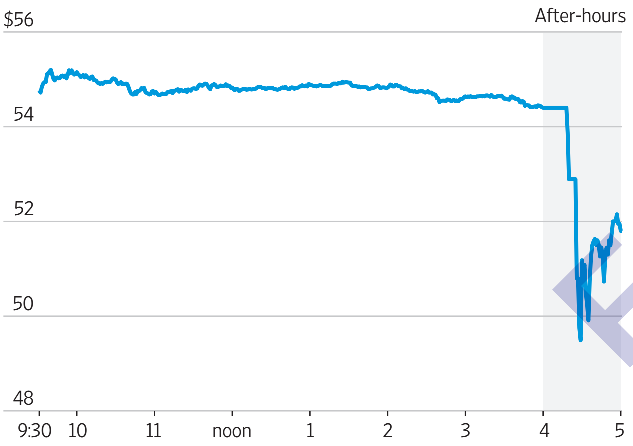
"Ultimately someone is going to have interest in that position," he says.

HERMAN VAN HEUSDEN FOR THE WALL STREET JOURNAL

Cobalt 27 Capital stores cobalt at a Rotterdam warehouse. Cobalt prices are up 270% on the London Metal Exchange since early 2016.

Big Loss

Shares of the insurer fell more than 7% after-hours after the company disclosed an SEC inquiry.



Source: FactSet

THE WALL STREET JOURNAL.

METLIFE

Continued from the prior page

aggressively search for plan participants and that reserves for the pension-risk business needed to be bolstered to reflect the overdue amounts.

The New York insurer said these retirees had average benefits of less than $150 a month. It has been working with a firm that specializes in finding addresses to get in touch with the people who are owed money. It had set a goal to determine by Feb. 1 how much money it owed people. A law firm hired by MetLife has been investigating how its retirement business erred in allowing the pensions to go unpaid.

The SEC enforcement staff has made an inquiry about the pension matter.

In its Monday update, MetLife said it had determined that its reserves for the group annuities in the pension-risk-transfer business shouldn't have been reduced earlier, thus the need to take a charge to boost them. "Management of the company has determined the prior release of group annuity reserves resulted from a material weakness in internal control over financial reporting," MetLife said.

The total amount expected to weigh on fourth-quarter 2017 net income is between $135 million and $165 million pretax, the company said. The company said the full-year 2017 net income impact would be between $165 million and $195 million pretax. In addition, the company intends to make prior-period revisions to reflect the balance of these adjustments in the appropriate historical periods, the company said.

MetLife now expects to release earnings on Feb. 13 instead of on Wednesday. It expects net income for the fourth quarter to be between $2 billion and $2.1 billion.

It said last month that it believes the group of missing retirees represents less than 5% of about 600,000 people who receive certain pension benefits from the firm.

The workers who didn't get their pensions were owed a defined amount of monthly income when MetLife took on responsibility for the pensions from their employers.

MetLife didn't say in what years it had acquired these particular pension plans, how many different plans the people were involved in and how many years of missing income was owed.

MetLife's effort to find the missing retirees traces back to a pilot project it ran in August 2016 in part due to the Labor Department's pressing private-sector pension plans to do a better job of finding missing participants, MetLife has said.

MetLife's pension business isn't regulated by the Labor Department, but its managers were aware of some additional steps that these private-sector plans were taking. The Labor Department effort has been publicized in trade publications and has been discussed at organizations focused on employer-sponsored benefits programs.

KEURIG

Continued from the prior page

Donuts bottled iced coffee last year.

But it also puts Keurig into the global soda business, which has been shrinking. Keurig's previous attempt to crack the market, a countertop pod-based machine called KOLD that could make Coca-Cola and Dr Pepper, flopped. Mr. Gamgort said Keurig wasn't planning to revive the device, despite taking over Dr Pepper, A&W and other soda brands.

Dr Pepper Snapple, which dates itself to 1783 when Jean Jacob Schweppe created one of the world's first carbonated mineral waters, has been through a series of owners over the years. It acquired Dr Pepper/Seven Up in 1995 and Snapple Beverage in 2000. But it is still dwarfed by the biggest beverage players, Coca-Cola Co. and PepsiCo.

All three soda giants have been racing to get a piece of growing markets for juices, sparkling water, coffee and tea. Coffees and teas in particular have been among the fastest-growing beverage categories. In 2017, sales of ready-to-drink coffees jumped more than 17%, according to Euromonitor.

Under the terms of the deal, Dr Pepper Snapple shareholders would receive a cash dividend of $103.75 a share. Dr Pepper shares surged 22% Monday to $117.07, closing with a market value of $21.6 billion. Dr Pepper had a market value of $17 billion based on Friday's closing price.

"We think the public listing for [Keurig] is the main reason for the deal," giving JAB a currency for more acquisitions and a way to cash in some of its investment, said analyst Pablo Zuanic, at Susquehanna Financial Group. He estimates the remaining 13% stake in the company is worth about $29 a share by December 2018 based on his earnings estimates and valuation of its peers.

JAB is a privately held fund that manages the money of the Reimann family, one of Germany's wealthiest. It has brought in a crop of new money through its JAB Consumer Fund, fueling deals in recent years across food, retail and consumer-products companies with cash from investors including Stanford University's endowment and GIC Private Ltd., the sovereign-wealth fund from Singapore.

JAB would contribute $9 billion in equity plus its stake in Keurig in the deal. Snack giant **Mondelez International** Inc., JAB's partner in Keurig, would hold a roughly 13% to 14% stake in the combined company, down from around a 24% stake currently.

Dr Pepper has about 8.5% of the U.S. nonalcoholic beverage market, according to the consultancy Euromonitor International. Of the three major soda companies, Dr Pepper has been the slowest to diversify its offerings, and in 2016 about 80% of its annual revenue still came from soft drinks. It had estimated revenue of $6.7 billion in 2017.

Keurig Green Mountain had estimated revenue of $4.1 billion in 2017. Sales of its coffee pods aren't increasing at the rapid rate they once were and the company went from controlling more than 40% of the coffee-pod business in 2013 to around 23% in 2017, according to Mr. Zuanic. Keurig said coffee-pod sales increased around 5% in the second half of 2017 after it lowered prices and added new brands.

Macquarie analyst Caroline Levy said she expects the new company's distribution capabilities and combination of hot and cold offerings to give it a competitive advantage. "It's always been a two-horse race with Coke and Pepsi," she said. "I wouldn't be surprised to see this entity pull ahead of Pepsi in the beverage business."

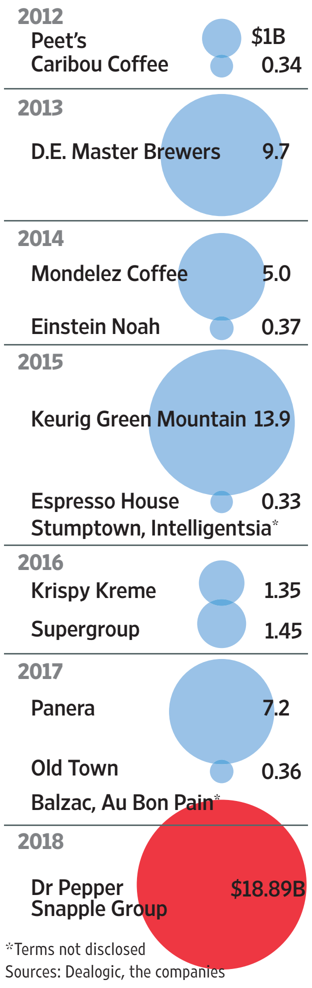
But Ali Dibadj, an analyst at Bernstein, questions whether the deal was necessary and worries about its potential impact on Dr Pepper's distribution arrangements with Coca-Cola and PepsiCo, which he estimates will account for about 15% of the new company's earnings before interest or taxes.

The companies expect the deal to close in the second quarter, subject to approval from regulators and Dr Pepper shareholders.

Drink Up

JAB would broaden its portfolio by taking control of Dr Pepper Snapple.

Deal values of JAB acquisitions



*Terms not disclosed

Sources: Dealogic, the companies

THE WALL STREET JOURNAL.

Sanofi To Acquire Belgian Biotech

By Noemie Bisserbe

PARIS—**Sanofi** SA said it would buy Belgian biotech company **Ablynx** NV for €3.9 billion ($4.85 billion), the French drugmaker's second acquisition this month after purchasing U.S. hemophilia specialist **Bioverativ** Inc.

Sanofi will pay €45 a share for Ablynx, which earlier this month rejected a €2.6 billion offer from Denmark's **Novo Nordisk** A/S. Novo Nordisk said it won't be making a revised proposal.

The French company has been under pressure from investors to complete a large acquisition after it lost out to **Pfizer** Inc. in a bidding war for cancer-drug maker Medivation in 2016 and talks with Swiss biotech firm **Actelion** collapsed last year after the two firms failed to hash out an agreement. **Johnson & Johnson** agreed to take over Actelion for $30 billion last year.

The acquisition of Ablynx will bolster Sanofi's rare-blood disease drug portfolio, at a time when it is under pressure to launch new innovative medicines to make up for declining sales of its blockbuster Lantus insulin.

Ablynx is developing a new class of drugs made from the unusually small antibodies produced by mammals in the camel family. It injects llamas with proteins carefully designed to stimulate an immune response with specific antibodies. These antibodies, which are around one-tenth the size of human antibodies, can reach cells that otherwise would be inaccessible.

Sanofi said the acquisition builds on an existing partnership and that the company intends to maintain and support the Ablynx science center in Ghent, Belgium.

Defense Firms Aim for Windfall

Lockheed, rivals look to invest tax gains in weapons instead of offering lower prices

By Doug Cameron

U.S. defense executives urged lawmakers and federal officials to let them invest the windfall from new tax rules in weapons research rather than on lower prices for the Pentagon.

Lockheed Martin Corp. said Monday that it expects its tax rate to fall more than one-third, to below 18%, and pledged to boost investment in new weapons and training. The world's largest defense company by revenue also said it would make a $5 billion payment to its pension fund.

"Our aim is to use these benefits to differentiate ourselves in the global marketplace," Chief Executive Marillyn Hewson said. Lockheed said it plans a modest rise in spending after a record 2017 to about $1.3 billion in each of the next two years, alongside unspecified boosts for training and to its venture-capital arm.

Like rivals **Northrop Grumman** Corp. and **Raytheon** Co., Lockheed said the tax overhaul would help stimulate investment that would help U.S. defense companies maintain their technological edge on potential adversaries such as Russia and China.

With defense-company profits and margins at record levels, analysts say the tax changes could also prompt lawmakers and Pentagon officials to recover some of the windfall through lower prices. Defense executives said that would be a mistake.

"I think it would be self-defeating for our customer community because it ultimately would discourage us from investing on their behalf," Northrop Grumman Chief Executive Wes Bush said on an investor call last week. "It would discourage us from the type of things that we need to be doing to support their capacity and technology needs for the long-term."

Northrop, which is building the new B-21 bomber, is boosting capital expenditures to $1 billion this year, an 11% increase from 2017.

The company intends to maintain that level over the next two years and could increase it further if it wins some big new contests, such as replacing ground-based nuclear missiles.

Raytheon, maker of the Patriot missile-defense system, is lifting capital spending by 50% this year compared with 2017. Like Northrop, it is also hiring thousands of new employees, reversing the sharp decline in sector employment over recent years.

Raytheon Chief Financial Officer Toby O'Brien said during an interview that he hadn't seen any indication the Pentagon would push for lower prices.

The Pentagon's acquisition team hasn't said how it might approach contractors' gains from the tax changes.

Byron Callan, an analyst at Capital Alpha LLC, said that the Trump administration's focus on encouraging military spending to increase sales and employment meant clawbacks in the short term were unlikely.

"Could that change in a new administration? That's an absolute possibility," Mr. Callan said.

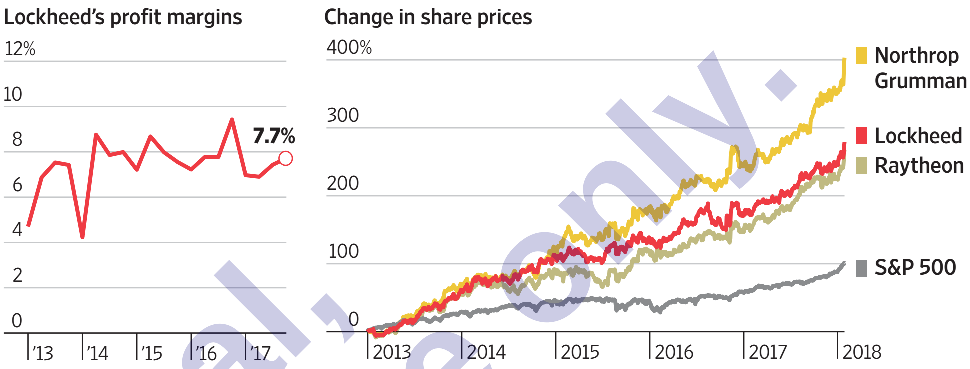
Pentagon officials have in recent years criticized the low level of investment by some big defense companies at the same time companies have returned billions of dollars to shareholders in the form of stock buybacks and dividends, helping drive share prices to record levels.

MAX FAULKNER/TNS/ZUMA PRESS

An F-16 jet fighter at a Lockheed Martin assembly plant in Fort Worth, Texas, last year. Lockheed's tax rate is likely to fall below 18%.

Military Advantage

Defense shares are trading around a record premium over the broader market as profits hold up despite budget pressures. Lockheed Martin shares are up more than 250% over the past five years.



Source: FactSet

THE WALL STREET JOURNAL.

BUSINESS WATCH

DIMAS ARDIAN/BLOOMBERG NEWS

Uber rival GoJek has drawn interest from Google, which wants to tap into Indonesia's web market.

ALPHABET

Google Invests In Indonesia Startup

Google said Monday it has invested in Indonesian motorcycle-hailing startup **GoJek**, a rival to **Uber Technologies** Inc., as the **Alphabet** Inc. unit looks for more ways to tap into the growth of the Southeast Asian nation's internet economy.

Google didn't disclose the amount of the investment. A spokesman for GoJek didn't immediately respond to a request for comment.

GoJek, backed by **KKR** Co., **Warburg Pincus** LLC and others, has expanded quickly from offering transportation to services like food and package deliveries.

—Newley Purnell

REVLON

Chief Departs After Less Than Two Years

Revlon Inc. Chief Executive Fabian Garcia—who took the reins in 2016 in a bid to stop a revolving door of executives—is leaving the beauty company.

Revlon said Monday that board member Paul Meister will take over day-to-day operations on a temporary basis, while Mr. Garcia, who also serves as president, stays on through the end of February to help with the transition.

Mr. Garcia joined Revlon from **Colgate-Palmolive** Co. and led the acquisition of rival Elizabeth Arden. Revlon said he is leaving to pursue other opportunities.

Mr. Meister, president of chairman and controlling shareholder Ronald O. Perelman's investment firm, **MacAndrews & Forbes** Inc., will also become executive vice chairman of the board, Revlon said Monday.

—Maria Armental

EXXON MOBIL

Energy Major Plans Additional Outlay

Exxon Mobil Corp. said Monday it plans to spend $50 billion to expand its business in the U.S. in the next five years, investments that were "enhanced" by the American tax overhaul.

The Texas-based energy giant didn't specify whether the investment plan represented an increase in spending as a result of the tax rewrite passed by Congress and signed into law by President Donald Trump late last year, or how much of the $50 billion was tied to prospects Exxon was considering before the tax changes.

Exxon Chief Executive Darren Woods made the announcement in a blog post, adding the company was still studying whether the tax overhaul made more economically viable.

—Bradley Olson

WAL-MART STORES

Retailer Pushes For Timely Deliveries

Wal-Mart Stores Inc. plans to ask suppliers to deliver more goods to warehouses exactly on-time or face fines, another step in the retailer's efforts to keep inventory low as it battles with **Amazon.com** Inc.

Wal-Mart executives plan to announce that large suppliers need to deliver full orders within a specified window 85% of the time or face a fine of 3% of the cost of goods, said Steve Bratspies, executive vice president of general merchandise for Wal-Mart U.S. Previously suppliers had to hit a 75% threshold to avoid fines.

—Sarah Nassauer

U.S. Works on Foreign Deal Curbs

Law would tighten oversight on tie-ups that could transfer technology abroad

By Heidi Vogt

PAU BARRENA/BLOOMBERG NEWS

IBM's stand at a 2017 trade show. Deals like one IBM struck with China's Wanda Internet Technology could come under more scrutiny.

WASHINGTON—Lawmakers are moving to stanch the flow of U.S. technology to foreign investors, creating potential problems for a number of American companies that have bet big on partnering with China.

The Senate and House, with the backing of the White House, are working on bipartisan legislation to broaden the authority of the Committee on Foreign Investment in the U.S., a multiagency body that has oversight of deals that could lead to the transfer of sensitive technology to rival countries. The current CFIUS statute doesn't single out any country, but in recent years, the committee has often been focused on deals involving China.

Currently, CFIUS can recommend the president block foreign entities from buying majority stakes in U.S. companies; the new bill would let the committee make similar recommendations for deals involving minority investments and joint ventures, along with transactions that it determines involve "emerging technologies."

The scope of the proposed legislation is broad. China requires foreign investors to form ventures with local partners, and Washington law firms say they are receiving a surge in inquiries over what it might mean for the large number of U.S. firms active in China.

It isn't clear how broadly the new law would be enforced. For now, the most vocal corporate opponents are a handful of U.S. companies that have determined the new law might crimp business prospects by requiring companies to get the blessing of CFIUS for some joint ventures that involve shared U.S. technology.

IBM Corp., for instance, last year agreed with China's **Wanda Internet Technology** to share the cloud computing technology used in its Watson artificial intelligence system. Behind the strategy is the belief that embedding IBM's technology in China's business infrastructure would steer Chinese customers toward IBM as they seek future growth.

Other large U.S. corporations, from **General Electric** Co. to **Microsoft** Corp., see China as a crucial market for similar reasons.

IBM, among others, has said the bill—known as the Foreign Investment Risk Review Modernization Act—would hurt U.S. companies' ability to compete globally. "Foreign competitors that do not face similar regulatory restrictions will seize global market opportunities while American companies are left watching from the sidelines," IBM's vice president of government and regulatory affairs, Christopher Padilla, testified at a recent Senate hearing.

Supporters of the bill, who think it could be signed into law later this year, aren't convinced. "I am concerned that some of the recent witnesses before the House and Senate have major financial conflicts of interest that prohibit an objective evaluation of the security threats we face," Rep. Robert Pittenger (R., N.C.)—one of the drafters of the bill—said in an email.

IBM and other opponents, while acknowledging national-security concerns, have suggested existing export controls to counter China rather than expanding the reach of CFIUS. IBM didn't respond to requests for comment.

In an email, GE said while it supports the idea of changes to CFIUS, "it's also important that any reform support America's historical leadership in attracting foreign investment, not duplicate existing and well-established export control regimes, and preserve the ability of American companies to compete globally." The company declined an interview. Microsoft declined to comment.

—Kersten Zhang and Ted Greenwald contributed to this article.

Chinese Solar Firm To Build U.S. Plant

By Erin Ailworth

A Chinese solar manufacturer said Monday that it plans to open a plant in the U.S., a week after President Donald Trump imposed tariffs on imported solar panels.

JinkoSolar Holding Co. said Monday that its board has authorized the company "to finalize planning for the construction of an advanced solar manufacturing facility in the U.S."

The company tucked news of its U.S. manufacturing plans into an announcement about an agreement to supply an unnamed U.S. customer with 1.75 gigawatts of solar panels over about three years. It seemed to tie the proposed facility to Mr. Trump's recent tariff decision, which would tax imported solar panels and cells at 30% in the first year. The tariff would fall to 15% in the fourth and final year.

"JinkoSolar continues to closely monitor treatment of imports of solar cells and modules under the U.S. trade laws," the company said.

Mr. Trump had hoped his new tariffs, which also include similar import restrictions on washing machines, would lead foreign companies to shift production to the U.S. His trade representative, Robert Lighthizer, has said the imposition and threats of trade barriers against Tokyo in the 1980s helped spur Japanese auto makers to build factories in the U.S.

"It will provide a strong incentive for LG and **Samsung** to follow through on their recent promises to build major manufacturing plants for washing machines" in the U.S., Mr. Trump said last week.

A spokeswoman for JinkoSolar declined to give more detail about the company's plans.

Records filed with Jacksonville, Fla., show that a company code-named Project Volt, billed as a "leading international manufacturer of solar panels and modules," wants to open what would be "the company's first manufacturing and assembly operation in the U.S." The company has committed to investing $410 million and creating as many as 800 jobs by the end of 2019, according to city documents.

Jacksonville officials have approved more than $24 million in incentives for the project, a city spokeswoman said. She declined to comment on any ties between Project Volt and JinkoSolar.

—Jacob M. Schlesinger contributed to this article.

Tencent Makes Push Into China Shopping Malls

*By **Wayne Ma** in Hong Kong and **Liza Lin** in Shanghai*

MARK SCHIEFELBEIN/ASSOCIATED PRESS

Wanda's property business sold a stake to investors including Tencent and JD.com for $5.37 billion. A Wanda mall in Nanchang.

An investor group that includes China's **Tencent Holdings** Ltd. and online retailer **JD.com** Inc. is spending 34 billion yuan ($5.37 billion) for a 14% stake in Chinese billionaire Wang Jianlin's commercial-property company as he faces a deadline to relist the business in China.

Mr. Wang's **Dalian Wanda Group** is the parent of the property company, which is China's largest mall developer. Wanda has been benefiting from an escalating war for consumers and data between Tencent and **Alibaba Group Holding** Ltd., the country's two largest internet companies.

Alibaba has already established several partnerships with department-store and supermarket chains in China, and is seeking to integrate online retail with physical stores.

Tencent has invested in Alibaba's online shopping rival JD.com, and the deal announced Monday gives both a partner in China's shopping-mall business as they seek to blunt Alibaba's move into physical stores. The traditional stores are seen as a way to attract customers and, for Tencent and Alibaba, as a means to expand mobile-payment platforms.

"The deal represents one of the world's largest single strategic investments between internet companies and brick-and-mortar commercial giants," Wanda and the others said in a joint release. Other investors include electronics retailer **Suning Commerce** Group and fellow property developer **Sunac Holdings** Ltd.

This month, Tencent signed a partnership agreement with French retailer **Carrefour** SA and a local supermarket chain, agreeing to take a stake in Carrefour's Chinese entity. In Shanghai, it also is testing an unmanned pop-up store with consumers using mobile payments to complete the sale.

JD will invest five billion yuan in the property business, Wanda Commercial Properties Co., the company said in a regulatory filing.

In announcing the investment, Wanda said the aim was to speed up the adoption of its "asset-light" model that would allow it to earn income from managing properties instead of owning them.

Wanda Commercial raised 34.5 billion Hong Kong dollars (US$4.34 billion) from private investors to delist the company's Hong Kong shares in 2016, in the biggest take-private deal on the city's exchange. Wanda's aim was to relist the company in China, where the big appetite from retail investors helps companies get higher valuations.

Last year, Wanda came under fire from Beijing for its aggressive overseas deal making, which curtailed the company's ability to pay for overseas acquisitions and repay debt. To shore up its balance sheet, the company since has sold billions of dollars in assets both in China and abroad. Wanda's Hong Kong-listed unit said Monday in a regulatory filing that it was selling two Australian real-estate projects.

Wanda faced a September deadline to relist Wanda Commercial or repay investors in full plus interest of up to 10%, a person familiar with the transaction said.

RICHARD B. LEVINE/LEVINE ROBERTS/NEWSCOM/ZUMA PRESS

The Daily News suspended two of its top editors last week.

Tronc Chooses New Editors in New York, L.A.

By Lukas I. Alpert

Tronc Inc. named new editors at the New York Daily News and the Los Angeles Times, as the publisher tries to stabilize two newsrooms that are reeling from workplace-misconduct investigations at the top of their ranks.

The Daily News brought former editor in chief Jim Rich back to the nearly century-old New York tabloid after he left only 15 months ago. The newspaper has been in disarray since the suspension of two top editors amid sexual-harassment investigations and the sudden departure of its interim chief.

On Sunday, Tronc reassigned the Daily News' interim editor, Jim Kirk, to take charge of its flagship paper, the Los Angeles Times.

The company is trying to quell newsroom unrest in Los Angeles following a tense unionization effort and allegations of misconduct against its publisher.

Late last week the Daily News suspended the paper's managing editor and Sunday editor, who have come under investigation after the company received multiple complaints from female staffers alleging sexual harassment.

The publisher tries to stabilize two papers that each face misconduct probes.

Mr. Rich left the News in October 2016 after less than a year, during which he oversaw the paper's Pulitzer Prize win for public service for a series of stories about the abuse of a program to evict people deemed nuisance tenants. He then served as executive editor at digital media company HuffPost last year before departing in December.

Tronc said Mr. Rich, while editor of the Daily News, "helped reinstate the company as a relevant news source with intelligent and provocative coverage."

Mr. Kirk, the former editor and publisher of the Chicago Sun-Times, had been in charge of the Daily News newsroom for little more than a week when he was sent back to Los Angeles, where he had served as interim chief last year.

Mr. Kirk succeeds Lewis D'Vorkin at the Times just months into a tumultuous tenure marked by tensions surrounding the newsroom's recent vote to unionize and Mr. D'Vorkin's management style. Mr. D'Vorkin will become Tronc's chief content officer.

Mr. D'Vorkin had been appointed in October amid a management shake-up at the Times after the hire of former Yahoo interim Chief Executive Ross Levinsohn as publisher and CEO last summer.

Mr. D'Vorkin's reassignment comes a little more than a week after Mr. Levinsohn went on an unpaid leave of absence as the company investigates allegations of misconduct at his prior workplaces.

The decision was triggered by a National Public Radio report that Mr. Levinsohn was a defendant in two sexual-harassment lawsuits years earlier, and had been accused of making disparaging remarks about women and gay people in previous jobs.

Mr. Levinsohn, who is also taking a leave of absence from the board of **Tribune Media** Co., hasn't returned messages seeking comment.

Tronc has pushed hard to reinvent itself as a digitally focused media company, but has struggled to find its footing. The newspaper publisher had bet heavily on Messrs. Levinsohn and D'Vorkin to drive change at the company's flagship paper. This week's shuffle in Los Angeles also leaves a management void at the Daily News.

Tronc acquired the Daily News in September from real-estate tycoon Mortimer Zuckerman for $1 and the assumption of debt and pension liabilities.

The deal gave Tronc, which also owns the Chicago Tribune, a foothold in the country's three largest markets, but added a perennially unprofitable newspaper in need of a significant turnaround to its books.

In 2016, the Daily News reported a loss of $23.7 million, according to a regulatory filing Tronc made when closing the deal in late November. The paper incurred losses of $29.1 million in 2015 and $37.6 million the previous year, according to the filing.

Packaging Firms in Deal

WestRock to buy KapStone for about $3.5 billion as online shopping fuels demand

By Adrienne Roberts And Cara Lombardo

WestRock Co. agreed to buy **KapStone Paper and Packaging** Corp. for about $3.5 billion, looking to gain scale as online shopping helps lift demand for packaging products.

The deal has a so-called enterprise value of about $4.9 billion, which includes $1.36 billion of assumed debt, the companies said Monday.

KapStone, based in Northbrook, Ill., makes containerboard, corrugated boxes and specialty papers. Packaging company WestRock, based in Atlanta, said the deal will expand its footprint, particularly in the western U.S., and add to its specialty-paper offerings.

WestRock, with a market capitalization of $17.9 billion through Friday's close, is about seven times the size of KapStone.

Steve Chercover, an analyst at D.A. Davidson & Co., said the deal follows an industry pattern of consolidation and allows WestRock to acquire KapStone's mills, which are scarce, capital-intensive assets that can be controversial to build due to environmental concerns.

As more consumers shop online, Mr. Chercover said he expected the packaging industry to evolve further as demand for packages grows. "We're only in the first or second inning of e-commerce's effect" on the paper and packaging industry, he said.

Jeffrey Chalovich, president of WestRock's corrugated packaging division, said he sees new opportunities in the market for bags made of so-called kraft paper—an unbleached, strong grade often seen in grocery stores and restaurants—especially as states and cities ban plastic shopping bags. San Francisco was the first U.S. city to ban plastic shopping bags in 2007, and the state of California banned them at major retailers in 2014.

WestRock expects the deal to immediately increase its earnings and create about $200 million in potential cost savings.

KapStone shareholders will have the option to receive $35 a share in cash or 0.4981 WestRock shares per KapStone share. Up to 25% of the outstanding KapStone shares can be converted into WestRock shares.

KapStone shares, which closed at $26.54 Friday, surged 31% to $34.71 in Monday trading, while WestRock shares fell 2.7%.

The companies expect the deal to close by Sept. 30.

WestRock on Monday also said that its first-quarter profit was $1.14 billion, or $4.38 a share, largely driven by a more than $1 billion benefit in connection with recently enacted U.S. tax-law changes.

WestRock, on an adjusted basis, earned 87 cents a share, up from 47 cents in the year-ago period. Sales rose 13% to $3.89 billion, led by growth in its corrugated and consumer-packaging divisions.

Meredith Selects CEO For Combined Group

By Jeffrey A. Trachtenberg

As **Meredith** Corp. prepares to close its acquisition of **Time** Inc. this week, Meredith Chief Operating Officer Tom Harty has been named chief executive of the combined media company.

Steve Lacy, who has been Meredith's CEO since 2006, will become executive chairman of the new entity.

The moves are effective Feb. 1.

Des Moines, Iowa-based Meredith, which publishes such magazines as Better Homes & Gardens and Allrecipes and owns a group of local television stations, agreed to acquire Time, in November for $1.85 billion in cash. The deal will add such titles as People, Sports Illustrated and Fortune to Meredith's stable of magazines.

"I'm going to focus on our external constituencies, including Wall Street, our public bondholders, and the board, as well as industry issues," said Mr. Lacy, 63 years old. "Tom will run the company day-to-day as he's been doing since August 2016."

Mr. Harty, 55, was elected president and chief operating officer in August 2016, a promotion that made him Mr. Lacy's likely successor. Mr. Harty, a veteran publishing executive, joined Meredith in 2004 as vice president of its magazine group and six years later was named president of the group.

"Bringing the two companies together is a challenge," Mr. Harty said. "Time Inc. is almost twice the size from an employee basis. We'll do a strategic review of the entire portfolio and a reorganization of the sales and marketing team."

Mr. Harty said the combined company's "big opportunity" for growth will be on the digital side of the business.

'Star Wars' Force Is Ebbing

Disney's 'Last Jedi' is hit by falloff at box office, lower toy sales, poor showing in China

By Ben Fritz
And Erich Schwartzel

MATT CROSSICK/PA WIRE/ZUMA PRESS

Stormtroopers at London showing of 'Star Wars: The Last Jedi.' It fell short of Wall Street expectations.

Six years after **Walt Disney** Co. spent $4 billion to buy a single franchise, "Star Wars" is looking a little less stellar.

Despite being one of the past year's most successful movies, "Star Wars: The Last Jedi" has fallen short of Wall Street's expectations due to a faster-than-expected falloff at the box office, declining toy sales and a poor showing in China.

With $1.3 billion in global box office revenue for "The Last Jedi," the most of any movie released in 2017 and No. 9 of all time, Disney's problems are ones other entertainment companies would kill to have. Nonetheless, for a property as valued as "Star Wars," any sign audiences are losing faith is concerning.

"Disney started off with an incredible touch with Star Wars, but now it's looking a little less magic," said B. Riley FBR analyst Barton Crockett.

Across Hollywood, studios have prioritized franchises that spawn sequels, move toys and provide maximum negotiating power over movie theaters. If the Skywalker saga is starting to lose its must-see status, that could spell trouble for the company as it prepares to release new movies from this May well into the 2020s.

"The Last Jedi" will soon end its run with around $625 million in the U.S. and Canada, about $200 million short of several Wall Street analysts' expectations. While few thought it would match the $937 million domestic and $2.07 billion world-wide gross of 2015's "Star Wars: The Force Awakens," the franchise's return to the big screen after a decade away, analysts forecast the new film would come closer.

Foreign grosses followed a similar pattern. In the U.S. and Canada, "The Last Jedi" opened to $220 million, slightly behind "The Force Awakens," which had a $248 million opening. With positive reviews, it looked like another "Star Wars" movie would have a long, healthy run.

But by mid-January, it was grossing less than half as much each day as "The Force Awakens" at the same time two years ago and less even than 2016's spinoff "Rogue One," which didn't feature iconic characters in major roles and opened to $155 million.

Disney theatrical distribution chief Dave Hollis said in an interview that "The Last Jedi" box office returns have been "the result we were expecting." He noted that the second film in prior "Star Wars" trilogies also grossed less than their predecessors.

Not all series follow that pattern. Marvel Studios, which Disney also paid $4 billion to buy, has released 17 superhero movies in 10 years with no sign of a box office slowdown.

Star Wars toy sales during the 2017 holidays were the lowest since Disney relaunched the brand in 2015, according to NPD Group. For the full year 2017, it was the No. 2 toy brand in the U.S. behind Nerf and down from No. 1 in 2016. World-wide, it remained No. 1.

Josh Silverman, executive vice president of licensing Disney Consumer Products, noted in a statement that Star Wars remained the No. 1 toy franchise during the holidays.

Electronic Arts Inc.'s tie-in videogame "Star Wars Battlefront II" is on track to sell between 10 million and 12 million copies compared with 14 million for the first installment in 2015, according to several analysts. That is partly due to a plan to sell virtual goods that appeared to give big spenders a competitive edge, which it canceled just before release due to fan outcry. An EA spokesman declined to comment.

For the valuable 'Star Wars' property, any sign audiences are losing faith is a worry.

With blockbuster grosses expected for "The Last Jedi," Disney was able to demand theaters play the movie for a minimum of four weeks, an unusually long period. That hasn't been a problem for large multiplexes, but strained single-screen cinemas like Rodney Miller's Elder Theatre of Jackson Center, Ohio, population 1,400, where screenings were nearly empty later in the run. "The first week was good, the second week was pretty decent, and the third and fourth weeks were disasters," he said.

The new film's take on Star Wars mythology, in ways a rebuke to the nostalgia pervasive in "The Force Awakens," alienated some hard-core fans.

Mr. Hollis said the box office take for "The Last Jedi" was more front-loaded than he had expected and said the days that holidays fell on the calendar and strong competition from other films, particularly "Jumanji: Welcome to the Jungle," may have had an impact on its January gross.

Overseas, "The Last Jedi" has grossed close to $700 million, about $180 million more than "Rogue One" but $430 million less than "The Force Awakens." The biggest chunk of that shortfall came from China, where "The Last Jedi" has grossed a weak $41 million, just one-third as much as "The Force Awakens" and 41% less than "Rogue One." Mr. Hollis said the China gross was disappointing and said Disney is "digging into" the reasons and potential solutions.

—Sarah E. Needleman contributed to this article.

Grammys Broadcast Audience Falls 24% To Lowest Since '09

By Joe Flint
And Neil Shah

The Grammy Awards struck a sour note with viewers, with the broadcast audience declining 24% from last year's show for its smallest television following since 2009.

According to Nielsen, 19.8 million people watched the CBS broadcast on Sunday. Last year's show averaged 26.1 million viewers. The last time the Grammys attracted fewer than 20 million viewers was in 2009 when it averaged 19 million viewers.

Hosted by James Corden, host of CBS's "The Late Late Show," the show featured performances by Bruno Mars, who took home the Grammy for Album of the Year; Lady Gaga; Kendrick Lamar; and Pink. There also was a duet by Elton John and Miley Cyrus.

The show wasn't short on politics and social issues, as immigration and the #MeToo movement took center stage. The singer Kesha, who has sued her former producer, Dr. Luke, accusing him of years of abuse, performed her song "Praying" with several other stars. Dr. Luke has denied wrongdoing.

The Grammys had taken heat for having few female nominees and winners. Alessia Cara, who won Best New Artist, was one of the few female artists to receive an award during the televised program, and some critics were upset that pop star Lorde was the only nominee for Album of the Year who wasn't allowed to give a solo performance.

Asked by Variety about the dearth of female honorees, Neil Portnow, the president of the Recording Academy, which runs the Grammys, said: "It has to begin with women who have the creativity in their hearts and their souls who want to be musicians, who want to be engineers, who want to be producers, who want to be part of the industry on an executive level to step up."

He added: "I think it's upon us as an industry to make the welcome mat very obvious, breeding opportunities for all people who want to be creative and paying it forward and creating that next generation of artists."

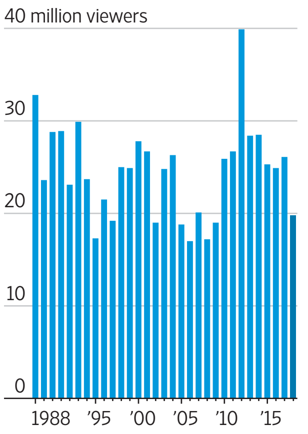
By Monday morning, his "step up" remark had sparked a backlash on social media.

"Who will young girls be inspired by to pick up a guitar and rock when most every category is filled with men?" singer-songwriter Sheryl Crow wrote on Twitter. "I'm not sure it is about women needing to 'step up' (as said by the male in charge)."

The Recording Academy on Monday referred a request for comment to **CBS**, which said the Grammy Awards were "the most-watched prime-time entertainment program on any network since the Feb. 26, 2017 Oscar telecast."

Not Hearing It

Grammy viewership was down from last year.



Source: Nielsen
THE WALL STREET JOURNAL.

MARKETS DIGEST

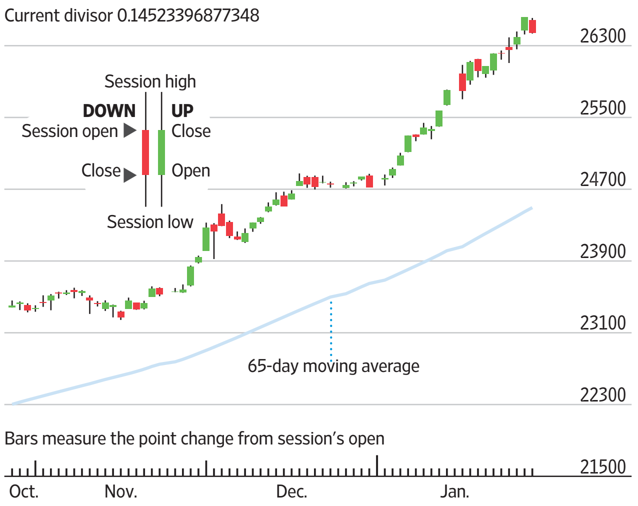
EQUITIES

Dow Jones Industrial Average

26439.48 ▼177.23, or 0.67%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	28.15	20.23
P/E estimate *	19.09	17.50
Dividend yield	1.98	2.40
All-time high	26616.71, 01/26/18	



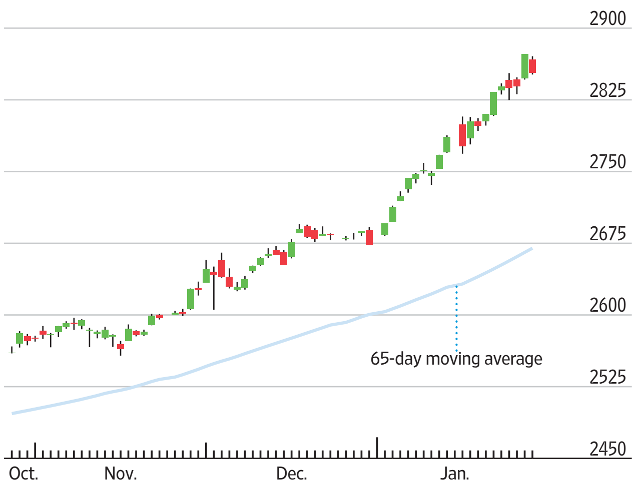
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2853.53 ▼19.34, or 0.67%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.34	24.74
P/E estimate *	18.67	17.52
Dividend yield	1.79	2.12
All-time high:	2872.87, 01/26/18	

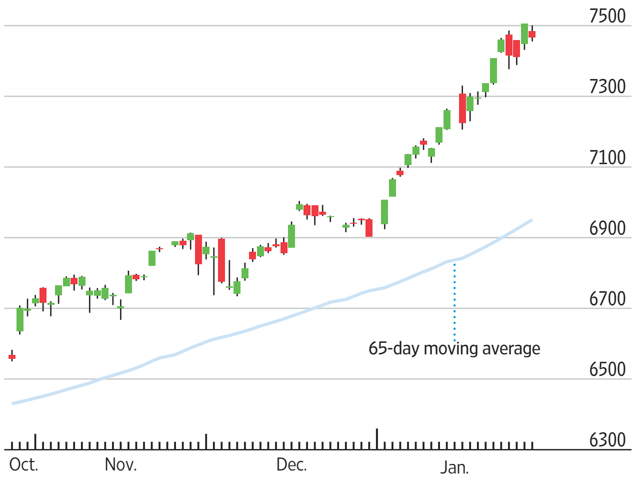


Nasdaq Composite Index

7466.51 ▼ 39.27, or 0.52%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	*27.82	20.10
P/E estimate *	21.25	19.15
Dividend yield	0.98	1.16
All-time high:	7505.77, 01/26/18	



Major U.S. Stock-Market Indexes

	Latest High	Latest Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	% chg YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	26608.90	26435.34	26439.48	-177.23	-0.67	26616.71	19864.09	32.4	7.0	14.9
Transportation Avg	11206.86	11099.33	11114.23	-11.52	-0.10	11373.38	8783.74	19.1	4.7	7.9
Utility Average	697.41	690.04	691.11	-7.99	-1.14	774.47	656.08	5.0	-4.5	2.0
Total Stock Market	29607.76	29408.88	29429.83	-200.64	-0.68	29630.47	23699.03	24.2	6.3	11.7
Barron's 400	757.13	751.14	751.76	-5.60	-0.74	757.37	606.11	23.7	5.7	12.0
Nasdaq Stock Market										
Nasdaq Composite	7500.61	7455.55	7466.51	-39.27	-0.52	7505.77	5613.71	33.0	8.2	16.8
Nasdaq 100	7020.64	6974.70	6988.32	-34.66	-0.49	7022.97	5116.77	36.2	9.3	18.7
S&P										
500 Index	2870.62	2851.48	2853.53	-19.34	-0.67	2872.87	2278.87	25.1	6.7	12.2
MidCap 400	1993.53	1978.47	1978.60	-16.63	-0.83	1995.23	1681.04	17.6	4.1	10.8
SmallCap 600	980.19	974.08	974.34	-5.23	-0.53	979.57	815.62	17.8	4.1	12.5
Other Indexes										
Russell 2000	1607.95	1597.88	1598.11	-9.95	-0.62	1610.71	1345.24	18.2	4.1	10.3
NYSE Composite	13605.91	13520.68	13524.65	-112.37	-0.82	13637.02	11205.24	20.7	5.6	8.2
Value Line	589.69	584.84	585.07	-4.62	-0.78	589.69	503.24	14.5	4.0	5.9
NYSE Arca Biotech	4989.66	4919.24	4939.86	13.12	0.27	4939.86	3134.03	57.6	17.0	10.0
NYSE Arca Pharma	591.16	588.27	589.20	-3.91	-0.66	593.12	473.61	24.4	8.1	2.2
KBW Bank	117.14	116.12	116.22	-0.19	-0.16	116.41	88.02	26.3	8.9	19.7
PHLX§ Gold/Silver	89.91	87.45	87.47	-2.84	-3.15	96.72	76.42	-1.7	2.6	4.3
PHLX§ Oil Service	162.34	159.32	159.61	-3.23	-1.98	183.12	117.79	-10.7	6.7	-4.3
PHLX§ Semiconductor	1388.29	1362.22	1378.42	-2.86	-0.21	1392.86	944.28	44.1	10.0	27.4
Cboe Volatility	13.84	11.68	13.84	2.76	24.91	16.04	9.14	16.5	25.4	-9.6

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours Last	Net chg	% chg	High	Low
SPDR S&P 500	SPY	12,232.7	284.82	0.14	0.05	285.54	284.52
Bank of America	BAC	8,480.5	32.28	...	unch.	32.42	32.25
Intel	INTC	5,816.4	49.89	-0.09	-0.18	50.57	49.60
Technology Sel Sector	XLK	4,718.0	68.56	...	unch.	68.70	68.52
LendingClub	LC	4,343.4	4.01	...	unch.	4.03	4.00
General Electric	GE	4,254.4	16.22	-0.06	-0.37	16.39	15.99
AT&T	T	3,760.6	37.21	-0.05	-0.13	37.57	37.20
iPath S&P 500 VIX ST Fut	VXX	3,573.5	30.00	0.35	1.18	30.12	29.58
Percentage gainers...							
Proteostasis Therapeutics	PTI	62.4	5.00	0.59	13.38	5.15	4.41
Green Bancorp	GNBC	12.8	23.50	1.55	7.06	23.50	21.95
Extreme Networks	EXTR	40.9	14.65	0.89	6.47	14.87	13.76
PennyMac Mortgage Inv Tr	PMT	12.5	16.40	0.83	5.33	16.47	15.57
Antero Resources	AR	35.2	20.26	0.80	4.11	20.85	19.46
...And losers							
MetLife	MET	523.2	50.45	-3.95	-7.26	54.48	49.02
Ultra Clean Holdings	UCTT	100.2	21.40	-1.64	-7.12	23.04	20.20
Rambus	RMBS	331.5	13.38	-0.82	-5.77	14.54	11.66
Oil States Intl	OIS	48.6	30.80	-1.45	-4.50	32.25	30.80
Credit Suisse Group ADR	CS	49.3	18.75	-0.87	-4.43	19.62	18.75

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	827,185,061	16,479,499
Adv. volume*	195,540,498	3,138,034
Decl. volume*	624,785,294	12,972,759
Issues traded	3,085	335
Advances	557	68
Declines	2,467	255
Unchanged	61	12
New highs	236	2
New lows	204	25
Closing tick	41	13
Closing Arms†	0.61	1.22
Block trades*	6,685	160
	Nasdaq	**NYSE Arca**
Total volume*	2,075,291,388	297,360,151
Adv. volume*	789,770,381	51,920,888
Decl. volume*	1,222,592,348	245,303,105
Issues traded	3,089	1,378
Advances	935	239
Declines	2,019	1,131
Unchanged	135	8
New highs	224	182
New lows	53	39
Closing tick	206	112
Closing Arms†	0.72	0.93
Block trades*	8,283	1,393

* Primary market NYSE, NYSE American NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	Latest % chg	YTD % chg
World	The Global Dow	3307.04	–16.70	–0.50	7.1
	DJ Global Index	422.79	–2.62	–0.62	6.4
	DJ Global ex U.S.	283.75	–1.59	–0.56	6.4
Americas	DJ Americas	682.89	–4.87	–0.71	6.3
Brazil	Sao Paulo Bovespa	84698.01	–832.83	–0.97	10.9
Canada	S&P/TSX Comp	16094.72	–144.50	–0.89	–0.7
Mexico	S&P/BMV IPC	50636.32	–429.17	–0.84	2.6
Chile	Santiago IPSA	4442.56	18.74	0.42	5.5
EMEA	Stoxx Europe 600	399.80	–0.77	–0.19	2.7
Eurozone	Euro Stoxx	401.11	–0.87	–0.22	4.0
Belgium	Bel-20	4155.19	–6.82	–0.16	4.5
France	CAC 40	5521.59	–7.56	–0.14	3.9
Germany	DAX	13324.48	–15.69	–0.12	3.1
Israel	Tel Aviv	1549.87	6.74	0.44	2.7
Italy	FTSE MIB	23801.55	–55.44	–0.23	8.9
Netherlands	AEX	566.06	–0.73	–0.13	3.9
Russia	RTS Index	1275.57	–11.13	–0.87	10.5
Spain	IBEX 35	10555.60	–39.80	–0.38	5.1
Sweden	SX All Share	584.08	–1.41	–0.24	2.7
Switzerland	Swiss Market	9457.27	–58.29	–0.61	0.8
U.K.	FTSE 100	7671.53	5.99	0.08	–0.2
Asia-Pacific					
Australia	S&P/ASX 200	6075.40	25.40	0.42	0.2
China	Shanghai Composite	3523.00	–35.13	–0.99	6.5
Hong Kong	Hang Seng	32966.89	–187.23	–0.56	10.2
India	S&P BSE Sensex	36283.25	232.81	0.65	6.5
Japan	Nikkei Stock Avg	23629.34	–2.54	–0.01	3.8
Singapore	Straits Times	3577.07	9.93	0.28	5.1
South Korea	Kospi	2598.19	23.43	0.91	5.3
Taiwan	Weighted	11221.81	74.71	0.67	5.4

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Immersion	IMMR	10.00	2.66	36.24	11.85	5.76	-2.4
Ballard Power Systems	BLDP	4.02	1.01	33.55	5.94	1.84	110.5
KapStone Paper Pkg	KS	34.71	8.17	30.78	34.94	19.59	44.9
Ossen Innovation ADR	OSN	6.11	1.12	22.44	8.90	1.50	177.7
Dr Pepper Snapple Gp	DPS	117.07	21.42	22.39	126.65	83.23	29.1
Matson Inc.	MATX	37.68	6.48	20.77	40.32	21.63	5.8
Akcea Therapeutics	AKCA	22.82	3.40	17.51	31.23	8.10	...
Menlo Therapeutics	MNLO	33.39	4.88	17.12	34.20	20.50	...
Kadmon Holdings	KDMN	5.83	0.85	17.07	5.86	2.05	54.2
Geron	GERN	2.35	0.33	16.34	3.15	1.74	21.8
Twin Disc	TWIN	31.34	4.25	15.69	31.95	14.81	80.2
Kazia Therapeutics ADR	KZIA	4.64	0.60	14.83	4.64	0.70	188.2
ProSharesUltVIXST	UVXY	11.33	1.41	14.21	108.92	8.52	-88.8
VS 2x VIX Short Term	TVIX	6.20	0.77	14.18	59.30	4.66	-88.7
Editas Medicine	EDIT	40.70	4.74	13.18	41.60	13.12	138.4

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
ITUS	ITUS	4.14	-1.91	-31.57	6.43	0.60	-18.0
Aradigm	ARDM	1.59	-0.65	-29.02	7.35	0.78	-16.8
Forward Pharma ADR	FWP	3.87	-1.49	-27.80	33.00	3.04	-86.8
Oragenics	OGEN	2.22	-0.48	-17.78	8.50	0.60	-67.4
OpGen	OPGN	4.86	-1.05	-17.71	32.50	3.27	-83.5
Biostar Pharmaceuticals	BSPM	2.75	-0.57	-17.17	5.97	1.18	-2.8
VMware	VMW	125.05	-24.95	-16.63	165.00	85.45	43.7
Sohu.com	SOHU	39.01	-7.30	-15.76	70.86	37.78	-1.2
My Size	MYSZ	2.26	-0.41	-15.36	16.70	0.57	-59.6
Contango Oil Gas	MCF	4.12	-0.68	-14.17	9.60	2.22	-49.9
Silicom	SILC	65.29	-10.40	-13.74	77.95	34.86	75.0
Lightbridge	LTBR	2.58	-0.41	-13.71	4.80	0.92	163.3
CARBO Ceramics	CRR	8.25	-1.08	-11.58	16.70	5.83	-41.2
Heat Biologics	HTBX	2.61	-0.34	-11.53	12.50	2.60	-73.9
Arcadia Biosciences	RKDA	5.64	-0.72	-11.32	23.00	3.60	-71.8

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
SPDR S&P 500	SPY	77,778	-2.3	284.68	-0.66	286.63	226.32
General Electric	GE	69,852	-22.7	16.28	0.93	30.59	15.80
Advanced Micro Devices	AMD	65,715	20.6	13.32	2.86	15.65	9.70
iPath S&P 500 VIX ST Fut	VXX	60,547	66.6	29.65	7.27	81.28	25.59
VanEck Vectors Gold Miner	GDX	57,801	67.5	23.68	-2.75	25.71	20.89
iShares MSCI Emg Markets	EEM	57,533	8.2	51.29	-1.52	52.08	37.11
Ford Motor	F	53,889	39.0	11.12	-2.20	13.48	10.47
Twitter	TWTR	51,836	142.5	25.18	3.75	25.85	14.12
ProSharesUltVIXST	UVXY	51,515	71.2	11.33	14.21	108.92	8.52
Bank of America	BAC	50,619	-26.3	32.28	0.25	32.45	22.07

* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
PwrSh VRDO Tax-Free Wkly	PVI	811	6851	24.92	0.04	25.00	24.84
Immersion	IMMR	20,563	4669	10.00	36.24	11.85	5.76
KapStone Paper Pkg	KS	30,616	3488	34.71	30.78	34.94	19.59
Osprey Energy Acquisition	OSPR	500	3295	9.63	0.00	9.75	9.55
Dr Pepper Snapple Gp	DPS	24,634	1877	117.07	22.39	126.65	83.23
GI Partner Acquisition	GPAC	511	1842	10.05	0.40	10.10	9.35
WT Interest Rt Hdg HY Bd	HYZD	1,246	1581	24.20	-0.25	26.52	22.99
Direxion S&P500 Bull 1.25	LLSP	176	1392	39.02	-0.42	40.38	29.19
Franklin FTSE Europe Hdg	FLEH	225	1146	25.51	0.12	25.61	24.37
Guggenheim Ultra Shrt Dur	GSY	2,199	1103	50.22	0.02	50.41	50.11

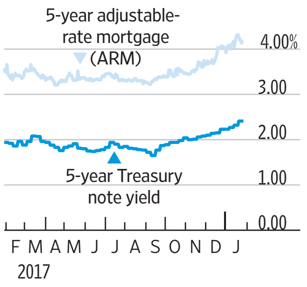
* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS & CURRENCIES

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Five-year ARM, Rate

Bankrate.com avg†:	4.16%
NBT Bank, NA	2.50%
Canajoharie, NY	800-449-6842
Proponent Federal Credit Union	2.75%
Nutley, NJ	973-338-1133
Financial Resources Federal Credit Union	2.88%
Bridgewater, NJ	800-933-3280
Foxboro Federal Savings	2.88%
Foxboro, MA	877-369-3331
Third Federal Savings and Loan	2.99%
Cleveland, OH	866-627-1785

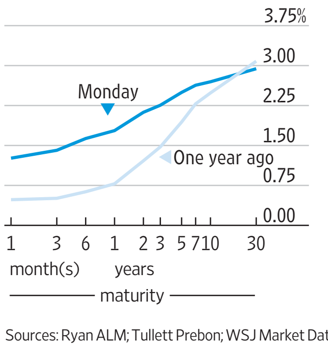
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.25-1.50	1.25-1.50	0.50	1.50	1.25
Prime rate*	4.50	4.50	3.75	4.50	1.25
Libor, 3-month	1.77	1.74	1.03	1.77	1.52
Money market, annual yield	0.30	0.35	0.25	0.36	-0.12
Five-year CD, annual yield	1.54	1.53	1.20	1.54	0.08
30-year mortgage, fixed†	4.19	4.11	3.73	4.33	0.41
15-year mortgage, fixed†	3.63	3.57	2.99	3.63	0.56
Jumbo mortgages, $424,100-plus†	4.47	4.46	4.21	4.87	-0.05
Five-year adj mortgage (ARM)†	4.16	4.32	3.20	4.32	0.44
New-car loan, 48-month	3.30	3.25	2.85	3.36	0.37

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Treasury yield curve

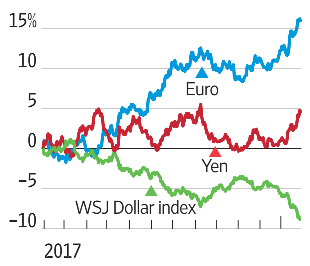
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1439.568	2.523	2.487	2.523	1.818	1.132	–0.044
10-yr Treasury, Ryan ALM	1690.586	2.695	2.663	2.695	2.058	0.408	–0.866
DJ Corporate	378.250	3.348	3.345	3.390	2.879	4.844	2.591
Aggregate, Barclays Capital	1924.460	2.940	2.920	2.940	2.380	2.370	1.283
High Yield 100, Merrill Lynch	n.a.	n.a.	5.549	n.a.	n.a.	n.a.	n.a.
Fixed-Rate MBS, Barclays	1967.680	3.150	3.140	3.150	2.660	1.606	1.305
Muni Master, Merrill	n.a.	n.a.	2.231	n.a.	n.a.	n.a.	n.a.
EMBI Global, J.P. Morgan	805.545	5.643	5.620	5.934	5.279	7.539	6.623

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

U.S.-dollar foreign-exchange rates in late New York trading

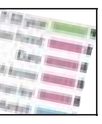
Country/currency	Mon in US$	Mon per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0511	19.5650	5.2
Brazil real	.3169	3.1554	–4.7
Canada dollar	.8104	1.2340	–1.9
Chile peso	.001657	603.50	–1.9
Ecuador US dollar	1	1	unch
Mexico peso	.0537	18.6142	–5.4
Uruguay peso	.03535	28.2900	–1.8
Venezuela b. fuerte	.100150	9.9851	–3.5
Asia-Pacific			
Australian dollar	.8096	1.2352	–3.5
China yuan	.1578	6.3370	–2.6
Hong Kong dollar	.1279	7.8174	0.1
India rupee	.01571	63.667	–0.3
Indonesia rupiah	.0000747	13380	–0.8
Japan yen	.009178	108.96	–3.3
Kazakhstan tenge	.003105	322.11	–3.2
Macau pataca	.1242	8.0493	0.04
Malaysia ringgit	.2576	3.8815	–4.4
New Zealand dollar	.7321	1.3659	–3.1
Pakistan rupee	.00905	110.550	–0.1
Philippines peso	.0195	51.406	2.9
Singapore dollar	.7632	1.3103	–2.0
South Korea won	.0009338	1070.95	0.4
Sri Lanka rupee	.0065045	153.74	0.2
Taiwan dollar	.03425	29.201	–1.6
Thailand baht	.03181	31.440	–3.5
Vietnam dong	.00004403	22711	...
Europe			
Czech Rep. koruna	.04894	20.432	–4.0
Denmark krone	.1664	6.0109	–3.1
Euro area euro	1.2383	.8076	–3.1
Hungary forint	.003994	250.36	–3.3
Iceland krona	.009924	100.77	–2.7
Norway krone	.1297	7.7113	–6.0
Poland zloty	.2987	3.3481	–3.8
Russia ruble	.01776	56.312	–2.4
Sweden krona	.1267	7.8907	–3.6
Switzerland franc	1.0667	.9375	–3.8
Turkey lira	.2636	3.7934	–0.03
Ukraine hryvnia	.0350	28.5585	1.5
UK pound	1.4075	.7105	–4.0
Middle East/Africa			
Bahrain dinar	2.6526	.3770	–0.03
Egypt pound	.0566	17.6765	–0.5
Israel shekel	.2942	3.3991	–2.3
Kuwait dinar	3.3349	.2999	–0.5
Oman sul rial	2.5974	.3850	0.01
Qatar rial	.2746	3.641	–0.2
Saudi Arabia riyal	.2666	3.7503	...
South Africa rand	.0838	11.9382	–3.4

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	83.38	0.31	0.37	–3.02

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Monday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	644.27	-1.60	-0.25	645.87	532.01	13.23	3.02
TR/CC CRB Index	199.54	-0.98	-0.49	200.52	166.50	4.33	2.93
Crude oil, $ per barrel	65.56	-0.58	-0.88	66.14	42.53	24.57	8.51
Natural gas, $/MMBtu	3.631	0.126	3.59	3.63	2.56	12.35	22.96
Gold, $ per troy oz.	1339.80	-11.80	-0.87	1362.40	1193.20	12.29	2.56



COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
Jan	3.1745	3.1770		3.1745	**3.1780**	-0.0045	111
March	3.2000	3.2355		3.1910	**3.1940**	-0.0050	140,531
Gold (CMX)-100 troy oz.; $ per troy oz.							
Jan	...	...		...	**1339.80**	-11.80	2
Feb	1349.00	1351.40		1336.10	**1340.30**	-11.80	77,049
April	1353.70	1356.30		1340.90	**1345.10**	-12.10	346,600
June	1359.30	1360.40		1346.20	**1350.40**	-12.10	68,290
Aug	1366.30	1366.30		1351.90	**1355.90**	-12.20	23,613
Dec	1375.50	1378.20		1362.90	**1366.90**	-12.40	33,911
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
Jan	...	...		...	**1086.05**	-1.65	3
March	1088.70	1088.85		1077.00	**1083.40**	-1.65	33,588
June	1081.80	1082.45		1071.50	**1077.50**	-1.50	3,747
Sept	1069.25	1069.25		1068.70	**1072.50**	-1.50	321
Platinum (NYM)-50 troy oz.; $ per troy oz.							
Jan	...	...		...	**1009.00**	-6.00	30
April	1016.40	1017.40		1005.20	**1012.70**	-5.70	85,679
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
Jan	...	...		...	**17.068**	-0.314	2
March	17.420	17.470		17.085	**17.127**	-0.314	134,341
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
March	66.18	66.46		64.98	**65.56**	-0.58	613,470
April	66.01	66.23		64.81	**65.39**	-0.58	247,410
May	65.70	65.89		64.53	**65.10**	-0.57	188,665
June	65.20	65.43		64.13	**64.71**	-0.55	293,387
July	64.61	64.81		63.68	**64.24**	-0.52	117,216
Dec	62.02	62.28		61.16	**61.65**	-0.49	252,760
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
Feb	2.1398	2.1407		2.0914	**2.1048**	-.0312	25,537
March	2.1279	2.1320		2.0834	**2.0978**	-.0297	179,200
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
Feb	1.9432	1.9457		1.9177	**1.9349**	-.0028	18,905
March	1.9300	1.9367		1.9033	**1.9160**	-.0103	172,566
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
Feb	3.390	3.661	▲	3.297	**3.631**	.126	10,077
March	3.080	3.188		3.038	**3.167**	-.008	371,465
April	2.888	2.947	▲	2.845	**2.939**	.010	168,884
May	2.860	2.919	▲	2.829	**2.914**	.016	173,847
July	2.926	2.981	▲	2.907	**2.979**	.019	90,151
Oct	2.922	2.970	▲	2.880	**2.969**	.018	112,076

Agriculture Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
March	356.75	359.25	▲	356.75	**358.75**	2.25	785,436
May	365.00	367.75	▲	365.00	**367.00**	2.00	290,109
Oats (CBT)-5,000 bu.; cents per bu.							
March	265.25	270.50		261.00	**269.50**	3.50	3,546
May	260.25	263.00		253.25	**262.50**	3.50	2,329
Soybeans (CBT)-5,000 bu.; cents per bu.							
March	992.25	998.75		986.25	**991.50**	6.00	341,018
May	1003.50	1010.25		997.50	**1002.75**	5.75	192,965
Soybean Meal (CBT)-100 tons; $ per ton.							
March	337.00	341.60		336.10	**337.40**	1.70	158,686
May	340.20	344.50		339.30	**340.80**	2.00	116,977
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
March	32.90	32.97		32.72	**32.87**	.08	218,001
May	33.08	33.16		32.92	**33.07**	.08	119,448
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
March	1230.00	1248.50	▲	1230.00	**1243.50**	10.00	7,274
May	1254.50	1271.50	▲	1254.50	**1267.50**	10.50	1,232
Wheat (CBT)-5,000 bu.; cents per bu.							
March	443.00	449.75	▲	443.00	**449.25**	8.25	276,035
May	455.50	462.75	▲	455.50	**462.00**	8.25	116,795
Wheat (KC)-5,000 bu.; cents per bu.							
March	445.00	453.75	▲	445.00	**453.00**	10.00	159,701
May	459.50	468.25	▲	459.50	**467.75**	10.00	73,682
Wheat (MPLS)-5,000 bu.; cents per bu.							
March	614.50	620.00		611.50	**613.75**	-.75	32,047
May	624.25	628.75		621.50	**623.25**	-.75	14,760
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
March	148.050	149.475	▲	146.150	**147.000**	.275	27,698
April	148.575	149.500	▲	146.600	**147.300**	.075	8,618
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
Feb	126.025	126.750	▲	125.450	**125.700**	1.100	40,844
April	125.500	126.125		124.800	**125.000**	.375	149,742
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
Feb	72.650	73.125		72.350	**72.400**	.125	21,158
April	74.050	74.200		73.300	**73.425**	-.375	106,058
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
March	489.90	489.90	▲	477.30	**477.80**	-9.50	5,784
May	482.20	482.20	▲	471.60	**472.00**	-9.30	1,233
Milk (CME)-200,000 lbs., cents per lb.							
Jan	13.91	13.91		13.90	**13.91**	...	3,307
March	13.42	13.53		13.41	**13.52**	.08	4,119
Cocoa (ICE-US)-10 metric tons; $ per ton.							
March	1,982	2,004		1,934	**1,946**	-40	111,027
May	2,002	2,025		1,958	**1,969**	-41	70,705
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
March	125.55	125.85		123.65	**124.95**	-.20	117,061
May	127.50	128.15		125.95	**127.20**	-.30	63,914
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
March	13.45	13.70		13.40	**13.67**	.31	421,496
May	13.58	13.79		13.55	**13.76**	.24	230,702
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
March	26.25	26.25	▼	26.00	**25.81**	-.44	3,155
May	26.57	26.73	▼	26.50	**26.73**	...	2,652
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
March	80.52	80.62		78.15	**78.36**	-2.12	152,384
May	81.24	81.32		78.90	**79.19**	-2.03	86,543
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
March	149.80	152.90	▲	148.85	**152.60**	2.80	7,752
May	149.05	152.10	▲	149.05	**152.00**	2.15	1,899

Interest Rate Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
March	148-240	148-290		147-180	**148-040**	-20.0	805,693
June	147-210	147-250		146-190	**147-030**	-20.0	1,707
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	122-015	122-040		121-180	**121-260**	-8.0	3,498,100
June	121-215	121-215		121-035	**121-105**	-9.0	37,586
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
March	114-305	114-315		114-217	**114-280**	-3.0	3,389,772
June	114-190	114-197		114-145	**114-195**	-3.2	11,787
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
March	106-212	106-217		106-187	**106-212**	...	1,996,094
June	106-130	106-135		106-110	**106-135**	-.5	8,137
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
Jan	98.585	98.588		98.585	**98.588**	...	243,685
Feb	98.575	98.578		98.573	**98.575**	...	252,153
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
March	95.125	95.453	▼	95.109	**95.406**	-.344	28,131
1 Month Libor (CME)-$3,000,000; pts of 100%							
Feb	98.4225	98.4225	▼	98.4200	**98.4200**	.0025	4,682
March	98.2275	98.2275	▼	98.2275	**98.2275**	...	110
Eurodollar (CME)-$1,000,000; pts of 100%							
Feb	98.1950	98.1950	▼	98.1875	**98.1875**	-.0075	179,489
Sept	97.7750	97.7800	▼	97.7400	**97.7700**	-.0050	1,393,559
Dec	97.6400	97.6450	▼	97.5950	**97.6350**	-.0050	1,815,747
Dec'19	97.3650	97.3700	▼	97.3000	**97.3500**	-.0150	1,644,172

Currency Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
Feb	.9222	.9222		.9171	**.9190**	-.0023	523
March	.9228	.9240		.9182	**.9204**	-.0023	253,852
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
Feb	.8104	.8117		.8098	**.8118**	-.0002	297
March	.8117	.8127		.8094	**.8120**	-.0002	170,514
British Pound (CME)-£62,500; $ per £							
Feb	1.4161	1.4162		1.4043	**1.4091**	-.0080	1,394
March	1.4171	1.4182		1.4050	**1.4104**	-.0080	231,463
Swiss Franc (CME)-CHF 125,000; $ per CHF							
March	1.0744	1.0750		1.0692	**1.0714**	-.0018	70,523
June	1.0779	1.0827		1.0772	**1.0794**	-.0017	272
Australian Dollar (CME)-AUD 100,000; $ per AUD							
Feb	.8105	.8110		.8080	**.8101**	-.0018	1,314
March	.8105	.8117		.8073	**.8101**	-.0018	137,708
April	.8113	.8113		.8082	**.8102**	-.0018	518
June	.8109	.8114		.8074	**.8102**	-.0018	1,821
Dec	.8085	.8097	▲	.8085	**.8107**	-.0018	285
Mexican Peso (CME)-MXN 500,000; $ per MXN							
March	.05364	.05367		.05311	**.05334**	-.00020	181,268
June	.05252	.05283		.05232	**.05253**	-.00019	1,249
Euro (CME)-€125,000; $ per €							
Feb	1.2434	1.2444		1.2360	**1.2406**	-.0033	3,694
March	1.2456	1.2469		1.2374	**1.2427**	-.0033	584,574

Index Futures

	Open	Contract High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
March	26618	26684	▲	26416	**26430**	-174	154,810
June	26647	26723	▲	26463	**26473**	-169	408
S&P 500 Index (CME)-$250 x index							
March	2873.90	2878.40	▲	2852.20	**2853.60**	-20.90	76,532
Mini S&P 500 (CME)-$50 x index							
March	2874.25	2878.50	▲	2851.50	**2853.50**	-21.00	3,331,783
June	2879.50	2883.25	▲	2856.50	**2858.25**	-20.75	75,263
Mini S&P Midcap 400 (CME)-$100 x index							
March	1995.30	1999.70		1978.40	**1979.70**	-16.40	89,696
Mini Nasdaq 100 (CME)-$20 x index							
March	7030.0	7047.3	▲	6980.0	**6992.5**	-37.8	262,446
June	7058.0	7072.0	▲	7005.5	**7017.5**	-36.8	1,848
Mini Russell 2000 (ICE-US)-$100 x index							
March	1608.80	1612.80		1597.10	**1597.70**	-11.80	23,605
Mini Russell 1000 (ICE-US)-$100 x index							
March	1586.20	1586.90		1577.70	**1578.30**	-11.40	208
U.S. Dollar Index (ICE-US)-$1,000 x index							
March	88.95	89.44		88.84	**89.13**	.24	42,839
June	88.58	89.10		88.58	**88.80**	.23	1,503

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Monday, January 29, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Monday
Energy	
Propane,tet,Mont Belvieu-g	0.8273
Butane,normal,Mont Belvieu-g	0.9554
NaturalGas,HenryHub-i	3.560
NaturalGas,TranscoZone3-i	3.730
NaturalGas,TranscoZone6NY-i	8.570
NaturalGas,PanhandleEast-i	2.710
NaturalGas,Opal-i	2.660
NaturalGas,MarcellusNE PA-i	2.890
NaturalGas,HaynesvilleN.LA-i	3.370
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	60.100
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	12.250
Metals	
Gold, per troy oz	
Engelhard industrial	1347.94
Engelhard fabricated	1449.04
Handy & Harman base	1343.85
Handy & Harman fabricated	1491.67
LBMA Gold Price AM	*1354.35
LBMA Gold Price PM	*1353.15
Krugerrand,wholesale-e	1395.63
Maple Leaf-e	1409.05
American Eagle-e	1409.05
Mexican peso-e	1625.99
Austria crown-e	1318.38
Austria phil-e	1409.05
Silver, troy oz.	
Engelhard industrial	17.2800
Engelhard fabricated	20.7360
Handy & Harman base	17.0950
Handy & Harman fabricated	21.3690
LBMA spot price	£12.3300
(U.S.$ equivalent)	17.3350
Coins,wholesale $1,000 face-a	12732
Other metals	
LBMA Platinum Price PM	*1017.0
Platinum,Engelhard industrial	1014.0
Platinum,Engelhard fabricated	1114.0
Palladium,Engelhard industrial	1090.0
Palladium,Engelhard fabricated	1190.0
Aluminum, LME, $ per metric ton	*2238.0
Copper,Comex spot	3.1780
Iron Ore, 62% Fe CFR China-s	73.8
Shredded Scrap, US Midwest-s,m	339
Steel, HRC USA, FOB Midwest Mill-s	704
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.6450
Cotton,1 1/16 std lw-mdMphs-u	0.7736
Cotlook 'A' Index-t	*92.40
Hides,hvy native steers piece fob-u	67.000
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	4.85
Bran,wheat middlings, KC-u	130
Corn,No. 2 yellow,Cent IL-bp,u	3.3700
Corn gluten feed,Midwest-u,w	103.1
Corn gluten meal,Midwest-u,w	469.2
Cottonseed meal-u,w	283
Hominy feed,Cent IL-u,w	98
Meat-bonemeal,50% pro Mnpls-u,w	218
Oats,No.2 milling,Mnpls-u	3.0150
Rice, Long Grain Milled, No. 2 AR-u,w	25.00
Sorghum,(Milo) No.2 Gulf-u	8.1925
SoybeanMeal,Cent IL,rail,ton48%-u	332.40
Soybeans,No.1 yllw IL-bp,u	9.5650
Wheat,Spring14%-pro Mnpls-u	7.2875
Wheat,No.2 soft red,St.Louis-bp,u	4.5500
Wheat - Hard - KC (USDA) $ per bu-u	4.4300
Wheat,No.1soft white,Portld,OR-u	5.3313
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	192.83
select 1-3,600-900 lbs.-u	187.18
Broilers, National comp wghtd-u,w	0.9272
Butter,AA Chicago	2.1300
Cheddar cheese,bbl,Chicago	132.00
Cheddar cheese,blk,Chicago	146.75
Milk,Nonfat dry,Chicago lb.	70.50
Cocoa,Ivory Coast-w	2253
Coffee,Brazilian,Comp	1.2485
Coffee,Colombian, NY	1.4599
Eggs,large white,Chicago-u	1.5150
Flour,hard winter KC	15.55
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	72.70
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.8665
Steers,Tex.-Okla. Choice-u	127.00
Steers,feeder,Okla. City-u,w	167.00
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	28.5000
Grease,choice white,Chicago-h	0.2250
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.3147
Tallow,bleach;Chicago-h	0.2575
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 1/26

Source: WSJ Market Data Group

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1924.46	-1.1	U.S. Aggregate	2.940	2.380	2.940
U.S. Corporate Indexes Bloomberg Barclays					
2775.57	-0.9	U.S. Corporate	3.430	3.030	3.500
2602.54	-0.7	Intermediate	3.100	2.530	3.100
3888.79	-1.3	Long term	4.140	3.990	4.680
563.62	-1.0	Double-A-rated	2.930	2.470	2.930
719.32	-0.6	Triple-B-rated	3.690	3.340	3.830
High Yield Bonds Merrill Lynch					
n.a.	n.a.	High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Triple-C-rated	n.a.	n.a.	n.a.
n.a.	n.a.	High Yield 100	n.a.	n.a.	n.a.
n.a.	n.a.	Global High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Europe High Yield Constrained	n.a.	n.a.	n.a.
U.S Agency Bloomberg Barclays					
1626.62	-0.7	U.S Agency	2.410	1.690	2.410
1456.27	-0.4	10-20 years	2.280	1.490	2.280
3312.59	-2.2	20-plus years	3.160	2.730	3.410
2448.93	-0.6	Yankee	3.140	2.610	3.140
Mortgage-Backed Bloomberg Barclays					
1967.68	-1.1	Mortgage-Backed	3.150	2.660	3.150
1935.19	-1.0	Ginnie Mae (GNMA)	3.100	2.630	3.110
1153.64	-1.1	Fannie mae (FNMA)	3.160	2.670	3.160
1776.91	-1.1	Freddie Mac (FHLMC)	3.170	2.680	3.170
n.a.	n.a.	Muni Master	n.a.	n.a.	n.a.
n.a.	n.a.	7-12 year	n.a.	n.a.	n.a.
n.a.	n.a.	12-22 year	n.a.	n.a.	n.a.
n.a.	n.a.	22-plus year	n.a.	n.a.	n.a.
Global Government J.P. Morgan†					
539.33	-0.9	Global Government	1.580	1.300	1.580
748.99	-0.8	Canada	2.230	1.570	2.240
368.67	-0.5	EMU§	1.230	0.956	1.363
702.87	-1.1	France	1.010	0.690	1.210
501.29	-1.2	Germany	0.680	0.210	0.680
288.22	-0.2	Japan	0.420	0.340	0.460
553.34	-1.3	Netherlands	0.790	0.390	0.790
914.39	-1.8	U.K.	1.670	1.340	1.750
805.55	-0.3	Emerging Markets **	5.643	5.279	5.934

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds ** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.000	**U.S.** 2	2.128 ▲	2.112	1.887	1.220			
2.250	10	2.697 ▲	2.662	2.410	2.484			
4.500	**Australia** 2	2.087 ▲	2.078	1.970	1.854	-4.1	-3.4	63.4
2.750	10	2.839 ▲	2.834	2.643	2.784	14.2	17.2	30.0
1.000	**France** 2	-0.383 ▲	-0.406	-0.468	-0.488	-251.1	-251.8	-170.8
0.750	10	0.978 ▲	0.907	0.779	1.043	-171.9	-175.5	-144.1
0.000	**Germany** 2	-0.528 ▲	-0.544	-0.616	-0.664	-265.6	-265.6	-188.4
0.500	10	0.693 ▲	0.628	0.430	0.464	-200.4	-203.4	-202.0
0.050	**Italy** 2	-0.162 ▲	-0.186	-0.134	0.003	-229.0	-229.8	-121.7
2.050	10	2.028 ▲	2.002	1.989	2.235	-66.9	-66.0	-24.9
0.100	**Japan** 2	-0.126 ▲	-0.132	-0.138	-0.203	-225.4	-224.4	-142.3
0.100	10	0.085 ▲	0.075	0.050	0.079	-261.1	-258.7	-240.4
2.750	**Spain** 2	-0.358 ▲	-0.393	-0.365	-0.266	-248.7	-250.5	-148.7
1.450	10	1.430 ▲	1.405	1.541	1.590	-126.1	-125.7	-89.4
1.750	**U.K.** 2	0.627 ▼	0.630	0.435	0.155	-150.1	-148.2	-106.5
4.250	10	1.457 ▲	1.445	1.191	1.564	-124.0	-121.7	-92.0

Source: Tullett Prebon

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

January 29, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Dec. index level	Chg From (%) Nov. '17	Dec. '16
U.S. consumer price index			
All items	246.524	-0.06	2.1
Core	253.558	0.03	1.8

International rates

	Latest	Week ago	52-Week High	Low
Prime rates				
U.S.	4.50	4.50	4.50	3.75
Canada	3.45	3.20	3.45	2.70
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.50	0.50	0.50	0.25
Australia	1.50	1.50	1.50	1.50
Overnight repurchase				
U.S.	1.45	1.42	1.62	0.48

U.S. government rates

	Latest	Week ago	52-Week High	Low
Discount	2.00	2.00	2.00	1.25
Federal funds				
Effective rate	1.4200	1.4200	1.4400	0.6000
High	1.6500	1.5625	1.6500	0.8125
Low	1.3000	1.3000	1.4100	0.4500
Bid	1.4100	1.4100	1.4300	0.5600
Offer	1.4300	1.4300	1.4400	0.5800
Treasury bill auction				
4 weeks	1.230	1.295	1.300	0.400
13 weeks	1.425	1.430	1.445	0.515
26 weeks	1.625	1.615	1.625	0.620

Secondary market

	Latest	Week ago	52-Week High	Low
Fannie Mae 30-year mortgage yields				
30 days	3.860	3.780	3.865	3.253
60 days	3.885	3.809	3.899	3.281

Other short-term rates

	Latest	Week ago	52-Week high	low
Call money	3.25	3.25	3.25	2.50
Commercial paper (AA financial)				
90 days	1.71	1.68	1.71	0.72
Libor				
One month	1.57345	1.56014	1.57345	0.77000
Three month	1.77225	1.74130	1.77225	1.03372
Six month	1.96719	1.92550	1.96719	1.33489
One year	2.26406	2.22781	2.26406	1.69400
Euro Libor				
One month	-0.406	-0.405	-0.383	-0.420
Three month	-0.382	-0.381	-0.344	-0.387
Six month	-0.339	-0.337	-0.240	-0.339
One year	-0.263	-0.260	-0.097	-0.263
Euro interbank offered rate (Euribor)				
One month	-0.369	-0.369	-0.366	-0.375
Three month	-0.328	-0.328	-0.325	-0.332
Six month	-0.278	-0.277	-0.237	-0.278
One year	-0.191	-0.191	-0.100	-0.194

	Latest	Value Traded	52-Week High	Low
DTCC GCF Repo Index				
Treasury	1.396	25.000	1.836	0.489
MBS	1.445	89.290	1.852	0.496

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Jan	98.540	unch.	3557	1.460
Treasury Feb	98.560	unch.	3275	1.440
Treasury Mar	98.430	0.010	491	1.570

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective December 14, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective December 14, 2017. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

	Week Ended Jan 26	Jan 19	52-Week High	Low
Federal funds (effective)	1.42	1.42	1.42	0.65
Commercial paper				
Nonfinancial				
1-month	1.52	1.50	1.59	0.60
2-month	1.54	1.54	1.54	0.68
3-month	1.61	1.58	1.61	0.74
Financial				
1-month	1.46	1.46	1.50	0.67
2-month	1.58	1.56	1.58	0.76
3-month	1.69	1.67	1.69	0.84
Discount window primary credit	2.00	2.00	2.00	1.25
Conventional mortgages	n.a.	n.a.	n.a.	n.a.
Treasury yields at constant maturities				
1-month	1.25	1.30	1.30	0.44
3-month	1.43	1.45	1.45	0.51
6-month	1.64	1.63	1.64	0.61
1-year	1.79	1.79	1.82	0.80
2-year	2.09	2.05	2.09	1.17
3-year	2.21	2.16	2.21	1.39
5-year	2.44	2.41	2.44	1.65
7-year	2.57	2.53	2.57	1.90
10-year	2.65	2.59	2.65	2.07
20-year	2.78	2.74	2.91	2.43
Treasury yields (secondary market)				
1-month	1.22	1.28	1.28	0.43
3-month	1.41	1.43	1.43	0.50
6-month	1.61	1.60	1.61	0.60
TIPS				
5-year	0.50	0.45	0.50	-0.02
7-year	0.56	0.51	0.56	0.20
10-year	0.58	0.55	0.61	0.28
20-year	0.71	0.70	0.88	0.60
Long-term avg	0.74	0.73	0.90	0.65
Interest rate swaps				
1-year	n.a.	n.a.	n.a.	n.a.
2-year	n.a.	n.a.	n.a.	n.a.
3-year	n.a.	n.a.	n.a.	n.a.
4-year	n.a.	n.a.	n.a.	n.a.
5-year	n.a.	n.a.	n.a.	n.a.
7-year	n.a.	n.a.	n.a.	n.a.
10-year	n.a.	n.a.	n.a.	n.a.
30-year	n.a.	n.a.	n.a.	n.a.
Corporate bonds, Moody's seasoned				
Aaa	n.a.	n.a.	n.a.	n.a.
Baa	n.a.	n.a.	n.a.	n.a.
State and local bonds	n.a.	n.a.	n.a.	n.a.
Eurodollars				
1 month	n.a.	n.a.	n.a.	n.a.
3 month	n.a.	n.a.	n.a.	n.a.
6 month	n.a.	n.a.	n.a.	n.a.

Notes on data:

Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; **Commercial paper rates** are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; **Discount window primary credit rate** is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; **rate** is average for seven days ended Wednesday; **Inflation-indexed long-term TIPS** average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more; **Swap rates** are International Swaps and Derivatives Association (ISDA(R)) mid-market par rates for a fixed-rate payer, who in return receives three-month Libor, and are based on rates collected at 11:00 a.m. ET by Garban Intercapital PLC; Source is Reuters; **Moody's triple-AAA** rates are averages of industrial bonds only; **Muni rates** are Thursday quotes based on the Bond Buyer Index for general obligation, 20 years to maturity, mixed quality debt; **Mortgage rates** are contract rates on commitments for fixed-rate first mortgages

Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, www.federalreserve.gov/releases/h15/data.htm

Corporate Debt

in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Barclays Bank	BACR	2.650	Jan. 11, '21	25	-33	61	...	...
General Electric	GE	3.150	Sept. 7, '22	49	-18	70	16.28	0.93
Colgate-Palmolive	CL	2.300	May 3, '22	5	-15	n.a.	73.79	0.31
Viacom	VIA	5.875	Feb. 28, '57	245	-13	262	39.50	-0.50
Rio Tinto Finance	RIOLN	4.125	Aug. 21, '42	75	-11	83	...	...
D.R. Horton	DHI	2.550	Dec. 1, '20	58	-9	n.a.	48.32	-4.03
Barrick North America Finance	ABXCN	5.700	May 30, '41	127	-8	138	...	...
Bp Capital Markets	BPLN	2.112	Sept. 16, '21	32	-8	n.a.	...	...

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
VMware	VMW	2.950	Aug. 21, '22	110	25	73	125.05	-16.63
Dr Pepper Snapple	DPS	3.130	Dec. 15, '23	85	19	n.a.	117.07	22.39
HSBC Holdings	HSBC	3.600	May 25, '23	73	7	75	54.74	-1.23
Morgan Stanley	MS	5.450	July 15, '49	54	7	47	57.45	-0.26
NVIDIA	NVDA	3.200	Sept. 16, '26	72	7	n.a.	246.85	1.45
Broadcom	AVGO	3.500	Jan. 15, '28	153	5	152	245.47	-2.12
Bank of New York Mellon	BK	2.600	Aug. 17, '20	42	5	43	57.52	-0.03
Berkshire Hathaway Energy	BRKHEC	6.500	Sept. 15, '37	97	5	n.a.	...	...

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
Bombardier	BBDBCN	6.000	Oct. 15, '22	101.250	1.25	99.300	...	...
Intelsat Jackson Holdings S.A.	INTEL	7.500	April 1, '21	86.063	1.06	85.000	...	...
Iheartcommunications	IHRT	9.000	March 1, '21	73.000	1.00	n.a.	...	...
Hudbay Minerals	HBMCN	7.625	Jan. 15, '25	111.125	0.88	109.875	...	...
Frontier Communications	FTR	8.500	April 15, '20	98.250	0.75	96.795	8.05	-2.54
Hot Topic	HOTT	9.250	June 15, '21	99.250	0.75	99.000	...	...
Neiman Marcus	NMG	8.000	Oct. 15, '21	64.250	0.75	61.500	...	...
Solera	SLH	10.500	March 1, '24	113.000	0.61	112.250	...	...

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
FGI Operating	GUN	7.875	May 1, '20	19.000	-3.00	23.000	...	...
CenturyLink	CTL	7.600	Sept. 15, '39	88.000	-2.70	89.000	18.03	-1.04
Wynn Las Vegas	WYNNLV	5.500	March 1, '25	102.258	-2.24	104.188	...	...
Sanchez Energy	SN	6.125	Jan. 15, '23	88.500	-1.75	87.875	5.31	-4.15
California Resources	CRC	8.000	Dec. 15, '22	85.500	-1.50	86.125	23.15	-5.01
Noble Holding International	NE	7.750	Jan. 15, '24	93.962	-1.29	94.250	...	...
Rowan	RDC	4.750	Jan. 15, '24	91.750	-1.25	n.a.	15.10	-3.33
Ensco	ESV	4.500	Oct. 1, '24	86.760	-1.24	87.000	6.22	-5.76

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.

Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; WSJ Market Data Group

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:

- ▲-New 52-week high.
- ▼-New 52-week low.
- **dd**-Indicates loss in the most recent four quarters.
- **FD**-First day of trading.
- **h**-Does not meet continued listing standards
- **lf**-Late filing
- **q**-Temporary exemption from Nasdaq requirements.
- **t**-NYSE bankruptcy
- **v**-Trading halted on primary market.
- **vj**-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, January 29, 2018

Stock	Sym	Close	Net Chg
A B C			
ABB	ABB	28.06	-0.54
▲ AECOM	ACM	39.62	0.20
AES	AES	11.81	0.09
Aflac	AFL	89.55	-1.44
AGNC Invt	AGNC	19.19	-0.33
BritishAmTob	BTI	68.47	-1.60
Broadcom	AVGO	245.47	-5.32
BroadridgeFinl	BR	96.82	-0.61
BrookfieldMgt	BAM	41.26	-0.49
BrookfieldInfr	BIP	42.76	-0.61
Brown&Brown	BRO	53.15	-0.62
▲ Brown-Forman B	BF.B	68.56	-1.02
Brown-Forman A	BF.A	67.73	-0.73
BlueBuffaloPet	BUFF	33.13	-0.15
bluebirdbio	BLUE	202.35	2.10
Boeing	BA	340.82	-2.40
BorgWarner	BWA	56.82	-0.34
BostonProps	BXP	121.34	-1.63
BostonSci	BSX	28.33	-0.09
Braskem	BAK	31.67	-0.13
BrightHorizons	BFAM	96.75	-1.05
BrighthouseFin	BHF	67.46	1.73
Bristol-Myers	BMY	64.43	0.18
▲ DrPepperSnap	DPS	117.07	21.42
DrReddy'sLab	RDY	36.31	-2.05
DukeEnergy	DUK	77.29	-1.54
DukeRealty	DRE	25.79	-0.30
Dunkin'	DNKN	66.56	-1.62
ENI	E	36.57	-0.66
EOG Rscs	EOG	116.58	-1.18
EPAM Systems	EPAM	117.75	-1.27
EQT	EQT	56.85	-1.89
EQT Midstream	EQM	74.53	-2.02
E*TRADE	ETFC	52.62	-0.87
EastWestBncp	EWBC	67.67	-0.80
EastmanChem	EMN	101.23	-1.08
▲ Eaton	ETN	85.59	-0.90
EatonVance	EV	60.02	-0.85
▲ eBay	EBAY	40.80	-0.09
Ecolab	ECL	137.50	-0.65
Ecopetrol	EC	19.55	-0.16
EdisonInt	EIX	62.41	-0.05
ING Groep	ING	20.24	-0.06
Invesco	IVZ	37.48	-0.92
IPG Photonics	IPGP	255.95	-3.79
IQVIA	IQV	105.58	-0.43
IRSA Prop	IRCP	54.28	-1.72
IcahnEnterprises	IEP	58.01	-0.87
Icon	ICLR	114.46	-1.11
▲ IDEX	IEX	140.66	-1.77
▲ IllinoisToolWks	ITW	176.90	-1.98
Illumina	ILMN	241.78	-3.05
TelecomItalia A	TI.A	7.57	-0.12
▲ TeledyneTech	TDY	199.49	0.60
▲ Teleflex	TFX	287.65	3.06
TelefonicaBras	VIV	16.68	-0.21
Telefonica	TEF	10.41	-0.14
TelekmIndonesia	**TLK**	**29.78**	**-1.58**
Tenaris	TS	35.24	-0.85
Teradyne	TER	46.86	-0.84
Tesla	TSLA	349.53	6.68
TevaPharm	TEVA	21.61	0.28
▲ 21stCenturyFoxB	FOX	38.14	-0.18
Twitter	TWTR	25.18	0.91
▲ TylerTech	TYL	201.95	-0.10
TysonFoods	TSN	78.91	-1.26
UBS Group	UBS	20.53	-0.36
UDR	UDR	36.05	-0.46
UGI	UGI	46.31	-0.55
▲ US Foods	USFD	33.13	-0.69
▲ UbiquitiNetworks	UBNT	81.74	0.69
UltaBeauty	ULTA	229.15	1.46
ValeroEnergy	VLO	96.39	-2.30
VarianMed	VAR	128.57	-0.89
Vedanta	VEDL	21.79	-0.10
VeevaSystems	VEEV	60.32	-0.65
Ventas	VTR	55.53	-0.36
VeriSign	VRSN	112.41	-2.90
VeriskAnalytics	VRSK	98.25	-0.06
Verizon	VZ	54.13	-0.59
▲ VertxPharm	VRTX	167.14	-2.07
Viacom B	VIAB	33.71	-0.38

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **% CHG**-Daily percentage change from the previous trading session.

Monday, January 29, 2018

Stock	Sym	52-Wk Hi/Lo	% Chg
Highs			
AECOM	ACM	39.87	0.5
AMN Healthcare	AMN	54.25	-0.3
Ansys	ANSS	164.90	-0.7
Abaxis	ABAX	78.53	0.4
Abiomed	ABMD	239.92	-0.9
Ablynx	ABLX	54.54	12.6
Accenture	ACN	162.60	-0.8
ActivisionBliz	ATVI	72.68	-0.1
AdverumBiotech	ADVM	7.65	7.9
CoupaSoftware	COUP	38.57	-0.4
CrackerBarrel	CBRL	179.12	0.6
Credicorp	BAP	237.99	0.4
CreditAcceptance	CACC	377.82	-0.9
Cummins	CMI	194.18	-0.9
CytomXTherap	CTMX	27.97	6.9
Danaher	DHR	104.22	-0.1
DeckersOutdoor	DECK	89.77	-0.1
DenaliTherap	DNLI	24.02	7.9
DigitalTurbine	APPS	2.25	1.5
DiplomatPharmacy	DPLO	27.70	1.3
DiscoverFinSvcs	DFS	81.93	0.4
DollarGeneral	DG	105.82	...
DollarTree	DLTR	116.58	0.8
Domtar	UFS	52.37	0.7
DrPepperSnap	DPS	126.65	22.4
Eaton	ETN	86.82	-1.0
eBay	EBAY	41.07	-0.2
Ebix	EBIX	84.35	-0.3
EchoGlobalLog	ECHO	32.95	-0.8
EditasMedicine	EDIT	41.60	13.2
EdwardsLife	EW	128.61	-1.0
EnantaPharma	ENTA	84.98	7.5
EncompassHealth	EHC	54.13	-0.5
LKQ	LKQ	43.86	-0.3
L3 Tech	LLL	218.71	0.2
LabCpAm	LH	181.72	1.0
LasVegasSands	LVS	79.84	4.7
Lear	LEA	202.42	-1.5
Leidos	LDOS	67.79	2.1
LibertyGlobal A	LBTYA	38.47	-0.8
LibertyQVC B	QVCB	28.18	0.4
LibertyQVC A	QVCA	28.40	...
LigandPharm	LGND	170.30	1.4
LincolnNational	LNC	86.68	1.1
LithiaMotors	LAD	127.99	-0.3
LockheedMartin	LMT	354.32	1.9
Loews	L	53.59	-0.7
LoxoOncology	LOXO	106.40	-0.7
LyondellBasell	LYB	121.95	-0.5
M&T Bank	MTB	191.93	0.2
MGM Resorts	MGM	38.41	2.6
MI Acqns	MACQ	10.50	0.4
MSCI	MSCI	141.95	-1.8
Manitex	MNTX	10.96	2.1
Manitowoc	MTW	44.03	-2.7
Manpower	MAN	136.93	-1.1
Marriott	MAR	148.91	0.6
SilverRunII	SRUNU	12.89	1.7
SilverRunII	SRUN	10.79	0.8
SilverRunII Wt	SRUNW	2.75	5.9
SkyWest	SKYW	57.13	3.4
SleepNumber	SNBR	40.72	0.3
SmithAO	AOS	68.39	-1.5
SorrentoTherap	SRNE	8.25	1.9
SparkNetworks	LOV	15.14	2.6
SpectrumPharm	SPPI	23.50	-2.6
SpiritAeroSys	SPR	103.45	0.8
SteelDynamics	STLD	48.28	-0.4
SteelPartners	SPLP	20.70	1.5
CorpOfficeProp	OFC	27.02	-1.3
DDR PfdJ	DDRpJ	24.56	-0.2
DDR PfdK	DDRpK	24.30	-0.7
DTE EnergyDeb77	DTW	23.98	-1.7
DigitalRealtyPfH	DLRpH	26.27	-0.1
DigitalRealtyPfdJ	DLRpJ	23.81	-2.6
DukeEnergyDeb	DUKH	24.69	-0.7
DynexCapital	DX	6.51	-2.5
EPR PropPfdG	EPRpG	24.13	-0.9
EPR Prop	EPR	59.02	-2.7
EaglePointNts27	ECCY	24.80	-0.4
EducationRealty	EDR	32.87	-1.0
Universal	UVV	47.90	-2.6
UrbanEdgeProp	UE	23.07	-1.9
VEREIT Pfd F	VERpF	24.92	-0.4
VEREIT	VER	7.11	-3.7
Vivus	VVUS	0.44	-4.0
VornadoPfdM	VNOpM	24.22	-0.9
WashingtonPrmPfH	WPGpH	23.90	-1.9
WashingtonPrmPfI	WPGpI	22.90	-4.2
WashingtonREIT	WRE	28.39	-1.1
WebsterFinlPfdF	WBSpF	23.81	-1.3
ZionsBancorpPfdG	ZBpG	26.48	-1.0
ZosanoPharma	ZSAN	6.20	-8.9

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Monday, January 29, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	11.55	-2.37	7.0
CnsmrDiscSelSector	XLY	108.70	-0.28	10.1
CnsStapleSelSector	XLP	58.48	-0.39	2.8
EnSelectSectorSPDR	XLE	76.34	-1.51	5.6
FinSelSectorSPDR	XLF	30.05	-0.40	7.7
GuggS&P500EW	RSP	106.66	-0.72	5.6
HealthCareSelSect	XLV	91.29	-0.27	10.4
IndSelSectorSPDR	XLI	80.12	-0.67	5.9
iShIntermCredBd	CIU	108.49	-0.15	-0.7
iSh1-3YCreditBond	CSJ	104.31	-0.03	-0.2
iShCoreMSCIEAFE	IEFA	70.18	-0.93	6.2
iShCoreMSCIEmgMk	IEMG	61.79	-1.44	8.6
iShCoreMSCITotInt	IXUS	67.21	-1.03	6.5
iShCoreS&P500	IVV	286.75	-0.66	6.7
iShCoreS&P MC	IJH	197.58	-0.82	4.1
iShCoreS&P SC	IJR	79.91	-0.56	4.0
iShS&PTotlUSStkMkt	ITOT	64.96	-0.67	6.2
iShCoreUSAggBd	AGG	108.18	-0.18	-1.1
iShSelectDividend	DVY	101.42	-0.88	2.9
iShEdgeMSCIMinEAFE	EFAV	75.77	-0.92	3.8
iShEdgeMSCIMinUSA	USMV	54.89	-0.76	4.0
iShGoldTr	IAU	12.88	-0.69	3.0
iShiBoxx$InvGrCpBd	LQD	120.23	-0.27	-1.1
iShiBoxx$HYCpBd	HYG	87.45	-0.35	0.2
iShJPMUSDEmgBd	EMB	115.39	-0.54	-0.6
iShMBSETF	MBB	105.40	-0.18	-1.1
iShMSCI ACWI	ACWI	76.87	-0.86	6.6
iShMSCIBrazil	EWZ	46.39	-1.99	14.7
iShMSCI EAFE	EFA	74.56	-0.92	6.0
iShMSCI EAFE SC	SCZ	68.54	-0.94	6.3
iShMSCIEmgMarkets	EEM	51.29	-1.52	8.8
iShMSCIEurozone	EZU	46.66	-0.96	7.6
iShMSCIJapan	EWJ	64.12	-0.85	7.0
iShNasdaqBiotech	IBB	118.50	0.39	11.0
iShNatlMuniBd	MUB	109.42	-0.30	-1.2
iShRussell1000Gwth	IWF	145.09	-0.69	7.7
iShRussell1000	IWB	158.24	-0.65	6.5
iShRussell1000Val	IWD	130.70	-0.64	5.1
iShRussell2000Gwth	IWO	196.91	-0.41	5.5
iShRussell2000	IWM	158.70	-0.56	4.1
iShRussell2000Val	IWN	128.88	-0.82	2.5
iShRussell3000	IWV	168.06	-0.66	6.3
iShRussellMid-Cap	IWR	218.04	-0.89	4.8
iShRussellMCValue	IWS	92.04	-0.85	3.2
iShS&PMC400Growth	IJK	228.10	-0.78	5.7
iShS&P500Growth	IVW	164.92	-0.64	8.0
iShS&P500Value	IVE	120.36	-0.62	5.4
iShUSPfdStk	PFF	37.58	-0.84	-1.3
iShShortTreaBd	SHV	110.33	...	0.1
iShTIPSBondETF	TIP	113.10	-0.24	-0.9
iSh1-3YTreasuryBd	SHY	83.60	-0.04	-0.3
iSh7-10YTreasuryBd	IEF	103.51	-0.25	-2.0
iSh20+YTreasuryBd	TLT	122.73	-0.70	-3.3
iShRussellMCGrowth	IWP	128.82	-0.80	6.8
PIMCOEnhShMaturity	MINT	101.69	0.01	0.1
PwrShQQQ1	QQQ	170.10	-0.49	9.2
PwrShS&P500LoVol	SPLV	48.87	-0.77	2.4
PwrShSrLoanPtf	BKLN	23.19	-0.04	0.7
SPDR BlmBarcHYBd	JNK	36.80	-0.33	0.2
SPDR Gold	GLD	127.35	-0.56	3.0
SchwabIntEquity	SCHF	36.02	-0.91	5.7
SchwabUS BrdMkt	SCHB	68.62	-0.65	6.4
SchwabUS Div	SCHD	54.19	-0.71	5.9
SchwabUS LC	SCHX	67.98	-0.66	6.6
SPDR DJIA Tr	DIA	264.16	-0.66	6.8
SPDR S&PMdCpTr	MDY	359.43	-0.85	4.1
SPDR S&P 500	SPY	284.68	-0.66	6.7
SPDR S&P Div	SDY	97.42	-0.88	3.1
TechSelectSector	XLK	68.56	-0.91	7.2
UtilitiesSelSector	XLU	50.39	-1.27	-4.3
VanEckGoldMiner	GDX	23.68	-2.75	1.9
VangdInfoTech	VGT	177.71	-0.83	7.9
VangdSC Val	VBR	137.22	-0.71	3.3
VangdDivApp	VIG	108.30	-0.51	6.1
VangdFTSEDevMk	VEA	47.44	-0.92	5.8
VangdFTSE EM	VWO	50.18	-1.57	9.3
VangdFTSE Europe	VGK	62.86	-0.99	6.3
VangdFinls	VFH	74.83	-0.40	6.8
VangdFTSEAWxUS	VEU	58.26	-1.07	6.5
VangdGrowth	VUG	151.24	-0.75	7.5
VangdHlthCr	VHT	170.47	-0.13	10.6
VangdHiDiv	VYM	90.32	-0.65	5.5
VangdIntermBd	BIV	82.69	-0.12	-1.4
VangdIntrCorpBd	VCIT	86.43	-0.24	-1.1
VangdLC	VV	130.85	-0.63	6.7
VangdMC	VO	162.82	-0.82	5.2
VangdMC Val	VOE	116.98	-0.68	4.8
VangdREIT	VNQ	78.62	-1.34	-5.3
VangdS&P500	VOO	261.54	-0.69	6.6
VangdST Bond	BSV	78.76	-0.04	-0.4
VangdSTCpBd	VCSH	79.05	-0.03	-0.3
VangdSC	VB	153.94	-0.73	4.2
VangdTotalBd	BND	80.69	-0.14	-1.1
VangdTotIntlBd	BNDX	54.09	-0.18	-0.5
VangdTotIntlStk	VXUS	60.54	-1.03	6.6
VangdTotalStk	VTI	145.90	-0.65	6.3
VangdTotlWrld	VT	79.07	-0.83	6.5
VangdValue	VTV	112.66	-0.53	6.0
WisdTrEuropeHdg	HEDJ	66.31	-0.64	4.1
WisdTrJapanHdg	DXJ	61.34	-0.42	3.4

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by

Top 250 mutual-funds listings based on total net assets for Nasdaq-published share classes. **NAV** is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. **NET CHG** is change in NAV from previous trading day. **YTD%RET** is year-to-date return. **f**-Previous day's quotation. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **t**-Footnotes p and r apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Monday, January 29, 2018

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	47.25	-0.23	8.8
American Funds Cl A			
AmcpA p	34.33	-0.08	9.0
AMutlA p	43.08	-0.24	5.6
BalA p	28.15	-0.15	3.7
BondA p	12.74	-0.02	-1.0
TxExA p	12.90	-0.02	-0.9
WshA p	48.45	-0.33	6.1
Baird Funds			
AggBdInst	10.74	-0.02	-1.0
CorBdInst	11.10	-0.02	-0.9
BlackRock Funds A			
GlblAlloc p	20.62	...	4.7
IntlVal	21.98	-0.19	7.3
IntSmCo	22.51	-0.19	5.8
IntSmVa	24.26	-0.21	5.6
US CoreEq1	24.21	-0.16	6.3
US CoreEq2	22.84	-0.15	5.9
US Small	37.30	-0.28	3.8
US SmCpVal	39.17	-0.35	3.3
JPMorgan Funds			
MdCpVal L	41.80	-0.25	3.8
JPMorgan R Class			
CoreBond	NA	...	NA
Lazard Instl			
EmgMktEq	21.67	-0.28	8.2
Lord Abbett A			
ShtDurIncmA p	4.23	-0.01	-0.2
PIMCO Funds D			
IncomeFd	12.33	-0.02	-0.3
PIMCO Funds Instl			
IncomeFd	12.33	-0.02	-0.2
PIMCO Funds P			
IncomeP	12.33	-0.02	-0.2
Price Funds			
BlChip	106.84	-0.58	10.9
S&P Sel	44.00	-0.29	6.8
TIAA/CREF Funds			
EqIdxInst	20.91	-0.14	6.4
IntlEqIdxInst	21.41	-0.21	6.1
Tweedy Browne Fds			
GblValue	29.40	-0.10	3.2
VANGUARD ADMIRAL			
500Adml	263.66	-1.78	6.8
TotIntBdIdxAdm	21.61	-0.03	-0.4
TotIntlAdmIdx r	32.50	-0.31	6.5
TotStAdml	71.03	-0.47	6.5
TxMIn r	15.24	-0.14	5.8
ValAdml	43.96	-0.24	6.2
WdsrIIAdml	71.66	-0.50	6.8
WellsIAdml	66.06	-0.22	1.2
WelltnAdml	75.37	-0.36	3.8
TotIntBdIxInv	10.81	-0.01	-0.4
WellsI	27.27	-0.09	1.2
Welltn	43.64	-0.21	3.8
WndsrII	40.39	-0.28	6.8
VANGUARD INDEX FDS			
500	263.64	-1.78	6.8
ExtndIstPl	218.80	-1.53	4.6
SmValAdml	58.96	-0.44	3.4

Japan Whiz Kid Faces Reckoning

Chief of Coincheck appears to have put rapid growth ahead of security measures

BY TAKASHI MOCHIZUKI

TOKYO—In Japan's stodgy financial world, young entrepreneur Koichiro Wada wanted to make a splash.

Giant billboard ads promoting his cryptocurrency exchange, **Coincheck** Inc., festooned Roppongi Hills in central Tokyo, home to many tech companies. In December, it started running advertisements on national television featuring a slapstick act by a comedian who said he didn't know why Coincheck was superior to rivals.

The ad didn't bother to explain either, but Mr. Wada was proud of it, saying on Facebook that the comedian was ignorant about bitcoin and it gave the ad a "nice flavor."

The good taste didn't last. On Friday, Coincheck said it lost about $530 million of customers' assets in a cryptocurrency called NEM after getting hacked, in what could turn out to be the biggest heist in cryptocurrency history.

AFP/GETTY IMAGES

Koichiro Wada bows in apology after hackers stole $530 million from his cryptocurrency exchange.

On Monday, Japanese regulators ordered the exchange to step up security and find out what happened. They said they couldn't pinpoint yet who the hackers were. Coincheck said over the weekend that it planned to spend some $426 million to repay NEM customers in Japanese yen.

People who have worked for Mr. Wada, 27 years old, said the hacking reflected Coincheck's push to expand its business without always adopting the latest security measures. Mr. Wada and a Coincheck spokeswoman didn't respond to repeated messages seeking comment.

Among other things, Coincheck kept customers' NEM in "hot wallets," meaning the accounts were connected to the internet and more easily accessed by hackers.

Coincheck was one of the many ambitious startups that rose to prominence after the demise of Tokyo-based Mt. Gox, which was once the world's biggest bitcoin exchange before going bankrupt in 2014. Mt. Gox said it suffered a hacking attack that led to roughly $450 million in losses.

Mr. Wada, who attended the elite Tokyo Institute of Technology, had already experienced startup success when he helped found a web platform for people to post short autobiographies.

A mentor to Mr. Wada said in an interview that the entrepreneur's elders told him to stay away from cryptocurrencies, believing the Mt. Gox affair would prove the death knell of the idea.

Mr. Wada didn't listen. He said he had no doubt that cryptocurrencies would soon become a widely used financial tool and opened the Coincheck site for business in 2014.

It was a prescient call. The value of bitcoin soared, and some businesses in Japan started accepting the cryptocurrency as a payment method.

One person who knows Mr. Wada called him a "brilliant programmer who can quickly turn an idea into actual software." People involved in Coincheck's operations say he developed much of the site's software, which won plaudits for being easy to use.

By last year, Coincheck was describing itself as the largest cryptocurrency exchange in Japan by trading volume. One of Coincheck's advantages was its offering of 13 kinds of cryptocurrencies, a bigger range than its domestic competitors.

Mr. Wada and his partner in the business, 37-year-old Yusuke Otsuka, were confident they had learned the lessons of Mt. Gox.

Mr. Otsuka said in 2014 that the collapsed exchange had insufficient security and predicted a similar case wouldn't happen again. Mr. Otsuka even delivered a lecture at the Tokyo Metropolitan Police Department this past September about cryptocurrency security challenges, according to a company blog.

But engineers who worked for the duo said their company came to focus more on expanding the business than on security. Some of the new currencies it handled didn't have strong security built into them, making them unsuited to the amateur investors who crowded onto Coincheck's site, say specialists in financial technology.

In May, Coincheck started quoting wildly inflated prices for some currencies. It had to shut down the exchange for hours and cancel some transactions.

In an interview Thursday with the Nikkei newspaper, Mr. Otsuka said half-jokingly about the incident, "If we did that again, I'd be arrested. That's how big our company has gotten."

A day later, Messrs. Wada and Otsuka were wearing black suits and black ties and bowing before the television cameras to disclose that they had lost nearly all of their customers' NEM cryptocurrency.

Mr. Otsuka said customer asset safety was the exchange's top priority and he didn't believe the platform's security level was inadequately low. Mr. Wada said little, apart from repeated apologies. He hasn't appeared in public since.

—Kosaku Narioka contributed to this article.

Fitch Exits Chinese Venture, Goes Solo

BY SHEN HONG

SHANGHAI—**Fitch Ratings** is poised to become the first of the world's major bond-rating firms to operate independently in China, after it said it plans to exit its Chinese joint venture.

Fitch on Monday said that it has sold its 49% stake in **China Lianhe Credit Rating** Co. to **GIC** Pte. Ltd., Singapore's sovereign-wealth fund, for an undisclosed sum.

The sale, which ended an 11-year-old marriage between Fitch and Chinese partner **Lianhe Credit Information Service** Co., marks the first substantial shift since Beijing pledged to open up its ratings sector to outsiders in a trade deal struck with Washington in May.

Shortly after President Donald Trump's visit to Beijing in November, China took a further step in opening up its financial sector, announcing a relaxation of restrictions on foreign ownership in the securities and banking sectors.

The firm is to exit its stake in joint venture and apply to operate independently.

Fitch is now preparing to apply for a license from Chinese regulators to operate independently in the country, although the process depends on the release of relevant guidelines from Beijing, two people familiar with the matter said.

"The changes in the regulatory landscape [in China] provide an opportunity for us to consider and evaluate how we can best serve the needs of local and global capital markets going forward," said a Fitch representative.

The world's top three credit-rating firms have long coveted China's $11.7 trillion bond market, although they have had a volatile relationship with Beijing. That relationship soured last year after both Moody's Investors Service and S&P Global Ratings lowered their view on China's sovereign debt.

The downgrades initially drew a hostile response from Beijing and even cast doubts on the rating firms' prospects in the country.

"I think the authorities do want the likes of Fitch to come here and help foster a healthier credit culture, but the precise lack of such a culture at the moment means it will be a tough journey for them down the road," said Qu Qing, chief fixed-income analyst at **Hua Chuang Securities**.

One of the biggest challenges for Fitch in China is how it will adjust to a market in which most bond issuers, which pay for credit ratings, are used to lofty grades from domestic assessors.

Among the 4,599 corporate bond issuers in China, 4,025, or 88%, have a domestic credit rating of AA or higher.

The same Chinese issuer often carries a more lenient rating from a domestic assessor than from the three international firms.

Fitch is considering replicating in China its practice in countries like India and Korea, markets where it has a different rating system that caters to the local markets, said one of the people familiar with the matter.

FINANCE WATCH

TED S. WARREN/ASSOCIATED PRESS

NEW LANDMARK: Amazon.com Chief Executive Officer Jeff Bezos speaks during the opening of the Amazon Spheres rainforest conservatory in Seattle. The domed glass and steel structure is the new headquarters building for the online retailer.

REGULATION

Traders Are Charged With Spoofing Tactic

Federal prosecutors charged eight traders with deceptive trading practices in the futures markets, with all but one person on Monday charged with illegal spoofing.

The traders worked for **UBS Group** AG and **Deutsche Bank** AG, among other firms. The Commodity Futures Trading Commission later announced related civil charges against three banks and six individuals.

"Conduct like this poses significant risk of eroding confidence in U.S. markets and creates an uneven playing field for legitimate traders and investors," acting Assistant Attorney General John Cronan said in a statement.

Before Monday's cases, only three individuals had ever been charged with spoofing, which involves a trader entering large orders with the intention of tricking others into thinking there had been a fundamental change in supply and demand in a market. Congress outlawed the practice in 2010 as part of the Dodd-Frank Act. In August, a federal appeals court upheld the conviction of the first U.S. trader to face prison time for manipulating futures prices using spoofing tactics.

In addition to the criminal charges, the CFTC announced civil settlements with Deutsche Bank, UBS and **HSBC** Securities Inc. related to commodities fraud and spoofing. Deutsche Bank agreed to pay $30 million after the CFTC charged it with engaging in a scheme to manipulate the prices of precious-metal futures. UBS reached a $15 million settlement for similar charges, and HSBC agreed to pay $1.6 million, also for spoofing in precious-metals markets. HSBC's fine was lower due to the bank's cooperation with the CFTC's investigation, the agency said.

Representatives for UBS and HSBC didn't respond to requests to comment.

A representative for Deutsche Bank said the bank provided "substantial and proactive cooperation with the government's investigation and has enhanced controls and surveillance to help ensure that the underlying conduct does not occur in the future."

—Gabriel T. Rubin

BANK OF AMERICA

Veteran Telecom Banker Joins Firm

Stephen Pitts, a senior Deutsche Bank AG banker with close ties to tech giant **SoftBank Group** Corp., is joining **Bank of America** Corp., according to the banks.

Mr. Pitts, a 17-year Deutsche Bank veteran and managing director, is a senior leveraged-loan banker with a history of structuring deals for telecommunications companies. He has been a key banker in the lender's relationship with SoftBank, which last year launched a nearly $100 billion technology fund, people familiar with his role said.

Bankers have been seeking opportunities to work with SoftBank and the London-based team overseeing its giant tech-investing vehicle called the Vision Fund. Several of the Vision Fund's top executives, including its chief executive, are former Deutsche Bank structured-finance bankers and traders.

Mr. Pitts, who is based in Zurich, didn't respond to requests to comment. A Deutsche Bank spokesman confirmed Mr. Pitts' departure, and a Bank of America spokeswoman confirmed he has been hired by the U.S. bank.

He plans to work out of London starting in June, reporting to Diego De Giorgi, head of global investment banking, a person familiar with the position said. One of his key client relationships is expected to be SoftBank.

—Jenny Strasburg

Dividend Changes

Dividend announcements from January 29.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
AGCO	AGCO	0.8	.15 /.14	Q	Mar15 /Feb15
Charles Schwab	SCHW	0.7	.10 /.08	Q	Feb23 /Feb09
Cincinnati Financial	CINF	2.8	.53 /.50	Q	Apr16 /Mar21
Citizens Community	CZWI	1.5	.20 /.16	A	Mar08 /Feb09
Commerce Bancshares	CBSH	1.6	.235 /.225	Q	Mar26 /Mar09
Dominion Energy	D	4.4	.835 /.77	Q	Mar20 /Mar02
First Bancshares	FBMS	0.6	.05 /.0375	Q	Feb22 /Feb05
First Business Finl Svcs	FBIZ	2.3	.14 /.13	Q	Feb15 /Feb05
GATX	GATX	2.4	.44 /.42	Q	Mar31 /Mar05
Holly Energy Partners	HEP	8.2	.65 /.645	Q	Feb14 /Feb05
Intel	INTC	2.4	.30 /.2725	Q	Mar01 /Feb07
MPLX	MPLX	6.4	.6075 /.5875	Q	Feb14 /Feb05
NextEra Energy Partners	NEP	3.7	.405 /.3925	Q	Feb14 /Feb05
NiSource	NI	3.2	.195 /.175	Q	Feb20 /Feb09
SandRidge Permian Trust	PER	18.1	.113 /.095	Q	Feb23 /Feb09
Sound Financial Bancorp	SFBC	1.4	.12 /.10	Q	Feb26 /Feb12
Sprague Resources	SRLP	9.5	.6375 /.6225	Q	Feb12 /Feb06
Tompkins Financial	TMP	2.3	.48 /.47	Q	Feb15 /Feb06
Wintrust Financial	WTFC	0.9	.19 /.14	Q	Feb22 /Feb08
YUM! Brands	YUM	1.7	.36 /.30	Q	Mar09 /Feb14
Zions Bancorp	ZION	1.5	.20 /.16	Q	Feb22 /Feb15
Reduced					
SandRidge Mississip Tr	SDT	17.6	.0422 /.0449	Q	Feb23 /Feb09
Stocks					
Zosano Pharma	ZSAN		1:20		/Jan26
Foreign					
Golar LNG Partners	GMLP	10.4	.5775	Q	Feb14 /Feb07
Pingtan Marine Enterprise	PME	1.2	.01	Q	Feb15 /Feb06
Southern Copper	SCCO	2.4	.30	Q	Feb27 /Feb13
UBS Group	UBS	3.3	.67568	A	May09 /
Special					
HFF A	HF		1.75		Feb21 /Feb09
M B T Financial	MBTF	2.2	.60		Feb15 /Feb08

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

Wells Fargo Names Mortgage Head

BY EMILY GLAZER

Wells Fargo & Co. said Michael DeVito will lead its mortgage division, after assuming the role on an interim basis following an executive shake-up in late 2017.

Mr. DeVito, who earlier led mortgage production for the bank, took over the home-lending division after the bank's now-former head of mortgage and auto Franklin Codel was fired for making disparaging comments about regulators, The Wall Street Journal reported.

Mr. DeVito takes the lead of the largest mortgage lender by volume. He will continue reporting to Mary Mack, who was named head of the consumer lending unit in December, following Mr. Codel's departure. That is in addition to her responsibilities leading Wells Fargo's retail bank.

Mr. DeVito has held several executive roles at Wells Fargo or its predecessor banks over the past 22 years and has served on the bank's home mortgage executive management team since 2011.

His permanent elevation to the top mortgage spot comes at a difficult time for the division and the broader mortgage market. As interest rates climb, lenders' refinancing businesses are slowing.

Wells Fargo's mortgage business earned $928 million in fees in the fourth quarter, down 35% from the $1.42 billion it earned in same period a year ago.

Investors Earmark More Money Abroad

American stocks make up smaller share of portfolios, contributing to dollar's decline

By Riva Gold

Global investors are shifting more of their money overseas, betting that even as the U.S. stock market soars to new heights, a resurgent global economy creates greater opportunities elsewhere.

That rising tide of capital chasing foreign stocks may even be helping drive the dollar to more-than-three-year lows, some analysts say.

The share of U.S. equities in global portfolios has fallen back to near its lows in early 2016, before a surge of interest in the U.S. market drove investor flows there, according to the Institute of International Finance.

As of Jan. 23, investors had withdrawn roughly $20 billion from U.S. equity funds since the start of 2017, while pouring $42 billion into funds that invest in continental Europe and $55 billion into Japanese stocks, according to fund tracker EPFR Global.

Some of the money leaving the U.S. appears to be heading into the developing world, too. Net inflows into emerging-market bonds and equities reached a high in 2017 of $650 billion, according to Capital Economics. Emerging-market equity flows in the week ended Jan. 24 were the second highest on record.

Since the 2008 financial crisis, global investing "has been a U.S.-centric world," said Alain Bokobza, head of global asset allocation at Société Générale. With the U.S. economic recovery likely past its peak, strong prospects for growth around the globe and the dollar fragile, that could be changing, he added.

Despite the S&P 500 index closing at another record Friday, the shift away from U.S. stocks has already benefited global investors. Foreign stock returns edged out those in the U.S. last year for the first time since 2012, and overseas stocks are on pace with U.S. stocks this year, with many benchmarks around the world trading at multiyear or record highs.

"If before, the U.S. was the best house in a bad neighborhood, the neighborhood just got better," said Brent Schutte, chief investment strategist at Northwestern Mutual Wealth Management.

U.S. equity funds had a brief resurgence in flows toward the end of 2017, as investors bet President Donald Trump's new tax laws would benefit American companies. That spike in interest has mostly petered out, however, compared with the rush for international stocks.

Global investment flows may also help explain a phenomenon that has puzzled many currency analysts: Why has the dollar declined around 9% in the past year despite solid U.S. data, a corporate-tax cut expected to lure cash back to the U.S. and rising Treasury yields?

Over the past 12 months, the euro has gained roughly 15% against the dollar and the Japanese yen has risen 5%, even as the Federal Reserve has raised interest rates three times over that period and signaled that it plans to do so three more times this year if the economy holds up.

Fixed-income flows typically have a more pronounced impact on currency movements than stock flows, analysts say. Expectations of relative interest-rate dynamics and economic growth can matter even more.

But some investors think the especially large equity flows moving around the world may be having a bigger-than-usual impact on the dollar, as equity markets draw record inflows that far outpace bonds. To purchase a stock abroad, an investor must first buy the currency of the other country, which would help put upward pressure on it.

"Shifting equity capital flows into non-U.S. markets have tended to erode the value of the dollar and support the value of other currencies," said Larry Hatheway, chief economist at GAM Holding, a Zurich-based money manager.

"These days it is all about flows," said Krishna Memani, chief investment officer at OppenheimerFunds in New York. Mr. Memani said he has been gravitating more toward stocks outside the U.S. for over a year, finding better growth opportunities and more attractive valuations.

YOSHIO TSUNODA/AFLO/ZUMA PRESS

Global investors have poured $55 billion into Japanese stocks since the start of 2017, part of a shift away from U.S. equities.

Stocks Pulled Lower by Utilities, Real-Estate Shares

By Akane Otani and Mike Bird

U.S. stock indexes retreated from records, weighed down by falling utilities and real-estate shares.

MONDAY'S MARKETS

Monday's pullback, which came as government-bond yields jumped to new highs, marked the biggest one-day percentage decline for the S&P 500 and Dow Jones Industrial Average since September.

Although the recent uptick in bond yields has prompted some analysts to question how much longer relatively risky stocks will remain attractive relative to Treasurys, some investors say the moves have yet to pose a threat to the stock rally.

"Could there be an uptick in inflation? Yes, but not to the point where we see the Fed has to be aggressive," said Michael Hans, chief investment officer of Clarfeld Financial Advisors.

Economic data have generally been upbeat, and corporate-earnings results suggest S&P 500 firms are on track to post another quarter of earnings growth. That should help stocks keep climbing, Mr. Hans said, even as bond yields head higher.

The Dow Jones Industrial Average fell 177.23 points, or 0.7%, to 26439.48, closing near its session low. The S&P 500 lost 19.34 points, or 0.7%, to 2853.53, while the Nasdaq Composite shed 39.27 points, or 0.5%, to 7466.51.

Shares of utilities and real-estate companies, considered by many investors to be bond-like because of their relatively hefty dividends, were among the biggest decliners in the S&P 500, falling alongside U.S. Treasury prices.

Eversource Energy fell $1.63, or 2.5%, to $62.44, while **CenterPoint Energy** lost 73 cents, or 2.6%, to 27.73.

Deal news drove swings in individual stocks, with shares of **Dr Pepper Snapple Group** jumping 21.42, or 22%, to 117.07 after the company said it would be acquired by **Keurig Green Mountain**.

Meanwhile, a recent pickup in bond yields continued, with the yield on the benchmark 10-year U.S. Treasury note settling at 2.695%, the highest level since April 2014, compared with 2.661% on Friday.

Yields, which rise as bond prices fall, have ticked higher in recent sessions, as investors have bet on an increase in growth and inflation following the passage of U.S. corporate tax cuts.

Elsewhere, the Stoxx Europe 600 fell 0.2%, also pressured by declines in shares of utilities and real-estate companies.

Japan's Nikkei Stock Average closed flat, while stocks in China and Hong Kong ended lower. At midday Tuesday, the Nikkei was down 0.6%.

Hong Kong's Hang Seng—which had risen in 24 of the past 27 trading days, hitting multiple records on the way—finished Monday down 0.6% and was flat at midday Tuesday. Hong Kong-listed **Wynn Macau** lost 6.5% Monday after The Wall Street Journal reported allegations of sexual misconduct at parent **Wynn Resorts** by founder Steve Wynn. Mr. Wynn has denied the allegations.

Wynn Resorts shares fell 16.81, or 9.3%, to 163.48 in the U.S., extending Friday's declines.

Later this week, investors are looking ahead to the Federal Reserve's two-day monetary-policy meeting, as well as President Donald Trump's State of the Union address and data on manufacturing and unemployment.

While analysts are largely expecting the Fed to hold short-term interest rates steady, the Fed's policy statement could give investors clues on future rate increases, said Mike Bell, global-market strategist at J.P. Morgan Asset & Wealth Management.

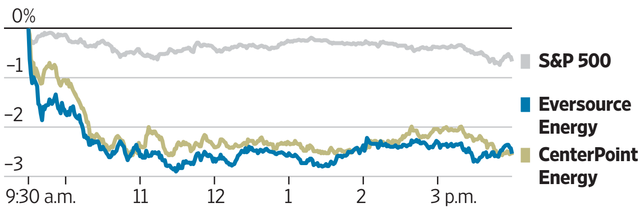
—Kenan Machado contributed to this article.

LUKE SHARRETT/BLOOMBERG NEWS

Dr Pepper Snapple Group shares rose 22% on news the company will be acquired by Keurig.

In Retreat

Shares of utilities firms CenterPoint Energy and Eversource Energy fell along with goverment-bond prices Monday, weighing on the S&P 500.



Source: FactSet

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AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

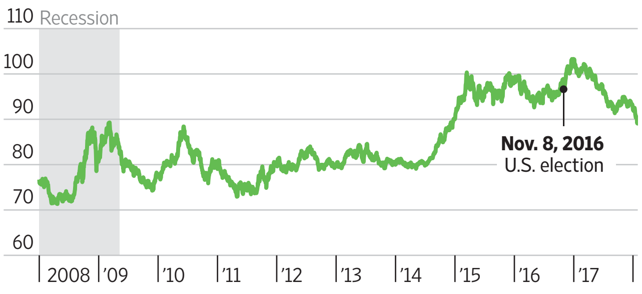
	13-Week	26-Week
Applications	$142,852,971,200	$134,878,501,300
Accepted bids	$48,000,221,200	$42,000,410,300
" noncomp	$647,230,300	$549,738,300
" foreign noncomp	$318,000,000	$425,000,000
Auction price (rate)	99.639792	99.178472
	(1.425%)	(1.625%)
Coupon equivalent	1.450%	1.661%
Bids at clearing yield accepted	46.50%	61.29%
Cusip number	912796PC7	912796PS2

Both issues are dated Feb. 1, 2018. The 13-week bills mature on May 3, 2018; the 26-week bills mature on Aug. 2, 2018.

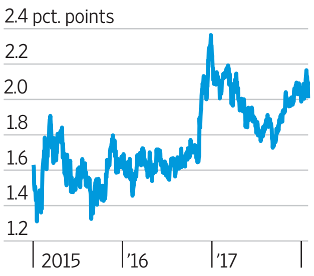
Dollar Drift

The dollar is down sharply from its postelection high, and recently hasn't moved in line with the extra yield available from Treasurys.

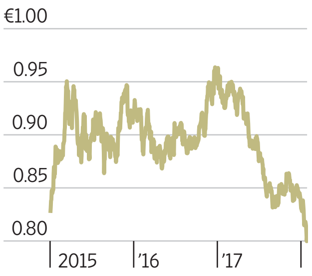
ICE U.S. Dollar Index



10-year Treasury yield minus 10-year German bond yield



How many euros $1 buys



Source: Thomson Reuters Datastream

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STREET

Continued from page B1

far future. The ECB isn't expected to raise rates until early 2020, so changes in the economic—and eventually inflation—outlook wouldn't affect bonds maturing before then. Rather than look at the extra yield available over two years, investors need to look further out. For a time last year this theory seemed to be the explanation. The gap between longer-dated bonds tracked the dollar-euro exchange rate. But since October that relationship has also broken down.

"You've got a two-year German-U.S. yield differential you haven't seen in 20 years and still the dollar just can't get a break," says Simon Derrick, chief currency strategist at Bank of New York Mellon Corp. He thinks the puzzle could be created by the Fed's starting to cut its bondholdings, confusing the usual signals. He points out that the correlation between bond-yield differentials and exchange rates broke down during the first two bouts of quantitative easing. The flaw in the theory is that the dollar has moved in the wrong direction: Fed tightening ought to mean a stronger dollar.

Other theories are hard to prove, too. The extra yield for holding long-dated instead of short-dated bonds has been coming down (the yield curve is flattening, in the jargon) in the U.S., while it has gone up since the start of 2017 in Germany. The result is that those chasing this extra yield would find Europe more attractive. But, as Mr. Derrick says, no one trades the European against the U.S. yield curve, and the curves haven't moved with the currency in the past.

A promising theory is that several central banks have distorted bond yields further in the future by fixing low rates for the next couple of years. Look instead at one-year Treasury yields five years ahead in the futures market, and the extra yield offered by the U.S. over Germany has fallen since October, along with the dollar. Again, though, the relationship wasn't good in the past.

'You've got a two-year German-U.S. yield differential you haven't seen in 20 years...'

Both yield curves and bond futures are attempts to find figures to back up the theory that the dollar is weak because the rest of the world is strong. Anecdotally, it seems that investors have lost their fear of a euro breakup, a Japanese return to deflation or emerging-market taper tantrum.

Currency markets are always keen on conspiracy theories, and loose talk by U.S. Treasury Secretary Steven Mnuchin last week fueled the idea that the U.S. wants a weaker dollar to boost its exports. Listen to what Mr. Mnuchin actually said, though—"the dollar will fluctuate" was my favorite—and it seems like a classic market overreaction to a neophyte official who is just learning that it is best to say nothing about the currency.

Finally, hedge funds and other speculators last week reported record bets on a rising euro and sterling, according to Goldman Sachs Group Inc., and large bets on falls in the dollar and yen.

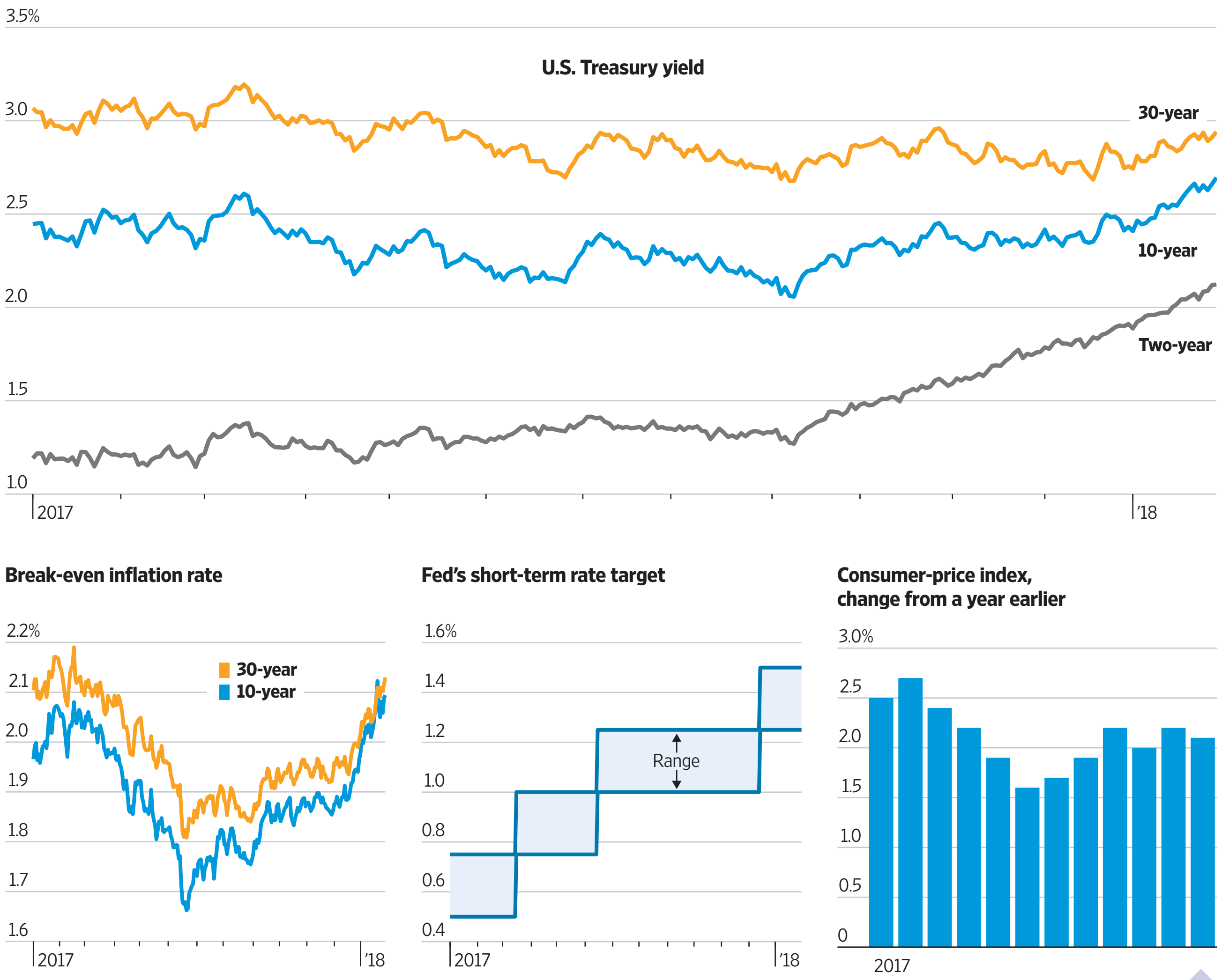
Monday's rise in the dollar might be the start of a reverse. Equally, investors might keep on chasing returns from the global economic recovery, rather than pouring money into a bet on Mr. Trump reviving America.

MARKETS

Long Bonds Signal Unease on Outlook

Strength of 30-year Treasurys suggests a different view on growth and inflation

By Daniel Kruger



Sources: Ryan ALM (Treasury yield); Thomson Reuters (break-even inflation rate); FactSet (rate target); Labor Department (CPI)

THE WALL STREET JOURNAL.

A recent climb in the yield on the 10-year Treasury note has prompted some investors to declare an end to a more-than-three-decade bull market in bonds. But the longest-dated Treasurys suggest those calls may be premature.

While the yield on the 10-year note rose above 2.70% during Monday's session, the highest it has been since April 2014, the 30-year yield closed at 2.940%—still well below its 2017 high of 3.194%.

Many investors say that the climb by the 10-year yield, which rises as the bond price falls, reflects bets that recent tax cuts will increase the pace of growth and inflation, prompting the Federal Reserve to raise interest rates and denting the value of outstanding government debt.

Other analysts say the continuing strength in the 30-year bond suggests the longer-term outlook may not be quite so rosy.

Since September, when Fed officials released a plan for reducing the central bank's bondholdings and restated their commitment to increase rates in coming years, the gap between the two yields has been cut in half, to 0.245 percentage point, the smallest since the financial crisis.

Some investors and economists said that is a sign that buyers of 30-year Treasurys aren't convinced that a prolonged surge in growth and inflation lies ahead.

One reason for concern about the expansion is the Fed.

By "turbocharging" the economy with stimulative tax cuts, even as it is achieving steady growth, "you are effectively tempting the Fed to press down harder" with a faster-than-expected pace of rate increases and increasing the risk that the central bank's moves will slow the expansion, said Krishna Memani, chief investment officer at OppenheimerFunds Inc.

Fed officials in December signaled their intention to raise their target short-term interest rate three times this year and twice more in 2019, after lifting borrowing costs four times since December 2016.

Some investors and analysts expect that continuing to raise interest rates—even as inflation has yet to hold at the central bank's 2% target—should contain price pressures and keep down longer-term bond yields.

Even with unemployment at 17-year lows and the late-2017 tax overhaul leading some companies to raise salaries or offer one-time bonuses, "there's really no fear of inflation," said Charles Comiskey, head of Treasury trading at the Bank of Nova Scotia. Inflation poses a threat to the value of long-term government bonds because it erodes the purchasing power of their fixed payments.

Surging stocks are also contributing to demand for 30-year bonds as investors such as pension funds have been paring some holdings and moving into bonds to lock in gains, creating "consistent demand for that part of the market," Mr. Memani said.

Other demand comes from investors making paired bets that longer-term Treasury yields will decline relative to the yields on short-term debt, which are expected to continue to rise as the Fed raises rates. These bets are profitable as the gap between different bond maturities narrows, a trend known as a flattening yield curve.

While the tax cuts are expected to boost growth this year, some economists expect most of the benefits to accrue in its first year or two. Steady demand for 30-year Treasurys could reflect the view that stimulus to growth and inflation from the tax-code changes will soon peter out.

"The impact of the tax cuts will fade, perhaps as soon as the first quarter" of 2018, said David Rosenberg, chief economist at Gluskin Sheff + Associates. "It could well be that people who are buying long bonds are taking a more long-term view."

The demand for 30-year Treasurys contrasts with the view of Bill Gross, who gained renown as manager of the Pimco Total Return Bond Fund, once the world's largest fixed-income portfolio. Now at Janus Henderson Investors, he recently said investors were facing a "bond bear market."

Several investors said analysts have predicted the end of the long bull market in recent years, only to watch bonds rally again.

Some cited two factors testing the bond market's durability in coming months: the Fed's decision to pare its $4.2 trillion in bondholdings and inflation.

The balance-sheet reduction will have an effect equivalent to raising interest rates by an additional percentage point, possibly weighing on growth and inflation, Mr. Rosenberg said.

The bond market's expectations for the inflation rate over the next 10 years have been rising, with the break-even inflation rate—a key gauge showing the difference in yields between Treasurys and the equivalent maturity of Treasury inflation-protected securities—in January surging above 2% for the first time since March. Yet 30 years out, the market's forecast is 2.1%, suggesting minimal concern that consumer prices will soar in the long term.

That shouldn't be surprising after years of very soft inflation, said John Bellows, a bond fund manager at Western Asset Management, who has taken positions benefiting from a flatter yield curve.

"It's a long way from the bond market having to reprice inflation risk," he said.

HEARD ON THE STREET

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Wynn Resorts Is Test of Tolerance

The price of sexual-misconduct accusations has never been higher.

Wynn Resorts has lost $3 billion in market value since its founder and chief executive was accused by former employees of behavior that amounts to a decadeslong pattern of sexual misconduct. The situation is unique because of Steve Wynn's role as CEO and his outsize importance to Wynn Resorts. "He is the company," industry executives and analysts say.

Indeed, Wynn Resorts, which includes its signature hotels in Las Vegas, two casinos in Macau and a $2.4 billion project scheduled to open next year in Boston, is nearly impossible to separate from the man. This puts investors in a quandary—whether to sell now, demand the ouster of a CEO who made them big profits, or support Mr. Wynn, whom many of them have in the past praised as a visionary leader.

Think Steve Jobs to **Apple** or Phil Knight to **Nike**. Mr. Wynn is integral not only to the company's brand, but to the casinos' design, development and licensing. Harvey Weinstein comes close in terms of an executive's value to a company, but the film studio founded by Mr. Weinstein and his brother was privately held.

Mr. Wynn is the first founder and chief executive of a major publicly traded company to be accused of sexual misconduct in the recent wave of allegations. The Wall Street Journal reported that in 2005 a manicurist who worked at Wynn's hotel told co-workers that he had forced her to have sex and that beyond that reported incident, dozens of people who have worked for Mr. Wynn's casinos described a pattern of sexual misconduct. Mr. Wynn said it was "preposterous" that he would assault a woman. He didn't provide further response to other allegations of sexual misconduct.

Cashing Out

Wynn Resorts share price

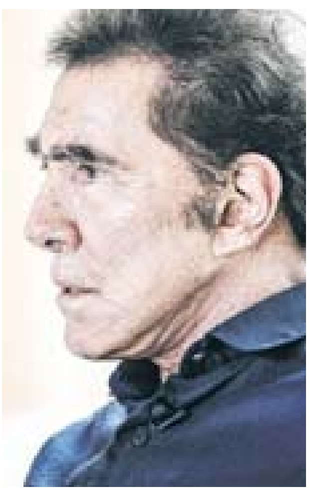
Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

The company's stock dropped 10% on Friday after an article about the accusations in the Journal and shares fell a further 9% on Monday.

But will he be pushed out? The board and investors will weigh whether keeping Mr. Wynn would be better for the company's long-term value than firing him, and whether any value that is created is worth the hit to its reputation. In a securities filing before the Journal's report, the company cited the loss of Mr. Wynn as one of the biggest risks to the business: "If we lose the services of Mr. Wynn, or if he is unable to devote sufficient attention to our operations for any other reason, our business may be significantly impaired."

The Wynn situation is also unique because the casino industry is so heavily regulated. Nevada gaming regulators have typically focused more on historic risks such as mob influence or corruption than on sexual harassment. But a recently appointed top regulator there has said the Nevada Gaming Control Board is "reviewing the information." Under state regulations, she could cite character as a consideration in the granting of casino licenses, though that would be an unusual step.



CALVIN SIT/BLOOMBERG NEWS

Steve Wynn

Massachusetts may be more important. Following the Journal's report, the Massachusetts gaming regulator, which granted the company a casino license in 2014, has opened a regulatory review of Wynn. The company has said it "will be fully cooperative with any review the commission chooses to undertake."

The company's best bet may be to sell, or to break up, regardless of whether Mr. Wynn stays. But the company is seen as hobbled. Weakness in the stock could make the company a strategic asset for players looking to grow.

Mr. Wynn claims the accusations are part of the litigation strategy of his ex-wife, Elaine Wynn, who is seeking to lift restrictions on the sale of her stock in Wynn Resorts. (She says the notion that she is responsible for the Journal's article is "just not true.")

After the Journal published its report, Maurice Wooden, president of Wynn Las Vegas, sent a letter to employees reiterating support for Mr. Wynn and lamenting that "the news media has been used to assail Mr. Wynn and us in this way."

Mr. Wynn is likely to fight to keep control of the company. He started Wynn Resorts in 2000 after he lost control of **Mirage Resorts** Inc., which he had founded and used to transform the Las Vegas Strip. The loss of Mirage was traumatic for Mr. Wynn.

To start Wynn Resorts, he turned to Japanese pachinko king Kazuo Okada for funding. Mr. Okada and Mr. Wynn both controlled 20% of the company until Mr. Wynn's divorce, when he divided his stake with Ms. Wynn.

In 2012, after Mr. Wynn's stake had fallen and Mr. Okada became Wynn's biggest shareholder, the company forcibly redeemed Mr. Okada's stake. The company accused Mr. Okada of corruption, and Mr. Okada called the move an unmerited power grab.

Mr. Okada sued to get back his shares. Now, with Mr. Wynn under fire, the case is set for trial in April, according to Wynn's most recent quarterly securities filing. *—Elizabeth Winkler*

Keurig-Dr Pepper Deal Mixes Soda and Coffee

In **Dr Pepper Snapple**, **Keurig Green Mountain** is buying a drinks company—and, just as importantly, a currency to keep the deals flowing.

The unusual deal announced Monday involves Keurig paying Dr Pepper shareholders not just $103.75 a share, or $18.7 billion—8.5% more than last Friday's market value—but also a share in the combined company, Keurig Dr Pepper. Exactly what that share will be worth is the key question for investors in the short term. Dr Pepper Snapple shares jumped 23% to $117.07 Monday.

Investors can expect volatility in coming days as the valuation debate plays out.

Keurig management, which is taking the key positions at Keurig Dr Pepper, says the two companies together would have generated earnings per share of $1.27 last year with the new company's projected capital structure.

Assuming a constant earnings multiple, that implies a share price of roughly $30—well above where Dr Pepper Snapple shares now change hands, adjusting for the $103.75 dividend.

However, the $1.27 figure includes an estimated $600 million of annual cost savings that aren't expected to be realized in full until 2021 and excludes the $750 million one-off cost of realizing them.

Pablo Zuanic at brokerage SIG estimates 2018 earnings per share of $1.07, which implies a share price closer to $20.

Investors can expect volatility over the coming days as this valuation debate plays out, but on the face of it the shares have bounced to a sensible level.

Once the deal completes, the shares will become a leveraged play on the management and deal-making prowess of **JAB Holdings**, the private German investment group that bought Keurig in 2016 and will now, alongside its investment partners, become Keurig Dr Pepper's controlling shareholder.

JAB has a reputation for tight budgeting. That will be necessary to pay down the $16.6 billion of net debt the company is taking on.

There may also be growth opportunities in plugging Keurig or JAB brands like Peet's Coffee, which makes bottled iced coffee, into the Dr Pepper distribution machine.

Previously JAB has taken companies private—Krispy Kreme and Panera Bread as well as Keurig in the past two years. This deal is different because JAB wants Keurig Dr Pepper's listed stock as a currency for further deals.

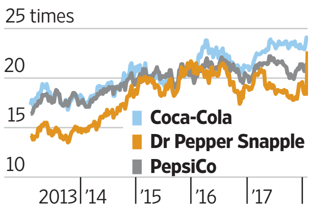
The investment group seems to have similarly aggressive ambitions for the unfashionable sugary-drinks industry as **Kraft Heinz** does for the packaged-food industry, albeit on a more modest scale.

It is only a matter of time before the market starts wondering which company JAB has in its sights next.

—Stephen Wilmot

Fizzing

Price/earnings multiples in U.S. soft drinks



Source: FactSet