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THE WALL STREET JOURNAL.

DOW JONES | News Corp * * * * * * FRIDAY, JUNE 30, 2017 ~ VOL. CCLXIX NO. 151 WSJ.com ★★★★ $3.00

DJIA 21287.03 ▼ 167.58 0.8% NASDAQ 6144.35 ▼ 1.4% STOXX 600 380.66 ▼ 1.3% 10-YR. TREAS. ▼ 14/32, yield 2.270% OIL $44.93 ▲ $0.19 GOLD $1,244.20 ▼ $3.30 EURO $1.1442 YEN 112.17

What's News

Business & Finance

Walgreens and Rite Aid scrapped their $9.4 billion deal amid antitrust concerns. Instead, Walgreens will seek to buy half of Rite Aid's stores for $5.18 billion. **A1**

◆ **Sycamore intends** to split Staples into three parts to help fund its $6.9 billion purchase of the office-supply retailer. **B1**

◆ **TransCanada is** struggling to find customers for its Keystone XL pipeline, which was delayed for years. **B1**

◆ **U.S. stocks slid**, led by tech shares. The Dow closed down 167.58 at 21287.03 after paring earlier losses. **B12**

◆ **Bank stocks rallied** after strong stress-test results led lenders to increase dividends and share buybacks. **B1**

◆ **Global government-bond** prices dropped for a third consecutive day. **B11**

◆ **The U.S. economy** grew at an adjusted annual rate of 1.4% in the first quarter, up from earlier estimates. **A2**

◆ **Fox's $15.1 billion bid** to buy the 61% of TV giant Sky it doesn't own is likely to face further U.K. scrutiny. **B3**

◆ **A global cyberattack** was aimed at hurting businesses, not earning profits for the hackers, experts said. **B3**

◆ **A panel of top financial** institutions and firms has launched guidelines to push for more disclosure about the impact of climate change. **B5**

◆ **Blue Apron shares** stalled in their public debut, closing at their IPO price of $10. **B11**

◆ **Pine River plans** to spin off a $1.7 billion government bond-trading fund. **B10**

World-Wide

◆ **The Trump administration** was set to begin enforcing its temporary ban on refugees and on visitors from six Muslim-majority nations. **A1**

◆ **The House passed** a bill to crack down on cities and counties that don't help immigration authorities. **A3**

◆ **Eleven states** are threatening to sue the administration if it doesn't end the "Dreamers" immigrant program. **A3**

◆ **Islamic State** is on the cusp of defeat in the Iraqi city of Mosul and close to being driven out of the country, Iraqi and U.S. officials said. **A1**

◆ **A GOP operative** implied Flynn had been an ally in an effort, independent of the Trump campaign, to obtain Clinton emails. **A5**

◆ **New divisions opened** among Senate Republicans over their proposed health-care legislation. **A4**

◆ **Trump tweets** attacking a female cable news host drew rebukes from members of his own party. **A5**

◆ **Merkel sought** to block Turkey's leader from giving a speech and criticized Trump ahead of G-20 talks. **A6**

◆ **Sex-abuse charges** against the finance chief of the Vatican are a blow to efforts to overhaul its bureaucracy. **A7**

◆ **A Russian jury** found five men guilty in the murder of opposition leader Nemtsov. **A6**

◆ **China's Xi said** that he was committed to maintaining Hong Kong's semi-autonomous status. **A16**

◆ **The Trump administration** approved sales of $1.42 billion in arms to Taiwan. **A16**

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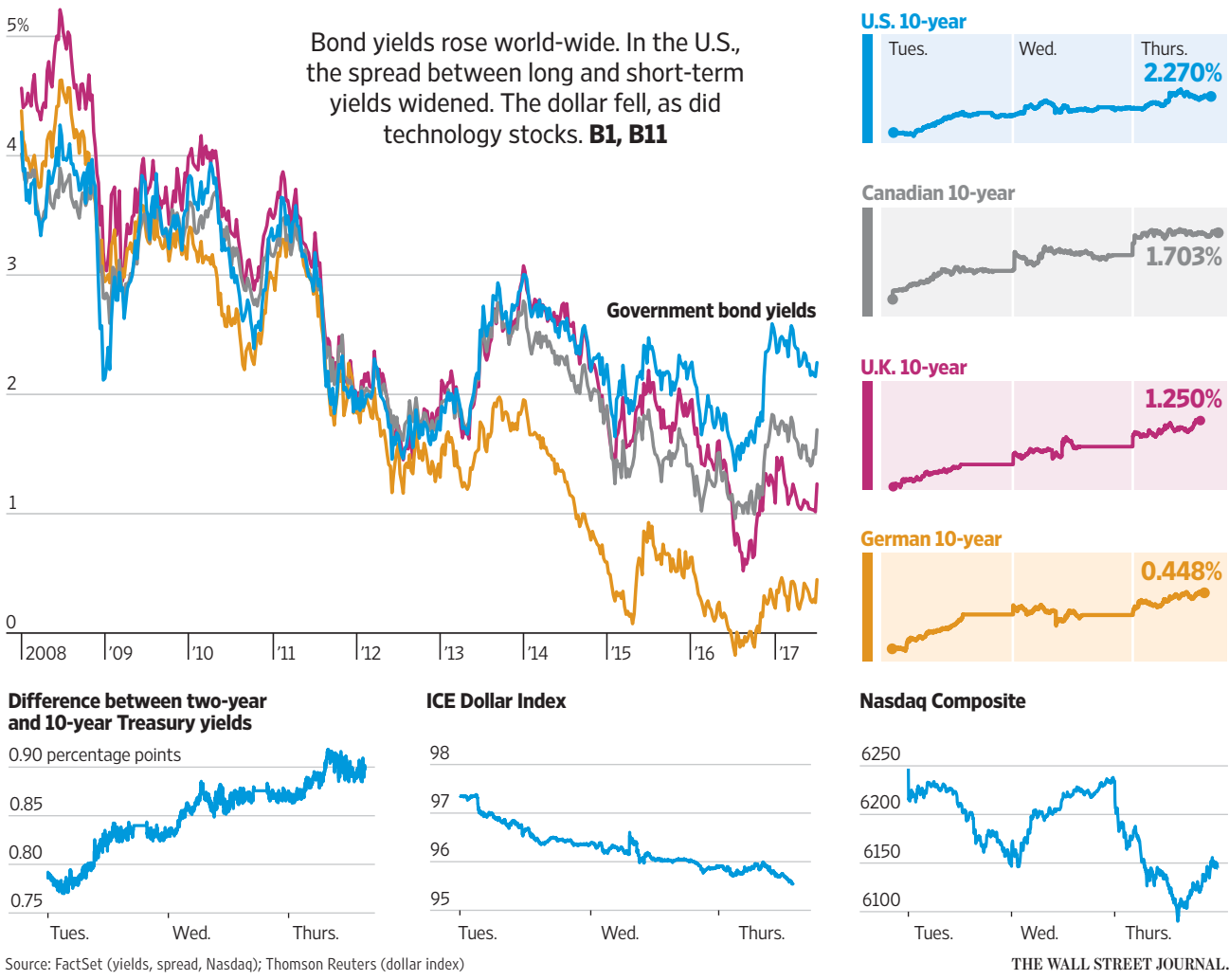
Global Markets Swing as Investors Weigh Central Bank Moves



Source: FactSet (yields, spread, Nasdaq); Thomson Reuters (dollar index)

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Drug Stores Scrap Merger

By Sharon Terlep And Brent Kendall

Walgreens Boots Alliance Inc. and Rite Aid Corp. dropped their $9.4 billion merger agreement, the latest in a series of high-profile deals to be derailed by antitrust enforcers.

Instead, Walgreens said it would seek to buy half of Rite Aid's stores for $5.18 billion in cash. Executives said they had crafted the smaller deal to address regulatory issues, but antitrust experts said it doesn't eliminate competition concerns.

The aborted deal was a reminder that mergers leading to high levels of industry concentration may face challenges even as more free-market Republicans take the reins from Democrats in antitrust enforcement.

The late stages of the review held additional intrigue because the Federal Trade Commission, which enforces antitrust and consumer-protection laws, is currently short-handed with just two commissioners—one Republican and one Democrat.

Other federal agencies also are operating with vacancies since the U.S. presidential election, creating a prolonged period of uncertainty for businesses exploring mergers and seeking other types of regulatory approval.

Despite a surging stock market and historically low borrowing rates, the pace of deal making has slowed from the previous two years. Companies have announced U.S. deals in the first half of the year worth $581 billion so far, down 17% from the same period last year and nearly a third below 2015, according to Dealogic. Bankers say uncertainty about corporate tax rates have weighed on sentiment at least as much as regulatory concerns.

The slowdown has been particularly acute among mega-deals as well as tie-ups in the health-care sector, where M&A activity is down 30% year-to-date, said Richard Peterson of S&P Global Market Intelligence.

Please see MERGE page A2

◆ Heard on the Street: Rite Aid stock in the bargain bin.... B12

Trump's Travel Ban Goes Into Effect

By Laura Meckler

WASHINGTON—The Trump administration was set to begin enforcing its temporary ban on refugees and on visitors from six Muslim-majority nations on Thursday evening, exempting only those travelers with close family or business ties in the U.S., officials said.

The guidelines are a narrow reading of a Supreme Court ruling on Monday that required that the U.S. continue to admit people into the country who have "bona fide" relationships with either people or institutions. Under the new rules, for instance, a sister or husband of an American citizen wouldn't fall under the ban, but an aunt or grandparent would.

But late Thursday, the administration reversed course and included people engaged to be married on the list of those with close family ties who are exempt from the ban.

The new rules also came under immediate legal challenge. Challengers in one of the two principal legal cases, from Hawaii, made emergency court filings late Thursday asking a federal judge there to "clarify" what the Trump administration can and can't do with its partial ban. They argued for a broader set of exemptions.

It was unclear when the court would rule.

The travel ban has been one of the most divisive acts of Donald Trump's presidency. Mr. Trump and his backers have argued it is an overdue effort to fight terrorism, while Democrats, refugee advocates and Muslim activists say it runs contrary to the Constitu-

Please see BAN page A4

WHY GE BUILDS MORE FACTORIES OVERSEAS

Rising protectionism led conglomerate to a flood-challenged locomotive plant in India

By Ted Mann And Brian Spegele

MARHAURA, India—General Electric Co. could hardly have picked a less hospitable spot for its new locomotive factory—but then again, it didn't have much choice.

The land here regularly floods in the rainy season, which meant work crews needed more than 500 truckloads of dirt a day to raise the parcel by more than 11 feet out of the danger zone. The facility required concrete pilings poured 82 feet below ground, on account of earthquakes.

When finished, the factory—the centerpiece of a $200 million investment—will sit 600 miles southeast of Delhi in a tiny impoverished village in the eastern state of Bihar, a place with a rich history of government corruption scandals. The new site, handpicked by a powerful local politician, is reachable via narrow, twisting roads choked with buses, cars and rickshaws, a three-hour journey from the state capital on a good morning.

This is GE in the age of localization—the company's survival strategy for an era of slowing global trade, rising protectionism, and increasingly powerful foreign customers, all of which is forcing manufacturers to put down deeper local roots to win business.

"Even many Indian companies would think five times" about building in Marhaura, says Banmali Agrawala, GE's India CEO. "But we said yes to it."

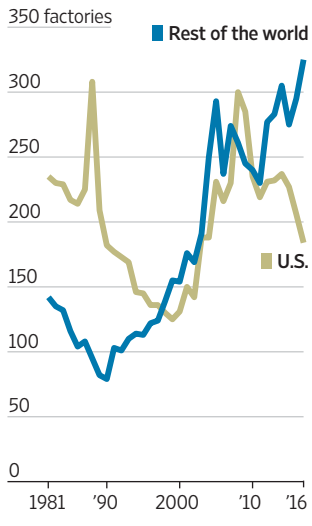
GE grew from a merger of electric companies in 1892—including one founded by Thomas Edison—into a global conglomerate by building in the U.S. and exporting abroad. After World War II, GE began to build global supply chains through manufacturing hubs in advanced economies such as Japan, France and Germany. By the late 1990s, as the pace of globalization quickened, GE became the ultimate global player, making jet engines, power turbines and MRIs in the most economically efficient manner it could devise.

Now that world is slipping away. Trade as a proportion of global gross domestic product hasn't recovered to levels seen before the financial crisis in 2008 as protectionist measures exploded.

Please see GE page A9

Going Abroad

General Electric factory locations



Source: the company

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Flynn Invoked In Email Hunt

GOP operative Peter Smith, right, implied Flynn had interest in search for Clinton messages

Trump tweets prompt a backlash **A5**

After Seizing Mosque, Iraqis Declare ISIS Close to Defeat

By Ghassan Adnan in Baghdad, Ben Kesling in Paris and Dion Nissenbaum in Washington

BAGHDAD—Iraqi and U.S. officials said Islamic State is on the cusp of defeat in Mosul and close to being driven out of the country, after the military seized a mosque in the city where the extremist group's leader first proclaimed a caliphate.

"We are seeing the end of the fake Daesh state," Iraqi Prime Minister Haider al-Abadi said on Twitter, using another name for Islamic State. "The liberation of Mosul proves that. We will not relent," he added.

Thursday's recapture of the ruined Nouri mosque came a week after Islamic State blew it up as Iraqi forces closed in, reducing to rubble the 12th-century building and its 150-foot minaret. The mosque gained fame when Islamic State leader Abu Bakr al-Baghdadi spoke there three years ago and declared himself the head of a caliphate, or religious empire.

Col. Ryan Dillon, the Baghdad-based spokesman for the U.S.-led coalition battling Islamic State in Iraq and Syria,

Please see MOSUL page A8

◆ Yaroslav Trofimov: Iraqi Kurds seek break with Baghdad... A8

Top of the Pecking Order for Fighting Ticks: Chickens

* * *

As fears about Lyme disease soar, Americans flock to avian heroes

By Anupreeta Das

Lisa Steele lives on a small farm in the woods of central Maine, where ticks have been known to take down a moose. Yet she says she rarely finds ticks on her two pet dogs.

A self-described "professional chicken enthusiast," Ms. Steele is convinced that is because her 10 barnyard hens, including Truffle, a Chocolate Orpington that resembles a "big Hershey kiss," eat every bug in sight. Their search-and-destroy tactic involves scratching and pecking their way through grass and mulch looking for anything that moves, she says.

Two American traditions are colliding this summer. One involves people like Ms. Steele keeping yardbirds for their eggs or meat as part of a move toward local and organic food. The other is a nation convulsing with fear of Lyme disease. The chick people think they have the solution to the tick problem—even if there is little science to support it.

Truffle

The bloodsucking critters have always been a concern, but a mild winter and swelling populations of tick-carrying deer and mice have led to one of the worst tick seasons in years, scientists say. The Northeast, especially, is overrun.

The Centers for Disease Control and Prevention estimates there are more than 300,000 new cases of Lyme disease in

Please see TICK page A9

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U.S. NEWS

Revised GDP Signals 1.4% Growth Rate

By Ben Leubsdorf

The U.S. economic expansion remains on track as it prepares to enter its ninth year.

Gross domestic product, a broad measure of the goods and services produced across the U.S. economy, expanded at a seasonally and inflation-adjusted annual rate of 1.4% in the first quarter, the Commerce Department reported Thursday. That was up from an earlier estimate of 1.2% growth, which was itself an upward revision from the initial estimate of 0.7%, and forecasters expect a further pickup in the second quarter, which ends Friday.

Macroeconomic Advisers on Thursday projected a 3.3% GDP growth rate for the spring quarter and the Federal Reserve Bank of Atlanta's GDPNow model this week predicted 2.9% growth. The government will release its first official estimate for second-quarter GDP on July 28.

"Following a slowdown in the first quarter, economic growth appears to have rebounded, resulting in a moderate pace of growth so far this year," Federal Reserve Chairwoman Janet Yellen said in mid-June.

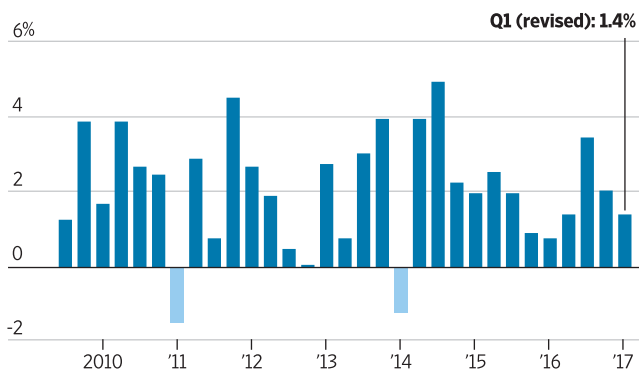
The economic expansion that began in July 2009 is already the third-longest growth run in the country's history.

Only the expansions during the 1960s and 1990s were longer. Forecasters surveyed in early June by The Wall Street Journal saw just a 16% probability, on average, of a new recession starting within the next year. Despite its longevity, the current expansion has been disappointingly weak, with GDP growth averaging just 2.1% a year.

That is weaker than any other recovery since at least 1949. Still, the unemployment rate has continued to decline, hitting 4.3% in May—its lowest level in 16 years.

Growth Spurt

First-quarter GDP, initially reported at an anemic 0.7%, has been revised up in subsequent months and now stands at 1.4%.



Note: Figures have been annualized and adjusted for inflation and seasonality.
Source: Commerce Department

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Some economists think the recent slow growth reflects trends that emerged years before the 2007-09 recession: the end of an information technology-fueled productivity boom, and a decline in labor-force participation driven by demographic and other forces.

The U.S. experienced "a very deep recession superimposed on a sharply slowing trend," and it took time for forecasters to fully appreciate how much the underlying trend had slowed, said John Fernald, senior research adviser at the Federal Reserve Bank of San Francisco.

Looking forward, he said, subdued productivity gains and slow growth in the size of the workforce may continue to weigh on overall growth.

"We can hope for better, but the headwinds are fierce," Mr. Fernald said.

President Donald Trump has said he wants to boost growth above 3% a year by overhauling the tax system, rolling back regulations and enacting other policies.

But the prospects for legislation remain uncertain, even with a Republican-controlled Congress, and many economists have warned it will be difficult to boost growth so much in a sustained fashion.

Grand Rapids, Mich.-based office-furniture company Steelcase Inc. last week reported orders in the Americas fell 3% in the three months ended May 26 from a year earlier. Chief Executive James Keane told analysts that uncertainty about government policy may be causing some companies to delay projects.

"If you're in the health-care industry, you might be curious about what's going to happen as that gets unveiled, and how does that shape your investments," Mr. Keane said. "If you're interested in growing and you need to hire workers in the U.S., you might be interested in immigration reform....If you're interested in spending some of your repatriated cash, you're interested in tax reform."

The upward revision to first-quarter GDP growth in Thursday's report reflected stronger exports and consumer spending on services like health care, offset in part by weaker business investment in structures.

The economy's broad contours remained unchanged from prior estimates.

State Budget Battles Heat Up as Deadline Draws Closer

By Jon Kamp

Showdowns over state budgets are coming down to the wire around the country as lawmakers struggle to hash out issues such as education funding and taxes while, in some cases, trying to ward off state shutdowns.

The flurry of 11th-hour negotiating reflects the underlying revenue weakness that has broadly dogged states in the past two years and inflamed debates over how to spend limited resources, according to budget experts.

Maine's Gov. Paul LePage has threatened to shut down the state for the first time since 1991 over disagreements on taxes. In Connecticut, Gov. Dannel Malloy is preparing deep spending cuts as an agreement before Friday night appears elusive. All but four states start their next fiscal year on Saturday, and legislatures in 11 of those states had yet to finalize a budget as of Wednesday, according to the National Association of State Budget Officers.

"It's not untypical to wait to the end. What's untypical is the degree of crisis that we're seeing in terms of not being able to make the budget balance," said Elizabeth McNichol, senior fellow at the left-leaning Center on Budget and Policy Priorities. She noted this kind of stress in budget negotiations is more common during a downturn.

The lengthy budget processes may be another sign that states are on an unusually rocky fiscal road despite being eight years into an economic recovery. A recent Nasbo analysis of governors' spending proposals for the coming fiscal year showed they were aiming for just a 1% increase in general-fund spending, the smallest rise since fiscal 2010.

Nowhere are the budget pressures greater than in Illinois, which faces a possible debt downgrade to junk status and hasn't had a budget for two years. The two-year budget stalemate has resulted in a nearly $15 billion backlog in unpaid bills. Gov. Bruce Rauner has told lawmakers he will keep them in session beyond Friday's deadline if they fail to agree on a balanced budget.

Some states are finding a way forward. Washington state lawmakers Wednesday reached the outline of a deal that would avert a partial government shutdown.

St. Louis Gapes at Its Deepest Pothole

CHRISTIAN GOODEN/ST. LOUIS POST-DISPATCH/ASSOCIATED PRESS

NO ORDINARY REPAIR JOB: A St. Louis police officer looks over a large hole in 6th Street that swallowed a Toyota Camry between Olive and Locust Streets. It wasn't immediately clear what caused the collapse, which occurred while the car owner was at the gym.

MERGE

Continued from Page One

Companies may hold off on potentially risky deals until the FTC is restocked, he said.

"They aren't going to be ready to jump on a transaction immediately," he said. "They are going to see who the players are. You can't play your game if you don't know your competition."

The Justice Department, which shares antitrust authority with the FTC and is reviewing AT&T Inc.'s proposed $85 billion takeover of Time Warner Inc., is awaiting Senate confirmation of President Donald Trump's selection of Makan Delrahim to head its antitrust division. The nomination has been awaiting a floor vote for several weeks.

President Trump hasn't nominated a permanent FTC chairman or moved to fill any of its three open seats. But the vacancies haven't stopped the commission from taking action in some cases, including earlier this month when it sued to block the proposed merger of fantasy sports companies DraftKings Inc. and FanDuel Inc. It blessed Sherwin-Williams Co.'s acquisition of fellow paint maker Valspar Corp., a deal valued at more than $11 billion.

The antitrust team in place at the end of the Obama administration was considered particularly aggressive. In 2016, for example, the Justice Department challenged two major health-insurance mergers as well as Halliburton Co.'s planned acquisition of Baker Hughes Inc.

The FTC's review of the original Walgreens-Rite Aid transaction stretched 18 months, and the commission didn't back away from concerns that the deal would have harmed competition, according to people familiar with the matter.

The commission worried about the merger's impact in regions where both companies have a strong store presence. It also had been considering whether the resulting drugstore giant—which would have challenged CVS Health Corp. in size—would have been able to exert unfair leverage over pharmacy-benefit managers in rate negotiations for corporate and government drug plans.

In an attempt earlier this year to assuage regulators, Walgreens and Rite Aid agreed to sell up to 1,200 stores, reducing the deal price to between $6.8 billion and $7.4 billion. Under Thursday's proposal, Walgreens will buy about 2,200 of Rite Aid's stores. Previously, Walgreens planned to buy about 3,600 and the rest would be sold to regional chain Fred's Inc.

The decision to abandon their bigger merger plans indicated the companies hadn't won over the FTC's acting chairwoman, Republican Maureen Ohlhausen. Executives at both companies said they decided to scrap the deal after the FTC indicated to them it would not win approval.

On a conference call Thursday, Walgreens Chief Executive Stefano Pessina said the smaller transaction addresses "all substantive" FTC concerns. The company will be adding stores in regions where it currently lacks a large presence, including the Northeast and MidAtlantic.

Asked whether that could be a concern for the FTC, Walgreens General Counsel Marco Pagni said, "you should assume that we have taken account of specific feedback in formulating the plan."

The transaction would result in two national drugstore chains that dwarf the next-biggest player. Walgreens has about 8,200 U.S. stores while CVS has about 9,700. The firms also compete with pharmacies at grocery chains and discounters like Wal-Mart Stores Inc.

Seth Bloom, an antitrust lawyer, said the new deal still raises antitrust questions that would require FTC scrutiny. "Just because it's half the number of stores as the previous deal doesn't necessarily settle it," Mr. Bloom said. "It could make the review easier, but it's not a slam dunk yet."

Tad Lipsky, acting head of the FTC's bureau of competition, said the FTC had "evaluated a number of divestiture proposals put forward by the parties" and would review any new transaction proposed.

Shares of Rite Aid tumbled 26% on Thursday while shares of Walgreens added 1.7%. Shares of Fred's fell 23%.

—Anne Steele contributed to this article.

Deal Scrutiny

How U.S. antitrust regulators have weighed in on some high-profile deals in the past year

Approved | Opposed | Pending

Acquirer	Target	Deal Value, in billions
Dow Chemical	DuPont	$62.4
ChemChina	Syngenta	42
Qualcomm	NXP	39.2
General Electric	Baker Hughes	32.2
Anthem	Cigna	$48
Aetna	Humana	35
Staples	Office Depot	6.3
AT&T	Time Warner	$85.7
Bayer	Monsanto	57
Praxair	Linde	35

Source: Dealogic; staff reports

THE WALL STREET JOURNAL.

U.S. WATCH

WASHINGTON, D.C.

U.S. May Run Out Of Cash in October

The government could run out of cash to pay its bills in early to mid-October, unless Congress raises the federal borrowing limit, according to a new analysis from the Congressional Budget Office released Thursday.

The Treasury Department has been using cash-conservation measures to continue meeting the government's obligations since mid-March, when federal debt hit Congress's self-imposed limit at nearly $20 trillion.

Treasury Secretary Steven Mnuchin has implored lawmakers to raise the debt ceiling before they leave for a five-week summer recess July 28.

Mr. Mnuchin said earlier in June that Treasury could continue to pay the government's bills through the beginning of September, but declined to give a specific date for when Treasury expects to exhaust its so-called extraordinary measures.

Analysts have said the government could run out of room to meet its obligations sometime in the fall.

—Kate Davidson

PENNSYLVANIA

DA Pleads Guilty, Faces Prison Time

Philadelphia District Attorney R. Seth Williams faces up to five years in prison after abruptly pleading guilty Thursday to a federal corruption charge, nearly two weeks into his trial, according to prosecutors.

Mr. Williams, 50 years old, also resigned Thursday as district attorney. U.S. District Judge Paul Diamond ordered him detained until his Oct. 24 sentencing.

Mr. Williams's lawyer said that his client accepted responsibility for his actions and "deeply regrets letting down the citizens of Philadelphia."

Prosecutors alleged Mr. Williams provided official favors for two business owners from 2010 to 2015 in exchange for bribes of cash, Caribbean vacations, airline tickets, a Jaguar convertible, expensive furniture and other items.

—Scott Calvert

NEW YORK

Iranian-Owned Site's Seizure Is Approved

Federal prosecutors won a court victory that paves the way for the government to seize a Midtown Manhattan office building they said was a front for the Iranian government and illegally provided money to Iran.

A jury in U.S. District Court in Manhattan found that the 36-story office building at 650 Fifth Ave. was involved in a money-laundering transaction in violation of U.S. sanctions laws, according to court documents.

The Alavi Foundation, a charitable organization, owns 60% of the building, while the other 40% is owned by two companies, Assa Corp. and Assa Co. Ltd., that transferred rental income and provided services to Iranian state-owned Bank Melli, according to court filings from the federal government.

The Alavi Foundation didn't respond to requests for comment. Lawyers representing Assa Corp. and Assa Co. declined to comment.

—Keiko Morris

CORRECTIONS & AMPLIFICATIONS

Development Corp. for Israel bonds don't trade; they are issued and then held to maturity. A Business & Finance article on June 23 about Warren Buffett's investments in Israeli bonds provided a quote for the yield of Israel government bonds but didn't explain the terms of Development Corp. bonds.

Sycamore Partners agreed to buy **Staples** Inc. for about $6.9 billion. In some editions Thursday, a Page One What's News item incorrectly said the purchase price was about $6.5 billion.

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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Crackdown On Sanctuary Cities Backed By the House

By Laura Meckler And Natalie Andrews

WASHINGTON—Cities and counties that don't help federal immigration authorities could lose millions of dollars in federal grants under legislation that passed the House on Thursday, as Republicans ramp up their battle against so-called sanctuary cities.

The legislation represents the Republicans' most aggressive effort yet to force local communities to cooperate with President Donald Trump's aggressive immigration-enforcement policies.

The bill, along with a companion enforcement measure, represents a contrast with the comprehensive immigration legislation long pushed by Democrats and some Republicans. Those proposals typically combine enforcement measures with pro-immigrant provisions such as the legalization of people who are living in the U.S. illegally.

Both bills passed largely on party lines, and both are expected to face strong opposition in the Senate, where they would need Democratic support to pass.

The first bill, called the "No Sanctuary for Criminals Act," primarily aims to persuade local jurisdictions to hold people in jail when asked to do so by the Immigration and Customs Enforcement agency.

"By flagrantly disregarding the rule of law, sanctuary cities are putting lives at risk," said House Speaker Paul Ryan.

The bill aims to get local jurisdictions to honor immigration 'detainer' requests.

Many local communities don't honor these ICE "detainer" requests today for a range of reasons. Some say cooperation would undermine trust in law enforcement in immigrant communities, making legal and illegal immigrants less likely to report crimes. Some cite court rulings that found local communities are liable if a U.S. citizen is wrongly held based on inaccurate information.

Under the legislation, jurisdictions would lose federal grants from the Justice and Homeland Security departments if they enact policies restricting assistance with the enforcement of federal immigration law.

A second measure that passed on Thursday would increase penalties for people with felony convictions who are deported from the U.S. and then return. Dubbed "Kate's law," it is named for Kate Steinle, who in 2015 was killed in San Francisco by an undocumented immigrant who had been deported five times before and kept coming back.

The "Kate's law" measure was politically tougher and seen by Democrats as an effort by Republicans to force them into taking an unpopular position. It passed the House with near-unanimous Republican support plus 24 Democratic votes.

House Minority Whip Steny Hoyer (D., Md.) said many members oppose allowing illegal immigrants who have committed a crime back into the country but fear the bill overstates the problem. Others noted that people could be punished simply for arriving at a U.S. port seeking asylum.

Opioid Addiction Climbs by 500%

Study of millions of medical claims shows a surge of diagnoses in past seven years

By Anne Steele

SPENCER PLATT/GETTY IMAGES

A man shoots heroin in New York's South Bronx in early June.

An analysis of millions of Americans' medical claims showed diagnoses of opioid-use disorder surged roughly 500% over the past seven years, according to a review by the Blue Cross Blue Shield Association.

The analysis, which examined the claims of more than 30 million people with commercial insurance provided by Blue Cross Blue Shield insurers between 2010 and 2016, underscores the rising tide of addiction in the U.S. Opioid-use disorder is the clinical term for addiction to opioids, which include prescription painkillers and illicit narcotics such as heroin.

Twenty-one percent of the people reviewed in the analysis filled at least one opioid prescription in 2015, according to BCBSA, with higher doses and longer-duration prescriptions associated with higher addiction rates.

Opioid-use disorder was 40 times more likely in patients prescribed high doses for a short duration, compared with low doses for a short duration. And the disorder was seven times more likely when patients were prescribed a high dose for a long duration than a low dose for a long duration.

"You have to be concerned not just how long the script goes, but how high a dose you're prescribing," said David Pizza, BCBSA's managing director of strategy and data analytics. "The way in which they're provided is key to addressing the dependency issue," he said.

John Kelly, an associate professor of psychiatry in addiction medicine at Harvard Medical School, who wasn't involved in the study, said the results show "we are now at the public-health equivalent of 'DEFCON 5' with this opioid crisis."

"High-dose, long-duration prescribing practices, which can drive up rates of opioid-use disorder, are still too common. This needs much closer attention and monitoring to curb the onset of new cases of opioid-use disorder," he said.

The analysis also showed that use of medications to treat opioid addiction, such as buprenorphine or methadone, grew by 65% over the period of the study—a rate dwarfed by the 493% increase in opioid-use disorder diagnoses.

Kim Holland, vice president for state affairs at BCBSA, said the necessary infrastructure to support people getting the treatment they need to address substance abuse effectively is lacking.

The analysis found more people with opioid-use disorder are treated with medication in New England than in the South and parts of the Midwest.

"It tells us there's work to do," said Ms. Holland. "Not everyone is getting the treatment they need."

She said opioids are an important part of a physician's ammunition to help alleviate pain.

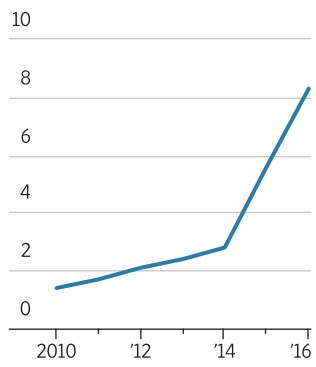
"But to recognize potential dangers, it's important to understand the extent to which they are prescribed," she said.

Ninety-one Americans die each day from an opioid overdose, according to the Centers for Disease Control and Prevention.

The amount of prescription opioids sold in the U.S. has nearly quadrupled since 1999, even though there has been no change in the amount of pain reported by Americans, the CDC said. Meanwhile, deaths from prescription opioids have more than quadrupled over the period.

Soaring

Rate of opioid-use disorder per 1,000 commercially insured Blue Cross Blue Shield members



Source: Blue Cross Blue Shield, The Health of America Report

THE WALL STREET JOURNAL.

TOM UHLMAN/ALAMY

The bridge that takes Interstates 71 and 75 across the Ohio River at Cincinnati carries more than twice the traffic it was designed for, and needs major repairs.

Aging Infrastructure Means More Backups

By Cameron McWhirter And Shane Shifflett

The worst is yet to come for one of America's nastiest highway logjams.

The Brent Spence Bridge that connects Cincinnati to northern Kentucky is often notoriously jammed with miles-long backups. Now, for two months this summer the eight-lane bridge that carries Interstates 71 and 75 across the Ohio River will be down to half that many lanes as it undergoes repairs.

"Your knuckles turn white going over that thing," said David Noell, a commercial contractor and president of the Queensgate Business Alliance, a group of area businesses. "Everything bottlenecks over that bridge."

The 53-year-old Brent Spence Bridge is just one of about 84,000 U.S. bridges that the Federal Highway Administration considers functionally obsolete. That means they no longer serve their intended use because the lanes are too narrow or there aren't emergency shoulders, among other factors. An additional 56,000 bridges are deemed structurally deficient by the agency.

The American Society of Civil Engineers estimates it would cost $123 billion to repair all of the nation's bridges. One reason for the cost is the age of the structures: About 40% of the U.S.'s approximately 614,000 bridges are older than their average design life of about 50 years.

Aging bridges are "going to be a growing problem because the mathematics are against the available money to stay current with repairs on good bridges, let alone failing bridges," said Barry LePatner, a construction-industry lawyer who wrote "Too Big to Fall: America's Failing Infrastructure and the Way Forward."

Most of the funds for highways and bridges come from the federal gasoline tax, which hasn't been increased since 1993. That prompted about 25 states in recent years to boost their own pump taxes or recalculate formulas to generate funds for upgrades.

President Donald Trump has promised $1 trillion of investments in infrastructure, much of which would be funded by private sources. He pointed to the Brent Spence Bridge to illustrate America's infrastructure challenges.

This summer's repairs on the Brent Spence cost $38 million for repaving, updating lighting and other improvements. But it won't solve the problem that has had Kentucky and Ohio lawmakers at loggerheads for years: how to pay for a major overhaul of the double-decker span that carries as many as 180,000 vehicles a day, including an estimated $1 billion worth of freight daily, according to the Ohio-Kentucky-Indiana Regional Council of Governments.

A plan to build a companion bridge to handle much of the traffic is estimated to cost $2.6 billion—funds the two states lack.

Impasses over fixing infrastructure often revolve around philosophical differences over whether drivers, taxpayers or investors should foot the bill. That's true with the Spence: Ohio thinks tolls are unavoidable, while Kentucky has been hellbent on not letting that happen.

And so, the bridge—vital to a region of 2.1 million people that is home to the headquarters of Procter & Gamble Co. and Macy's Inc., and soon to be a world-wide cargo hub for Amazon.com Inc.—remains jammed.

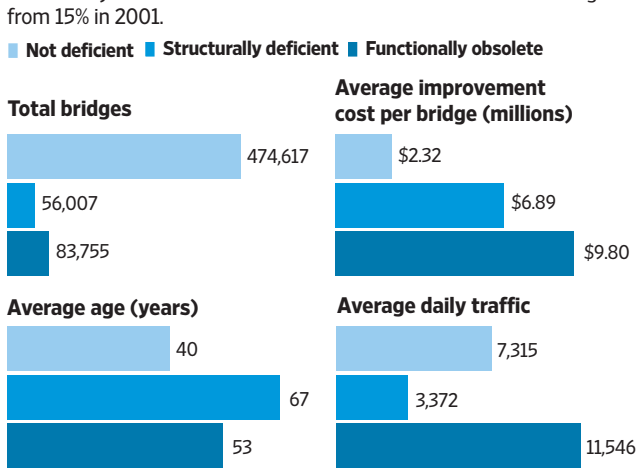
Kentucky opened the cantilevered truss bridge in November 1963 to improve traffic and move trucks along the two interstates. The bridge was built to handle about 80,000 vehicles a day, but now handles at least twice as many.

The American Transportation Research Institute, a research organization funded by the trucking industry, has ranked the bridge the fifth worst choke point for freight traffic in the nation.

The bridge is in no danger of collapse, Kentucky transportation officials say, though debris have tumbled from it in recent years. In 2014, falling concrete crushed a parked car in Ohio. Nobody was injured.

Tread Lightly

Last year, drivers took nearly 1.2 billion trips across bridges considered structurally deficient or functionally obsolete. Still, governments across the country cut the share of deficient structures to 9.1% of all bridges from 15% in 2001.



Note: Structurally deficient bridges are those that have been restricted to light vehicles, closed to traffic or require rehabilitation. A functionally obsolete bridge no longer serves its use because the lanes may be too narrow or there aren't emergency shoulders, among other conditions.

Source: Federal Highway Administration

THE WALL STREET JOURNAL.

States Press Trump to End 'Dreamers' Immigrant Program

By Laura Meckler

WASHINGTON—Eleven states led by Texas are threatening to sue the Trump administration if it doesn't follow through on President Donald Trump's campaign promise to end a program that protects young people brought to the U.S. illegally as children.

The threat, conveyed in a letter sent to Attorney General Jeff Sessions, shows how the president is under pressure from conservatives who say he hasn't done enough to crack down on illegal immigration, even as he endures a steady stream of criticism from those on the left who think he is far too harsh.

As a candidate, Mr. Trump promised to end the Deferred Action for Childhood Arrivals program, calling it an "unconstitutional executive amnesty." But since the election, he has said he doesn't want these young people to worry, and his administration has kept the program in place.

That decision has long annoyed people who are otherwise allies on a range of immigration issues.

Mr. Trump's administration has worked to implement a travel ban on people from six Muslim-majority countries that the president deems security risks, has stepped up arrests of people in the U.S. illegally and backed a crackdown on sanctuary cities. But immigration hard-liners say it is unacceptable for him to allow the DACA program, which started under former President Barack Obama, to continue.

The program has given a temporary reprieve from deportation and work permits to about 750,000 young people, termed "Dreamers." The administration has approved tens of thousands of new and renewal DACA applications since Mr. Trump took office.

Mr. Obama tried to expand the program to cover parents of U.S. citizens and permanent residents. That was successfully challenged by Texas and other states in court, and the program, sometimes called DAPA, never took effect.

Now 11 states are threatening to amend the complaint in the DAPA suit to challenge DACA if the Trump administration doesn't end it on its own by Sept. 5.

"Just like DAPA, DACA unilaterally confers eligibility for work authorization, and lawful presence without any statutory authorization from Congress," Texas Attorney General Ken Paxton wrote in a letter also signed by nine other attorneys general from Alabama, Arkansas, Kansas, Louisiana, Nebraska, South Carolina, Tennessee, Idaho and West Virginia, as well as Idaho Gov. C.L. Otter.

All of these states voted for Mr. Trump in the November election.

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Fresh Conflicts Emerge Over Health Bill

GOP senators debate keeping the Affordable Care Act's tax on investment income

WASHINGTON—New divisions opened among Senate Republicans on Thursday over their proposed health-care legislation even as they edged closer to hammering out some agreements to shore up support for the bill.

By Kristina Peterson, Richard Rubin and Siobhan Hughes

JOSHUA ROBERTS/REUTERS

Sen. Bob Corker (R., Tenn.) speaks to the media about the health-care bill on Capitol Hill Thursday.

The bill's status was uncertain as lawmakers began to leave Washington for a week-long break, its fate likely vulnerable to home-state pressures they may face and any deals they can make over the vacation.

The new fights revolved around a group of Republicans who said they were open to preserving the Affordable Care Act's 3.8% tax on investment income and a Congressional Budget Office report on the bill that said the government would spend 35% less on Medicaid in 2036 than under the Affordable Care Act.

Senate Republicans had hoped to rewrite their health-care bill by Friday. That way, the CBO would have time to evaluate the new version while lawmakers are away for the recess. The continued disputes made that an increasingly unlikely scenario.

The tax position cuts to the heart of longstanding Republican orthodoxy in opposition to such taxes, and conservative senators quickly condemned the idea. GOP Sens. Bob Corker of Tennessee, Mike Rounds of South Dakota and Marco Rubio of Florida said they were open to it.

"We're repealing Obamacare, so the assumption would be that we would get rid of the taxes, too," said Sen. John Thune of South Dakota, the chamber's third-ranking Republican. "But if it takes something like that to get our members on board to move this process forward, I think we have to consider that."

Conservative Republicans said the move would amount to an abdication of pledges they had made to voters to repeal as much of the 2010 health care law as possible.

"I don't remember anybody going around saying, 'Oh, except for these job-killing tax increases,'" said Sen. Pat Toomey (R., Pa.). "So I expect that we'll be repealing all the taxes."

Under the current House and Senate bills, the investment tax would be repealed retroactively for income received in 2017. The tax applies to capital gains, dividends, interest and certain passive business income for individuals with income over $200,000 and married couples with income over $250,000.

Leaving the tax in place would give Republicans two potential benefits as they try to put together a health-care bill that can attract 50 of their 52 members, with Vice President Mike Pence casting a potential tiebreaking vote.

First, it provides up to $172 billion over a decade that Republicans can use to make health insurance more affordable to low-income households. Second, it could blunt attacks from Democrats that the bill undermines health care for many in exchange for tax cuts for a few.

Democrats said Thursday that preserving that tax wouldn't offset the bill's other problematic provisions, including $772 billion in cuts over 10 years to federal funding for Medicaid, the government health-insurance program mainly for the poor.

"The capital-gains tax was particularly egregious, but trimming around the edges doesn't do anything to change the basic structure of this bill, which is it's a massive cut to Medicaid and does nothing to fix the challenges of the current law," Sen. Brian Schatz (D., Hawaii) said.

Further roiling the waters was the report from the nonpartisan CBO, which looked at the bill's impact after 2026 and came amid stepped-up criticism of the CBO from the White House. For weeks, Republicans have been grousing that they were fighting a losing battle if they tried to change the bill to win a more favorable coverage assessment from CBO.

—Stephanie Armour and Louise Radnofsky contributed to this article.

Health Bill Could Hit Employer Plans

Little-noticed provisions in the Senate Republican health bill could have a significant impact on employer-provided health plans, removing four million more people from such coverage in 2018, compared with current law, according to one projection.

These provisions could pave the way for higher out-of-pocket costs for many workers.

Both the House version of the bill passed last month and the Senate bill now being negotiated would scale back requirements imposed on employer plans by the 2010 Affordable Care Act. That means any final version could affect job-based benefits, not just Medicaid and the individual insurance market that have received the bulk of attention.

Far more people could be affected. About 155 million Americans under age 65 are covered by employer-sponsored insurance—nearly half the U.S. population.

Under the Senate legislation, some larger companies would drop coverage in part because they no longer would face a penalty for not offering health benefits, according to the nonpartisan Congressional Budget Office. They also would be freed from a requirement that their plans cover at least 60% of such costs as coinsurance, deductibles and copayments.

Employers would be free to offer less-comprehensive plans that limit coverage to a certain number of physician visits, days in the hospital and prescriptions.

—Stephanie Armour and Siobhan Hughes

Trump Targets Obama Energy Curbs

By Lynn Cook And Eli Stokols

WASHINGTON—President Donald Trump declared a new age of "energy dominance" by the U.S. on Thursday as he outlined plans to roll back Obama-era restrictions and regulations meant to protect the environment.

In a speech at the Energy Department, the president promised to expand the country's nuclear-energy sector and open up more federal lands and offshore sites to oil and natural-gas drilling.

Mr. Trump celebrated his decision earlier this month to withdraw the U.S. from the 195-country Paris climate accord and the Environmental Protection Agency's rescindment this week of the Obama administration's clean-water rules that farmers and business groups found onerous.

"We don't want to let other countries take away our sovereignty and tell us what to do and how to do it," he said.

Mr. Trump also issued a special permit authorizing the construction of a new pipeline between the U.S. and Mexico that would carry fuels across the border in Texas, the State Department said.

KEVIN DIETSCH/PRESS POOL

President Donald Trump embraces Energy Secretary Rick Perry.

The president's intent to resurrect coal and nuclear power comes as many countries are trying to curb their use. He made only scant mention of renewable energy such as solar and wind power, which account for 10% of total U.S. electricity generation.

Mr. Trump's speech caps a week the White House has devoted to energy issues. The proposals Mr. Trump laid out are in keeping with the more robust approach to energy extraction he promised during last year's campaign.

"We applaud President Trump's support of energy policies that secure and expand U.S. energy supplies and position our country as a world supplier," Barry Worthington, executive director of the U.S. Energy Association, said in a statement.

Environmental groups criticized the moves as short-sighted and perilous for the environment. "Trump's dirty energy nightmare is a wake-up call for the country," said Rhea Suh, president of the Natural Resources Defense Council. "We get the [environmental] harm, foreign countries get the power, and big oil, gas and coal take the profits."

Despite the Obama administration's greater emphasis on environmental protection, a historic increase in American energy production has ensued in the past eight years, driven by the shale boom.

—Russell Gold and Bradley Olson contributed to this article.

◆ Oil glut kills appetite for Keystone XL.....B1

Sessions Pledges to Combat Hate Crimes

By Beth Reinhard

Attorney General Jeff Sessions on Thursday made an overture to some of his most fervid critics by inviting dozens of civil-rights leaders to a hate-crimes summit and emphasizing his support for prosecuting anti-transgender and anti-Muslim crime.

As a U.S. senator from Alabama, Mr. Sessions voted against a 2009 hate-crime law that expanded protections to people targeted for their gender identity or sexual orientation. Earlier this year, the attorney general backed withdrawing federal guidance saying transgender students should be able to use public school bathrooms matching their gender identity. Mr. Sessions said the guidance wasn't supported by law; civil-liberties groups called the decision a major setback.

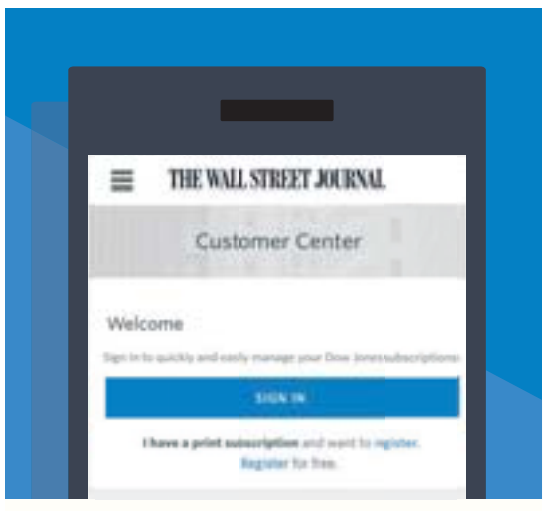
But at Thursday's hate-crimes summit, Mr. Sessions cited approvingly a case against a Mississippi man who last month was sentenced to 49 years in prison for murdering a transgender woman. Begun under the Obama administration, it was the first case prosecuted under the 2009 law involving gender identity.

Mr. Sessions also said he had personally met with staffers to prioritize the investigation and prosecution of other transgender murders.

"We have, and will continue to, enforce hate-crime law aggressively and appropriately where transgender individuals are victims," Mr. Sessions said.

The summit also occurred on the first day of the administration's travel restrictions on visitors from six Muslim-majority countries after the Supreme Court let a modified version of President Donald Trump's travel ban take effect.

Farhana Khera, executive director of Muslim Advocates, a civil-rights group invited to the summit, called Mr. Sessions' record "deplorable" shortly before the gathering began.



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BAN

Continued from Page One

tion and American values of diversity.

"As recent events have shown, we are living in a very dangerous time, and the U.S. government needs every available tool to prevent terrorists from entering the country and committing acts of bloodshed," said White House spokesman Michael Short.

A senior administration official said the line designating close family ties was drawn to ensure the exceptions aren't so broad as to swallow the rules altogether and allow virtually anyone in. Administration officials also said they consulted existing law governing U.S. immigration policy to define who counts as a family member under the rules.

While the executive order on the travel ban has been toned down since its introduction in January, it continues to spark protests.

Still, few people on either side of the debate were expecting the sort of chaos that unfolded at airports following the abrupt implementation of the first version of the order. A revision issued in March after courts blocked the initial one exempted travelers holding visas and legal permanent U.S. residents. Administration officials said Thursday that, under the latest rules, refugees booked for travel before July 6 will be admitted.

Guidelines being issued to Customs and Border Protection agents direct them to honor valid visas and only turn back people who would be rejected under normal operating procedures, administration officials said.

But concerned about the sort of bad publicity that accompanied the first order, officials cautioned that foreigners arriving in the U.S. are routinely subjected to rigorous screening and said that advocates shouldn't assume the executive order is to blame if someone from one of the targeted countries is subjected to it.

The new rules were to take effect at 8 p.m. ET.

Most of the action is likely to be invisible to the public, unfolding overseas at the desks of consulate officers as they reject visa applications from citizens of the targeted nations—Iran, Libya, Somalia, Sudan, Syria and Yemen—that might have otherwise been accepted. People rejected for visas can request waivers, and they will be considered case by case, officials said.

Both the January and March executive orders were quickly put on hold by federal courts around the country, finding them likely unconstitutional. The first order was found to lack due-process protections. Lower court judges found the March order likely discriminated against Muslims.

On Monday, the Supreme Court allowed the Trump administration to begin implementing the order until the justices can hear and rule on a pair of legal challenges this fall. But the high court also ordered the administration to make exceptions for visa and refugee applicants who have "bona fide" relationships.

Interpreting that order, administration officials said visa applicants and refugees with U.S.-based spouses, children, parents and siblings, including in-law and step relationships, will be allowed in. But those with only lesser ties—such as grandparents, grandchildren, aunts, uncles and cousins—will be subject to the ban.

Officials said the administration based its decision on exemptions for relatives on the definition of family in the 1965 Immigration and Nationality Act. The administration added parents-in-law, as they were specified in the court decision, officials said.

The change on fiancés was made at the suggestion of government attorneys, an administration official said.

The State of Hawaii's challenge asked that the ban not be enforced against people with other types of family relationships. They also argued that the ban shouldn't apply to refugees with a close connection to a person or organization in the U.S., even if that connection wasn't family-based.

"How is a sister a 'bona fide' relationship but a grandparent is not? Especially when you're talking about a culture where family relationships are very fluid," said Sirine Shebaya, a senior staff attorney for Muslim Advocates. "A grandmother is sometimes as close as your mother."

Those who want to come for business must show a "formal, documented" relationship with a U.S. entity that was formed in the ordinary course of business and not created for the purpose of evading the travel ban, officials said.

Examples of acceptable business ties include students admitted to educational institutions and people who have accepted a job offer in the U.S.

Among the six nations, the biggest impact is likely to be on Iran, which sends more people to the U.S. than the others.

—Ian Lovett, Brent Kendall and Felicia Schwartz contributed to this article.

Who Counts as a Family Member?

The Immigration and Nationality Act defines

◆ Immediate relatives as children, spouses and parents of U.S. citizens

◆ Family-sponsored immigrants as spouses and unmarried sons and daughters of legal permanent residents, and brothers and sisters of U.S. citizens

◆ Parent-child half- and step-relations as falling within the definition of parent and/or child

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CHIP SOMODEVILLA/EUROPEAN PRESSPHOTO AGENCY

Former National Security Adviser Mike Flynn, right, at the White House shortly before he was fired.

Operative Claiming Flynn Tie Sought Clinton Emails

By Shane Harris

WASHINGTON—Before the 2016 presidential election, a GOP opposition researcher mounted an independent campaign to obtain emails he believed were stolen from Hillary Clinton's private server, likely by Russian hackers.

In conversations with members of his circle and with others he tried to recruit, the GOP operative, Peter W. Smith, implied he was working with retired Lt. Gen. Mike Flynn, at the time a senior adviser to then-candidate Donald Trump.

"He said, 'I'm talking to Michael Flynn about this—if you find anything, can you let me know?'" said Eric York, a computer-security expert who searched hacker forums on Mr. Smith's behalf for people who might have the emails.

Emails written by Mr. Smith and an associate show that his small group considered Mr. Flynn and his consulting company, **Flynn Intel Group**, to be allies in their quest.

What role, if any, Mr. Flynn may have played is unclear. In an interview with The Wall Street Journal, Mr. Smith said he knew Mr. Flynn but never said Mr. Flynn was involved.

Mr. Flynn didn't respond to requests for comment.

A Trump campaign official said Mr. Smith didn't work for the campaign, and if Mr. Flynn coordinated with him, it would have been in his capacity as a private individual. The White House declined to comment.

Special Counsel Robert Mueller is investigating Russian attempts to sway the U.S. election and whether there was collusion with the Trump campaign. President Trump has denied any collusion and called the investigation a "witch hunt." Russia has denied it interfered.

Mr. Smith died at age 81 on May 14, about 10 days after the Journal interviewed him.

The operation he described is consistent with information examined by U.S. investigators probing Russian interference.

They have seen reports from intelligence agencies that describe Russian hackers discussing how to obtain emails from Mrs. Clinton's server and then transmit them to Mr. Flynn via an intermediary, according to U.S. officials with knowledge of the intelligence.

A GOP operative set up an effort to find emails from Clinton's private server.

It isn't clear who that intermediary might have been or whether Mr. Smith's operation was the one allegedly under discussion by the Russian hackers.

Mr. Smith said he worked independently and wasn't part of the Trump campaign.

His project began over Labor Day weekend 2016 when Mr. Smith said he assembled technology experts, lawyers and a Russian-speaking investigator to acquire emails the group theorized might have been stolen from the private server Mrs. Clinton used as secretary of state.

His focus was some 33,000 emails Mrs. Clinton said were deleted because they were deemed personal. Mr. Smith said he believed that these might have been obtained by hackers and that they actually concerned official matters Mrs. Clinton wanted to conceal—two notions for which he offered no evidence.

Former Federal Bureau of Investigation Director James Comey said in July 2016 there was no evidence the private server had been hacked.

Mr. Smith said he found five groups of hackers who claimed to possess Mrs. Clinton's deleted emails, including two who were Russian. Mr. Smith said after vetting batches of emails offered to him by hacker groups last fall, he couldn't be sure enough of their authenticity to leak them himself.

In one recruiting email Mr. Smith wrote, he offered to make introductions to Mr. Flynn's son, Michael G. Flynn, chief of staff in his father's company. Mr. Smith mentioned the son among a small number of other people he said were helping. Michael G. Flynn didn't respond to a request for comment.

In phone conversations, Mr. Smith told a computer expert he tried unsuccessfully to recruit that he was in contact with Mr. Flynn and his son, according to the expert, who said he understood the elder Mr. Flynn to be coordinating with Mr. Smith's group.

Trump Tweets Prompt Backlash

By Eli Stokols

President Donald Trump drew sharp criticism from members of his own party after he attacked a female cable news host over her appearance and intellect in a series of tweets Thursday morning.

In his tweets, the GOP president wrote: "I heard poorly rated @Morning_Joe speaks badly of me (don't watch anymore). Then how come low I.Q. Crazy Mika, along with Psycho Joe, came...to Mar-a-Lago 3 nights in a row around New Year's Eve, and insisted on joining me. She was bleeding badly from a face-lift. I said no!"

JONATHAN ERNST/REUTERS

The president called TV host Joe Scarborough 'Psycho Joe' and said co-host Mika Brzezinski had been 'bleeding badly from a face-lift.'

The tweets refer to Mika Brzezinski and Joe Scarborough, hosts of the MSNBC show "Morning Joe." They came as the White House has been working to keep the focus on advancing Mr. Trump's policy goals, most notably a health-care bill.

One of the key voters on the health measure, Sen. Susan Collins (R., Maine), responded to Mr. Trump's tweets with one of her own.

"This has to stop—we all have a job—3 branches of gov't and media," Ms. Collins tweeted. "We don't have to get along, but we must show respect and civility."

Mr. Trump drew other rebukes from Republicans.

"Mr. President, your tweet was beneath the office and represents what is wrong with American politics, not the greatness of America," wrote Sen. Lindsey Graham (R., S.C.) in a tweet.

Sen. Ben Sasse (R., Neb.) tweeted: "Please just stop. This isn't normal and it's beneath the dignity of your office."

Democrats, who condemned Mr. Trump for his statements about women throughout last year's presidential campaign, joined in. "Trump's bullying tweets are an attack on women everywhere," said Democratic National Committee spokeswoman Adrienne Watson in a statement.

It wasn't clear what Mr. Trump was reacting to, but his tweets came minutes after his social-media director, Dan Scavino, blasted Ms. Brzezinski and Mr. Scarborough, her fiancé, on Twitter.

In a statement, MSNBC said: "It's a sad day when the president spends his time bullying, lying and spewing petty personal attacks instead of doing his job."

Ms. Brzezinski offered her own response via Twitter, posting an image of a Cheerios box showing a toddler reaching for cereal with the caption "Made For Little Hands."

GOP lawmakers also expressed worry about the tweets' impact on civility in politics, a central concern after a gunman shot a lawmaker and several others at a baseball practice this month.

House Speaker Paul Ryan (R., Wis.) pointing to his own efforts to improve civil discourse, said the president's tweeting "obviously doesn't help do that."

The White House defended the tweets. Deputy press secretary Sarah Huckabee Sanders said Americans "knew what they were getting when they elected Donald Trump."

"He's not going to sit back and be attacked by the liberal media," she said. "When they hit him, he's going to hit back."

—Natalie Andrews and Joshua Jamerson contributed to this article.

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WORLD NEWS

Tensions Rise as Leaders Prepare to Meet

Merkel criticizes Trump and seeks to block Erdogan from giving speech ahead of G-20

By Anton Troianovski And Andrea Thomas

BERLIN—A meeting of world leaders in Germany next week emerged as a source of tension between allies on Thursday as Chancellor Angela Merkel sought to block the Turkish president from giving a speech in Germany and European leaders ratcheted up their criticism of President Donald Trump.

Ms. Merkel and her government delivered broadsides against both Turkish President Recep Tayyip Erdogan, who had wanted to give a speech on the sidelines of the Group of 20 summit in Hamburg next week, and Mr. Trump's positions on climate and trade policy.

Speaking to the Bundestag, the lower house of parliament, Ms. Merkel criticized the U.S. for abandoning the Paris climate accord and warned of difficult talks.

"We want to and must master this existential challenge, and we cannot and will not wait until every last person in the world has been successfully convinced of the scientific findings about climate change," Ms. Merkel said. "Those who believe they can solve the problems of this world with isolationism and protectionism are making a huge error."

Mr. Erdogan and Mr. Trump will join Ms. Merkel and other leaders of 20 large economies at the two-day annual summit that starts on July 7. While much of the anticipation in the U.S. has focused on Mr. Trump's likely first meeting with Russian President Vladimir Putin, European leaders hope to use the summit to present Mr. Trump with a united front backing the Paris climate accord and opposing new trade barriers.

"The G-20 summit takes place in especially challenging conditions this year," Ms. Merkel said. "The world is in turbulence. It has become less united."

Ms. Merkel is not only girding for difficult talks with Mr. Trump, but also preparing for potentially violent protests. Mr. Erdogan, in particular, is a divisive figure in Germany's large Turkish diaspora.

Ms. Merkel's foreign minister, Sigmar Gabriel, said Thursday the Turkish president had notified Germany of plans to deliver a speech to supporters on the sidelines of the summit. Such an appearance, Mr. Gabriel warned, was "not possible" and risked inciting conflict within Germany's large community of people of Turkish descent.

Ms. Merkel backed Mr. Gabriel's position, her spokesman said.

"The Turkish people who live in Germany are part of our society," Mr. Gabriel said while on a visit to Russia. "We do not want these people stirred up through conflicts in their home country."

Relations between Germany and Turkey, a North Atlantic Treaty Organization ally, have deteriorated since last summer's aborted coup in Turkey.

Tensions escalated this year after Turkey detained a prominent German-Turkish journalist, Turkish officials were barred from holding political rallies in Germany, Berlin granted asylum to Turkish military officers wanted in connection with the failed coup, and Turkey barred German lawmakers from visiting German troops stationed in Turkey.

MARKUS SCHREIBER/DPA/ZUMA PRESS

German Chancellor Angela Merkel greeted French President Emmanuel Macron in Berlin Thursday.

Russian President And Trump To Confer at G-20

WASHINGTON—President Donald Trump will meet with Russian President Vladimir Putin at next week's G-20 summit, officials said.

Mr. Trump also plans to hold one-on-one talks with German Chancellor Angela Merkel, British Prime Minister Theresa May, Chinese President Xi Jinping, Japanese Prime Minister Shinzo Abe and Mexican President Enrique Peña Nieto, national security adviser H.R. McMaster said.

Mr. McMaster and National Economic Council Director Gary Cohn didn't say whether the president plans to raise the subject of Russia's interference in last year's U.S. election.

—Eli Stokols

Five Found Guilty in Killing of Putin Critic

By James Marson

MAXIM SHIPENKOV/EUROPEAN PRESSPHOTO AGENCY

Zaur Dadayev was escorted to a court hearing in November.

MOSCOW—A jury in Moscow found five men guilty in the murder of Russian opposition leader Boris Nemtsov in a trial criticized by his allies as failing to identify who ordered and organized the killing.

Mr. Nemtsov, 55 years old, a former deputy prime minister and one of Russian President Vladimir Putin's most vocal critics, was shot dead not far from the Kremlin in 2015 in a slaying that shook Russia's opposition and political elite.

The jury found the five men guilty of involvement in the murder, including Zaur Dadayev, a former service member from Chechnya who prosecutors say fired the fatal shots.

Allies of Mr. Nemtsov have linked the killing to the inner circle of Chechen President Ramzan Kadyrov, and said that they suspect a cover-up.

Mr. Kadyrov has denied involvement in the murder, and the Kremlin has played down its significance, suggesting it was organized to discredit Russian authorities.

"The case remains unsolved," Mr. Nemtsov's daughter, Zhanna Nemtsova, wrote on her Facebook page.

Russia's Investigative Committee said the investigation into who ordered and organized the killing was continuing.

Lawyers for the defendants criticized what they called violations and inconsistencies during the trial, with a lawyer for Mr. Dadayev saying the verdict was delivered incorrectly, Russian news agencies reported.

Mr. Putin enjoys high approval ratings, and Russia's opposition remains weak and divided. In recent months, lawyer and activist Alexei Navalny has emerged as the country's most prominent opposition leader, helping galvanize unexpectedly large demonstrations around the country.

Mr. Navalny has vowed to run against Mr. Putin in elections planned for next year, despite a conviction on an embezzlement charge that he says was politically orchestrated to keep him out of politics.

—Nathan Hodge contributed to this article

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Charges Deal Blow to Vatican Finance Overhaul

By Francis X. Rocca

Sex-abuse charges against the finance chief of the Vatican deal a major blow to already faltering efforts to overhaul its bureaucracy, according to Vatican observers.

Australian police on Thursday charged Cardinal George Pell with multiple counts of sexual abuse alleged to have occurred decades ago, though they gave few details of the allegations. The 76-year-old cardinal, the highest-level Vatican official to face charges in the sexual-abuse scandals that have hit the church, denied the allegations and said he would take a leave of absence with Pope Francis' permission to go back to his native Australia to clear his name.

When Cardinal Pell came to Rome three years ago to head the newly established Secretariat for the Economy, he was already the target of claims that he had mishandled cases of sex abuse by other priests. But Thursday's charges nonetheless mark a dramatic turnaround from his arrival, when the high-ranking prelate was seen as the media-savvy, straight-talking solution to the Vatican's chaotic finances.

As his plans conflicted with those of other powerful officials, he was increasingly marginalized in his efforts to take on the Vatican bureaucracy. The criminal charges now take him entirely off the scene for an indefinite time, leaving an already diminished office with even less clout. They also sideline a vocal defender of traditional Catholic moral teaching.

"Pell's absence will seriously weaken the office" he runs, said Sandro Magister, a longtime Vatican watcher for Italy's L'Espresso magazine. "The economic reforms, which have been very modest after more than four years, will now become even more difficult to carry out."

The cardinal's departure comes a few days after the resignation of the Vatican's auditor general, Libero Milone. The Vatican announced the departure of Mr. Milone, an ally of Cardinal Pell, in a terse statement that gave no reason for his resignation.

When Pope Francis was elected in March 2013, he accepted a mandate to make the Vatican bureaucracy more transparent and accountable, particularly regarding finances.

The preceding pontificate, of Pope Benedict XVI, had been shaken by controversy over leaks documenting corruption and incompetence in the Vatican, including a Christmas manger scene that cost €550,000 ($629,000).

Accounting at the Vatican didn't follow unified policies. Budgets didn't exist, and expenditures weren't itemized.

Pope Francis brought Cardinal Pell to Rome in 2014 and originally gave him sweeping powers. The cardinal oversaw a review of assets which he said turned up €1.4 billion ($1.6 billion) "tucked away" off the books. "I'm not saying it was being mismanaged or anything. It just was there for a rainy day," he said in an interview last year. His office also issued new budgeting and accounting policies and produced the Vatican's first consolidated budget.

Meanwhile, Cardinal Pell's proposals for what he considered a more effective approach to asset management—demanding better returns on rental properties and outsourcing financial investments to money managers—raised hackles at the Administration of the Patrimony of the Holy See, known as APSA.

The pope briefly gave Cardinal Pell control over most of the Vatican's real-estate portfolio in July 2014 before handing it back to APSA the following February. He trimmed back the cardinal's power in other ways, turning down his proposals for managing financial investments, reaffirming the power of the Secretary of State over hiring and transfer of personnel, scrapping an external financial audit supported by Cardinal Pell and transferring his responsibility for payment and procurement services to APSA.

Cardinal Pell said in the interview last year that some of his setbacks were because of "people wanting to retain their turf," and he vowed not to back down.

According to Mr. Magister, the cardinal's leave of absence, following the resignation of the auditor general last week, shows that APSA and the Secretariat of State have regained control over Vatican finances.

A Vatican statement said the Secretariat for the Economy would continue to carry out its tasks, which include budget-making and oversight.

Cardinal Pell's leave of absence also removes from the Vatican a major opponent of the pope's drive to liberalize church practice on divorce. Cardinal Pell had been an outspoken defender of orthodox teaching on sexual and medical ethics, opposing abortion drugs as well as embryonic stem-cell research.

GREGORIO BORGIA/ASSOCIATED PRESS

Cardinal Pell, in a news conference Thursday at the Vatican, said he would return to Australia to clear his name of sex-abuse charges.

Eurozone Confidence Increases

By Paul Hannon

Eurozone businesses and consumers were more optimistic in June than at any time since before the global financial crisis, reflecting a pickup in economic growth and voters' rejection of political parties hostile to the European Union.

The European Commission's economic sentiment indicator, which aggregates business and consumer confidence, jumped from 109.2 in May to 111.1—its highest level since August 2007. Economists surveyed by The Wall Street Journal last week had expected a more modest rise to 109.5.

The surprisingly strong improvement should aid the eurozone's recovery, since businesses and households are likely to spend more freely if they feel more confident. That increases the likelihood that the European Central Bank will soon step back from the economic stimulus measures it has provided since mid-2014.

June's rise in sentiment was aided by France, where the country-specific reading climbed to 109.8 from 107.6 in May. This was in response to Emmanuel Macron's victory in May's presidential elections.

—Nina Adam contributed to this article.

May Scores Victory on Legislative Agenda

By Jason Douglas And Jenny Gross

LONDON—Prime Minister Theresa May won a critical parliamentary vote on Thursday to approve her policy program, overcoming the first of what is likely to be many challenges to her authority in the months ahead.

U.K. lawmakers backed Mrs. May's legislative agenda by 323 votes to 309, a slender margin that underscores the prime minister's limited room for maneuvering in Parliament after she called elections that resulted in her Conservative Party losing its majority.

Thursday's win was possible only after a pact signed this week between the Conservatives and Northern Ireland's small Democratic Unionist Party delivered Mrs. May an extra 10 votes that enabled her to face down opposition to her government from an emboldened Labour Party and other, smaller groups.

The prospect of a minority Conservative government propped up by the DUP following Mrs. May's election misfire has cast doubt on her future as prime minister, concerns magnified by her perceived hesitancy in responding to a fire in London's Grenfell Tower apartment block that killed about 80 people.

The prime minister's slim majority leaves her vulnerable to rebellion among lawmakers in her party, which is deeply split over how Britain's future relationship with the European Union should look.

It has also raised questions about the government's ability to successfully negotiate Britain's withdrawal from the EU and deliver on other policies.

Tim Bale, politics professor at Queen Mary University of London, said Mrs. May "got over the first hurdle" but her weakened position means she now faces the risk of opposition from both pro- and anti-EU Conservative factions. "There could be trouble from both sides," he said.

The government survived Thursday's vote "by the skin of its teeth," Labour leader Jeremy Corbyn said in a statement following the vote.

Signs that the government's unity on Brexit policy may be fraying have already appeared. This week Brexit secretary David Davis accused Treasury chief Philip Hammond of inconsistency over his support for a multiyear transition deal to ease departure from the bloc for companies. The two senior ministers also seemed to clash over whether the U.K. should remain attached to the bloc's customs union, which sets common tariffs on imports from outside its borders, during that transition.

Splits over Brexit also came into the open Thursday within Labour. An amendment to the government's legislative program presented by Labour lawmaker Chuka Umunna called on Britain to stay in the EU's customs union and in its single market, which sets common rules for goods and services. The amendment was voted down but dozens of Labour lawmakers supported it in defiance of Mr. Corbyn. Three rebels in his top team were subsequently sacked, while another resigned.

The domestic unease comes as Brexit talks began last week with disagreement over how to protect the rights of EU citizens in Britain after the U.K.'s departure and the rights of British émigrés in Europe. That spat likely foreshadows bigger fights to come on thornier issues such as how much the U.K. will have to pay to settle past commitments to the EU budget and how to forge a new economic relationship.

Minority governments are rare in the U.K. and have tended to be short-lived. The Conservatives' alliance with the DUP extends only to critical votes, so Mrs. May will need the backing of other parties to pass legislation in areas such as counterterrorism. She showed a slimmed-down policy program to Parliament that skipped many of the Conservatives' key election pledges.

Among those left out was a flagship proposal from the party's election manifesto to reform elderly care in Britain that had bombed with voters. The Conservatives also ditched plans to tweak benefit payments for retirees that were opposed by the DUP.

TOBY MELVILLE/REUTERS

Prime Minister Theresa May risks opposition from both pro- and anti-EU factions in her party.

European Union Braces for Conflict Over Its Post-Brexit Budget

By Laurence Norman

ANALYSIS

Beneath the surface of the unusual unity the European Union has shown in the face of Brexit negotiations looms a serious fight over money among the other 27 nations.

For now, the 27 are together. It is in all their interests to maximize future U.K. payments to the bloc—Britain's so-called divorce bill—as one of its biggest budget contributors departs.

But even before the size of the bill is settled, a separate battle among the 27 is ahead, pitting governments that are net recipients from the EU budget against net payers, some of which are promising voters they won't pay a penny more.

With EU officials talking about a €20 billion ($22.7 billion) budget gap in coming years because of Brexit and extra responsibilities the bloc has pledged to take on, the budget fight has the potential to reopen deep divisions within the EU at a critical moment in talks about Britain's exit.

Adding an extra dose of tension to the coming budget debate are proposals by Germany and some other Western European governments to use the budget to prod the bloc's poorer countries into line on issues like migration, democratic principles and the rule of law.

There is simmering frustration among major net payers like Germany, Sweden and Belgium that they took in large numbers of refugees during the 2015 migration crisis, while some of the bloc's biggest recipients of EU funds—like Hungary, Poland and Slovakia—refused to settle asylum seekers.

"We really want to make clear that solidarity is a two-way street," one European diplomat said.

Were it not for Brexit, the EU budget fight would already be in full swing. The EU works on a seven-year budget cycle in which overall spending levels are fixed in advance to allow long-term planning for programs and priorities. The current multiyear budget period, which started in 2014, ends in December 2020. The EU is supposed to have a new budget deal in place by the end of 2019 at the latest.

Instead of presenting its budget plans, as intended, before the end of this year, EU Budget Commissioner Günther Oettinger will do so in 2018. Negotiations are due to start next summer, with Mr. Oettinger arguing there is no point bargaining over the next budget until the financial hit created by Brexit is clearer.

That impact will depend in large part on the degree to which Britain stands by its past spending pledges, including contributions to the 2019 and 2020 EU budgets. The U.K. is due to leave the bloc in March 2019.

The EU has fixed negotiations on Britain's divorce bill as a priority issue it wants settled in principle by October. Brussels officials say the U.K. should hold to upward of €60 billion of past spending pledges to the EU.

British officials question the EU's right to fix any divorce bill and suggest agreement on the country's financial commitments will come only when Brexit talks end, expected in October 2018.

Speaking in Brussels on Wednesday, Mr. Oettinger estimated the bloc would be "down €10 to 11 billion" annually once the U.K. departs. The total gap, he said, could be twice that given additional EU pledges on future defense, economic programs and migration spending.

"We have got a large country, a net payer which will be departing so we need to look at shifting expenditures and making cuts," he said.

Some routes to savings are relatively clear. The percentage of the budget spent on agriculture and fisheries, currently just below 40% of the roughly €1 trillion 2014-20 budget, will likely keep falling.

It is also likely that so-called cohesion spending, which earmarked €63 billion to 15 poorer EU member states in the current seven-year budget, will fall after 2020, with the EU offering fewer grants to the likes of Poland, Hungary and the Czech Republic, officials say.

Some EU officials suggest that starting budget discussions while Brexit negotiations are wrapping up could actually reinforce the cohesion of the EU's remaining 27 members. They argue it would keep the group focused on ensuring a large British divorce bill and keep governments concentrated on protecting and defending the EU.

On the other hand, it could end in a terribly timed and bitter fight among the countries staying in the EU.

TOBIAS SCHWARZ/AGENCE FRANCE-PRESSE/GETTY IMAGES

Rain was falling in Berlin on Thursday as European leaders met.

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Iraqi Kurds Seek Break From Baghdad

MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

The one thing that isn't in doubt in Iraqi Kurdistan's planned independence referendum is the result. It is virtually certain that an overwhelming majority will back the creation of the world's newest country.

The real question is what practical steps toward the breakup of Iraq will be taken, and how soon after the vote, which is scheduled for Sept. 25.

Will Kurdistan's bickering politicians finally put their differences aside? And will they, Iraq's federal authorities, and the region's meddling neighbors be able to prevent events spinning out of control in the referendum's inevitably contentious aftermath?

None of these neighbors—Iran, Syria and Turkey—want the Kurdish independence to succeed in Iraq, lest it inspires restless Kurdish minorities within their own borders. And, while some officials in President Donald Trump's administration privately cheer the Kurdish independence cause, maintaining the unity of Iraq remains the official policy of the U.S. and its Western allies.

The country's Western partners are concerned that the referendum—even if it doesn't lead to independence anytime soon—will change the political climate in the rest of the country. With Iraq's federal elections looming next year, that could bring to power radical Shiite forces hostile to the more inclusive approach of Iraqi Prime Minister Haider al-Abadi.

It all adds up to a greater risk to regional stability just as Islamic State is finally being defeated in Iraq and Syria.

"We think the referendum is a bad idea, and the timing is a bad idea, first of all because the Kurds are not prepared for this," said a senior U.S. official. "If the Kurds go ahead with the referendum this year, it will strengthen the more polarizing and more sectarian figures [in Baghdad], and disadvantage those who are more moderate and who would reach across sectarian lines and form alliances."

Iraq's Western allies fear a referendum on independence will pose risks to stability.

Kurdistan officials retort that now is precisely the right time to tackle the historic Kurdish desire to form a separate nation, after Mr. Abadi's government and the Kurdish leadership established close cooperation fighting side-by-side to oust Islamic State from Mosul. Kurdistan plans detailed negotiations with Baghdad on how and when to implement the breakup, the officials said.

"We want to avoid future confrontation and future bloodshed by ending this unhealthy interdependence in relations with Baghdad," said Hemin Hawrami, senior assistant to Kurdistan President Masoud Barzani, who called the referendum, and head of political affairs at the Kurdistan presidency.

While Iraq's federal government views the vote as illegal, Baghdad is unlikely to do anything to oppose it. "Most Iraqis in federal areas right now are not supportive of the referendum, but to be frank they are not in a position to spend too much time worrying about it because there are so many other problems in the country," said Sajad Jiyad, managing director of the Al Bayan Center, a Baghdad think tank.

Kurdish-populated areas of northern Iraq have enjoyed broad self-rule since 1991, an arrangement expanded and enshrined in the 2005 Iraqi constitution. Kurdistan, a region roughly the size of Ireland that is home to some 5.2 million people, already has its own security forces and immigration controls. Federal troops and police aren't allowed on its soil without special permission.

Complicating any move toward a breakup with Iraq is the issue of disputed territories—areas outside the recognized boundaries of the Kurdistan Regional Government, such as the city of Kirkuk and nearby oil fields, that are controlled by Kurdish forces and contain large Kurdish populations.

Kurdish Peshmerga troops took over many of these areas over the last three years, in the course of the war against Islamic State. Baghdad seeks to regain control of these contested territories and has condemned Kurdish plans to hold the referendum there, let alone to permanently annex them.

"If the referendum is held and a breakup is achieved, it will create more conflicts over issues such as disputed territories," warned Ammar Tuma, head of the Shiite Fadhila bloc in the Iraqi parliament. "There will be no benefit for the Kurds, and no benefit for the Iraqis."

Parole Is Proposed For Olmert

By Rory Jones

TEL AVIV—Israel's parole board recommended the release of former Prime Minister Ehud Olmert, who is serving a 27-month prison term for bribery.

Prosecutors can appeal the board's decision Thursday to free the 71-year-old Mr. Olmert for good behavior. There was no immediate indication if they planned to do so.

Mr. Olmert entered prison in February 2016 after a nine-year corruption saga that underscored efforts by the country's justice system to combat high-level corruption.

A lawyer for Mr. Olmert didn't respond to a request to comment.

Mr. Olmert is the first Israeli prime minister to serve time in prison, and his case shook a public unaccustomed to seeing its leaders jailed.

Mr. Olmert denied the charges, which stemmed from his time as mayor of Jerusalem from 1993 to 2003.

MOSUL

Continued from Page One

said that Iraqi forces on Thursday cut a wedge in the middle of the area held by Islamic State, seizing the Nouri mosque and cornering the few hundred remaining fighters in half of Mosul's Old City on one side, and an area around a hospital that has been a stronghold for the group on the other side.

Col. Dillon predicted that the fighting would be over in a matter of days and that it would then take time to fully clear the areas the Islamic State holdouts.

"What comes next, where to defeat ISIS, is a decision that will be made in Iraq," he said.

Military officials have warned of tough fighting ahead. In recent days, Iraqi troops have faced counterattacks in the city, with Islamic State penetrating defensive lines and staging deadly attacks even in Iraqi-controlled areas. The warren of narrow streets in the Old City, where Islamic State fighters are holed up, has slowed the offensive.

But the progress in beating back Islamic State has been steady, both in Mosul and in the campaign to retake Raqqa, the group's de facto capital. Col. Dillon said the persistent military pressure in the two countries means Islamic State leadership has no effective capital left.

"There is no hub anymore," he said.

Islamic State leaders have abandoned fighters on the battlefield, morale is plummeting and inexperienced fighters are making rookie mistakes, he added.

"ISIS cannot stop the progress that Iraqis and Syrians have mounted in the last two years," he said. "They are on the run, and we will not allow them to regroup and catch their breath."

Even after Mosul is retaken, Islamic State won't be defeated in Iraq. The group remains in control of a number of other smaller Iraqi towns and a significant swath of territory in Syria, including eastern Deir Ezzour province and Raqqa. And while it has lost much of the territory it captured over the past few years, it has proven it is still capable of mounting deadly terrorist attacks in the West as well as in the heavily fortified Iraqi capital of Baghdad, where bombers get through daily.

To the northwest of Mosul lies militant-held Tal Afar, likely the next objective for the Iraqi military. However the battle for that town near the Syrian border is fraught before it has even begun, with Iran-backed Shiite militias insisting they lead the fight and the U.S. saying it won't work with those militias.

If the Shiite militias do take the lead, it will likely inflame sectarian tensions with Sunnis across the country.

The town of Hawija, south of Mosul, has also long been a Sunni extremist stronghold and poses a constant threat to the neighboring city of Kirkuk. In October, militants from Hawija launched a complex attack on downtown Kirkuk that took days to quell and left dozens dead.

ERIK DE CASTRO/REUTERS

A counterterrorism service member at the ruins of the Nouri mosque in Mosul. The Iraqi military said it has recaptured the mosque.

If and when Islamic State is defeated, the Iraqi government will face enormous challenges in resettling hundreds of thousands of people displaced from Mosul and reconstructing the enormous ruin of three years of war. The government must also take steps to ameliorate the strife that has only deepened between the country's three main groups—Shiite Arabs, Sunni Arabs and Kurds.

The government's goal in rebuilding Mosul and restoring its pre-Islamic State population of about is seen as critical to its effort to reunite the country. Islamic State launched a drive in 2014 that ended up with the militants in control of about one-third of Iraq, and with Mosul their de facto capital in the country.

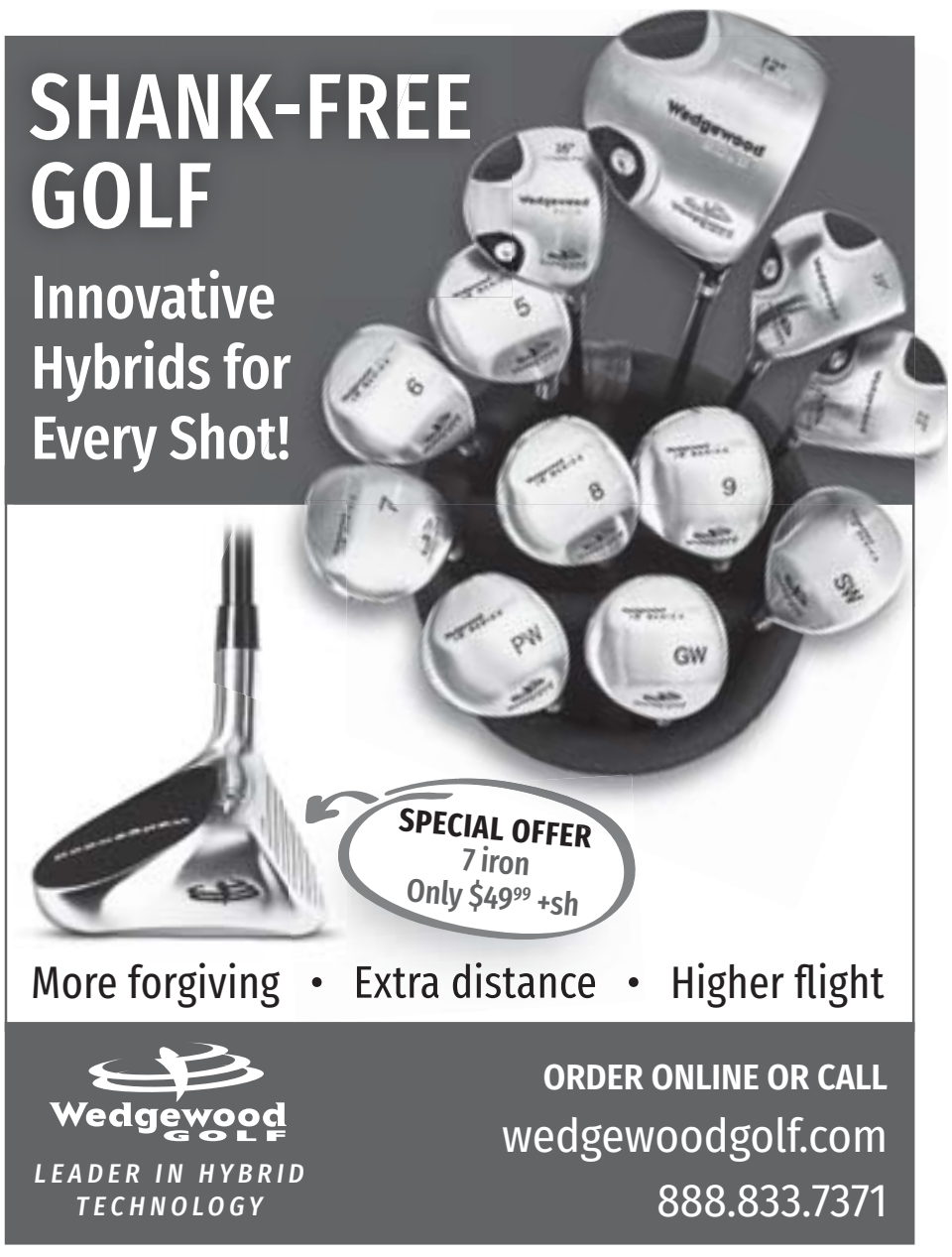
Since the start of Iraq's Mosul campaign in October, more than 875,00 residents have fled the city, according to the United Nations High Commissioner for Refugees.

Some return only to retrieve bodies from homes collapsed in the fighting. Those who remained line up for hours for clean water from tanker trucks.

Mosul policeman Azad Thiyab Jasim said recently that he has little hope that the city will remain peaceful after Islamic State is driven out.

He said the criminal justice system makes it far too easy for suspected sympathizers or even fighters to go free. That means vigilantism rules.

"Killing members of Daesh is much better than detaining them," he said.



NATO Prepares to Dispatch More Troops to Afghanistan

By Julian E. Barnes

BRUSSELS—The North Atlantic Treaty Organization said it would send additional forces to Afghanistan, as visiting U.S. Defense Secretary Jim Mattis discussed broad outlines of Washington's approach to curb the rising violence there.

NATO Secretary-General Jens Stoltenberg said on Thursday that the alliance would focus on providing more training support to Afghanistan's special-operations forces and its air force.

Without providing specific numbers, NATO said it would increase the number of special-operations forces trainers in Afghanistan, concentrating the alliance mission in the country on strengthening Kabul's commando capabilities. Acting Afghan Defense Minister Tariq Shah said his country intends to double the size of its special forces.

Mr. Stoltenberg said the alliance's military authorities have requested a few thousand more troops.

Mr. Mattis said the allies have filled about 70% of the existing requirements for forces in Afghanistan and he was confident that more would be forthcoming. Mr. Stoltenberg declined to predict when the 16-year war in Afghanistan might be concluded.

"I don't put timelines on war, it is that simple, war is a fundamentally unpredictable phenomenon. Every effort to create a pat answer to that is probably going to fail," Mr. Stoltenberg said. "You can't say 'I got tired of it so I am going to come home' and wonder why you get hit again."

While he offered few clues about U.S. strategy or what force levels he would recommend for Afghanistan, Mr. Mattis said the U.S. likely reduced its presence there too quickly in recent years.

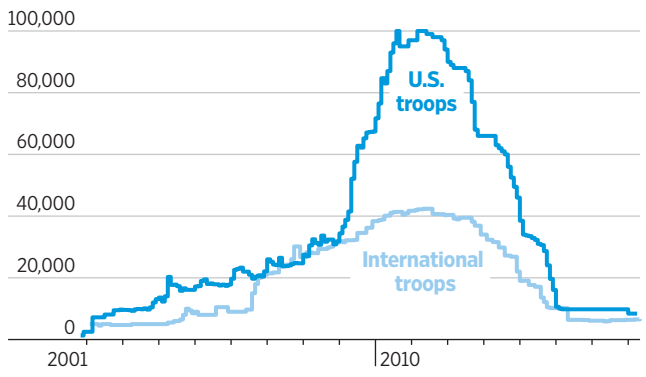
"Looking back, it is pretty much a consensus we might have pulled our troops out too rapidly," he said.

European officials had expected the Trump administration to decide on a new U.S. strategy in Afghanistan before NATO defense ministers convened in Brussels on Thursday. But the White House has yet to announce its plans, though it has given the Pentagon unilateral authority to send thousands of additional troops to Afghanistan at its discretion.

Stopping the Cuts

As the U.S. reviews its Afghanistan strategy, Defense Secretary Jim Mattis said Thursday that U.S. and international troops had been withdrawn from the country too rapidly.

Troops deployed to Afghanistan



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GE

Continued from Page One

Once-impoverished nations such as India, China and Indonesia are becoming economic powers and demanding that companies not just ship them goods, but invest and build locally, teach local workers new skills and share technological know-how.

To win big contracts, GE is trading a global footprint designed for maximum efficiencies of scale for one that means greater face-to-face exposure in local markets. The remoteness of the Marhaura factory adds cost and complexity to the locomotive project. "If something takes three months," project manager Shankar Dhar said one day in April, in an interview at the worksite, "you give it six months here."

To house the workers GE will recruit from other parts of the country, the company is building a "township" of 100 residential units next to the factory. The company also says it is working with local officials to try to streamline bureaucracy and arrange the widening and straightening of roads, to ensure it can get materials to a site it never would have picked on the merits alone.

Global Trade Alert, a trade-monitoring service, counts nearly 350 regulations imposed world-wide since November 2008 requiring local sourcing, hiring or operations, including a profusion of Buy America provisions in the Obama administration. Another 466 regulations require some form of localization to bid on government contracts. More are coming, especially in emerging markets such as India, Argentina and Nigeria, says Simon Evenett, an economist at Switzerland's University of St. Gallen who runs the monitoring service. Government-backed development banks require projects to buy or build domestically in exchange for inexpensive financing.

GE says it has established engineering and research centers in nations such as Poland, Mexico and Qatar, and flexible factories in countries such as Brazil and India, which can easily switch production lines in case political winds or market preferences change. GE is also selling off some of its best-known businesses such as appliances and lightbulbs, which are often the first industrial products a developing country will master, and is focusing on heavy industrial machinery that is more difficult to produce.

"There is a strong trend toward economic nationalism all over the world," GE's CEO, Jeff Immelt, said in a February letter to shareholders. He says the company can't depend on new trade deals to ease global commerce, but must scatter production all over the world.

Mr. Immelt won't be around to watch his experiment play out. The company announced this month that the CEO would retire in August after 16 years at the helm, amid investor dissatisfaction with GE's sluggish stock-market performance.

Mr. Immelt's successor, John Flannery, most recently ran the company's medical-equipment unit. He also once ran GE's India business.

Mr. Flannery's first job is to evaluate GE's vast business lines, although his career path suggests he's unlikely to reverse course on localization. The health-care business has already headed down this path through the customization of some product designs, as in the case of inexpensive, hand-held ultrasound scanners it developed for India.

"What works in Milwaukee doesn't necessarily work in Mumbai," Mr. Flannery says.

A localization strategy requires a deft political touch. GE must balance the competing demands of national leaders to build plants in their backyards. That has become especially difficult since the election of Donald Trump, who has been quick to tweet about any company that moves jobs out of the U.S. The White House is now working on regulations to require U.S. government projects to buy U.S.-made goods.

Not long ago, GE could boast that the products it sold overseas were made in America. Robert Nardelli, a former GE executive who ran the transportation business in the early 1990s, recalls 300 locomotives ordered by China during his tenure were built in GE's huge factory in Erie, Pa.

'If something takes three months,' says a project manager, 'you give it six months here.'

Now GE makes a more subtle argument in meetings with Trump cabinet officials. Overseas investments aren't coming at the expense of U.S. workers they say, and, besides, they wouldn't win the new contracts unless they agreed to manufacture abroad. The engines for all 1,000 locomotives to be assembled in Marhaura, for instance, will be built at GE's Grove City, Pa., plant.

"We can't let people think it's a zero-sum game—that a job in country X means one less job in the U.S.," says GE Vice Chairman John Rice.

Today, many industrial-sector deals—which often involve governments—require 30% to 70% of a machine's contents be produced domestically, GE executives say, a figure that has been rising in recent years.

Over the course of Mr. Immelt's 35-year career at GE, the company has shifted its focus from supplying the U.S. market to selling overseas. In 1982, when Mr. Immelt joined the company, 80% of the firm's revenue came from the U.S. Today, it's only 30%. Back then, GE operated 135 factories in 25 foreign countries. As of this year, it has 325 plants spread across 40 countries.

Jobs have followed the changes. GE employs 104,000 workers in the U.S., about one-third fewer than it did a decade ago. In 1982, GE employed 261,000 workers in the U.S. In China, GE's workforce has doubled in the past decade to about 22,000 today.

GE says it started pushing its localization strategy more fully around the time of the 2008-2009 financial crisis when trade stagnated as a percentage of GDP. The company dispatched Mr. Rice, a tall Summit, N.J., native with a bald dome and a politician's backslapping manner who previously ran its infrastructure and energy businesses, to Hong Kong to build GE's business outside the U.S. Company officials call him GE's Secretary of State.

Mr. Rice, 60 years old, says the world economy became less predictable following the financial crisis, leaving GE hustling to find what he called "tipping points"—moments when new political agendas brought opportunity.

Other companies made similar moves, including Honeywell International Inc., Caterpillar Inc. and investment giant BlackRock Inc. Honeywell introduced a line of hard hats in 2012 for Asian markets it said were designed for the heads of Asian workers—"a superior Chinese fit," according to the company. Honeywell says by setting up manufacturing in Asia it could better grasp the "nuances" of emerging markets.

In China, GE also doubled down on localization. In July 2014, Premier Li Keqiang told a group of U.S. executives that China wasn't that interested anymore in having foreign companies take advantage of the Chinese market, Mr. Rice recalls. China wanted them to become partners of big Chinese firms and teach them how to get business globally.

Rather than compete head-on with local companies on their home turf—battles GE feared it would often lose—the company aimed to piggyback on the growing role of China's state-owned enterprises around the world.

GE threw its weight behind China's "One Belt, One Road" foreign-policy initiative. The effort envisions reviving ancient trade routes by building Chinese-backed ports, pipelines and power plants in countries along the route—in turn boosting China's domestic manufacturing and deepening its global clout. Last October, GE booked part of the lavish Diaoyutai State Guesthouse, where Nixon stayed in his 1972 visit, for Mr. Rice to promote the plan to Chinese executives.

For a One Belt, One Road project, GE teamed up with a Chinese firm, promising a nation that chooses the team that it will also get access to GE technology. The strategy only works because GE has such a large manufacturing presence in China—with more than 30 production sites nationwide—that it can meet China's local-production rules. Beijing makes financing available for the projects.

One of GE's factories is in smoggy Wuhan, an industrial city on the Yangtze River, where a factory boss named Chaoming Chen boasts of his role as Communist Party secretary of the plant and his ties to party higher-ups. "The trade union reports to me," he says, noting that this makes it easier for GE to automate production in Wuhan and potentially cut workers—a process that elsewhere in China has led to worker protests.

GE also teamed up with China's Central Organization Department, which manages personnel moves for the Communist Party, to offer training for state-owned enterprise leaders at GE's Crotonville, N.Y., campus. More than 300 Chinese executives have taken part over the past decade-plus.

In India, GE began to push harder on localization after Prime Minister Narendra Modi was elected in 2014 on a "Make in India" platform. He promised economic development fueled by major investments in India's infrastructure.

GE says it wouldn't have won its India locomotive deal in 2015 without first expanding in India four years earlier, when it started building a factory complex in the industrial city of Pune.

That helped GE train a cadre of skilled workers in an automated facility, which is expected to produce about 30% of the components in the locomotives to be assembled in Marhaura.

The $2.5 billion order for 1,000 locomotives over 11 years is one of the largest deals ever for GE's transportation unit, and its biggest order ever in India.

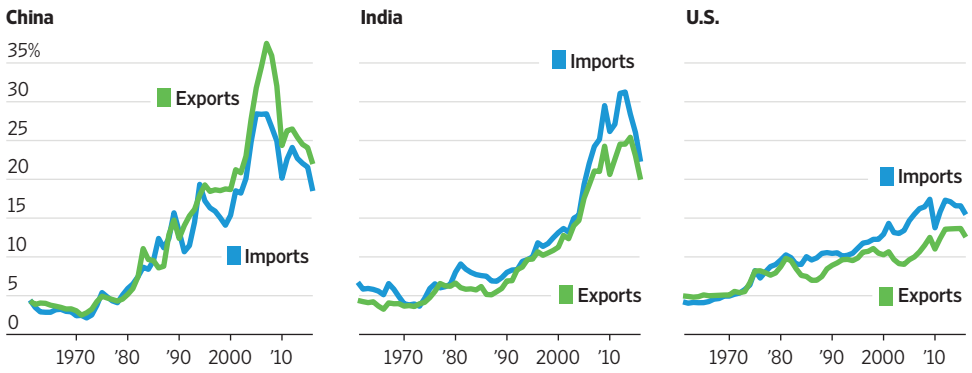
MUYI XIAO FOR THE WALL STREET JOURNAL

GE's Wuhan Boiler Co. in China is participating in the government's 'One Belt, One Road' foreign-policy initiative.

Turning Inward

Since the global economic slowdown, major economies have relied less on world trade for markets and raw materials, and focused more on producers and consumers within their borders.

Trade as a share of GDP



Source: World Bank

Andrew Van Dam/THE WALL STREET JOURNAL.

TICKS

Continued from Page One

the U.S. a year, three times the rate two decades ago. Public attention around tick-borne illnesses, including one that leaves victims allergic to red meat, is mounting.

"Chemical bug spray is not the answer," Ms. Steele said. "You want the natural predators."

The CDC advises people to take lots of precautions to avoid getting bitten by ticks, from staying away from tall grass to creating a barrier of wood chips between lawns and wooded areas. The CDC declined comment on the use of chickens, saying that was out of its "area of expertise."

"We don't need a study if we know experientially it works," said Steven Bibula, a Maine farmer whose chickens are flying off the shelves as New Englanders "terrified" of ticks come knocking. Mr. Bibula said the breeds he sells for tick control are the "elite forces of the chicken world," light-bodied and naturally wary of predators.

Fayetteville, N.Y., last September approved a proposal that lets residents keep up to a dozen backyard chickens. The town of about 4,400, which borders an upstate New York park, has been battling the tick menace for years. There have been instances of children getting Lyme disease just from playing in their backyards, officials say.

Fayetteville has experimented with hiring sharpshooters to take down deer. Chickens were added to the list of tick-fighting options after a resident bugged them about it. "We didn't want all of our eggs in one basket," said Lorie Corsette, the village clerk. While residents are happy about the option, Ms. Corsette said the town had received just one application for a chicken permit as of this week.

Gluttonous appetites and undiscerning palates make chickens especially good at foraging for all kinds of bugs, grubs, fleas and ticks.

Chickens "can be very aggressive when it comes to their food," said Erin Hull, a farmer who recently gave a presentation on chicken-keeping to Fayetteville residents. "If anything moves, a chicken will attack it."

Patricia Foreman, who wrote the book "City Chicks: Employing Chickens as Garden Helpers, Compost Creators, Bio-recyclers and Local Food Suppliers," says chickens are "easier to maintain than cats," requiring little more than a clean coop, fresh water and regular routine.

She loves chickens so much that she sometimes ends phone calls by saying, "May the flock be with you."

North Hempstead, N.Y., has hatched a different plan. It will release about 25 Northern Bobwhite quails, native to the area, into the woods surrounding the community. Quails also eat ticks and officials hope that will help reduce the scourge. Quails, however, are known to fly their coops, so they don't make for good backyard foragers.

The idea that barnyard birds could be stand-ins for other, more proven methods of tick control is ruffling some feathers.

"To say I have a chicken and therefore won't get Lyme, that is dangerous," said Lee Ann Sporn, a biologist who teaches at Paul Smith's College in the Adirondacks. Ms. Sporn said at least one study had found that wild birds can host Lyme-disease-causing bacteria and didn't see why ticks would spare chickens, which are also known to carry certain parasites. "Inappropriate human-domestic fowl interactions" could lead to other human health problems, she added.

Timothy Driscoll, an assistant professor at West Virginia University who studies tick-borne microbes, said there are few studies of scientific rigor on the subject, and they all focus on guinea fowl—a noisier alternative to chickens.

Although those studies provide some evidence guineas could potentially eat enough adult Lyme-infected ticks to reduce their population, these birds appear to have little effect on nymph ticks, each the size of a poppy seed, which are a bigger threat to humans, he added.

"Opossums, on the other hand, are the real deal," Mr. Driscoll said about the marsupial's appetite for ticks. "Unfortunately, they tend to wander into roadways and get killed."

Alex Devoy, a college sophomore who helps out on a Lakewood, N.J., farm, says guineas can eat hundreds of ticks a day. "The number of tick bites on farmworkers is much less than that of last year, when we didn't have the guineas free-ranging."

Dairy farmer Keith England keeps 15 guineas on his 5-acre property in Williamsburg, Pa., specifically for tick control. When his flock dwindled, the eight-legged critters came back quickly, he says, so he began rebuilding his bird patrol.

Will Neide, a medical technologist, said he's considering chickens for his Hershey, Pa., property, which is partly wooded. He became concerned about ticks after seeing greater numbers in recent months and having to institute a nightly tick check for his four children.

"Worst case is I get eggs and a dinner out of them."

BEN GARVER/THE BERKSHIRE EAGLE/AP, LISA STEELE/FRESH EGGS DAILY

Concerns about ticks are rising. Lisa Steele, shown holding her Lavender Orpington named Violet, says chickens can help.

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GREATER NEW YORK

Mayoral Control Extended

By Leslie Brody
And Mara Gay

State lawmakers agreed to extend mayoral control over New York City public schools for two years on Thursday, just one day before Mayor Bill de Blasio's authority over the nation's largest system was set to expire.

There was an "incredible feeling of relief when we finally got the news," Mr. de Blasio said at a news conference.

The deal came after a hectic extraordinary session called by Gov. Andrew Cuomo. He called lawmakers back to the Capitol on Wednesday, a week after their session officially ended with a deadlock on the matter. The governor and legislative leaders had expressed support for mayoral control, saying the system for 1.1 million students needed continuity of governance and clear accountability at the top. But until Thursday they couldn't agree on the strings attached.

In the end, opponents of charter schools claimed victory that the bill's language didn't include an increase in the number of charters that could open in New York City, which had been a sticking point.

Albany gave Mayor Bill de Blasio control over New York City schools for two more years.

But when asked whether he agreed to measures friendly to the charter-school community as part of the negotiations, Mr. de Blasio said the city had found areas of common interest with the pro-charter groups, and an announcement would come soon.

The two-year extension means the governor won't have to haggle over this law again next year when he runs for re-election. The deal extends a variety of local sales taxes and business incentives for lower Manhattan. It also provides flood relief for communities near Lake Ontario, helps an upstate racetrack casino stay open and names the replacement for the Tappan Zee Bridge after the late Gov. Mario Cuomo.

The Democratic-controlled Assembly voted for the package 115 to 15; the Republican-controlled Senate voted 51 to 2.

Mr. de Blasio, who is running for re-election in November, had lobbied hard for mayoral control.

Opponents of the law said parents should have more direct say in their children's education. Some had criticized Mr. de Blasio's management. But in the end, the concept had support from business leaders, many city politicians and the United Federation of Teachers.

Previously, there was a central board of education and 32 local boards, which were widely seen as corrupt and dysfunctional. "It's mayoral control versus what?" the governor asked. "Versus the board of education. Forget it. It's not even close."

In a statement Thursday, Sen. Majority leader John J. Flanagan said the deal capped a "productive" session.

Governor Declares State of Emergency At Struggling MTA

By Paul Berger

New York Gov. Andrew Cuomo on Thursday signed an executive order declaring a state of emergency at the Metropolitan Transportation Authority and demanded a shake-up of its management and operations.

The Democratic governor, who appoints a plurality of the MTA's board, pledged an additional $1 billion to the $8.3 billion the state has already committed to the authority's five-year capital plan.

The state of emergency declaration would speed up decision-making at the authority. Mr. Cuomo said he was giving the new MTA chairman, Joe Lhota, 30 days to reorganize the authority's "longstanding bureaucracy" and 60 days to review and, where necessary, expedite its $32.5 billion capital plan.

Speaking after Mr. Cuomo, Mr. Lhota said: "We must rebuild confidence in the authority with a complete overhaul of the system—identifying the root causes of our problems and taking immediate and decisive action to fix them."

Mr. Cuomo called the state of the New York City subway system "wholly unacceptable" and said the MTA overhaul would begin with the subway. The MTA also operates New York City buses, two commuter railroads and several bridges and tunnels.

"Gov. Cuomo has finally taken responsibility for fixing a broken system, and riders will appreciate his recognition that transit is in a state of emergency," John Raskin, executive director of the Riders Alliance, a transit-advocacy group, said in a statement.

Subway riders have suffered increasing delays and overcrowding for years. The problem reached crisis levels in recent months with a spate of severe delays and a breakdown of a train that stranded passengers without air conditioning for 40 minutes.

On Tuesday, 39 people were injured when two subway cars derailed as a train approached 125th Street in Harlem. Mr. Cuomo called it "the perfect metaphor for the dysfunction of the entire system." The MTA blamed human error.

Following three crippling subway power outages this spring, Mr. Cuomo said that if Consolidated Edison Inc. is found to be responsible for outages in future "they will be fined heavily for the delays they are causing New Yorkers." The power company has acknowledged responsibility for two of the outages, but disputes being responsible for the third.

$1B

Additional amount Gov. Cuomo pledged to the MTA's capital plan

Mr. Cuomo made his comments Thursday on the stage at the Hammerstein Ballroom in Manhattan, standing beneath a Thomas Edison quotation, "There's a way to do it better—find it." He was there to launch an MTA competition called the Genius Transit Challenge.

The MTA's transit challenge offers competitors a $1 million prize in each of three areas, improving signal systems, improving performance and reliability of subway cars, and modernizing communications.

Mr. Cuomo invited several hundred transit competition hopefuls gathered in the ballroom, some of whom had traveled from Europe and Asia, for "outside the box" ideas. One of them, Adam Rahbee, a consultant who worked on subway systems in London and Chicago, said he has "a bunch of answers."

MARY ALTAFFER/ASSOCIATED PRESS

A woman exits a subway station this week after a derailment.

Prepping to Light Up the Fourth

CAREY WAGNER FOR THE WALL STREET JOURNAL

CAREFUL, NOW: Pyrotechnicians on Staten Island on Thursday were getting tens of thousands of aerial effects ready for the big show on Tuesday. The Fourth of July fireworks are scheduled to be set off from barges in the East River starting at 9:20 p.m.

Aetna Picks Manhattan for New Home

By Joseph De Avila
And Keiko Morris

Aetna Inc. will move its corporate headquarters along with 250 jobs to Manhattan by late 2018 from Hartford, Conn., the latest company to abandon a smaller city for a major urban center.

The company said it chose New York so it could tap a more robust pool of talent at a time when Aetna is repositioning itself as a consumer-oriented health company.

"New York City is a knowledge economy hub, and a driver of the innovations that will play a significant part in our ongoing transformation," Chief Executive Mark Bertolini said in a statement Thursday.

Aetna's departure comes as Connecticut is struggling with a spiraling fiscal imbalance that has led to a projected $5.1 billion budget deficit over the next two years. It is the latest big-name corporate loss for the state after General Electric Co. left for Boston last year.

Aetna's headquarters will be in a 170,000-square-foot Chelsea building being developed by Vornado Realty Trust and Aurora Capital Associates at 61 Ninth Ave. The nine-story office building, designed by Rafael Viñoly, is located not far from Alphabet Inc.'s Google office. Starbucks has signed a lease for a 20,000-square-foot megastore.

The area around Aetna's new home was initially technology focused but the neighborhoods have begun attracting more mature and diverse corporations looking to recruit and attract high-level workers, said Paul Amrich, vice chairman at real-estate services firm CBRE Group Inc. The High Line park, new residential development, retail and restaurants have added to its allure as a hip area, he said.

Aetna said it would keep thousands of employees at its Hartford campus but said its commitment to Connecticut "will be based on the state's economic health."

"The company remains hopeful that lawmakers will come to an agreement that puts Connecticut on sound financial footing, and that the state will support needed reforms to make Hartford a vibrant city once again," Aetna said in a statement.

Hartford is facing a $49.6 million budget hole. The city has asked the state for help and reached out to attorneys in May in case it is forced to seek bankruptcy protection.

A spokeswoman for Gov. Dannel Malloy said the governor appreciates that thousands of Aetna employees will remain in Connecticut.

New York state offered Aetna $24 million in performance-based tax credits over the next 10 years. New York City also promised $9.6 million in tax benefits.

Mr. Malloy previously said his administration offered to match any financial incentives any other state offered.

—Mara Gay contributed to this article.

BESS ADLER FOR THE WALL STREET JOURNAL

An eighth-grade class at HoLa charter school in Hoboken, N.J.

Hoboken Loses Bid to Halt Charter's Growth

By Leslie Brody

The Hoboken school board lost another round Thursday in its fight to curb the growth of the Hoboken Dual Language Charter School.

An appellate panel of New Jersey Superior Court rejected the board's claim that the charter increased segregation in the district.

Charter advocates have watched the case closely as it dragged on for years, concerned that a board victory would give charter opponents a playbook for limiting the expansion of these publicly funded, independently operated schools.

A lawyer for the district said the board was disappointed and would discuss whether to seek a review from the state Supreme Court.

The district argued the state shouldn't have decided in 2014 to let the small elementary school add grades seven and eight because the charter diverted taxpayer dollars from regular public schools, and increased segregation by not enrolling enough minority students.

The high-performing charter, known as HoLa, added those two grade levels while litigation continued.

"We're so grateful that this case is finally over," Jennifer Sargent, executive director of HoLa, said Thursday.

The school serves about 300 children in kindergarten through eighth grade, with a curriculum in Spanish and English. Last year, 55% of its students were white, 33% Hispanic and 3% black, according to state data. About 12% were poor.

Board attorney Eric Harrison said the state's charter-approval system is unfair. "Our quarrel was never with HoLa," he said.

The ruling noted that the school's staff and parents canvassed subsidized-housing developments to recruit families and gave preference to low-income children in its admission's lottery.

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SPENCER PLATT/GETTY IMAGES

A man slept on a grassy area in lower Manhattan this month.

Candidate Reveals Proposal

By Mara Gay

Republican mayoral candidate Nicole Malliotakis unveiled a plan she said would address homelessness—a stubborn challenge for New York City and a potential political liability for Mayor Bill de Blasio.

Ms. Malliotakis, a state Assemblywoman who emerged this week as Mr. de Blasio's likely GOP opponent, said the mayor's high-spending approach to the issue has failed, and New Yorkers are tired of seeing individuals living on the streets.

"It's become a free-for-all. You can sleep wherever you want, urinate wherever you want, you can litter, you can do whatever you want almost, and there's no type of enforcement," Ms. Malliotakis said Thursday.

The number of people living in shelter under Mr. de Blasio is slightly more than 58,000, up from just over 50,000 when the mayor took office in 2014.

The budget for the Department of Homeless Services this year is more than $1.6 billion, up from roughly $1 billion when the mayor took office. When spending on homelessness initiatives by other agencies is included, this year's figure is more than $2 billion, according to an analysis by the Citizens Budget Commission, a nonpartisan group.

Ms. Malliotakis said spending on homelessness would remain flat if she became mayor.

Mr. de Blasio didn't directly comment on Ms. Malliotakis's ideas, but said he and the assemblywoman "have real differences."

A de Blasio campaign spokeswoman said the mayor is doing some of the things included in Malliotakis plan, such as helping domestic-violence survivors find new homes, and increasing outreach to homeless individuals.

She reiterated the mayor's commitment to his own plan to address homelessness, which calls for opening 90 new shelters across the city.

Ms. Malliotakis, who represents Staten Island and part of Brooklyn, said her plan would free up tens of thousands of units of public housing for homeless families by moving older residents with extra bedrooms into smaller units.

Moreover, she would tighten intake requirements for shelter, and ban the use of hotels to house the homeless for more than seven days. About 8,000 people were being housed in hotels by the city as of this week, city officials said.

It wasn't immediately clear how the assemblywoman's plan would be executed. The city's public housing authority only has 1,065 vacant units, a figure that includes 341 one-bedroom apartments and 68 studios, according to city data, making it difficult to move a large number of people out of bigger units.

Banning the use of hotels as shelter for more than seven days also could be difficult in the short-term because the city is legally required to offer shelter to anyone who needs it.

Immigrant Targeting In Courts Sows Fear

By Corinne Ramey

New York City Council members and advocates for immigrants railed against federal immigration agents in courthouses, saying their presence undermined public safety and made noncitizens afraid to appear in court.

Those testifying at a City Council committee hearing Thursday said that in the past few months, U.S. Immigration and Customs Enforcement agents increasingly have entered city courthouses.

ICE agents have appeared 34 times and made 21 arrests in state courthouses in New York City since February, according to a spokesman for the state Office of Court Administration.

"We're hearing fears, we are seeing people not show, we are watching our clients be shackled and taken away from their families," Tina Luongo, an attorney at public-defender organization the Legal Aid Society, said during the hearing. Those arrested included people with and without criminal histories, she noted.

LUCY NICHOLSON/REUTERS

The badge of a federal ICE agent

A spokeswoman for ICE didn't respond to requests for comment. In March, U.S. Attorney General Jeff Sessions and Homeland Security Secretary John Kelly wrote a letter to the chief justice of California in which they said so-called sanctuary cities' lack of cooperation with its agents, particularly in barring them from jails and prisons, makes courthouse enforcement necessary.

City Council members and those who testified Thursday suggested the court system do more to keep ICE agents out of its buildings. They brainstormed various actions, including a lawsuit, that the council or others could file.

The City Council has no official oversight of the state courts. The Office of Court Administration said it was committed to the safety of all New Yorkers and has asked ICE to "treat courthouses as sensitive locations, similar to schools, hospitals and places of worship."

ICE agents typically don't enter places such as schools or churches, but they don't view courts as sensitive locations.

Canada, Eh? New Yorkers Find a Lot to Love

By Charles Passy

Call it the Canadian invasion.

America's northern neighbor is preparing to mark the 150th anniversary of the country's unification on the July 1 Canada Day holiday.

The occasion also is proving to be a cause for celebration in New York, especially at a time when Canadian food and culture have become buzz-worthy sensations in the city.

FOOD & CULTURE

Several events are being planned in connection with the Saturday festivities. Dirt Candy, the popular Lower East Side vegetarian restaurant headed by Canadian-born chef Amanda Cohen, is hosting a Canada Day cookout.

Joe's Pub, the Public Theater's cabaret space, is putting on a pair of "New York Rocks the Great Canadian Songbook" shows, featuring the work of Joni Mitchell, Leonard Cohen and Neil Young, among other Canadian performers.

Also of note: Toronto's Soulpepper Theatre Company, a 20-year-old troupe that is widely recognized as one of Canada's leading dramatic institutions, begins a month-long residency in New York City on Saturday. The company will offer several productions at Midtown Manhattan's Pershing Square Signature Center, its home for the New York stint.

This flurry of activity didn't suddenly materialize: In recent years, New Yorkers have shown a growing fascination with all things Canadian. A number of Canadian-themed restaurants have opened, from Mile End, a delicatessen with two New York City locations, which features Montreal-style smoked meat, to the Gentry, a dining spot in Brooklyn's Greenpoint neighborhood that offers another specialty—poutine, a dish of fries topped with gravy and cheese curds.

AGATON STROM FOR THE WALL STREET JOURNAL

Two versions of poutine, the beloved dish of Quebec, from The Gentry in Brooklyn's Greenpoint neighborhood. Right, a concert at Joe's Pub in Manhattan during last year's Canada Day.

BILL BURKE

The Gentry, which opened in March, is marking Canada Day with a $5 poutine special. Mile End also is running holiday-themed menu items, including the "150 burger," which is smothered in poutine.

Then, there is "Come From Away," the Tony Award-winning Broadway musical that chronicles the story of how a small Canadian town welcomed hundreds of stranded air travelers in the aftermath of 9/11.

Some say interest in Canada has increased in recent months, as New Yorkers, if not all Americans, look to our northern neighbor as something of a peaceful counterpoint to a U.S. that increasingly has become divided politically and socially. Canadian Prime Minister Justin Trudeau also has played a growing role on the global stage.

For certain New Yorkers, Canada is still home in a sense. About 53,000 residents of the state are Canadian-born, according to the latest data from the U.S. Census Bureau.

Little wonder the city boasts its own Canadian club—the Canadian Association of New York, which has a $20-a-year membership roster of more than 1,000.

Club president Dean Keyworth says it is a proud and exciting time to be a Canadian in New York City, but he notes that some New Yorkers still misunderstand certain aspects about their northern brethren.

Chief among the misperceptions: All Canadians are friendly. "I can assure you there are rude people in Canada as well," Mr. Keyworth said.

New Police Officers Ready to Protect and Serve

MARY ALTAFFER/ASSOCIATED PRESS

ON THE FORCE: More than 400 graduates took the oath and became members of the NYPD Thursday.

CORRECTIONS & AMPLIFICATIONS

Jukay Hsu founded C4Q, a startup nonprofit in Long Island City, Queens, that provides free coding classes to low-income adults. In the Metro Money column Wednesday on the subject of this job-training program, Mr. Hsu was incorrectly referred to once as Ms. Hsu and once as Mr. Jukay.

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

GREATER NEW YORK WATCH

JFK AIRPORT

Grease Fire Spurs Partial Evacuation

Police evacuated parts of John F. Kennedy International Airport on Thursday afternoon after a fire filled areas of a terminal with smoke, according to a spokesman for the Port Authority police.

The fire started in a Panda Express restaurant at about 3:45 p.m., the spokesman said. There were no injuries.

A spokeswoman for Panda Express referred requests for comment to a spokesman for JFKIAT, which operates Terminal 4 at JFK. That spokesman said there was a grease fire.

—Zolan Kanno-Youngs

TRANSPORTATION

Gateway Project Late On Impact Statement

The $23.9 billion Gateway Program, which includes digging a new rail tunnel under the Hudson River, missed a deadline this week.

The Federal Railroad Administration delayed publication of a draft environmental impact statement for the two-track tunnel, a report that was due for release on Friday.

Craig Schulz, a spokesman for the Gateway Program, said the delay was caused by federal transportation officials who "need additional time to brief senior leadership."

A U.S. Transportation Department spokesman said the statement is nearing completion.

—Paul Berger

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LIFE & ARTS

FILM REVIEW

By Joe Morgenstern

Dulcet Symphony

A tree in Iowa, above, and Davyd Betchkal, Soundscape Technician for the National Park Service, below, in Patrick Shen's documentary

QUIET, PLEASE.

In contrast to "Baby Driver," with its high-decibel cacophony, this week also brings Patrick Shen's "In Pursuit of Silence." It isn't really silence that's being pursued in this beguiling, meditative and elegantly photographed documentary. As one murmuring head after another observes, absolute silence can't be achieved in these earthly precincts, and doesn't warrant chasing after in any case. What's de-stressing for the body and nourishing for the soul is quiet that contains benign sounds—a fugitive breeze, a rustle of leaves, choral insects, a bird sending signals from the far reaches of a serene acoustic surround.

The film begins with a tribute to "4'33," the seminal composition by John Cage in which music is not played—by a pianist, or a full orchestra—for the four minutes and 33 seconds of the title. In Mr. Shen's evocative sequence, words are not spoken but, if you listen carefully, sounds of nature and even human laughter can be heard under—or over, or within?—a succession of graceful im-

ages. "In Pursuit of Silence" is organized loosely, to say the least, with brief side trips into noise abatement and the supposedly salubrious effects of silence on cancer. And the necessary paradox of Mr. Shen's enterprise is that the film's silent stretches are repeatedly broken by people talking about silence.

Yet what they say is fascinating. The loudest city in the world is Mumbai, where, during festival time, the streets can hit 107 decibels. National parks in North America can be extremely quiet, down around 11 to 14 decibels in winter, but summer visitors to Denali National Park in Alaska will be afflicted by the noise of airplanes, cars and trains for more than six hours a day. The movie has little to say about the madness of trendy restaurants, where 90-decibel levels are not only common but welcome, but a bioacoustical scientist with the National Park Service speaks to the larger, louder issue: "The prospect of being blinded or deafened would be terrifying to most people, but, in fact, it may be happening in a much more subtle way already."

(A list of theatrical screenings can be found at pursuitofsilence.com/screenings/north-america/)

CINEMA GUILD (2)

ART REVIEW

The Unknown Gauguin

BY MARY TOMPKINS LEWIS

Chicago

THE SHADOWS OF French colonialism, of 19th-century cultural appropriations, and of the artist's unbridled carnal appetites found in his work have made the French Post-Impressionist painter Paul Gauguin (1848-1903) a lodestone for scholars and commentators of every conceivable stripe. Gauguin's infamous self-image as an exotic, unrepentant savage has been debunked, but what has not received its due is the breadth of the artist's creative process—the radical experiments and breathtaking range of media Gauguin employed to define a willfully crude, self-conscious primitivism that defied the hierarchies of the fine arts.

The exhaustive and exhilarating "Gauguin: Artist as Alchemist," an exhibition of almost 250 works curated by Gloria Grooms of the Art Institute of Chicago and Claire Bernardi and Ophélie Ferlier-Bouat of the Musée d'Orsay (where the show travels next), changes that. Though he supported himself as a painter (some 70 of his paintings are on view), the primal place of sculpture and the applied arts in Gauguin's oeuvre—as seen here in wood, carved stone, embellished furniture and richly expressive ceramics—reveals the depth of his fascination with decoration and the lowly craft arts that would shape his outlier aesthetic, and even his identity. Working in France, the Caribbean and finally French Polynesia, Gauguin produced an oeuvre of astonishing complexity and refinement that itself challenges his mythic persona as an *ultra-sauvage*.

The show, organized chronologically, opens with early works that highlight the artist's deep attachment to the humble objects he carved or collected and their significance for his art. A chalk drawing by Camille Pissarro of Gauguin whittling a small wooden statuette—a skill likely acquired in the artist's youthful years as mariner—is flanked by the tiny figure pictured within it, painstakingly carved by Gauguin in a tropical hardwood he would see again in Tahiti. Likewise, an 18th-century pinewood tankard looms large in Gauguin's "Clovis Sleeping" (1884), an exquisite portrait of his young son that anticipates the dreamlike world of the artist's later Symbolist works. The object's physical presence here grounds that vision in reality. A later wooden walking stick, on which the artist sculpted a snake and female nude and topped with a carved Breton *sabot* (or wooden clog), encapsulates his stay in Brittany in the late 1880s even as it offers a rustic riposte to the elegant accouterments of Parisian *flâneurs*.

Gauguin discovered ceramic art making in 1886 in the studio of Ernest Chapelet, and produced over a hundred such objects during

his years in France. Though prized by the artist and often depicted in his still lifes (a number are included here), Gauguin's clay and stoneware creations remain his least known works; the inclusion of almost half of those that have survived is an epiphany. The artist delighted in the strangeness of such works as his "Vase With the Portrait Mask of a Woman" (1887-88), a glazed vessel on which the accidental effects of the firing process are celebrated with gilded highlights. Gauguin remembered his mother's collection of anthropomorphic ceramics from her native Peru, and the placement of this work alongside the ancient Andean "Portrait Vessel of a Ruler" is one of the show's many inspired pairings. Likewise, his stoneware "Self-Portrait in the Form of a Grotesque Head" (1889) one of the "monstrosities" he boasted of to his friends, is beautifully juxtaposed with an ancient terra-cotta portrait from Mexico of a

Paul Gauguin's 'Mahana no atua (Day of the God)' (1894), above, and 'Vision of the Sermon (Jacob Wrestling With the Angel)' (1888), left

kind he would have known from Parisian ethnographic museums. It suggests the countless visual prompts from non-European cultures that would shape his defiant aesthetic.

The artist also mined his own works for eloquent motifs. The tentative female nude who inches into a pool atop his elegant glazed "Cup Decorated With the Figure of a Bathing Girl" (1887-88), for example, evolved from the charcoal and pastel "Breton Bather" (1886-87), a design for a fan and for stoneware, and is reprised in reverse in a zincograph that belonged to the brilliant, chrome yellow prints of his Volpini Suite (1889).

Neither clay nor kilns were to be found in Tahiti when Gauguin arrived in 1891, so he turned to the materials at hand, working in tapa (bark cloth), stone and especially tropical hardwoods in works that burnished the authenticity of his exoticism. He became obsessed with the local *ti'ii*, the mysterious Maori deities banned by Christian missionaries and hidden away by natives; they figure in his Polynesian paintings and were joined by the artist's own small idols carved in wood and adorned with precious objects.

Woodblock prints, too, took on a huge new place in his output, as seen here in the pages and printing plates of his "Noa Noa Suite," an ambitious graphic project he undertook on his sole trip back to Paris (1893-95) that offered a synthesis of his ambiguous Tahitian imagery and primitive style. Its shallow carved blocks of flattened motifs may well have inspired the artist's later ensembles of painted and sculpted reliefs, including the decorative panels of his "Maison du Jouir" (or House of Pleasure) that he built in his last days on the remote Marquesas Islands. The final expression of his mythic artistic identity, its remnants here bring the exhibition to a powerful and poignant close.

Gauguin: Artist as Alchemist
Art Institute of Chicago, through Sept. 10

Ms. Lewis teaches art history at Trinity College, Hartford, Conn.

FROM TOP: THE ART INSTITUTE OF CHICAGO; SCOTTISH NATIONAL GALLERY, EDINBURGH

THEATER REVIEW | By Terry Teachout

TEXAS TOWNS AND HOSPITAL ROOMS

New York

'THE TRAVELING LADY,' among the most tenderly poignant of the soft-spoken studies of small-town life in which Horton Foote specialized, has had its ups and downs—mostly the latter. It ran for just three weeks on Broadway in 1954. Three years later, Kim Stanley, the star of that ill-fated production, repeated her much-admired performance on TV's "Studio One," and in 1965 the play, retitled "Baby the Rain Must Fall," was unsuccessfully filmed, this time as a vehicle for Steve McQueen. But by then Mr. Foote's once-promising career was in eclipse, and it wasn't until years later that he was generally recognized as one of America's most important playwrights. Now the original stage version of "The Traveling Lady," judiciously tightened by Mr. Foote from three acts to one for a 2004 revival, is being performed off Broadway in a production directed by Austin Pendleton, who has a knack for making smart things happen in small theaters. He's done it again: I feel certain that Mr. Foote himself would have delighted in the perfect stylistic unanimity of this lovely revival.

In all its iterations, "The Traveling Lady" tells the story of Georgette (Jean Lichty), who comes to

Please see THEATER page A11

CAROL ROSEGG

PJ Sosko, Korinne Tetlow and Jean Lichty in 'The Traveling Lady'

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TELEVISION REVIEW | By Dorothy Rabinowitz

A Therapist in Need Of Therapy

Naomi Watts, and below with Billy Crudup

NETFLIX

WORD HAS IT that Netflix's "Gypsy," a tale of a psychologist immersed in complex relationships with her patients, will inevitably remind viewers of "In Treatment." A doubtful proposition that: Audiences watching this 10-part drama unfold in all its gloomy portentousness may be pondering many things, but not how this enterprise reminds them of the brilliant HBO series, starring Gabriel Byrne, about a therapist and his patients.

True, it appears at the beginning that psychologist Jean Holloway, portrayed by a convincingly authoritative Naomi Watts, is the most discerning and empathetic of therapists, one willing to do her all, and more, to protect her patients and lead them to insight. She's a strong voice in conferences with her fellow therapists as they discuss patients; a loving mother to her endearing 9-year-old daughter, Dolly (Maren Heary); a devoted partner to her affable husband, Michael (Billy Crudup), a lawyer who takes everything about his life in stride.

Toward the end of the season, when Michael discovers that his wife has been leading a dangerous double life—harmful to others, her patients included, as well as herself—and when the world as the two of them know it is clearly crashing down around them, all the script gives him to say is a thunderous "You never could commit!" None of this, of course, is Mr. Crudup's fault.

But far earlier, in the conversations that take place in the Holloways' elegant suburban home—the exchanges of affectionate banter between Jean and her husband that bear small resemblance to anything resembling recognizably human talk between intimates—this is the canary in the coal mine here. The indicator that, whatever else this series may offer, it won't be the dialogue of credible human characters.

The one exception is the couple's child, a cheerfully boyish girl displaying signs that she may one day arrive at transgender status—a fact already causing gossip among parents at her school and, yes, talk of a special bathroom. Drenched though it is in hot-topic-of-the-day symbolism, Ms. Heary carries her role off superbly.

The same can't be said for her character's mother, Jean, whose roles are more confused, and none more than the one she takes on as a schemer pursuing her sexual obsessions with Sidney (Sophie Cookson), a barista and the longtime love object of Jean's patient Sam (Karl Glusman). Sam is in despair: Sidney has dropped him—Sidney who exerts a special hold on him, who makes him feel alive, who makes life seem vivid. All this, it appears, is enough to spark a certain hunger in Jean, even as she persuades Sam that he's imagining this hold Sidney has on him, and that he's far better off without her. The therapist in due course goes looking for Sidney—for herself, as it turns out.

There's another self to Jean, as it turns out, another identity. She has a city apartment rented in another name, the name of a self she describes as a journalist in tapes she's left. It's the place to which she brings Sidney at the height of their passionate connection.

Her pursuit of the barista, abetted by information she dragged from her poor patient, comes close, occasionally, to a kind of suspensefulness that might justify the show's description as a thriller. As do Jean's manipulative efforts to keep Sam from reuniting with Sidney when she seems to want him back—inconvenient for Jean, who wants her for herself. Why, Sam wonders—when the happiness of a lost love returned to him is being offered—should his therapist be telling him the woman is no good for him?

It's effective intrigue, yes, but a kind quickly deadened by dialogue stupefying in its torpidity—as is the case throughout—and by the flatness of these characters.

Here's Sidney, the barista empowered, as her rejected boyfriend testifies, with magical charm and effervescence, by a capacity to make a person feel whole and alive. But the woman Jean meets when she rushes off to find Sidney is sexy but far from the jewel promised. An ordinary seducer, she's sullen, suspicious, conniving and on the make. Which doesn't prevent Jean from falling swooningly in love with her—apparently her first adventure in same-sex ecstasy.

"Dance for me," she requests of Sidney during a seduction game. Still a psychologist at heart, she explains: "It's what came to me and I don't want to overthink it."

Should the temptation arise to skip season 2, the same wisdom should apply—don't overthink it.

Gypsy
Friday, Netflix

JOAN MARCUS (2)

Jack DiFalco and Janeane Garofalo, above, and Lili Taylor, below, in 'Marvin's Room'

THEATER

Continued from page A10

Harrison, the tiny Texas town that was the center of Mr. Foote's semi-fictional universe, to await the imminent release from prison of Henry (PJ Sosko), her ne'er-do-well alcoholic husband, an aspiring country singer who can't manage to stay out of trouble. What follows is a tightly snarled web of hope and disappointment, woven together with the deceptively aimless-sounding small talk that was Mr. Foote's trademark. (Harrison is the kind of town whose residents are apt to ask one another questions like "What part of the cemetery are they buryin' you?")

As always, Mr. Pendleton has staged "The Traveling Lady" with a gentle understatement that draws you in before you know it, and his actors exude a feeling of community so strong as to create the impression that they've known one another for years, maybe decades. To single out Ms. Lichty, Mr. Sosko, Larry Bull and Lynn Cohen for special mention is to disserve the similarly persuasive performances of their six colleagues, who are excellent without exception. Amy Stoller, who is credited in the program with "dialect design," is presumably responsible for ensuring that everyone in "The Traveling Lady" sounds like a native-born Texan, not a tin-eared caricature. That, too, would surely have pleased Mr. Foote, as would the fact that his play is being performed in a theater whose 179 seats are all close enough to the stage that you can hear the actors breathe.

Marvin's Room

New York

SCOTT MCPHERSON'S "Marvin's Room," which ran off Broadway in 1991 and was filmed five years later, has made it to Broadway at last. I'm surprised it took so long, since it's the kind of play that typically goes over big there, a kitchen-sink-and-hospital-room cancer comedy in which all of the characters say cleverish things most of the time. The characters in question include Bessie (Lili Taylor), a dutiful daughter who comes down with leukemia after spending 20 years caring for her (unseen) senile father; Lee (Janeane Garofalo), Bessie's not-so-dutiful sister, who flew the family coop as fast as she could but now finds herself saddled with a teenage son (Jack DiFalco) who set fire to her house and is now in a mental institution, and...but you get the idea, right? Lots of laughs, lots of jerked tears, very little reality.

Anne Kauffman, the director, stages the handful of serious scenes in "Marvin's Room" with sensitive simplicity and makes the others seem at least possible, if not truly believable. It happens that Ms. Kauffman also directed the recent Yale Rep premiere of Amy Herzog's "Mary Jane," a play about a single mother and her (unseen) disabled child whose premise has a family resemblance to that of "Marvin's Room." The difference is that "Mary Jane" is tough, honest and unsparing, the kind of play at which you laugh because it hurts too much not to, whereas "Marvin's Room" is a thickly sugared pill, glib and sentimental to a fault.

As for the cast, Ms. Taylor is a happily known quantity, the kind of no-nonsense actor who enhances any show in which she appears. Mr. DiFalco, a Broadway debutant, is convincing in every way as Hank, Lee's disaffected son, while Ms. Garofalo, who is new to the stage, proves to be fully at ease there, enough so that I hope to see her try her hand at a more challenging role.

The Traveling Lady
Cherry Lane Theatre,
38 Commerce St. ($65-$95),
866-811-4111, closes July 16

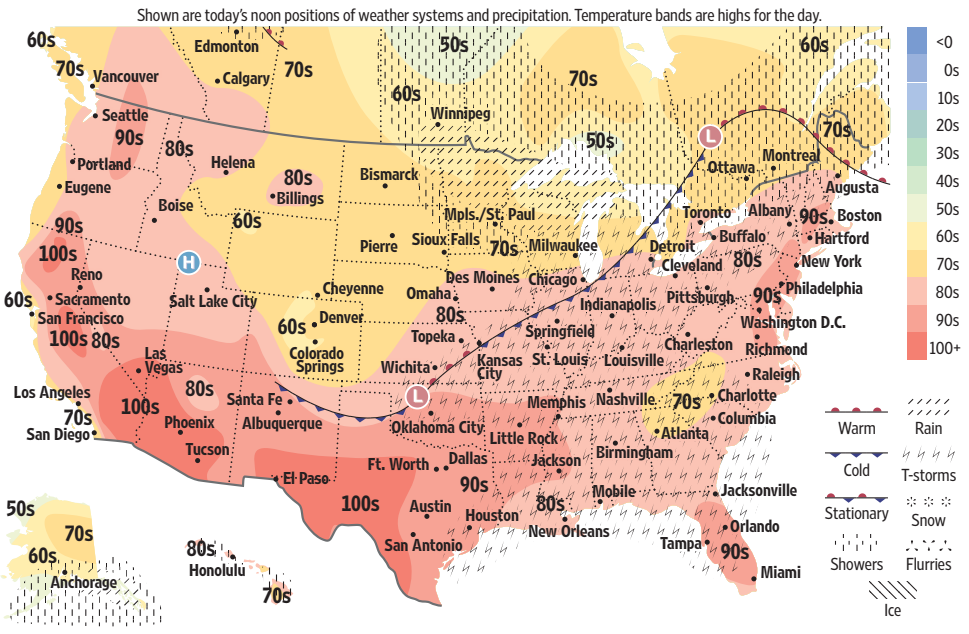
Marvin's Room
Roundabout Theatre Company,
American Airlines Theatre, 227 W.
42nd St. ($47-$147), 212-719-1300,
closes Aug. 27

Mr. Teachout is the Journal's drama critic. "Billy and Me," his second play, opens at Palm Beach Dramaworks on Dec. 8. Write to him at tteachout@wsj.com.

Weather

AccuWeather.com

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

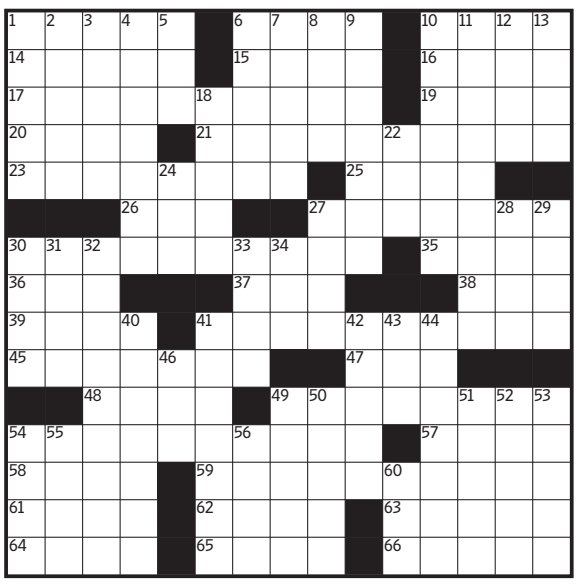
City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Anchorage	62	52	c	65	54	c
Atlanta	78	72	t	86	73	t
Austin	98	78	pc	99	75	pc
Baltimore	92	73	pc	90	71	t
Boise	89	61	s	95	63	pc
Boston	87	70	pc	88	69	pc
Burlington	82	70	c	84	68	t
Charlotte	78	69	r	89	71	pc
Chicago	80	65	r	82	60	pc
Cleveland	86	71	t	82	66	sh
Dallas	98	80	pc	95	78	t
Denver	73	52	pc	85	57	pc
Detroit	83	67	t	84	61	pc
Honolulu	85	75	pc	85	74	sh
Houston	93	79	pc	94	74	pc
Indianapolis	82	68	t	83	61	pc
Kansas City	82	61	pc	84	65	s
Las Vegas	108	82	s	110	83	s
Little Rock	93	71	pc	85	70	t
Los Angeles	80	63	pc	79	63	pc
Miami	91	80	pc	91	79	pc
Milwaukee	78	64	r	79	61	pc
Minneapolis	79	60	r	78	63	sh
Nashville	86	72	t	86	70	t
New Orleans	89	76	t	91	75	pc
New York City	90	75	pc	86	73	pc
Oklahoma City	93	68	t	87	69	pc
Omaha	82	59	pc	86	66	s
Orlando	90	74	t	90	74	t
Philadelphia	92	74	pc	90	73	t
Phoenix	108	80	s	110	83	s
Pittsburgh	86	70	pc	82	65	t
Portland, Maine	83	65	c	80	64	t
Portland, Ore.	87	58	pc	80	57	s
Sacramento	94	58	s	94	60	s
St. Louis	88	72	t	88	68	pc
Salt Lake City	87	61	s	95	71	pc
San Francisco	69	56	pc	71	56	pc
Santa Fe	92	58	s	86	57	t
Seattle	84	56	pc	76	56	pc
Sioux Falls	77	50	sh	81	61	pc
Wash., D.C.	92	75	pc	91	76	t

International

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Amsterdam	68	58	sh	67	56	c
Athens	102	82	s	102	82	s
Baghdad	114	83	s	116	83	s
Bangkok	92	78	t	93	79	t
Beijing	97	76	t	96	74	pc
Berlin	68	57	r	64	56	sh
Brussels	69	56	sh	65	53	c
Buenos Aires	62	37	c	63	46	s
Dubai	111	90	s	110	89	s
Dublin	60	45	pc	66	51	c
Edinburgh	60	51	c	64	51	pc
Frankfurt	73	56	sh	66	56	sh
Geneva	69	54	sh	68	54	c
Havana	91	74	pc	92	74	pc
Hong Kong	90	83	s	89	82	sh
Istanbul	93	77	s	94	74	s
Jakarta	89	77	t	90	75	pc
Jerusalem	88	68	s	90	69	s
Johannesburg	65	38	s	67	40	s
London	71	57	c	73	58	pc
Madrid	74	54	s	79	55	s
Manila	92	79	t	92	79	t
Melbourne	54	37	pc	55	41	s
Mexico City	73	58	t	69	56	t
Milan	76	58	t	80	57	pc
Moscow	80	62	r	74	57	r
Mumbai	88	78	r	87	80	r
Paris	68	56	sh	67	55	pc
Rio de Janeiro	83	68	s	77	66	sh
Riyadh	112	78	s	112	83	s
Rome	82	65	t	79	63	s
San Juan	87	79	c	89	78	pc
Seoul	85	70	pc	84	73	c
Shanghai	90	78	c	89	78	t
Singapore	87	79	pc	87	77	t
Sydney	57	44	s	59	44	s
Taipei	91	79	c	90	79	t
Tokyo	81	75	r	82	75	r
Toronto	81	65	t	80	60	pc
Vancouver	73	56	pc	69	55	pc
Warsaw	75	58	pc	75	57	pc
Zurich	74	53	sh	70	54	sh

The WSJ Daily Crossword | Edited by Mike Shenk

PUZZLE CONTEST



BUYER BE WHERE? | By Marie Kelly

The answer to this week's contest crossword is **a place to buy things.**

Across

1 Chipotle choices
6 Buds
10 Enjoy Extra
14 Unassisted
15 Came to rest
16 "Thy vesper-bell ___ not yet toll'd": Coleridge
17 President with an office in the Palacio de la Revolución
19 Fascinated by
20 Subject of a Magritte painting (or is it?)
21 Losing reflectivity, in a way
23 More furtive
25 Big leagues
26 By means of
27 Artist with the Imagine Peace website
30 A place to buy things (and a hint to finding another place to buy things)
35 Be versed in
36 Old Speckled Hen, for one
37 Passive force
38 Hole's start
39 Funny Fey
41 Angelina Jolie and Brad Pitt, e.g.
45 Fluctuates
47 Stud's place
48 Bridal shower?
49 Mirage setting
54 Trump promised to "load it up with some bad dudes"
57 Home of Double-A baseball's SeaWolves
58 Dissenter's position
59 Loser in both his vice presidential and presidential campaigns
61 1950s British prime minister
62 61-Across's earldom
63 "Over my dead body!"
64 Desirable vein
65 Salts
66 War losers, usually

Down

1 Diamond protectors
2 Delon of "L'Eclisse"
3 Lot option
4 Ashore, perhaps
5 Jiffy
6 Cut counterpart
7 Let out, say
8 Campania coin, once
9 Crush
10 Salmon of the North Pacific
11 Keeps
12 Classic words of disbelief
13 Hit hard
18 Like teak trees
22 Rankle
24 Soul seller
27 Itches
28 Joyeux time
29 Isn't squared up
30 Dietary concern
31 Netman Nastase
32 Like a saint
33 Batik artist's collection
34 Box office sales, in Variety
40 Senseless
41 Curse
42 "___ no?"
43 Seth Curry, e.g.
44 Reactor type
46 Get off the fence
49 Delivery preceder
50 Answers from the pews
51 Shady spot
52 Choreographer Alvin
53 Experts in futures
54 Highlands native
55 Sabotage
56 Flaring star
60 Booming stuff

▶ Email your answer—in the subject line—to **crosswordcontest@wsj.com** by 11:59 p.m. Eastern Time Sunday, July 2. A solver selected at random will win a WSJ mug. Last week's winner: Monica Krausse, El Paso, TX. Complete contest rules at **WSJ.com/Puzzles**. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

Previous Puzzle's Solution

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SPORTS

BASKETBALL

NBA's Future to Be Decided on Twitter

As the free-agent signing period begins this weekend, new data show the league's off-season is now as big as the regular season

BY BEN COHEN

IT WAS NEARLY two decades ago when a computer scientist named Larry Coon thought it would be fun to read a long, dense, arcane document that requires years of intensive study to fully understand: the NBA's collective-bargaining agreement.

He didn't realize he was about to revolutionize the way basketball fans understand the game.

Coon became the world's leading expert on this crucially important, completely abstruse labor agreement in part because he was one of the few people in the world who bothered reading it. Even the league's executives relied on his website, CBA FAQ, for Coon's translation of the labor deal into plain English.

But something has changed in recent years. NBA obsessives have become fluent in the language of the CBA. They study each team's salary-cap situation so carefully that "room mid-level exception" is a term that rolls off the tongue. This area of expertise is no longer only the peculiar interest of a guy working in a university's IT department.

"Every fan who really follows the league knows this," Coon said.

That knowledge is the result of this odd development: The opening of free agency on July 1, an event that starts at midnight on the Saturday morning of a long holiday weekend and takes place almost entirely on Twitter, has become one of the most anticipated NBA events of the year.

The NBA off-season now gets as much attention as the NBA season itself.

There were about 652,000 tweets per day related to the NBA during the 2016 regular season, but that number increased to 800,000 per day between July 1 and July 10, according to Twitter data reviewed by The Wall Street Journal.

The volume of tweets during free agency, in fact, is roughly equal to the volume of tweets in the playoffs until the Finals. That's how popular this period between games has become. Only the biggest event of the NBA season is bigger online than the NBA off-season.

This week has already been a case study in the insanity of free agency even though free agency hasn't technically begun yet.

In the early hours of Wednesday morning, for example, the New York Knicks cut ties with Phil Jackson, a seismic move ending the failed marriage of a marquee franchise and legendary basketball figure. And the news was overshadowed by noon. By then the Houston Rockets were on their way to trading seven players, one first-round draft pick and enough "cash considerations" to buy hundreds of thousands of tacos in exchange for star point guard Chris Paul.

Golden State teammates Stephen Curry, left, and Klay Thompson check a phone during this year's All-Star festivities.

"It's a weapons race in the NBA," Houston general manager Daryl Morey said. "You're either in the weapons race, or you're on the sidelines."

In this one dramatic move were all the elements that have transformed modern NBA free agency into a spectacle.

There were gobs of money—as much as $200 million for Paul if he re-signs with Houston next summer. There was the salary-cap parkour required to maneuver the rules and exceptions to the league's "soft" cap that analysts like Coon have explained. There was even the star player flexing power, taking control of his situation and teaming with another star player.

Paul moving to the Rockets was essentially the same as memorable events from recent summers like Kevin Durant signing with the Warriors, LeBron James returning to the Cleveland Cavaliers and NBA players reacting to the saga of DeAndre Jordan's free agency through emojis. It was an event that didn't seem plausible until it happened.

So what else might happen this summer?

There are reasons to believe this year's market won't be so frothy. The three most tweeted moments of last year's free agency, according to Twitter, were Durant joining the Golden State Warriors; Dwyane Wade signing with the Chicago Bulls; and the Los Angeles Lakers endowing Timofey Mozgov with $64 million over four years. They also showed why that summer was an extraordinary anomaly.

A one-time spike in the salary cap gave NBA teams fat stacks of cash to spend however they wanted. The result was total chaos. The ones that whiffed on star players spent remaining money on role players who had the good fortune of being free agents at the richest time in NBA history.

But there are now fewer teams with cap space and fewer players worth the splurge. A blockbuster trade this summer is more likely than a big signing.

The marquee free agents most likely to change teams and shape the title race are Gordon Hayward and Blake Griffin. But even if one of them leaves for a team like Boston—and even if the Celtics pair him with a rental of the Pacers' Paul George, who is pushing to escape Indiana—they still wouldn't be the overwhelming favorite to win next year's championship. Hayward and Griffin are really good players who'd make Boston a really good team. They're not Kevin Durant.

But it's still a good idea to use the next 10 days expecting the unexpected—because all it takes is a single decision to send the entire league scrambling.

One unexpected free agent to watch is a player who doesn't become a free agent until next summer, Russell Westbrook, the recently crowned MVP, who can sign an extremely lucrative extension with the Oklahoma City Thunder as soon as Saturday morning. If he accepts, Oklahoma City could build around Westbrook for the next six years, and Christian Dior could open a boutique in Oklahoma City knowing it'd have a reliable customer.

But nobody knows what happens if Westbrook declines. It could trigger a series of trades that reshapes the NBA.

What makes free agency especially absorbing this year is the way every roster piece fits into a tricky financial puzzle. The NBA is currently straddling two labor deals that value players at different scales. Among the players who signed deals last year that paid them more this year than Stephen Curry, Draymond Green and Klay Thompson were Allen Crabbe, Joakim Noah, Luol Deng, Evan Fournier and Bismack Biyombo.

That wasn't because they were better. (They weren't.) It was simply because the market rate for players mushroomed. Everyone is now expensive. There are fewer bargains to be found, and teams have even more incentive to not be wrong.

"It's such a big jump in cap from all the TV money," Coon said, "that you can divide it into the old-world economy and new-world economy."

CLOCKWISE FROM TOP: ANDREW D. BERNSTEIN/NBAE/GETTY IMAGES; PEDER ANDERSON; KIMIMASA MAYAMA/EUROPEAN PRESSPHOTO AGENCY

OLYMPICS

HOW A WINTER CHAMPION SPENDS HIS SUMMER

BY MATTHEW FUTTERMAN

FIVE MONTHS AGO, Lowell Bailey accomplished one of the rarest feats of any American athlete in recent years.

Bailey, a 35-year-old from Lake Placid, N.Y., won the world championship in biathlon's 20-kilometer competition, the first world title for an American. He did it after more than a decade of only limited success on his sport's World Cup circuit and at an age when most competitors in his sport are getting worse, not better.

If Bailey were Norwegian, the triumph might get his face on billboards throughout Oslo, turn him into a national hero, and make him wealthy. But Bailey is from the U.S., where biathlon—a sport that combines target shooting and cross-country skiing—is the ultimate niche endeavor. He has led a decidedly un-Scandinavian existence since his signature win.

There were no parades in his hometown and adoring fans rarely interrupt the few dinners he can afford to eat out. He spent most of April in Montana, planning for a post-retirement job running a nonprofit Nordic sports center that he plans to take up full-time following next year's Olympics.

"I'm still waiting for Nike to call," Bailey said last week, while driving to Maine for a board meeting of U.S. Biathlon, for which he is an athlete representative.

Indeed, he hasn't signed a single additional sponsorship deal. He finances his pursuits with about $50,000 in prize money he won during the best year of his career; $25,000 a year from the U.S. Olympic Committee and the U.S. biathlon federation; and limited support from the Lake Placid Olympic Regional Development Authority, and equipment makers Rossignol and One Way. The U.S. team's apparel sponsor Adidas, gave him a performance bonus of nearly $10,000 and he earned about $15,000 in performance bonuses from the federation.

Bailey is already training full-time in pursuit of the first U.S. Olympic medal in biathlon—the only winter Olympic sport in which the U.S. has never won a medal.

There is this consolation: Bailey did an interview on Norwegian television after winning the world championship holding his then-eight-month old baby, Ophelia, who sucked on his medal. That video endeared him to that Nordic-sports obsessed country. Like an obscure indie rock band, Bailey is unknown in his home country, but "huge in Oslo."

Max Cobb, executive director of U.S. Biathlon, said the federation gets autograph requests for Bailey "from all over the world, but unfortunately not too many with American postage on them."

Lowell Bailey won America's first biathlon world title. Above at left, Bailey running in Bozeman, Mont., this spring.

Bailey got into the sport when his parents moved from North Carolina to New York. As a teenager he excelled in cross-country skiing and got invited to a biathlon training camp in Lake Placid, site of the 1980 Olympics and one of the few world-class biathlon facilities in the U.S. Two decades later, Bailey was supposed to be finished with biathlon after the 2015-16 season. He and his wife were expecting their first child last June. They purchased 70 head of cattle and planned to start a business near Lake Placid, where his wife's family used to operate a bison farm.

Then Bailey got a call from a group looking for a person to help develop the Crosscut Mountain Sports Center in Bozeman, Mont. The group was in the process of acquiring 500 acres for roughly $7 million to build a facility that will accommodate everything from Nordic sports, including an elite biathlon training center, to fat-tire mountain biking.

Bailey's wife, Erika, had experience with land preservation and acquisition. If Bailey wanted to continue competing, the group told him he could begin part-time work during the off-seasons and start full-time after the 2018 Olympics. The perfect post-career landing spot had fallen into his lap. Bailey could take a run at his fourth Olympic team.

On February 16 in Hochfilzen, Austria, Bailey went 20 for 20 on the target range during a 20-kilometer race. He beat Ondrej Moravec of the Czech Republic by three seconds and Martin Fourcade of France, currently the best in the world, by 21.

Bailey returned home in late March. He spent April in Montana working on the sports center, letting his body rest up, and squeezing in some recovery training. For Bailey, that meant mountain trail runs of 90-120 minutes and the occasional kayaking expedition.

By May 1, he was back in Lake Placid to begin training for this Olympic season. Morning workouts last as long as three hours and can include roller skiing eight miles up Whiteface Mountain, or a workout that combines intervals of high-intensity roller-skiing and shooting. A two-hour afternoon workout of road cycling, trail running, and a strength workout follows.

Bailey remains hopeful that, as the Olympics approach, some blue-chip company will want to attach itself to his recent triumph—or even to the team itself, which has no title sponsor. If none of that happens, he says he will remain thankful for the rewards of 2017.

"It's the idea that you worked your whole life for something and finally achieved it," he says. "It's the knowledge that all of the work paid off."

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OPINION

The Simplicity of a Health Deal

POTOMAC WATCH
By Kimberley A. Strassel

As Washington continues to boggle the nation with the complex minutiae of health-care reform, the contours of an actual deal aren't nearly so mystifying. The success of the GOP effort comes down to one simple question: Will the most conservative members of Congress accept that the politics of health care have changed?

Or more simply yet: Will they acknowledge that any reform must include continued protections for pre-existing medical conditions?

It's that easy. Yes, the media analysis is correct that there are two camps of defectors from the Senate's reform bill. One consists of Republican moderates—Rob Portman, Dean Heller, Susan Collins, Lisa Murkowski—who claim the bill is too mean to poor and sick people. Cue mind-numbing media stories about Medicaid formulas and per capita spending caps and medical inflation, all of which make a compromise sound nigh impossible.

Hardly. Here's a tip: When a politician claims a bill "cuts too much," that's an invitation to be bought off. There's a reason several senators who had been largely mum on the GOP bill (Jerry Moran of Kansas, Shelley Moore Capito of West Virginia) came out against it only after Majority Leader Mitch McConnell delayed a vote. They saw the other holdouts were about to get payola, and they wanted theirs.

And there is cash to be had. With the stakes this high, the Senate leadership will gladly shuffle some money toward opioid treatment, rural health-care providers or Medicaid. So getting the "moderates" on board is simple and transactional. They name a price, they get pork, they vote yes.

The conservatives are the sticking point, precisely because they have principles. Sens. Ron Johnson, Mike Lee, Rand Paul and Ted Cruz have been clear from the start that any bill must lower premiums, which involves getting rid of costly ObamaCare mandates. And there is no question that among the most expensive mandates are those designed to protect individuals with pre-existing conditions—in particular "community rating," which requires insurers to charge the same prices regardless of health status.

The House Freedom Caucus was so intent on getting rid of community rating that it nearly derailed the bill. Only after the conference added an amendment allowing states to apply for waivers from community rating did the most conservative members finally came on board.

Even so, it was always clear that provision was never going to fly in the Senate—and for a simple reason. Freedom Caucus members tend to hail from inordinately conservative (and safe) congressional districts, whereas senators represent entire statewide populations. And a sizable majority of the public strongly supports retaining protections for pre-existing conditions.

This is the true legacy of the Republican presidential loss in 2008, and the health-care law that resulted. Few Americans ever understood the stunningly complex means by which ObamaCare screwed up the individual insurance market, or the wider economy. To this day, most Americans haven't intimately interacted with the law, as they receive their health care from an employer or Medicare.

The GOP must realize protection for pre-existing conditions is here to stay.

But every American remembers two particular provisions of the law—pre-existing conditions and coverage for children up to 26. These policies are simple and sound good. And they have become over the years a new standard in most people's minds. A February poll from YouGov showed 77% support for protections for consumers with pre-existing conditions.

Principles matter, but so does public will. Conservatives will argue their side just needs to do a better job explaining how these mandates drive up costs for everyone, or lower the quality of care. These are valid points, but they'll count for little in the face of 2018 Democratic campaign ads that flash GOP names next to a graphic of a kid in a wheelchair with cancer who can't get care. Republicans lost this argument nearly a decade ago, when Mr. Obama won. More than 90% of Senate Republicans understand this.

Which is another way of saying that protections for pre-existing conditions are here to stay, and conservatives face a choice. They can work with their colleagues to minimize the costs of the mandates (there are innovative ways to do this) and build in different free-market reforms to lower premiums. The Congressional Budget Office estimates that the current Senate bill will reduce premiums by about 30%, and the GOP can and should build on this.

Or they can kill the bill, and get no premium reductions at all, no deficit reduction, no Medicaid reform, no tax cuts, and no economic boost. Oh, and the protections for pre-existing conditions would remain. Plus, electoral disaster would loom.

It's a binary choice, rooted in blunt political reality, which ought to make it an easy call. The question is whether conservatives will be savvy enough to forge a face-saving compromise and seek victories elsewhere in the bill. The health-care debate has changed over the past decade, and Republicans can't reverse it on a dime. But they can pass a bill that starts the walk back to freer health-care markets.

Write to kim@wsj.com.

A Woman for All Seasons

HOUSES OF WORSHIP
By William McGurn

Thomas More is a saint of the Roman Catholic Church. Why not his eldest daughter?

July 1 marks the anniversary of More's 1535 show trial in Westminster Hall, at which Henry VIII's onetime lord chancellor was found guilty of high treason for refusing to swear an oath recognizing the king as head of England's church. On More's walk back to his prison cell in the Tower of London, the condemned man's daughter Margaret broke through the ring of soldiers, threw her arms around her father and wrapped him in her love. Five days later, the executioner's ax dispatched Sir Thomas More to eternity.

More's story remains well known today, not least because of popular treatments such as the 1966 film version of Robert Bolt's "A Man for All Seasons." But absent the determination of Margaret, who smuggled her father's letters out of prison and collected his writings against the day that they might be published, the world would know far less about this extraordinary man. Theirs was an intellectual and spiritual family collaboration, at turns joyful and melancholy, which even death could not kill.

Less appreciated is that Margaret More Roper—"dearest Meg," "dearly beloved Meg" or "sweetest Meg" to her father—was herself an individual of singular virtue and accomplishment. In an age when illiteracy was the rule, and girls were thought to be not worth teaching, the classical education Margaret received placed her among the world's most learned women.

In 1524, at only 19, Margaret became the first nonroyal woman to publish a book—an extraordinary feat. The work was a translation from Latin into English of meditations by Erasmus on the Lord's Prayer.

Both Erasmus and More had rejected the idea that learning detracted from a woman's virtue. Margaret was compelling proof. Though constrained by 16th-century notions that public fame was inimical to feminine modesty—More himself would tell Margaret she would have to content herself with an audience of her father and husband—she enjoyed in humanist circles an international reputation.

More knew himself well enough that he feared he would lose heart because of his imprisonment and the prospect of a horrible death. In his biography "A Daughter's Love," historian John Guy writes that "without Margaret talking and praying with him as often as she could in that cold, bleak cell, it is far from certain that he would have been able to do what he did." More knew himself well enough to know this too.

In the end, More embraced the chopping block as liberation from earthly suffering and entry into a better world. But is there no spiritual merit in the suffering of the loved ones left behind? More's reliance on his daughter does not in the slightest diminish his virtue, his courage, his faithfulness. Should having a famous martyr for a father diminish Margaret's?

Dear Rome: How about making Margaret More Roper a saint too?

And what of heroic virtue, the defining characteristic of saints?

Margaret may not have died for her faith, but she managed to outwit Thomas Cromwell, Henry's chief minister and her father's chief nemesis, gaining access to More's prison cell on the pretext that she would try to persuade him to take the oath—even as her visits stiffened her father's resolve. She defiantly took his severed head down from its pike on London Bridge after his death. Still later she would let the king's men know that their threats would not deter her from seeing her father's writings published, so the world might know the man Thomas More really was.

Why not canonize her? On the one hand, Margaret took the oath her father refused. Still, this is unlikely to be an immovable obstacle, not least because she added the caveat "as far as will stand with the law of God." Perhaps the more prosaic reason this gentlewoman is not a saint is that the process is time-consuming and costly, and lay men and women generally do not have the benefit of a religious order pushing their cases.

In Rome the Vatican's Congregation for the Causes of Saints confirms there is no movement to have this good woman join her father on the calendar of saints. Manifestly, a pronunciamento from the pages of The Wall Street Journal is not the conventional starting point for a journey to canonization. But if that's what it takes, so be it.

Thomas More's "sweet Meg" would live fewer than 10 years after her father's execution, dying in Chelsea at 39. On this anniversary of their farewell, perhaps it is time for the Catholic Church to acknowledge Margaret More Roper as someone for *our* season: a woman of strength and character who rose above the limitations of her age to demonstrate herself the equal of any man—in intellect, in courage, in wit.

And in saintliness.

Mr. McGurn is a Journal columnist and member of the editorial board.

A Snickers a Day Keeps the Doctor Away

By Joseph C. Sternberg

It's become a running joke among my friends: the Coke and Snickers Cure. You scoff, but this combination of cola and candy has relieved many of my worst migraines over the years. Morning doses have rescued workdays that otherwise would have been wasted convalescing. Afternoon treatments have salvaged weekend evenings out.

So of course the news that CVS Health wishes to conceal these miraculous curatives from their customers is rattling me. Why would a drugstore discourage its customers from consuming some of its most effective drugs?

Coke and Snickers are at the core of my personal pharmacopeia. Other wonder drugs include ginger ale, orange juice, ibuprofen and pseudoephedrine (marketed under the brand name Sudafed, although being a cheapskate I always buy the generic). I'm not a doctor, but I've learned from experience that there is almost no medical condition, from the common cold right up to bubonic plague, that cannot be treated by some combination of at least two of those things.

Why does CVS want to make my migraine cures hard to find?

Migraine? Coke, Snickers and ibuprofen. Flu? Ginger ale, ibuprofen and Sudafed. Tension headache? Ibuprofen and ginger ale. Plague? I'd throw all six of my stock remedies at it. Something would surely work.

How they work is a mystery, and I hope some kind doctor will write a letter to the editor explaining it. My best theory is that the combination of the caffeine in the Coke with the salt, sugar and calories in the candy bar fixes some chemical imbalance in the body. If it makes a difference, doctor, only Snickers will do. Other candy bars don't work. And then that wonderful Coca-Cola fizz, which clears out the sinuses. Ginger ale has long been recognized as a treatment for an upset stomach, making it ideal for rehydration when one's digestive system might be too frazzled for something as acidic as orange juice, which should nonetheless be consumed when possible for the vitamin C.

I gather doctors have a better understanding of how the two formally recognized medicines in my cabinet work, but I will assert that they work a lot better alongside my other "drugs." And I'm not the only one who thinks so, or at least who has thought so at some point. Coca-Cola famously was marketed as a bona fide medicine, containing cocaine or related plant-based extractions.

Which demonstrates how faddish can be the judgments of purported health experts, such as those who now determine the placement of products on CVS's shelves. It's a mercy that this story concerns only the marketing judgment of one store chain and not the regulatory heft of the state. Although the state already has come for large doses of Coca-Cola (quantities that might one day be required to treat a smallpox outbreak), and I can only fear my beloved Snickers may not be far behind.

CVS Health need not ban me as a customer. I don't habitually consume these items, now buried beneath piles of organic quinoa chips or whatever rubbish we're told is good for us. It goes to show that one man's junk food is another man's cure, and vice versa. Yes, I'm saying quinoa is junk food and Coca-Cola is a health drink. Isn't that a better world to live in, anyway?

Mr. Sternberg is editorial page editor of The Wall Street Journal Europe in London.

BOOKSHELF | By Frank Rose

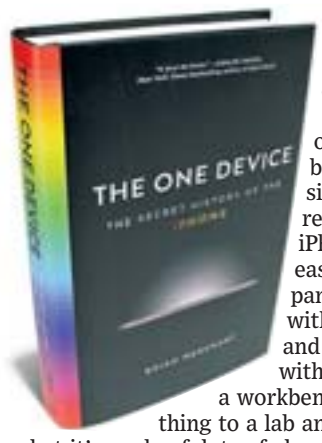
The World's Hottest Gadget

The One Device

By Brian Merchant
(Little, Brown, 407 pages, $28)

What does a Silicon Valley artificial-intelligence pioneer have in common with Bolivian tin miners equipped with pickaxes and dynamite? With Chilean men and boys extracting lithium from underground brine pools? With Chinese workers in assembly plants that management has ringed with netting to deter suicides? With a wildly successful yet conscience-stricken videogame designer in Hanoi? As reported by Brian Merchant in "The One Device: The Secret History of the iPhone," all these people and many more were players in the making of what may be the hottest gadget in human history.

It's a remarkable tale, one that takes us well beyond the predictable panorama of late-night coding sessions and choreographed Apple product launches (though we see those as well). Instead, Mr. Merchant goes deep into the guts of the device that has made Apple the most valuable publicly traded company on the planet.



The author, an editor at the online publication Motherboard, is nothing if not obsessive. This is a man who really, really wanted to get inside his iPhone. Apple doesn't make it easy—like many of the company's devices, it is sealed shut with tamper-resistant screws—and Mr. Merchant wasn't satisfied with spreading its innards out on a workbench in any case. He took the thing to a lab and had it pulverized to find out what it's made of: lots of aluminum, carbon, iron and oxygen (from various oxides); some silicon, copper and cobalt; much smaller amounts of more than 20 other elements; and traces of rare-earth minerals like cerium and yttrium.

His next question, naturally, was where all this stuff comes from. The short answer: nowhere nice. Blood diamonds? Try blood cobalt, produced for the most part by child and slave labor for the benefit of Congolese warlords. Mr. Merchant resists the temptation to check out the situation firsthand, or dip his toes in the toxic lake in Inner Mongolia that is a by-product of China's drive for rare-earth mineral extraction. But he does head to a leading source of tin: Potosí, Bolivia, a town high in the Andes that is overshadowed by a mountain that has been mined continuously since the mid-1500s. At that time it supplied silver that helped make Spain the foremost power in Europe; now it supplies tin used to solder circuit boards. For the miners, death is everywhere: Their average life expectancy is 40 years. And for journalists? Mr. Merchant, 33, ventures into a pitch-black mineshaft with a guide, but he and a colleague freak out and start scrambling for daylight before 20 minutes have passed.

Apple's iPhone—a 21st-century American icon—could not exist without the labors of Bolivian miners and Chinese factory workers.

Mr. Merchant likewise loses his nerve after sneaking past the guards and into the vast factory complex in Shenzhen, China, where iPhones and other devices are assembled. He's understandably more comfortable interviewing former Apple engineers (current employees were largely off-limits, since Apple declined to cooperate) and other tech prodigies about how, over a period of years, the device came to be devised.

To his credit, Mr. Merchant doesn't buy the myth of Steve Jobs as the lone genius. He highlights the men who actually made it happen, often working without Jobs's involvement or even knowledge. (And it was indeed men: There are only two women of any prominence in the story, one of them a transsexual.) What Jobs did do was to create the environment from which the iPhone emerged. He challenged his engineers relentlessly, and his suppliers as well. He was an absolute perfectionist on matters of aesthetics and design. His fury was legendary, yet somehow he inspired people to take chances rather than keep their heads down. On occasion he even allowed himself to be talked into something. But not until November 2004, when the iPod was being threatened by music-playing MP3 phones in Europe, did he agree to start building what would become the iPhone.

There are intriguing parallels with the development of the iPod music player in 2001 and the Macintosh personal computer in the early 1980s. None of Apple's three signature products (Mac, iPod, iPhone) was exactly original, but each represented a quantum jump over existing products. And each flirted with failure at first, mainly thanks to Jobs's penchant for closed systems. When Jobs introduced the Mac in 1984, it was incompatible with other computers and ran hardly any software; after his dismissal in 1985, Apple veered in the other direction, licensing it to clone-makers in a move that proved disastrous. The iPod struggled for years before Jobs's executives persuaded him to make it compatible with Windows computers. The iPhone didn't take off until he finally agreed to open its app store to outside developers—to people like Dong Nguyen, whose Flappy Bird game proved so addictive that he succumbed to guilt pangs and pulled it. Each of Apple's three inventions became successful only after the company struck a balance between open and closed—between accommodating a wide range of people and keeping them in a carefully controlled environment.

The iPhone came out 10 years after Jobs returned to Apple. Another decade on, it has made Apple more successful than anyone could have imagined. But for Mr. Merchant, this is not a business story. His focus is on the human side of the device—on the people who overcame engineering challenges to design it, who mine the metals that go into it, who put it together at a rate of one every 60 seconds. "The One Device" is not without problems: Its prose is uneven, its organization highly idiosyncratic. But the story it tells is compelling, even addictive—almost as addictive as the iPhone itself.

Mr. Rose is the author of "West of Eden: The End of Innocence at Apple Computer" and, more recently, "The Art of Immersion."

Coming in BOOKS this weekend

Thomas Jefferson in the flesh • The true story of "Thelma & Louise" • The man who built the Brooklyn Bridge • At home with Charlotte Brontë • Baseball's iron men • A novel of the Arab Spring • & much more

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OPINION

REVIEW & OUTLOOK

Central Banks and the New Abnormal

Markets fret as they forget what normal policy looks like.

This week's gyrations in currency and bond markets are best understood as the triumph of fear over experience. It's as if markets think central banks are really in danger of returning to more normal policies.

The euro jumped 1.4% against the dollar Tuesday after European Central Bank President Mario Draghi said "all the signs now point to a strengthening and broadening recovery in the euro area." Never mind that it came in the context of a speech in which Mr. Draghi argued that the ECB should continue doing more of the relatively easy monetary policy he says is working. Markets interpreted the comment as a sign that the ECB may soon start dialing back on its negative interest rate and €60 billion-a-month ($68.16 billion) bond purchases, or quantitative easing (QE).

Bank of England chief Mark Carney set off a similar jump in the pound on Wednesday when he suggested Britain's central bank might at some point sort of think about almost raising interest rates—if the bank no longer feels it needs to make trade-offs between economic growth and its inflation target. To be exact, what he said was: "Some removal of monetary stimulus is likely to become necessary if the trade-off facing [policy makers] continues to lessen and the policy decision accordingly becomes more conventional." Got it?

You can't fault investors for intensive tea-leaf reading of otherwise anodyne comments like these. Given the size of the bond portfolios central bankers have amassed since the crisis, investors are understandably curious about any clues to what central banks will do next.

As a result, markets are overlooking how little central bankers are actually saying. Mr. Draghi's subordinates took to the media Wednesday to point out he hadn't meant monetary normalization would come immediately. But what if he had? Even in that case, "normal" would be a very gradual reduction in a quantitative-easing bond portfolio that didn't exist before March 2015.

And the negative interest rate that was once considered a crisis measure but has hung on for three years? A return to zero, let alone the ECB's pre-2008 rates of between 1% and 3%, remains years off. The same is true in Britain. If the BOE ever does move from its current benchmark rate of 0.25% back to the 3% to 6% range before the panic, it will take years.

The U.S. Federal Reserve, which now is leading the way on unwinding crisis policies, is doing so very slowly despite eight years of economic growth. If the Fed does make it to 2% by the end of next year from 1% to 1.25% today, the fed-funds rate would still be well below its level during the late 1990s boom or its pre-2008 maximum.

There's nothing tight about any of this. Markets have simply forgotten what normal monetary policy looks like. This poses a dilemma for central bankers, as Mr. Draghi noted when he warned that, as the economy improves, policies that today offer the right level of stimulus might become too accommodative. It's hard for central bankers to adjust when any move to make policy slightly less easy is interpreted as a move to make it much tighter.

Then again, central bankers have themselves to blame. As policy becomes further divorced from definable metrics such as inflation—which already suggests a need for tightening in Britain and the eurozone—central bankers struggle to explain whether and when they might adjust policy.

Markets have learned that central banks can be bullied into keeping the punch bowl on the table a little longer, as with the taper tantrum that delayed the Fed's slow withdrawal of QE by a few months in 2013. As this week has shown, the result could be a bumpy exit from crisis-era policies that central bankers increasingly recognize are no longer suitable.

How Long Is Three Years?

The Supreme Court teaches Calpers how to count.

The plaintiffs bar is always looking for new crevices of the law to exploit for fun and profit, and so we didn't want to note the end of the Supreme Court term without celebrating Monday's 5-4 decision in *California Public Employees' Retirement System v. ANZ Securities, Inc.*

The case revolved around whether Calpers could proceed with a 2011 complaint over securities the pension fund purchased from offerings in 2007 and 2008. The Securities Act of 1933 says that in "no event" shall an action be brought "more than three years after the security was bona fide offered to the public."

Other parties filed a class-action suit in 2008, but Calpers opted out and pursued its own claim, presumably because the plaintiffs thought they could eke out a bigger payout by going alone. Calpers filed in February 2011, past the three-year deadline enumerated in the law, which is why the Second Circuit Court of Appeals tossed the action. The plaintiffs argued that the deadline ought to be tolled (extended) given that the class-action litigation was filed in the allotted time frame.

The Court ruled that the three-year limit "admits of no exception" and "creates a fixed bar against future liability," as Justice Anthony Kennedy noted in his opinion for the majority. The time limit is a statute of repose, which means it exists to protect "the defendant from an interminable threat of liability" and that the courts cannot intervene to delay the deadline, unlike some circumstances involving statutes of limitation.

The four liberal Justices dissented, which is a testament to their imaginations even when Congress writes language as unambiguous as in "no event." Plaintiffs will keep trying to game the tort system, but Monday's decision is an important victory for the plain text of the law.

The ObamaCare Waiver Breakthrough

The Senate health bill has an important way to reduce premiums.

Senate conservatives wish the health-care bill was more ambitious on deregulation, and so do we, though the benefits of its state waiver feature are underappreciated and worth more explanation. This booster shot of federalism could become the greatest devolution of federal power to the states in the modern era.

One of ObamaCare's most destructive legacies is a vast expansion of federal control over insurance and medicine—industries that did not exactly lack supervision before 2010. This included annexing powers that traditionally belonged to states. The Obama Administration then used regulation to standardize insurers as public utilities and accelerate a wave of provider consolidation that has created hospital and physician oligopolies across the country.

Once in command, the federal government rarely eases off or returns control, but the Senate bill does. The Affordable Care Act included a process in which states could apply for permission to be exempted from some rules, but conditions are so onerous that these 1332 waivers have been mostly notional. The Senate Republican draft bill makes this process quicker, more flexible and broader, which could launch a burst of state innovation.

The Senate bill is broader than the House's Meadows-MacArthur waivers that only apply to a few so-called Title I regulations. Creative Governors could use the 1332 exemptions to explore a wider variety of reforms to repair their individual insurance markets, lower premiums and increase access to care.

Introducing many competing health-care models across the country would be healthy. California and South Carolina don't—and shouldn't—have to follow one uniform prototype designed in Washington, and even a state as large as California doesn't have the same needs from region to region.

If nothing else the repeal and replace debate has shown that liberals, conservatives and centrists have different health-care priorities, and allowing different approaches and experimentation would be politically therapeutic. The more innovative can become examples to those that stay heavily regulated.

Some conservatives in the Senate and the House are despondent because neither bill repeals the federal rules related to pre-existing conditions known as guaranteed issue and community rating. They're right that these mandates are destructive. Community rating, which limits how much premiums can vary among people with different health status and risks, tends to blow up insurance markets, as ObamaCare is now showing.

But at least for now, conservatives have lost this political debate. There's no Senate majority for catching the pre-existing conditions grenade, Governors aren't hot on the idea either, and even insurers don't want to return to the days of medical underwriting.

The Senate bet is that the 1332 waivers can help create enough of a recovery in insurance markets to overcome the distortions of these rules and bring down rates. The bill also relaxes ObamaCare's age bands to a 5 to 1 ratio from a 3 to 1 ratio, meaning insurance for the oldest beneficiaries can be priced five times as high as for the youngest. Since age is a proxy for health risks and expenses, and a 5 to 1 ratio is close to the true actuarial cost of care, the policy result in practice is a wash.

The other objection to the waivers is that leaving ObamaCare regulations in law creates the risk that a future Democratic President could revoke the 1332 waivers to restore the ObamaCare status quo. But the bill includes a provision that legally bars the Health and Human Services Secretary from cancelling an approved waiver for eight years, and they can be automatically renewed. A Democratic Congress could change the law, but then a new Congress always can, and in any case successful state projects will be hard to overturn.

ObamaCare's failures have created an appetite for new alternatives. If Senate Republicans can get to 50 votes, they'll unleash the states to build post-ObamaCare options.

LETTERS TO THE EDITOR

Apprenticeships Could Help U.S. Employment

Regarding your editorial "Trump's Non-Celebrity Apprentices" (June 19): It's good to see a re-emphasis on training for skilled-trades jobs, though you say that, "An especially odd objection "is that apprenticeship training is a mistake because skills become out of date over time." Skilled-trades professionals never stop training. Electricians, plumbers, carpenters, etc., have to stay up-to-date on code changes, technology changes and new procedures.

Having spent the past 44 years working as an electrician, I can tell you that there are plenty of college graduates working in the trades. The skilled trades give people the physical challenges that many of today's office jobs lack, an opportunity to use a college education and to think as well.

John Huseman
Lincoln, Neb.

Thank you for recognizing that college isn't the answer for all kids. Three of my four children didn't finish college, two of the three spent four years in the military and on discharge took entry-level apprentice jobs. One ran his own business successfully for 35 years, the second worked his way up to co-owner of the company he began working with. The third continues to receive promotions to higher levels of responsibility in her company.

Isabelle Marshall
Aberdeen, Md.

An innovative approach is to combine an apprentice program for being a plumber, carpenter, electrician or other trade with an associate's degree in the relevant business. The goal is to combine the technical skills of the trade with an understanding of the business issues of the trade including market dynamics, evolving trends, new technology, basic project management skills, customer service and accounting. A better understanding of the business environment benefits the worker, the company and minimizes obsolescence.

David Krohn
Hamden, Conn.

Trying to emulate the success of Germany's apprenticeship programs ignores the Education Department elephant in the room ("German-Style Apprenticeships Simply Can't Be Replicated" by Eric A. Hanushek, op-ed, June 19). I know a local automotive teacher at a trade school who bemoaned his students' inability to measure correctly or discern the differences between wrench sizes expressed in fractions such as 5/8 or 3/16. To get German-style results it will take changes in the downhill slide of our K-12 education system. Plumbers, carpenters and mechanics still need to have the math skills that too many of our students lack.

Joe Boccuzzi
Stamford, Conn.

German-style apprenticeships have been in place since before 1959 in Iowa. My career began at little or no cost to the taxpayer while providing a high-school student with a small salary and a business with an enthusiastic and soon-able employee.

My apprenticeship taught me the inner workings of a railroad from bottom to top. After a learning period, I won a position at a major railroad in Chicago. From there promotion and eventual transition to international transportation was a natural progression. Later in my career I managed a staff who all had at least a bachelor's degree. I had the satisfaction of teaching these younger people the practical application of transportation issues from the ground up. Cognitive skills can be developed. Apprenticeships can be replicated.

Philip Jung
Osprey, Fla.

The Democrats Need to Rethink Their Message

The GOP's narrow victory in Georgia should be a wake-up call to the Democrats ("GOP Prevails in Georgia," page one, June 21). Despite an incumbent president's performance that can best be described as juvenile and incompetent and whose favorability ratings are at historic lows, the Democrats couldn't win. The Democratic message may be reaching the radical left, but it isn't hitting the mark when it comes to middle America.

Mark Evers
Lake Oswego, Ore.

The Democratic Party needs a plan that lays out a consistent, comprehensive strategy for winning back the House and Senate in 2018. I hope Democratic National Committee Chairman Tom Perez, House Minority Leader Nancy Pelosi and Senate Minority Leader Chuck Schumer will join me in saying "health security is national security." It's a positive message that easily can be understood and supported by Democrats coast to coast—especially those who stayed home on that recent Tuesday or last November.

If millions of people have health insurance, then we are a more secure nation; a first-rate education will lead to a more secure nation; if the air we breathe and water we drink are clean, then we are a more secure nation. If the economy is healthy and booming, then we will be a more secure nation. And if the U.S. has healthy relationships with diverse nations around the globe, then we are a more secure nation.

Once the messages are in place, Democrats have to develop budgets for each category—without increasing the debt or taxes. That's because Republicans will argue that the goals are acceptable, but not the price tag.

Denny Freidenrich
Laguna Beach, Calif.

Texting Poor for Many Tasks, Including Job Interviews

As a millennial who is in the midst of a career change, I feel that text-based interviews aren't only impersonal but oddly generic and merely enable otherwise uninterested candidates ("Texting Might Help Land You a Job," Management, June 21).

I question the quality and competency of interviewees who feel they may respond to texted questions whenever they wish. Pondering questions over a weekend demonstrates a genuine lack of ability to think swiftly and further erodes the idea of working under pressure, especially in a results-driven environment. It's difficult to label such recruiting efforts as "hip" or "innovative" when career success requires proficiency in all methods of communication.

Alexander J. Bortone
Pensacola, Fla.

Iran to Regret Lebanon Win

I disagree with Danielle Pletka that "Iran Won in Lebanon; What About Iraq?" (op-ed, June 27). History teaches us that Lebanon can be swallowed but it cannot be digested. That was the experience of Israel and Syria. History is bound to repeat itself. Those who have ears to hear, let them hear.

Kamil Kustah
Houston

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Intolerant Progressives and Puritans of Old Compared

Regarding the headline "Progressives Are the New Puritan Busybodies" atop the June 24 letters: It would seem to be a clever analogy, and one that contains a certain historical truth. Many of the elite colleges at the forefront of progressivism were founded by Puritans. Increase Mather was president of Harvard College in the 1690s and Jonathan Edwards ("Sinners in the Hands of an Angry God") was an early president of Princeton.

Those Puritans were fruitful and multiplied. The elite colleges' practice of admitting children of alumni ensured than many of their students were, and continue to be, literally descended from the Puritans. Over time, they have abandoned the restrictive lifestyle of their Puritan ancestors and even their faith in God, but they retain at least two Puritan characteristics: obsession with a cataclysmic end to the world and a holier-than-thou attitude.

Nancy Schauffler
Woodstock, N.Y.

Pepper ... And Salt

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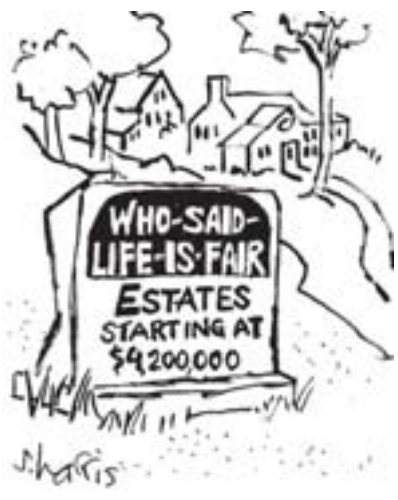

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OPINION

Rep.-Elect Jimmy Gomez, Your Seat Is Getting Cold

By Kevin McCarthy

Washington

Jimmy Gomez was elected to Congress 3½ weeks ago, but he has yet to show up and take office. The voters of California's 34th Congressional District chose Mr. Gomez, a member of the state Assembly, to succeed Xavier Becerra, now the state attorney general.

Mr. Gomez now says he'll take office July 11, five weeks after his election and 168 days after the seat became vacant. Until then, his constituents have no representative to help resolve claims and appeals with the Department of Veterans Affairs. They have no representative to secure lost or misappropriated Social Security or Medicare benefits. And they have no representative to debate and vote on the critical issues facing our country.

Democratic arrogance in Sacramento leaves California voters without a member of Congress.

Conversely, the House this week swore in two new Republican members, Karen Handel of Georgia and Ralph Norman of South Carolina—both less than a week after their elections on June 20, 2017.

Where in the world was Mr. Gomez? In Sacramento, the state capital, waiting to vote to expand the state's failing cap-and-trade program with yet another tax hike that could increase gas prices by 45 cents a gallon.

In contrast with Mr. Gomez's slow road to Washington, lawmakers acted with breathtaking speed to run away from their deeply unpopular agenda—and for good reason. One state senator is being targeted for a recall because he joined the vast majority of state Senate Democrats to raise gasoline taxes by 12 cents a gallon and increase vehicle license fees. A recent survey from the Institute of Governmental Studies at the University of California, Berkeley, shows widespread opposition to these hikes.

Rather than reassessing their reflex to hike taxes on Californians, state Senate Democrats are doing what they do best—adding new layers of regulation and process to ensure that a recall election happens when they want it, not when the people they represent want it. Four days after that Berkeley study came out, lawmakers introduced a proposal to delay recall elections.

This Democrat-run Senate is the same body that had three of its members charged and convicted of different felonies over the past few years. This is the same body that, earlier this year, silenced and physically removed a Republican member, Sen. Janet Nguyen of Orange County, because they didn't like a speech she delivered on human rights in her native Vietnam. Now, with the threat of losing its unilateral authority to raise taxes if one senator is recalled by his constituents, this same body has chosen to change election rules in defiance of voters who oppose the tax increases.

These sad and wanton abuses of power shine a light on the problem of one-party power in Sacramento. Democrats must make the case for their agenda on its merits—not political deal-making that leaves our fellow Californians without a voice in Washington.

Mr. McCarthy, the House majority leader, represents California's 23rd Congressional District.

Gorsuch Makes a Mark on the Court

By Sai Prakash And John Yoo

GETTY IMAGES

Neil Gorsuch and John Roberts after Gorsuch's investiture ceremony, June 15.

The Republican gamble to stiff-arm Merrick Garland and hold open Justice Antonin Scalia's seat appears to have hit the jackpot. In his abbreviated first year on the Supreme Court, Justice Neil Gorsuch has lived up to supporters' greatest hopes and critics' worst fears.

The term that ended this week revealed that Justice Gorsuch is no Scalia doppelganger. The new justice has shown greater sensitivity toward individual liberties than his predecessor, who wrote a controversial 1990 decision permitting states to burden free exercise of religion with general prohibitions, including criminal laws.

Justice Gorsuch joined the majority in *Trinity Lutheran v. Comer*, which struck down Missouri's exclusion of churches from a state funding program for playgrounds. But he refused to accept the distinction suggested by Chief Justice John Roberts, who wrote the court's opinion, between religious *status* and *activity*.

"Is it a religious group that built the playground?" Justice Gorsuch asked in a concurrence. "Or did a group build the playground so it might be used to advance a religious mission?" The majority's distinction, Justice Gorsuch wrote, made no sense under the Free Exercise Clause, which "guarantees the free *exercise* of religion, not just the right to inward belief (or status)."

Justice Gorsuch's arrival highlights the ascension of Justice Clarence Thomas, also frequently—and unfairly—caricatured as a Scalia clone. Astute court watchers have long understood that Justice Thomas was more conservative and intellectually aggressive than Scalia, who once called himself a "fainthearted originalist." Scalia sometimes abandoned the constitutional text when it conflicted with traditional values or established precedent.

Justice Thomas is a more consistent originalist, willing to reject longstanding doctrine and practice when they flout the Constitution's original meaning. He might have found a fellow traveler in Justice Gorsuch.

Thomas, the consistent originalist, seems to have found a fellow traveler in his new colleague.

Reacting to the excesses of the Warren Court, Scalia wanted to limit judicial discretion. But he also sought to restore fidelity to the Constitution's original meaning. While the latter impulse demanded a narrowing of the court's Commerce Clause jurisprudence, which has justified the vast expansion of the administrative state, the former sometimes caused Scalia to flinch. In 2005's *Gonzalez v. Raich*, Scalia concluded that Congress could regulate the growing of marijuana for personal use. Justice Thomas voted to bar the application of federal drug laws under these circumstances.

Similarly, while Scalia wrote the seminal opinion recognizing an individual right to bear arms, he also countenanced state regulation of gun possession, thereby treating the Second Amendment as a second-class right. This week the court declined to hear an appeal in *Peruta v. California,* upholding the Golden State's virtual ban on concealed-carry permits. "The Framers made a clear choice," Justice Thomas wrote in a dissent Justice Gorsuch joined. "They reserved to all Americans the right to bear arms for self-defense. I do not think we should stand by idly while a State denies its citizens that right, particularly when their very lives may depend on it."

In the much discussed "travel ban" decision, Justice Thomas authored a concurring opinion, joined by Justices Alito and Gorsuch, arguing that immigration is properly the domain of the political branches, not the courts. *Trump v. International Refugee Assistance Project* mostly resurrected the administration's 90-day moratorium on entry by nationals of six countries, pending a full high-court review in the fall. The other six justices, however, left the door open to challenges by aliens who have some attachment to the United States.

Justice Gorsuch's arrival has underscored the court's fault lines. Conservatives have long criticized Justice Anthony Kennedy's penchant for conjuring constitutional rights out of whole cloth, from abortion to gay marriage. Chief Justice Roberts likewise earned the ire of conservatives with his 2012 vote to uphold ObamaCare's individual mandate as a tax. In prizing consensus, Chief Justice Roberts forgets that great justices have sacrificed it for constitutional fidelity. Earl Warren regularly joined 5-4 or 6-3 majorities to apply the Bill of Rights and Reconstruction amendments more vigorously to the states. Oliver Wendell Holmes, perhaps the most influential justice of the 20th century, was known as "the great dissenter" for a reason. Consensus comes at a cost.

Justice Gorsuch's appointment is President Trump's greatest accomplishment to date. His early decisions have solidified a three-justice conservative bloc. A resurgent conservative wing exposes the high court's directionless middle, occupied by Justice Kennedy and to a lesser extent Chief Justice Roberts.

Justice Gorsuch's noteworthy debut will prompt an even fiercer fight over the next vacancy, almost certain to occur during President Trump's term. In replacing Scalia, Justice Gorsuch may not have changed the balance of the Court on the most divisive constitutional issues. But his commitment to the original Constitution sets the stage for a noisy confirmation battle

Mr. Prakash is a law professor at the University of Virginia and a senior fellow at the Miller Center. Mr. Yoo is a law professor at the University of California, Berkeley and a visiting scholar at the American Enterprise Institute.

Trump's Opportunity to Arm Ukraine

By Stephen Blank

President Trump's trip to Poland next week is an exceptional opportunity to reassert U.S. leadership and American greatness. In Warsaw Mr. Trump can reaffirm the U.S. commitment to European security by giving Ukraine the weapons it urgently needs to defend itself against Russia's continuing aggression.

Russia's violations of the 2015 Minsk II accords grow daily in both number and intensity. Moscow has reconstituted four armies on Ukraine's borders, rebuilt the Black Sea Fleet, created a powerful anti-access and area-denial bubble in the Black Sea, militarized Ukrainian energy installations there, and prepared the logistical infrastructure for a major war with Ukraine, including potential amphibious operations in the South. It is building nuclear bunkers in Feodosiia and Sevastopol. The Russian military clearly regards large-scale, protracted conventional war, backed by mounting nuclear threats, to be a real possibility.

Vladimir Putin believes that he is already at war with the West, even if shots are not yet being fired. How else to explain repeated overflights of Europe, close encounters with U.S. and other NATO naval and air forces, election subversion in France, Germany and Holland, massive information-war campaigns throughout Europe that coincide with continued hacking against America's political system?

Though Mr. Putin occasionally praises Mr. Trump, his actions demonstrate that he is contemptuous of the American president—and of U.S. resolve.

The Obama administration's strategic dereliction compounded the Russia problem. Mr. Trump's trip will be closely watched as a sign of his willingness to advance U.S. and European security. Giving Ukraine weapons that can meet Russia's threats—counterbattery radars, armored vehicles, antitank weapons, secure communications gear, reconnaissance drones, antilanding weapons like shallow water mines, and training and intelligence support—can help deter Russian aggression while solidifying American leadership of NATO.

How to promote freedom, advance U.S. interests, and show strength to Russia.

Arming Ukraine would keep faith with American policies dating back to President Harry Truman to support free peoples against aggression. It would enhance U.S. leadership and resolve. Moreover, it would communicate those attributes globally and create, as Ronald Reagan's policies did, a real basis for future dialogue with a Russia deprived of the means of aggression. A public show of helping Ukraine would also turn down the heat domestically. Mr. Trump's persistent critics would be forced to credit him with resisting Russia in support of American interests.

Arming Ukraine and shoring up NATO can't be the end of it. Congress must expand and extend sanctions while passing legislation to counter Russian information warfare. Perhaps the most direct way to impose costs on Russia is to increase American energy exports to Europe.

Mr. Putin won't like any of it. His goal all along has been to sow chaos in the West and diminish NATO's influence on his doorstep. Paradoxically, he is forcing Mr. Trump to play a bigger role in Eastern Europe than the U.S. president wants to. If Mr. Putin moans about it, Mr. Trump should deliver a strong, simple message: You brought this upon yourself.

While in Warsaw, Mr. Trump will have a rare opportunity to do the right thing and demonstrate American greatness in action. For our freedom and for Europe's, he should not miss that opportunity.

Mr. Blank is a senior fellow at the American Foreign Policy Council.

Tort Lawyers Take Over the American Law Institute

By Tiger Joyce

You've probably never heard of the American Law Institute, but since 1923 the Philadelphia-based organization has exercised more influence on judge-made common law than any other private institution. Now the ALI is changing its mission in ways that should trouble every business, consumer and taxpayer in America.

The ALI's website explains that it was founded by a group of judges, lawyers and professors troubled by a "general dissatisfaction with the administration of justice" and an "uncertainty" that "stemmed in part from a lack of agreement on fundamental principles of the common law" across states. The institute sought "to promote the clarification and simplification of the law and its better adaptation to social needs, to secure the better administration of justice, and to encourage and carry on scholarly and scientific legal work."

That's certainly a worthy mission, and the ALI's most influential work has come in the form of periodic publications known as Restatements of the Law. These descriptions of existing law were soon relied on and trusted by judges, lawyers, legal scholars and law students for thoughtfully objective analysis. The ALI earned a reputation for being above the partisan fray.

That changed in 2009, when the ALI published the first volume of "Restatement of the Law Third, Torts: Liability for Physical and Emotional Harm." For the first time in the institute's history, its restatement went beyond reviewing the law and recommended fundamental change: an unprecedented expansion of landowners' duty of care to all visitors, including unwanted trespassers.

The following year, Trial Magazine, published by a trade group for plaintiffs lawyers, ran an article calling attention to the new "restatement." Tellingly, one of the article's co-authors had also drafted the ALI restatement and thus was expertly able to cite promising cases in Arizona and Iowa, and otherwise provide detailed guidance for plaintiffs lawyers looking to forge a lucrative new line of trespassers' lawsuits against property and business owners.

This new coziness with the trial bar marked a decided turn away from the ALI's largely objective past and toward a future of special-interest advocacy. Such advocacy was palpable at the ALI's annual meeting late last month. Up for discussion were two draft restatements, concerning the law of liability insurance and consumer contracts. These, respectively, could reshape fundamental aspects of the law and further clog civil court dockets with litigation at significant expense to businesses, customers and nearly everyone else.

Once respected for its objectivity, it's becoming another interest group.

Only an 11th-hour letter to ALI leadership from many corporate general counsel, expressing "strong concern about the recent direction" of the organization, managed to postpone the final adoption of the liability-insurance restatement at the annual meeting. The letter noted the draft text's potential to undermine the "plain meaning" of contract terms, disproportionately increase penalties for alleged breach of duties, and subject insurers to broad extracontractual damages for alleged "bad faith."

Even more troubling is the pending restatement on consumer-contract law. Leaving aside that there has never even been a recognized body of "consumer contract" law—there is only contract law—the three law professors charged with drafting this restatement are effectively ignoring the Supremacy Clause of the Constitution, much U.S. Supreme Court precedent, and the 92-year-old Federal Arbitration Act. They are trying to convince state courts that virtually all arbitration clauses in consumer contracts are "unconscionable" and therefore unenforceable, clearing the way for still more trial-lawyer-enriching class actions.

Meanwhile, the American Tort Reform Association and our state-based allies will do all we can to moot the unaccountable ALI's radical flights of legal fancy. Since 2011 we've driven enactment of bipartisan legislation in 23 states that pre-empts any additional liability for trespassers' injuries. We'll launch comparable campaigns to contain future threats.

Although ALI has as much right as other interest groups to advocate for changes in the law, it is no longer due special deference from judges. Justice Antonin Scalia said as much in a 2015 opinion. The authors of ALI restatements, he observed, have "over time . . . abandoned the mission of describing the law, and have chosen instead to set forth their aspirations for what the law ought to be."

Aspirations for American business leaders must include stopping the ALI's liability-expanding agenda and returning the organization to the laudable scholarship and evenhandedness of its past. Business-friendly members of ALI must become more active and recruit more members like themselves. And unless ALI leaders wish to risk irrelevance should their organization be wholly captured by plaintiffs lawyers and reflexively antibusiness academics, they would be wise to invite and welcome broader participation in their underreported proceedings.

Mr. Joyce is president of the American Tort Reform Association.

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Duterte Gets an Unwelcome Opponent

Resilience of Muslim insurgents stands in way of president's hopes for Mindanao

By Ben Otto

MANILA, Philippines—President Rodrigo Duterte took office in 2016 pledging to bring peace to Mindanao, the predominantly Muslim island in the southern Philippines where he was raised.

But a year later, his goal of reconciling with the island's many militant and separatist groups is in danger of slipping away. The simmering struggle has boiled over, with Mindanao under martial law and the air force bombing a provincial capital, Marawi—invaded in May by Islamic State-aligned fighters seeking to carve out a caliphate in Southeast Asia.

"I no longer watch TV. I just turn it off. Or I switch channels and watch cartoons," Mr. Duterte said in a speech Tuesday in which the fiery president described himself as sad.

After weeks of ground and air assaults, at least 100 fighters remain in the lakeside city, according to the military, which counts more than 400 dead in the battle, mostly militants. They are holding hostages. The fighters include about 40 foreigners, the military says, half from neighboring Indonesia, the world's largest Muslim-majority nation, and the rest from countries including Malaysia, Saudi Arabia and Yemen.

"It is difficult to fight someone who wishes to die," Mr. Duterte said recently at a military camp in northern Mindanao.

PRESIDENTIAL COMMUNICATIONS OPERATIONS OFFICE/EUROPEAN PRESSPHOTO AGENCY

Philippine President Rodrigo Duterte stands before government troops during a forces anniversary in the capital, Manila.

THE WALL STREET JOURNAL.

Days later he visited a camp housing some of the more than 400,000 civilians displaced in the region. He was visibly moved as he stood face-to-face with families from Marawi—a city just 100 miles from Davao, where he served as mayor for more than two decades.

The urban battle and the lack of reconciliation progress threaten to upend Mr. Duterte's law-and-order agenda—symbolized by a war on drugs that has claimed thousands of lives—and stymie his desire to create a federalist system of government that would grant more autonomy to the regions, enabling areas like Mindanao to solve their own problems.

It also throws into relief Mr. Duterte's pivot away from his country's longtime ally and protector, the U.S., and raises questions about the state of counterterrorism ties with the West. In 2015, a year before Mr. Duterte took office, the U.S. wound up a joint task force that for 13 years had aimed to counter Muslim extremists in the Philippines.

"Marawi is a wake-up call for every nation in the Indo-Asia Pacific," Adm. Harry Harris, commander of the U.S. Pacific Command, said in Australia on Wednesday. He called for closer cooperation among nations in the region—naming the Philippines, Indonesia, Malaysia, Bangladesh, New Zealand and Australia—along with the U.S. to confront the threat.

Mr. Duterte remains popular—his March quarterly approval rating is down only a few points from the 80s where it stood in December—and no clear opposition figure has emerged to challenge him.

For most Filipinos, Mindanao "is a distinct, troubled region far away from their daily concerns, so even when things go bad there, it is unlikely to change most people's political support," said Malcolm Cook, a senior fellow at the Iseas-Yusof Ishak Institute in Singapore.

The government almost daily announces that militant numbers are dwindling in Marawi, but authorities fear that the end of the Muslim holy month of Ramadan and Islamic State's retreat in the Middle East could bring foreign reinforcements to Southeast Asia.

The nation of more than 7,000 islands will be hard-pressed to intercept them if they come. The Philippines for decades has failed in its efforts to eradicate the many extremist groups that recruit from poor, marginalized Muslim communities in the jungles of Mindanao. The island was once an important base for Jemaah Islamiyah, an al Qaeda-linked group behind bombings on the Indonesian island of Bali in 2002 that killed 202 people, mostly foreigners.

Mr. Duterte blamed the Marawi conflict on the years-long buildup of jihadist groups and weapons stockpiling in Mindanao, much of it as the government adopted a conciliatory stance in seeking peace talks with larger, more mainstream rebel groups.

"We took it really for granted," he said.

—Rob Taylor in Brisbane, Australia, contributed to this article.

China's Xi Vows to Protect Hong Kong's Status

By John Lyons

HONG KONG—Chinese President Xi Jinping, in Hong Kong to celebrate the 20th anniversary of the city's return to China, said he was committed to maintaining its semiautonomous status, even as Beijing increasingly exerts its influence over the former British colony.

We will "assess Hong Kong's extraordinary journey in the past 20 years, learn from collective experience, and plan for the future," Mr. Xi said Thursday in a speech at Hong Kong's airport, shortly after arriving for a three-day stay. Mr. Xi said he would seek to ensure the stability of the "one country, two systems" arrangement that gives Hong Kong citizens more freedom and rights than their mainland counterparts.

Mr. Xi's visit, his first to Hong Kong as president, comes as mainland China is tightening its grip on the city of seven million. Last year, mainland authorities paved the way for the removal of lawmakers who questioned Beijing's authority from the local legislature, and Beijing officials have excoriated activists it says are pushing for Hong Kong independence.

Meantime, many of the leaders of the student-led protest movement that grabbed global attention in 2014 have faced prosecution, leading many Hong Kong residents to question the value of political activism. A pro-democracy rally is set for the July 1 anniversary, but some of its key organizers were arrested Wednesday after they staged a small sit-in.

"The significance of the visit is to further show who is boss, show who is in control," said Kin-ming Liu, a longtime Hong Kong journalist turned consultant. Police have fanned out across town, blocking off parts of the normally bustling city.

Since taking office in 2012, the 64-year-old son of a prominent Communist Party revolutionary has consolidated power, launching a far-reaching anticorruption campaign that often targeted political rivals. He has been recognized as the "core" of party leadership, a designation that comes with sweeping decision-making power.

During his three-day visit, Mr. Xi will oversee the swearing-in of Hong Kong's new chief executive, Carrie Lam, who was seen in Hong Kong as Beijing's pick for the job. Ms. Lam is under pressure to introduce an antisedition law and a new national education curriculum that promotes China's Communist party, measures that failed in the past after sparking protests.

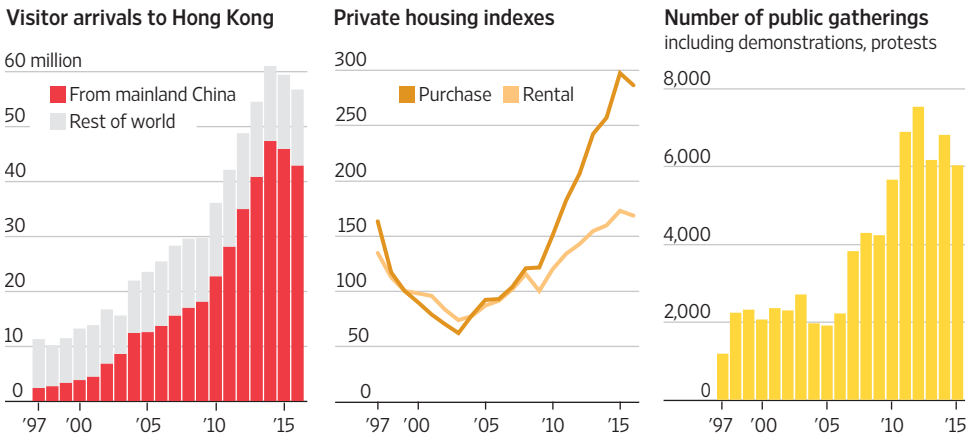
When Britain returned Hong Kong to China two decades ago, conventional wisdom was that the poor but fast-developing Communist mainland would converge with the richer, free-market Hong Kong; China would become more open and grounded in rule of law as its links to the global economy deepened.

But while China's economic growth has surged, the country of 1.4 billion people has grown more authoritarian and assertive under Mr. Xi, sparking concerns in Hong Kong and elsewhere. In 2015, five Hong Kong booksellers were secreted to detention centers in China by Chinese agents.

—Jenny W. Hsu contributed to this article.

Twenty-Year Itch

Hong Kong has benefited from an influx of mainland Chinese tourists since the 1997 handover, but economic gains have brought a higher cost of living, and locals increasingly chafe at Beijing's influence.



Sources: Hong Kong Tourism Board; Rating and Valuation Department; Social Indicators of Hong Kong

THE WALL STREET JOURNAL.

Trump Approves Arms Sale To Taiwan

By Felicia Schwartz

WASHINGTON—The Trump administration notified Congress on Thursday that it approved sales of $1.42 billion in weapons to Taiwan, a move that coincided with China's rejection of a U.S. Senate bill that would allow U.S. Navy vessels to make regular port calls to the island.

The administration's proposed arms transfer would be the first since President Donald Trump took office.

The sales include radar, missiles and torpedoes, and "primarily represent upgrades to existing defense capabilities aimed at converting current legacy systems from analog to digital," a U.S. official said.

The U.S. is legally obliged under congressional action to sell Taiwan defensive weapons, and did so as recently as 2015 under the Obama administration. But China, which claims Taiwan as its territory, is angered whenever such sales are announced. Officials with the Chinese Embassy in Washington didn't respond to a request to comment.

Earlier, Beijing reacted angrily to the U.S. Senate legislation that would allow U.S. warships to make regular stops in Taiwan ports.

The proposed change, after decades of a "One China" policy that requires the U.S. to forgo official recognition of Taipei, was cleared by the Senate Armed Services Committee as part of a larger measure.

"We express our grave concern on this Taiwan-related bill," said Foreign Ministry spokesman Lu Kang in a news briefing Thursday. "The Taiwan issue concerns China's sovereignty and territorial integrity," he said.

Earlier this year, Mr. Trump angered Beijing when he suggested he would review the One China policy. Mr. Trump later reaffirmed his administration's commitment to the policy in a phone call with Chinese President Xi Jinping in February. State Department spokeswoman Heather Nauert said the arms sales approved Thursday don't alter U.S. adherence to the policy.

—Josh Chin contributed to this article.

U.S. Plans to Cut Off Chinese Bank Over North Korea

By Ian Talley

WASHINGTON—Marking a new phase in the Trump administration's pressure on North Korea, the White House on Thursday said it plans to deny China's Bank of Dandong access to the U.S. financial system, accusing it of facilitating financing for companies involved in Pyongyang's weapons program.

The move is an escalation of Washington's efforts to rein in North Korea's nuclear and missile programs, using a sanctions tool that proved effective under the George W. Bush administration in forcing the regime back to negotiations by cutting off Pyongyang's financial ties to the world.

Treasury Secretary Steven Mnuchin, announcing the new sanctions at the White House on Thursday, said the administration would "continue to roll out sanctions" against companies involved with Pyongyang's weapons programs.

President Donald Trump will raise the issue with leaders from the Group of 20 largest economies at a summit next week as Washington seeks to coordinate international action against Pyongyang.

"We are committed to cutting off all illegal funds going to North Korea," Mr. Mnuchin said. "North Korea's provocative, destabilizing and inhumane behavior will not be tolerated."

"We are committed to targeting North Korea's external enablers and maximizing economic pressure on the regime until it ceases its nuclear and ballistic-missile programs," he said.

Mr. Mnuchin said Thursday's action, which will take at least two months to go into force, isn't intended as a message to China.

Neither the Chinese Embassy in Washington nor the Bank of Dandong responded to a request to comment.

WORLD WATCH

NARENDRA SHRESTHA/EUROPEAN PRESSPHOTO AGENCY

FUTURE FOOD: Farmers in Tinpiple village plant rice on Nepal's National Paddy Day, which marks the beginning of the season.

BRAZIL

President Replaces Attorney General

Embattled President Michel Temer picked a successor to Attorney General Rodrigo Janot, who earlier this week charged the president with taking bribes and is set to step down in September.

Mr. Temer chose prosecutor Raquel Dodge late Wednesday to succeed Mr. Janot, who in two consecutive two-year terms has overseen the biggest anticorruption push in Brazil history.

The decision came two days after Mr. Janot charged Mr. Temer himself with corruption in an unprecedented move against a sitting president.

Ms. Dodge was runner-up in an election among top prosecutors that generated a list of three attorney-general candidates from which Mr. Temer would choose.

—Paul Kiernan and Luciana Magalhães

FRANCE

Deficit to Pass Limit Agreed With the EU

The budget auditor said the government deficit this year would significantly exceed targets negotiated with the European Union, presenting President Emmanuel Macron with a major economic test just weeks into his term in office.

The French Court of Auditors said the budget deficit is on track to hit 3.2% of gross domestic product in 2017, compared with a target of 2.8% of GDP set by the government of Mr. Macron's predecessor, François Hollande.

The 2.8% target was part of an agreement between France and the European Commission to bring France's long-swollen deficit in line with bloc rules, which call for budget gaps under 3% of GDP. *—Matthew Dalton*

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TECHNOLOGY: ALIBABA AND TENCENT HOLD UNIQUE POWER IN CHINA B4

BUSINESS & FINANCE

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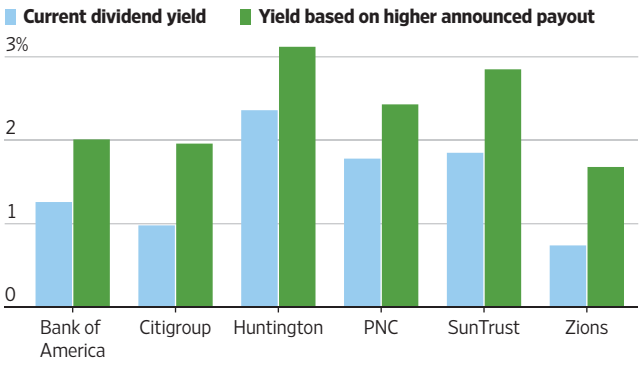
Bank Stocks Rally on Higher Dividends

Payout Players

Banks announced higher dividend payouts in the wake of the Fed stress tests, boosting prospective dividend yields.



Sources: FactSet; company data; WSJ calculations THE WALL STREET JOURNAL.

By Christina Rexrode And Rachel Louise Ensign

Bank stocks rallied Thursday after strong stress-test results led many lenders to increase dividends and share buybacks. The surge came on a day when the market overall slumped on falling technology shares.

The green light from the Federal Reserve for big banks to return loftier levels of capital led investors to put aside for the moment worries about the future direction of long-term interest rates or policy ructions in Washington.

Instead, they were salivating over the prospect of higher dividend yields at banks.

"The capital return tide has turned," Morgan Stanley bank analyst Betsy Graseck wrote in a note to investors Thursday. "Yield investors will have to start paying more attention to bank stocks, expanding the investor base."

Consider that **Bank of America** Corp. shares were yielding about 1.26% Wednesday, based on the bank's prior annual dividend payout of 30 cents a share. The bank said Wednesday, following the release of the stress-test results, that it would jack the annual dividend up to 48 cents a share.

That would push the prospective dividend yield to around 2%, even taking into account the increase in Bank of America's stock Thursday. The shares rose 1.8%.

While yields on U.S. Treasury securities have risen in recent days, such dividend-yield increases put some bank-stock payouts more in line with longer-dated government bonds. The five-year U.S. Treasury note, for example, yielded 1.85% in Thursday trading.

Shares of other big banks, such as **J.P. Morgan Chase** & Co., **Wells Fargo** & Co. and **Citigroup** Inc., also rose Thursday. Those banks, too, had announced increased dividends the evening before. Sweetening the pot, banks also announced sizable increases in their expected share buybacks over the coming year.

Overall, banks increased their payouts more than analysts had expected. Ms. Graseck noted that dividends could continue to increase, forecasting a median 11% increase in 2018 for stress-test banks following a 12% increase this year.

Reflecting the upbeat sentiment, the KBW Nasdaq Bank

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TERRAY SYLVESTER /REUTERS

TransCanada is struggling to attract customers for Keystone XL amid low crude oil prices and other transport options.

Glut Kills Appetite for Keystone

Oil producers, refiners show little interest in disputed pipeline, jeopardizing its fate

By Christopher M. Matthews And Bradley Olson

Keystone XL is facing a new challenge: The oil producers and refiners the pipeline was originally meant to serve aren't interested in it anymore.

Delayed for nearly a decade by protests and regulatory roadblocks, Keystone XL got the green light from President Donald Trump in March. But the pipeline's operator, **TransCanada** Corp., is struggling to line up customers to ship crude from Canada to the U.S. Gulf Coast, say people familiar with the matter.

TransCanada Chief Executive Russ Girling remains committed to completing Keystone XL and believes it will prove profitable in the long term, say two people familiar with his thinking. But it may be years before the company recoups its investment in the pipeline, these people say.

TransCanada has spent $3 billion to date on Keystone XL, much of it on steel pipe, land rights and lobbying. Completed, the pipeline would travel 1,700 miles from Alberta to Steele City, Neb., where it would link up with existing pipelines that run to the Gulf Coast.

The lack of interest has put the pipeline's fate in jeopardy. The company, based in Calgary, Alberta, has said it wants enough customers to fill 90% of Keystone's capacity before it proceeds. It started to aggressively court potential customers earlier this year as it seeks to meet that target, according to people familiar with the situation.

TransCanada expects the pipeline, which would carry up to 830,000 barrels of oil a day, to cost $8 billion, compared with its initial estimate of $7 billion. The company took a $2 billion write-down related to the pipeline last year.

A TransCanada spokesman said the company is making progress with customers and anticipates it will firm up support in coming months. The company has said construction could begin next year and finish as early as 2020.

The uncertain outlook for Keystone XL stands in contrast to Mr. Trump's upbeat rhetoric in March. The president invited Mr. Girling to the Oval Office and announced he was

Please see PIPE page B2

A Pipeline Race

Several firms are competing to build pipelines from Canada to the U.S. Some analysts doubt there will be enough demand for the projects.

1 **KINDER MORGAN TRANS MOUNTAIN**
Plans to increase capacity to 890,000 barrels a day, from 300,000 b/d. Estimated completion: 2020.

2 **ENBRIDGE LINE 3 REPLACEMENT**
Line into Enbridge's existing crude system will restore 760,000 b/d of capacity by replacing an older pipeline. Estimated completion: 2019.

3 **TRANSCANADA KEYSTONE XL**
White House has approved pipeline, but company is struggling to line up customers. Estimated completion: 2020-2021.

4 **TRANSCANADA ENERGY EAST**
Company seeking to convert part of an existing natural-gas line to send oil east for export. Estimated completion: 2021.

Sources: Goldman Sachs; Barclays; the companies THE WALL STREET JOURNAL.

To Finance Deal, Sycamore Takes Knife to Staples

By Matt Jarzemsky And Dana Mattioli

Sycamore Partners intends to split **Staples** Inc. into three parts to help fund its $6.9 billion purchase of the office-supply seller, in another sign of the challenges facing the retail industry.

The three separately financed entities—U.S. retail, Canadian retail and corporate supply—will remain under the same corporate umbrella, according to people familiar with the plan.

The approach is intended to make Sycamore's leveraged buyout of Staples, announced Wednesday, an easier sell to bond and loan investors whose appetite for retail names has soured as the industry's prospects have waned. Their participation will be crucial to financing what is the largest leverage buyout announced this year.

UBS Group AG, **Bank of America** Corp. and other Wall Street banks plan to arrange bonds and loans backing only the Staples unit that distributes paper, pens and other supplies to large business and government customers, the people said. That business, Staples' largest, is seen as its crown jewel.

Sycamore plans to fund its purchase of the Canadian retail business in part with debt from asset manager **KKR** & Co., the people said. **Wells Fargo** & Co. will finance the U.S. retail segment with a loan backed by the chain's assets, they said.

Loans from Wells Fargo will also go toward financing the other two units, some of the people said.

Sycamore's approach to the deal is similar to the firm's play for another beleaguered retailer, Jones Group Inc., in 2014. After Sycamore bought the apparel company it created four independent operating entities: Nine West, Jones New York, Kasper Group and a jeans company. It also took two Jones brands—Stuart Weitzman and Kurt Geiger—and made them into other independent companies; both were later sold.

—Drew FitzGerald contributed to this article

Under Pressure

Staples comparable store sales in North America, change from previous year

*Ended April 29, 2017 Source: the company THE WALL STREET JOURNAL.

STREETWISE | By James Mackintosh

Divining the Secrets Of Draghi's Temple

Are central bankers twisted geniuses manipulating the markets in order to meet their inflation goals? Or are they bumbling former academics whose ramblings are overinterpreted by investors besotted with their brilliance?

The question has become increasingly important as investors try to navigate the end of global easy money, and wild swings in currencies this week show how markets are prone to misconstrue statements of the obvious by leading policy makers.

A historic palace in Sintra, Portugal, was the prime location for the misunderstanding. European Central Bank President Mario Draghi set out the nuances of monetary policy in a speech, only for most of it to be ignored by traders who seized on one sentence to conclude he had turned hawkish. The euro soared 1.4% against the dollar, then dropped almost a cent the next day when ECB officials denied the interpretation, before making it all back. German bond yields swung similarly.

Bank of England Gov. Mark Carney then sent the sterling up 1% against the dollar when he said that he would be in favor of raising rates if investment and wages rose, a statement that is not only obvious but in agreement with his previous views. Serious money rests on the question of whether these were delicate signals to the market. Believing they were requires two assumptions about central bankers: that they wanted to tighten policy and that they were capable of saying so subtly.

Both the Bank of England and the ECB were already clear that they no longer lean toward easing. There are several reasons they might want to lean more toward tightening: The Fed is already leading the way, and they don't want to be left behind; they would like to prepare the ground for rate increases so markets aren't

Please see STREET page B2

Google Faces Core Threat in EU

By Jack Nicas

Google has thrived by launching new services out of its powerful search engine—such as online travel, maps and news—to make finding information easier for users.

Now such expansion, a hallmark strategy of Google, is under threat.

European Union regulators this week ruled for the first time that Google's search engine was a monopoly and fined the company $2.71 billion for favoring its shopping ads over rivals. Regulators said the decision set a precedent, paving the way for a series of similar cases against other Google products, such as tools to search for flights, hotels, photos and news, analysts said.

Such actions would rein in a company that has known few bounds to its growth over two decades. In 13 years of tracking Google since its 2004 public offering, "we've never been as concerned as we are following this ruling," Macquarie Capital analyst Ben Schachter wrote in a research note this week.

Regulators on Tuesday ordered Google to alter its search results in the EU to give other comparison-shopping sites higher billing, although those companies' offerings may not be as relevant to queries as Google's.

Google, a unit of **Alphabet** Inc., said Tuesday it would review the EU decision and consider an appeal. It said its data show users and advertisers like its shopping ads, and that regulators aren't considering the prevalence of shopping sites such as Amazon.com Inc. The company declined to comment further for this article.

"Our search engine is designed to provide the most relevant results," Google said in a 2015 post in response to EU regulators. "That's not 'favoring'—that's giving our customers and advertisers what they find most useful."

In penalizing Google, the EU is prioritizing market competition over user experience, analysts said. EU regulators are "stating that if Google improves its services...then these improvements are harming competitors unfairly," Macquarie's Mr. Schachter said. That stance "could dramatically limit Google's ability to

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NATI HARNIK/ASSOCIATED PRESS

A Nebraska pumping station for the Keystone XL pipeline.

PIPE

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reversing an Obama administration move to block construction, declaring, "It's going to be an incredible pipeline, greatest technology known to man."

But much has changed in the oil markets since TransCanada first filed an application with the State Department in 2008 for a cross-border permit.

Back then, the price of oil had surpassed $130 a barrel, producers were rushing to pump as much as possible and refiners were itching to secure steady supplies. Today, oil is trading around $45 amid a global supply glut caused in part by the emergence of American shale drillers.

Refiners want the flexibility of being able to buy oil from wherever it is cheapest. In a world awash in low-price oil, Canadian crude doesn't look as attractive as it once did. Many refiners thus far are unwilling to commit to long-term deals for Canadian crude, say people familiar with the matter.

"A lot of water has gone under the bridge over the last seven or eight years since we proposed that project with respect to where energy prices are today," Mr. Girling told investors in May. "So it all sort of complicates the negotiation."

Meanwhile, uncertainty about output growth from Canada's oil sands has given producers pause about signing long-term agreements for space on a pipeline they may not need, people familiar with the matter say.

While forecasters predict production there will grow into the next decade, largely due to investments already made, some analysts warn increases beyond that are far from assured. The oil-sands industry faces potential regulatory headwinds as Canada seeks to reduce carbon emissions to comply with global climate agreements.

Some shippers are choosing to move crude out of Canada by rail. Transporting crude to U.S. refineries this way is $2 to $8 a barrel more than pipeline tolls, which average around $8.50 a barrel from Alberta to Texas, according to analysts. But rail shipments generally don't require long-term commitments.

While Keystone XL stalled for years, other projects moved forward. Goldman Sachs analysts estimate that **Enbridge** Inc.'s expansion of an existing pipeline connecting Alberta and Superior, Wis., will be completed by 2019, while **Kinder Morgan** Inc.'s expansion of the Trans Mountain Pipeline from Alberta to the coast of British Columbia will be finished by 2020. They predict Keystone XL may not be finished until 2021.

Keystone XL still requires final approval from Nebraska and faces the prospect of additional protests from a reinvigorated antipipeline movement in the U.S. following the fight over the Dakota Access Pipeline. The other pipeline projects face similar obstacles.

TransCanada is betting the demand that spurred the project still exists. Analysts project that over the long term the Gulf Coast's demand for Canadian crude will rise as oil imports from Venezuela and Mexico fall.

The company's U.S.-denominated shares have risen by almost 50% since President Barack Obama blocked Keystone XL in November 2015, signaling the market's belief that the company can afford to move on.

Investors warmed to TransCanada after it bought Columbia Pipeline Group Inc. for about $10 billion in 2016, a deal that offers the opportunity to expand its natural-gas operations in the U.S. Northeast.

—Lynn Cook contributed to this article.

BUSINESS & FINANCE

UPS Golf Cart Use Rankles Union

By Paul Ziobro

United Parcel Service Inc. uses jumbo jets, hybrid electric vans and, sometimes, drones to deliver nearly five billion packages each year. But a push into a less glamorous transportation mode—golf carts—has touched a nerve with drivers in one of its home bases.

Starting Thursday, UPS can use golf carts to deliver packages in Kentucky as the result of a new state law allowing delivery drivers to use the vehicles on public roads.

The company plans to use retrofitted golf carts to complement its fleet of brown delivery trucks primarily during the winter holidays, when daily volumes can rise two-thirds from normal levels.

But union leaders, who had opposed the legislation, argue that having the vehicles share the road with cars and trucks puts workers at risk. They also object because UPS golf cart drivers earn less than traditional truck drivers.

"They're just looking to pay the drivers less at the expense of the safety," said James DeWeese, a member of Teamsters Local 89, which represents UPS drivers in Kentucky.

UPS spokesman Glenn Zaccara said the carts undergo a major face-lift from the ones spotted on fairways. The vehicles will have turn signals, seat belts and an emblem designating it a slow-moving vehicle.

"The safety of our [workers] always comes first and we will not operate in conditions that are determined to be unsafe," Mr. Zaccara said.

UPS, which has its main WorldPort package sorting hub in Louisville, Ky., and is the state's second-largest employer behind Wal-Mart Stores Inc., lobbied for the law, which passed the Republican-controlled House and Senate by roughly two-to-one margins.

LOREN ELLIOTT/TAMPA BAY TIMES/ZUMA PRESS

UPS already uses golf carts in Florida and plans to roll them out for deliveries in Kentucky.

The golf carts, which are modified with a flatbed or pull a trailer containing the packages, will be driven by part-time workers. The carts generally don't go faster than 15 miles an hour and will only be allowed to be operate in residential areas and on public roadways with a posted speed limit of 35 miles an hour or less.

Mr. Zaccara said using golf carts would give UPS more flexibility during the holidays without having to buy new delivery trucks or vans.

Controlling costs is a major issue at both UPS and FedEx Corp., which have taken steps to optimize driver routes through routing systems, automate more sorting facilities and deliver more packages to drop-off points such as stores.

Mr. DeWeese said part-time workers driving golf carts earned about $15 an hour, versus a starting rate of $18.75 an hour for Kentucky drivers behind the wheel of a truck or van. Most drivers in Kentucky make the maximum hourly rate of a little more than $35 after four years.

'They're just looking to pay the drivers less at the expense of the safety.'

"It's just an eroding of full-time employment for people that need it," Democratic state Rep. Rick Nelson said.

UPS's goal was to find the most efficient way to "process the near double average daily package volume we experience during our peak season" in November and December, Mr. Zaccara said.

UPS has a number of unique delivery methods to accommodate local quirks, including horse-drawn carriages on Michigan's Mackinac Island and gondolas in Venice, Italy.

In the U.S., the delivery company's national labor contract does allow for golf cart deliveries.

One sentence in the 184-page document states: "Golf cart usage will comply with applicable federal, state and local regulations."

That provision was largely unobjectionable when the contract was ratified in 2013, said Mr. DeWeese, as it was inserted to accommodate deliveries in communities in places such as Florida where golf carts are the primary mode of transportation.

The issue comes several months ahead of when the national Teamsters union is expected to begin negotiations with UPS over its next contract. The current version expires July 31, 2018.

STOCKS

Continued from the prior page

index rose more than 1% Thursday even as the Dow Jones Industrial Average declined 167.58 points, or 0.8%.

Michael Levine, manager of the OppenheimerFunds $4 billion Equity Income fund, said he remains optimistic on banks in part because of likely dividend growth, especially at Citigroup, one of the fund's biggest holdings.

He sees the dividends as a sign of tangible progress for banks.

Between the November election and the end of 2016, the KBW index rose 23%. That was largely due to investor hopes for higher economic growth that would lead to higher interest rates, and so bank profits, as well as a reduction in bank regulation and an overhaul of the U.S. tax code.

While the Fed has raised short-term rates and there have been some signs of regulatory relief, investors' hopes have yet to be fully realized. A rise in longer-term rates in recent days, for example, hadn't brought much relief to banks. The difference in yields between the 10-year and two-year Treasury was just 0.90 percentage point, a low level that can signal a squeeze on bank profits.

Given that, capital returns become even more important. "We don't think rates are going to skyrocket, and regulatory change has become more vulnerable," Mr. Levine said. "But you're still going to have relatively attractive dividend growth."

Even with Wednesday's announced dividend increases, yields often remain below pre-financial crisis payout levels. Shares in Bank of America, for instance, had an average yield of 3.36% from June 1997 to June 2007, according to FactSet.

One unknown, though, is how consistent growth will be in coming years for capital returns. That depends on the Federal Reserve.

Before the financial crisis, bank boards decided on dividend or buyback increases. Now, though, the banks must go through annual stress tests and the Fed must sign off on their capital plans.

Not everyone was joining the bank-stock celebration. Terry McEvoy, a bank analyst at Stephens Inc., remained more focused on whether looser regulation and tax changes will materialize. He said he believes those are necessary for bank shares to advance further.

Meanwhile, Citigroup bank analyst Keith Horowitz wrote Thursday that the only development was a change in the timeline for when capital would be returned.

Because investors knew the capital would eventually be returned, the announcement had little impact on his valuation estimates.

"This is why we do not share the view of others that these results are a big positive," Mr. Horowitz wrote.

STREET

Continued from the prior page

shocked when it happens; or they would like to damp market exuberance, which several prominent bankers have worried about recently in public.

Believing they are capable is harder. The hawkish interpretation of both Mr. Draghi and Mr. Carney rested on a few words amid speeches setting out existing policy as clearly as possible. Central bankers would have to be more attuned to the sensitivities of traders than full-time central-bank watchers, who initially took the apparently bland words as restatements of previous positions.

The true twisted genius would be on display if the Sintra speeches weren't misinterpreted at all, but were trial balloons designed to test market sensitivities. On this reading, Messrs. Draghi and Carney want to know how worried investors are about tighter policy so they tried out ambiguous language before soothing nerves by letting it be known they were misinterpreted.

Investors have little choice but to pay attention to central banks: They set the price of money, on which the price of everything else is, to some extent, dependent. Markets are particularly sensitive in Europe because of the approaching end of ECB bond purchases and an unexpectedly close vote on interest rates at the Bank of England. Poor communication—or perhaps market misunderstanding—when the Fed neared the end of its bond buying in 2013 led to the "taper tantrum," when 10-year Treasury yields leapt more than a percentage point in two months.

The ECB and investors are on alert for any similar bond selloff. Yet, the Kremlinology is going too far.

Peter Fisher, a senior fellow at the center for business, government and society at Dartmouth's Tuck School of Business, and a former Fed official, says much misinterpretation of policy makers comes from their tendency to argue with each other in public in recent years.

Neville Hill, head of European economics at **Credit Suisse Group** AG, shares the common view that Mr. Draghi is a silver-tongued communications virtuoso, but thinks Mr. Carney was just misinterpreted. "He's trying to get us to taper without having a tantrum," he said, referring to Mr. Draghi. "I think that is why they [the ECB] pushed back the next day, because the price action looked like there might be a tantrum."

Investors should try to think long term about central bankers' motivations. A few things are clear: They are still wedded to the "Phillips curve" link between lower unemployment and higher inflation, even though it hasn't held up in recent years. So if joblessness keeps falling, expect tighter money than inflation would otherwise suggest.

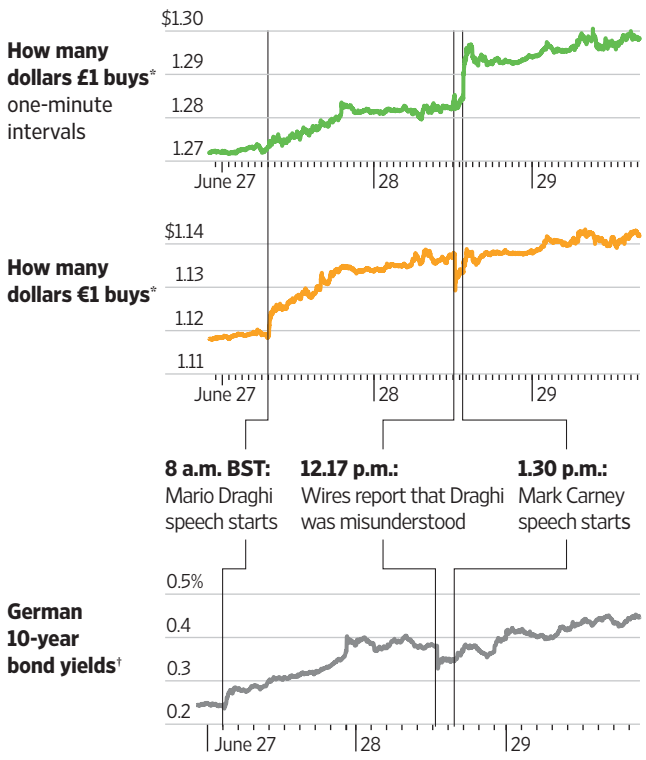
They are still reluctant to risk market disruption through surprise decisions, so expect big policy shifts to be well-telegraphed.

Finally, there were some signs of concern this week about high stock prices and low corporate bond yields from both the Fed and the Bank of England. But so far that isn't enough to cast doubt on the "Yellen put," the idea that the Fed will save investors from themselves by easing policy if markets fall.

So forget the linguistic analysis and take central bankers' speeches at face value. As Neal Soss, the vice chairman in research at Credit Suisse and a former assistant to Fed Chairman Paul Volcker, puts it: "In the end, watch what they do."

Talk Is Cheap

Central bankers roiled the currency and bond markets with speeches that markets interpreted as hawkish, while actually saying little that was new.



*Through 5:20 p.m. BST Thursday †Through 4:35 p.m. BST Thursday
Source: FactSet
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Malware Leaves Big Law Firm Hobbled

By Jacob Gershman And Kate Fazzini

One of the world's largest law firms is still reeling from the cyberattack that hit computer systems across Europe and the U.S. on Tuesday.

DLA Piper, which commands an army of thousands of lawyers across dozens of countries and represents some of the largest companies, has been at a virtual standstill for more than two days.

As of Thursday afternoon, its lawyers still couldn't access firm computer systems or emails and were mostly "doing their best" from home computers, according to one New York partner.

DLA Piper's data blackout is starting to disrupt active litigation. In at least five different civil cases in the U.S., including a patent dispute involving **Apple** Inc., firm lawyers have sought deadline extensions.

In a court filing in federal court in Houston on Wednesday, for instance, a DLA Piper attorney representing a client in a trade-secret dispute stated that "no U.S. attorney has access to the firm's document management system...the firm's email system is inaccessible as well."

The lawyer said she needed several extra days to submit a dismiss motion due June 29 because she lacked access to the draft document, telling the judge she was trying finish it from home.

DLA Piper has been at a virtual standstill since it was hit by the 'Petya' ransomware.

The DLA Piper litigator said she doesn't expect to regain access to her document system "until the end of this week."

"We have seen no evidence that client data was taken or that there was a breach of confidentiality of that data," a DLA Piper spokesman said Thursday. "To our knowledge no interest of any client has been prejudiced as a result of this incident. We are in the process of bringing our systems back online."

DLA Piper said its IT team "acted quickly to prevent the spread of the suspected malware and protect our systems."

The spokesman said he knew of no other law firms that were hit by the virus.

Cybersecurity experts have long raised concerns about the risk of cyberattacks against law firms, whose troves of valuable trade secrets, market-moving deal news and other sensitive information make them attractive targets.

Legal-industry experts say law firms in general have lagged behind their corporate clients in data-security measures.

Faux Ransomware Does Damage

Cyberattack wasn't intended to extort money, rather aimed to cripple businesses

By Robert McMillan

VINCENT MUNDY/BLOOMBERG NEWS

Store employees in Kiev, Ukraine, read a ransomware demand for the payment of $300 worth of bitcoin on Wednesday.

This week's global virus outbreak that grounded airplanes in Ukraine, slowed FedEx courier deliveries in Europe and disrupted Maersk container ships around the world was devised simply to damage businesses, not earn money for the hackers behind it, security experts now believe.

The latest attack resembled, yet was more sophisticated than, last month's WannaCry virus, which also appeared as though designed to extort payments, security experts said.

The likelihood that a cyberattack on the Ukranian computer system was disguised as ransomware is a disturbing revelation for the world's corporate executives whose companies are at risk of being collateral damage in such targeted attacks.

The software was coded to look like a variant of a known form of ransomware—malicious software called Petya that makes files unreadable until the victim makes a $300 payment. But that appears to have been a ruse: The virus's underlying software was different from Petya and made it technically impossible for files to be recovered, even by the attackers, researchers say.

"The attackers have no actual means of decrypting the files," said Juan Andrés Guerrero-Saade, a security researcher with antivirus vendor Kaspersky Lab ZAO. "It's masquerading as a ransomware."

The disguise slowed down the international response to the outbreak by leading cyber-responders down investigative dead ends, said Lesley Carhart, a computer-security researcher who studied the latest attack.

The Petya clone attack began Tuesday after hackers broke into the servers belonging to Intellekt Servis, a little-known Ukranian company that makes the country's most popular tax software, security researchers say. The hackers then modified the M.E. Docs software to include the malicious virus, which rapidly spread to other corporate networks when companies installed a software update.

Intellekt Servis said there was no evidence supporting the idea that its clients downloaded a corrupted update of its accounting program. Still, the company said it was cooperating with police and IT experts to determine how the virus spread.

The virus employed remarkably effective password-stealing software along with attack code, allegedly stolen from the National Security Agency, to worm through corporate networks. The alleged NSA code "may have been used to compromise a few systems," but the password-stealing tools led to the bulk of the computer infections, said Charles Carmakal, a vice president at FireEye Inc.

An NSA spokeswoman didn't respond to an email seeking comment.

M.E. Docs is the most popular software used to electronically file tax forms with the Ukranian government, and it is widely used by international companies doing business in Ukraine, said Hennadiy Voytsitskyi, a partner with the law firm Baker & McKenzie LLP.

After an M.E. Docs software update, a computer at Baker McKenzie's Kiev office was seized with the fake ransomware Tuesday, demanding the $300 payment in the digital currency bitcoin, Mr. Voytsitskyi said. But the law firm didn't pay, he said. The infected computer was isolated from the rest of the company and the virus didn't spread, he said.

Other companies weren't so lucky. The world's largest containership operator, A.P. Moeller-Maersk A/S, was forced to shut down ports in the U.S., Europe and India after experiencing widespread computer outages at its APM Terminals unit. Delivery giant **FedEx** Corp. said a courier division in Europe was crippled by the virus. Other victims included French construction giant Saint Gobain and, in the U.S., pharmaceutical giant Merck & Co. and law firm DLA Piper.

Kaspersky, the Russian antivirus company, said that half of the companies targeted by the infection were industrial companies in industries such as oil and gas, transportation and electricity production.

—David Gauthier-Villars contributed to this article.

Hospital Is Forced To Scrap Computers

Princeton Community Hospital in rural West Virginia will scrap and replace its entire computer network after being struck by the cyberattack paralyzing computers globally.

The attack froze the hospital's electronic medical record system early Tuesday, leaving doctors unable to review patients' medical history or transmit laboratory and pharmacy orders, said Rose Morgan, the hospital's vice president of patient care services.

Officials were unable to restore services and found there was no way to pay a ransom for the return of their system. So, after consulting with the Federal Bureau of Investigation and cybersecurity experts, officials made the decision to replace the system.

Now, doctors, nurses and other hospital staff are adjusting to what will be days of working off paper forms to record vital signs, order medications and scribble notes.

"There is a lot more paper visible up on our units than there used to be," Ms. Morgan said. "It was a bit of organized chaos at first. Now we've hit our stride."

Nurses reverted to 2-foot-long paper templates for patient records known as flow sheets, she said.

Employees from human resources and finance, who can't work without computers, have stepped in to ferry doctor's orders from one hospital department to another, deliver prescriptions or shuttle billing records.

The pneumatic tubes that typically whisk materials throughout the hospital fell silent in the attack.

The tube system is connected to the hospital's computer network.

The cyberattack disrupted operations at major corporations including Merck & Co. and **A.P. Moeller-Maersk** A/S and at least two other U.S. hospitals owned by the **Heritage Valley Health System** in Pennsylvania.

Surgeons at the **Heritage Valley Hospital** in Beaver, Pa., canceled elective surgeries Tuesday and Wednesday, but the Heritage Valley hospitals and emergency rooms remained open.

—Melanie Evans

Sony on Track to Spin Out First Vinyl Records Since '89

TOKYO—**Sony Music Entertainment**, owner of U.S. music labels Columbia and RCA, plans to produce vinyl records for the first time in three decades.

The format is experiencing a renaissance as younger music lovers embrace the perceived warmer, more vivid sound of vinyl—and the more tactile connection to music than digital downloads offer. Sales of vinyl records in the U.S. in 2016 were up for the 11th year in a row. In the U.K. they surpassed downloads late last year.

Japan has had a vibrant market for secondhand records for years and has also seen a recent surge in demand for new records. Sony stopped making vinyl records in 1989 as it pivoted to the development and promotion of compact discs, a technology it pioneered. The company continued to outsource a small amount of vinyl record production, but on Thursday it said it plans to start a press for vinyl records at a factory in central Japan before next March.

Columbia and RCA were once rivals—two leaders in vinyl-record technology that competed to set industry standard formats. In recent years they were folded into Sony Music, the world's second-largest record company.

Panasonic Corp. last year resumed sales of its Technics series of turntables, viewed by many nightclub DJs as the industry standard. **Sony** Corp., the parent of Sony Music, has introduced a turntable that not only plays records, but allows users to store the music as high-resolution digital files.

—Alastair Gale

TOSHIFUMI KITAMURA/AGENCE FRANCE-PRESSE/GETTY IMAGES

U.K. Adds Hurdle to 21st Century Fox's Bid for Sky

By Jason Douglas And Stu Woo

TOBY MELVILLE/REUTERS

The British TV giant and Fox have until July 14 to respond.

LONDON—The U.K. government said it was likely to require further scrutiny of **21st Century Fox** Inc.'s £11.7 billion ($15.1 billion) bid to buy the 61% of British TV giant **Sky** PLC it doesn't already own—adding another hurdle to Rupert Murdoch's protracted quest to consolidate control of his trans-Atlantic media assets.

British Culture Secretary Karen Bradley, who oversees media mergers in the country, said she was "minded to" refer the proposal to U.K. competition authorities after Britain's communications regulator raised public interest concerns about the deal. The "minded to" language is used by the government to signal its intentions, but isn't binding.

Speaking in Parliament, Ms. Bradley said she would make a final decision on whether to refer the deal after hearing representations from the parties involved over the next 10 days. Fox and Sky have until July 14 to respond.

The government's move followed the release Thursday of two reports by Ofcom, Britain's media regulator, on the proposed deal. Ofcom said it has concluded that allowing Fox to take full control of Sky risked giving too much control of the U.K. media landscape to the Murdoch family.

In one report, Ofcom said "the transaction raises public interest concerns as a result of the risk of increased influence by members of the Murdoch Family Trust over the U.K. news agenda and the political process, with its unique presence on radio, television, in print and online."

Ofcom said proposals by Fox to safeguard the editorial independence of Sky's news channel helped mitigate its concerns, but Ms. Bradley said she didn't think those undertakings went far enough.

Fox said in a statement that it was disappointed that Ms. Bradley reached that decision, and that it would continue to work constructively with the U.K. authorities. It said it expects the transaction to be completed by June 2018. Sky said it would continue to engage with the process.

Mr. Murdoch and his family are a major shareholder in both Fox and News Corp, which owns a number of British newspapers, including the Sun tabloid and the Times of London. News Corp also owns The Wall Street Journal.

Mr. Murdoch, who helped create Sky in 1990, has long sought full control of the broadcaster. He abandoned a previous attempt to buy out Sky in 2011 after a phone-hacking scandal at one of his U.K. papers—now closed—triggered widespread political and public outrage.

Full ownership of Sky would further diversify Fox's revenue, making it less reliant on its North American business and giving it a cash stream from Sky subscribers.

A second test that Ofcom posed was whether Fox would be a "fit and proper" owner of Sky. The media watchdog has wide latitude to define what "fit and proper" means, and it examined this year's sexual-harassment scandal at Fox News, interviewing complainants against the channel. A group of British politicians wrote to the media watchdog to urge regulators to block the deal, citing among their concerns the harassment allegations.

Ofcom said Thursday that it considered allegations of sexual and racial harassment at Fox News "extremely serious and disturbing," but said there was no clear evidence that senior executives at Fox were aware of misconduct before the issue was escalated to them in July 2016, after which action was taken.

Fox has said it is cooperating with U.S. government probes about the sexual-harassment claims.

"We have concluded that the overall evidence available to date does not provide a reasonable basis for Ofcom to conclude that, if Sky were 100% owned and controlled by Fox, it would not be a fit and proper holder of broadcast licenses," the regulator said.

If British competition authorities eventually approve the proposal, Fox must still win over the 75% of minority shareholders, excluding Fox's stake, to cement the deal. Some investors argued that the Fox bid's 36% premium wasn't enough. Shares of Sky have been trading under Fox's offer price, suggesting still-significant investor skepticism about a deal.

—Ben Dummett and Joe Flint contributed to this article.

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CHINA CIRCUIT | By Li Yuan

Alibaba, Tencent Must Tread Cautiously

Amazon.com's recent bid to acquire **Whole Foods Market** inflamed concerns in the U.S. about big tech companies taking over America.

In China, that's already happening. **Alibaba Group Holding** and **Tencent Holdings** are online-offline conglomerates, each with hundreds of millions of users. The pair—directly or through companies they invest in—provide services and products across a range of businesses, from retail, media and entertainment to health care, payments, banking, logistics and transportation.

Their market capitalizations—Alibaba at $358 billion and Tencent at $350 billion—are much higher than those of the state-owned enterprises that dominate the Chinese economy. The country's biggest bank, Industrial and Commercial Bank of China, is valued at $261 billion; the state-owned telecom titan China Mobile is valued at $218 billion.

The tech giants, with their wide reach into many facets of daily life, touch ordinary Chinese in ways state companies don't.

As their size and influence grow, Alibaba and Tencent are entering uncharted territory: Never in nearly seven decades of Communist Party rule have private-sector companies held such sway over the economy and society. How well they handle relationships with competitors, old-line companies and, ultimately, an authoritarian government that isn't used to sharing power will be a top challenge in coming years.

"The most important counterbalancing force against Alibaba and Tencent will probably not come from their direct competitors but the government and the traditional industries they disrupt," said Yin Sheng, an independent technology consultant who owns shares in both companies. As the two tech companies push further into other sectors, Mr. Yin believes established businesses will lobby the government to enforce tax, antimonopoly and other rules.

A Tencent spokeswoman said the company "views our peers in the internet sector and traditional industries as partners" and "the healthy growth of the internet industry will benefit users, industry players" and the economy. Alibaba didn't respond to requests to comment.

Alibaba and Tencent need to tread carefully. Some of China's wealthiest businessmen ended up in jail, often when they appeared to fall out of favor with the government. Earlier in June, the government said it was investigating the borrowings of some highflying private conglomerates to rein in runaway debt.

Bitterness from the old guard is already spilling into view. On a popular business program on national television late last year, beverage tycoon—and once China's richest man—Zong Qinghou dismissed as "nonsense" Alibaba Chairman Jack Ma's idea that a new world is being created as data and growing computing power transform industries from retail to manufacturing.

Never in nearly seven decades of party rule have private-sector firms held such sway.

"He's not in the physical economy. What does he make?" Mr. Zong said. The other two panelists, heads of the two biggest electronic appliance makers, concurred. An Alibaba executive was quoted in Chinese media at the time as saying that Mr. Zong's comments were illogical.

Mr. Zong is one of the more outspoken among a cadre of traditional entrepreneurs raising questions about whether the internet businesses should continue to benefit from preferential policies. Online shops operated by individuals and small businesses, for example, pay extremely low to no taxes under a policy that was aimed at nurturing a fledgling e-commerce sector. But that sector is now huge.

Members of this business lobby raised the e-commerce taxation issue during spring meetings of the legislature and a top government advisory body. They noted that current tax rules put traditional retailers at a disadvantage, and urged the government to heed their complaints because they employ more people than the online firms.

Big tech firms have also been called bullies and monopolists because of their treatment of competitors. When Uber Technologies' China operation was battling Didi Chuxing Technology more than a year ago, for example, Tencent, a Didi investor, blocked some of Uber China's service accounts on WeChat, its popular messaging app. Some online commentators excoriated Tencent for abusing its power. Uber sold its China operation to Didi last year.

Above all, there is their delicate relationship with the government. As I wrote earlier, once disrupters, China's internet companies are now part of the system.

"The question is whether these companies will demand more say in things as they grow bigger," said Jingzhou Tao, managing partner of China practice at law firm Dechert.

Mr. Tao points out that private ownership is increasingly at odds with the current political environment. The Communist Party is strengthening its command of state-owned businesses and building up its presence in private and multinational companies.

For now, neither side is testing the line in the sand. Alibaba's Mr. Ma traveled to the U.S. to talk up the benefits of China-U.S. trade, and Tencent's Pony Ma organized a forum on improving the competitiveness of Hong Kong.

Both sides are looking for "the best way to coexist," says an executive who has worked on government relations for decades.

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.

JEFF KOWALSKY/BLOOMBERG NEWS

Tech entrepreneurs like Alibaba's Jack Ma sometimes engender criticism from China's old guard.

Inmarsat Bets on In-Flight Wi-Fi

By Robert Wall

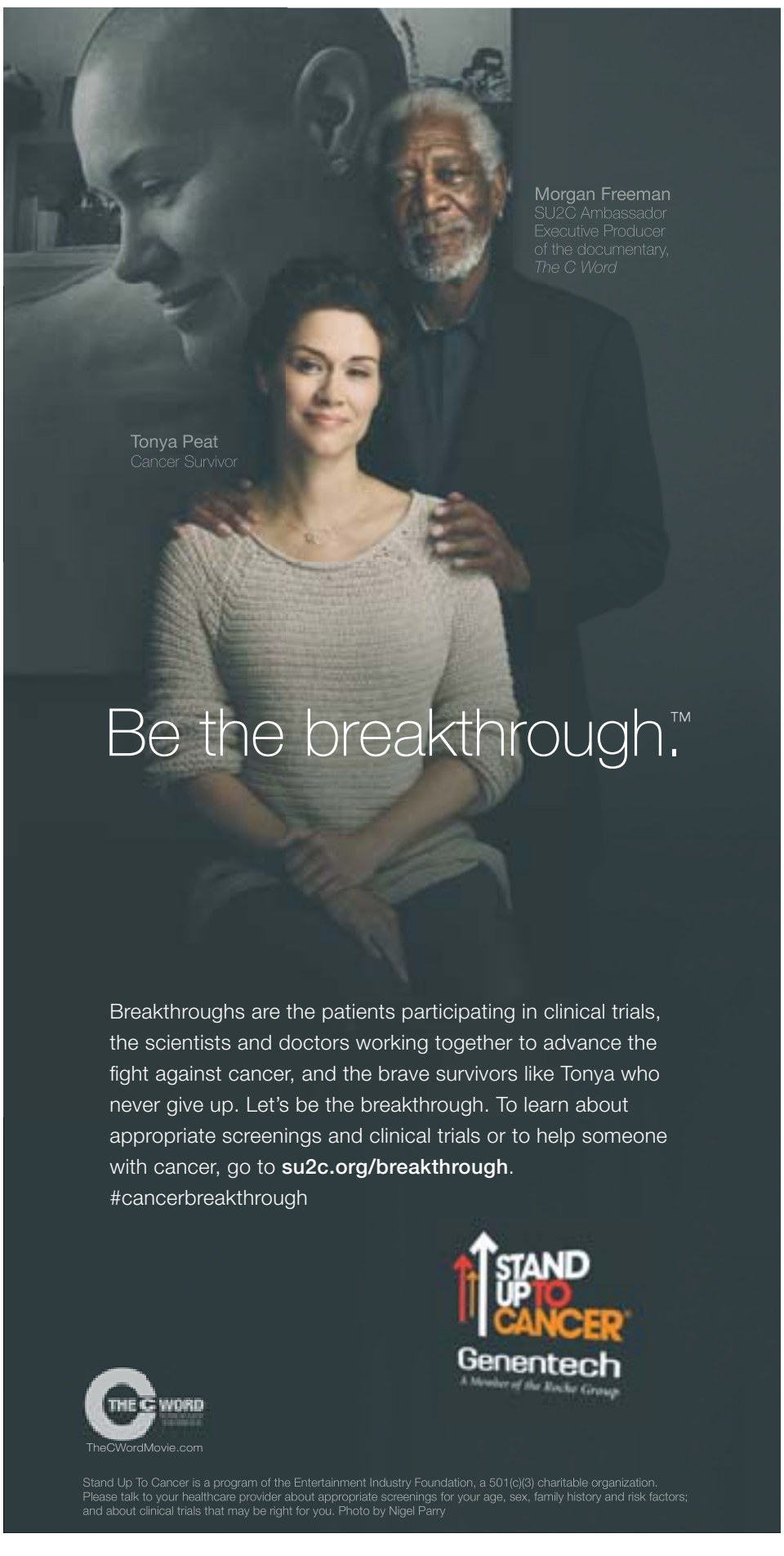
LONDON—One of the world's biggest satellite providers is betting big on in-flight broadband.

Passengers used to watching movies or live sports on their smartphones at home or on the go have become increasingly frustrated when unable to stay connected when airborne. Airlines have become eager to address that demand either by charging to boost sales or offering a free service to lure customers.

Britain's **Inmarsat** PLC is betting that a new satellite, launched late Wednesday by the European Ariane 5 rocket from the Guiana Space Center in French Guiana, will address those concerns. Passengers "will have a high-quality Wi-Fi experience akin to a top-quality hotel or internet cafe," Inmarsat Chief Executive Rupert Pearce said in an interview.

British Airways, a unit of **International Continental Airlines Group** SA, has committed to becoming the launch operator of the system on its short-haul planes. Deutsche Lufthansa AG said it would experiment with the system.

The new satellite carries payloads for a subsidiary of Saudi Arabia-based Arabsat and for Inmarsat, whose equipment serves as the key element of its in-flight connectivity offer. Inmarsat's dedicated in-flight system, called the European Aviation Network, relies on a network of terrestrial air-to-ground communications towers, built by Deutsche Telekom AG. The satellite link provides additional capacity and fills in the spots in Europe that the ground towers can't cover. Using the ground towers will help cut costs, Mr. Pearce said, helping fuel passengers' use of the service.



TIMOTHY A. CLARY/GETTY IMAGES

A Google Earth map of Paris. Google continually reshapes its search results to offer tools for users.

GOOGLE

Continued from page B1

offer what it views as the most relevant information in a potentially long list of categories," he said.

In two other cases, involving Google's Android smartphone software and its ad network called AdSense, European regulators have said they already determined "that Google has abused a dominant position." Google has denied the charges. Rulings are expected on them over the next year.

Google launched its search engine in the late 1990s as a list of 10 blue links to webpages relevant to users' queries. Over two decades, Google has reshaped its search results to also offer tools to find everything from jobs to plumbers to financial information. The search engine also now delivers song lyrics, internet-speed tests, and direct answers to users' questions, such as "How big is the sun?"

Such changes often reduced traffic to competing websites, hurting their ability to provide quality offerings. Critics also argue that Google's services are sometimes not as good as competitors', such as restaurant reviews on Yelp Inc. or Expedia Inc.'s flight-search tool. Affected companies for years have cried foul.

"We built search for users, not websites, and no matter what we do, there will always be some websites unhappy with where they rank," Alphabet Chairman Eric Schmidt told the U.S. Senate in 2011, when the Federal Trade Commission was investigating Google for antitrust violations.

In 2013, the FTC declined to press charges, going against some FTC staff recommendations. The FTC prioritized the effect on consumers over market competition, said Paul Gallant, a tech-policy analyst at Cowen & Co. "The U.S. is willing to tolerate some competitive damage if consumers win in the end," he said.

Google's U.S. defense failed with EU antitrust regulators, who care more about a monopoly's effect on smaller competitors, Mr. Gallant said. The split between U.S. and European regulators is why many of Google's U.S. competitors—including Yelp, Oracle Corp., and News Corp, owner of The Wall Street Journal—have focused lobbying efforts in the EU.

"Google absolutely believes that everything it has done in the evolution of its business is improving the consumer experience. That doesn't mean they're not guilty of competition problems, but it is why this case could be hard to settle," Mr. Gallant said.

Little Change Shown In Google Diversity

Google's workforce continues to look pretty much the same as previous years, according to its annual diversity report published Thursday, a sign of the task awaiting its newly named head of diversity.

Google said Thursday that women made up 31% of its employees last year, the same percentage as the previous year's report. It barely moved the needle on other fronts: The percentage of black employees was unchanged at 2%, and the number of Hispanic workers increased by 1 percentage point, to 4%. The majority of Google workers remain white and Asian men.

Google declined to disclose the size of its workforce. Its parent company, **Alphabet** Inc., employed 72,000 workers in December 2016.

The slow progress in hiring and retaining more underrepresented groups and women underscores the challenges ahead for Danielle Brown, who was introduced as Google's new head of diversity Thursday.

Google acknowledges the lack of progress in diversifying. "More than other industries, the technology sector is extremely open about its challenges in creating a diverse and inclusive workforce. We all welcome the conversation and the scrutiny; it helps us raise the bar in terms of this important work and our commitment to it," Eileen Naughton, vice president of people operations, said in a blog post. — *Yoree Koh*

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JASON HENRY FOR THE WALL STREET JOURNAL

Whole Foods Market's stores could serve as minidistribution centers for Amazon if it decides to build up in online food orders.

Fresh Pressure on Grocery Delivery

Amazon's deal for Whole Foods adds new element to burgeoning market

By Heather Haddon And Julie Jargon

Even before **Amazon.com** Inc. put a supermarket chain in its cart, U.S. grocery delivery services were racing to grab hold of new regions, spending millions to gain a larger share of the fast-growing market.

Now, with the e-commerce giant planning to buy **Whole Foods Market** Inc. for $13.7 billion, giving it a large foothold in the food retail industry, the stakes are all the higher for companies such as **Instacart** Inc., **Peapod** LLC, **Shipt** Inc. and **FreshDirect** LLC to deliver not only fresh food but continued growth.

Midwestern grocery chain **Schnucks Markets** Inc. announced Thursday that its partnership with Instacart for online delivery will extend to most of its 100 stores by next month. **Ahold Delhaize**'s Peapod is expanding its push into New York City, a key market, after spending more than $94 million on a warehouse in Jersey City, N.J., in 2014. Shipt, which delivers food orders for retailers including **Costco Wholesale** Corp., **Meijer** Inc. and Whole Foods, intends to almost double its markets to 100 by next year.

The largest U.S. food sellers, **Wal-Mart Stores** Inc. and **Kroger** Co., meanwhile, are testing delivery services using Uber Technologies Inc. and Lyft Inc.

Concentrated in cities and surrounding suburbs, grocery delivery is still a small business, accounting for less than 2% of last year's $715 billion in food-retail sales, according to food-services research and consulting firm Technomic Inc.

Seventy percent of respondents to a survey by consulting company AlixPartners LLP last year said they had no intention of having groceries delivered. Grace Herrera, a 59-year-old caregiver in California, said she would rather spend time shopping than pay extra for delivery. "I have time to go to the store," she said.

Margins also remain an issue. Razor-thin to begin with, they have dropped in recent years as falling food costs sparked a price war. And in the online world, the learning curve for how to sell fresh foods has created an added drain. Still, delivery is one of the fastest-growing segments of an otherwise sluggish supermarket sector. Online sales of consumables grew by 21% in 2015, according to the Willard Bishop grocery consulting firm.

Amazon already makes up more than half of online food orders through its Fresh, Prime and Prime Now services. But it remains to be seen whether Amazon, armed with Whole Foods, would remake grocery shopping in the way the company transformed book-buying.

Whole Foods' 466 stores could serve as minidistribution centers in densely populated, affluent areas. Amazon, which has demonstrated a willingness to forgo profits for years to build up market share, could use its e-commerce prowess to cut the specialty grocer's prices to near those of its competitors.

"This gives them another way to drive up penetration in grocery purchasing and ultimately delivery," said Bill Bishop, co-founder of Brick Meets Click, an e-commerce grocery consulting firm.

Peapod executives say that being owned by a large retailer like Netherlands-based Ahold Delhaize allows the delivery service to bargain with suppliers for lower prices. They add that Peapod is profitable in markets where it has operated for at least a decade.

"We are the original online grocers and have outlasted many of the competitors who have come and gone," said Jennifer Carr-Smith, chief executive of the Skokie, Ill.,-based company, which was founded in 1989 and took its first orders by fax.

FreshDirect didn't respond to requests for comment.

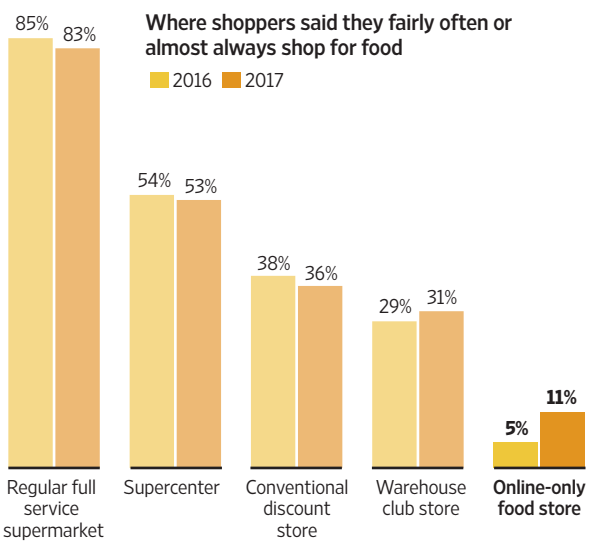
Brick-and-mortar supermarkets are wrestling with whether to invest in their own delivery services, cede profits to startups or risk losing more business to Amazon. For grocers who use Amazon Prime to deliver to their customers, the Whole Foods deal presents a particular challenge.

Natural health-food chain **Sprouts Farmers Markets** Inc. will continue to use Prime to deliver groceries for now, said Bradley Lukow, chief financial officer for the Phoenix-based company. "We'll make the determination going forward if we want to make any changes," he said at an industry conference last week.

—Laura Stevens contributed to this article.

Shopping Around

A small but fast-growing share of consumers say they buy groceries online



Source: FMI/Hartman Group online survey of 2,145 primary shoppers conducted February 6-14, 2017.

THE WALL STREET JOURNAL.

Panel Pushes For Climate Disclosure

By Sarah Kent

LONDON—A panel of top financial institutions and companies has launched guidelines to push for more disclosure about the impact of climate change, highlighting rising concern about the potential investment risks posed by global warming.

The task force, which was commissioned by a group of global regulators known as the Financial Stability Board and led by former New York City Mayor Michael Bloomberg, said companies should disclose in financial filings how they are planning for risks and opportunities related to climate change. It also called for companies to develop specific metrics and targets to measure performance in that area.

The task force included executives from **J.P. Morgan Chase & Co.**, **Unilever** PLC, miner **BHP Billiton** Ltd. and other large companies.

Climate-change risks are a concern for financial institutions and big companies, which fear both global warming itself and the regulatory threat from governments seeking to lessen its impact.

The recommendations have the support of over 100 companies, whose joint market capitalization totals more than $3.3 trillion, and financial firms responsible for more than $24 trillion in assets, the task force said. The report will be presented to the Group of 20 industrial and developing nations in July.

"Transparency is increasingly important to our consumers," said Graeme Pitkethly, chief financial officer at Unilever and a vice chairman on the task force. "They want to know the values of the companies they are buying from, particularly millennials."

Not everyone has welcomed the panel's work. A recent report by IHS Markit, funded by oil companies including **BP** PLC, **Chevron** Corp. and **Total** SA, warned that recommendations contained in an earlier draft of the report "could obscure material information and create a false sense of certainty around the financial implications of climate-related risks."

The report, which took over a year to complete, says all public companies should disclose more. However, the panel singled out the energy industry as one of four sectors most at risk from climate change that should consider providing more information to investors.

In May, Exxon Mobil Corp. faced a revolt when 62% of voting shareholders approved a resolution calling for more information on how climate change and regulation could affect the company. Chief Executive Officer Darren Woods said the company would step back and reflect on how it could better express its position. Exxon declined to comment on the new report Wednesday.

Following a similar vote in 2016, Chevron published a report on its approach to managing climate risks in March this year. The company said it used a similar framework to the one recommended by Mr. Bloomberg's task force.

—Bradley Olson in Houston contributed to this article.

CHRIS RATCLIFFE/BLOOMBERG

The energy industry is seen as under risk from climate change.

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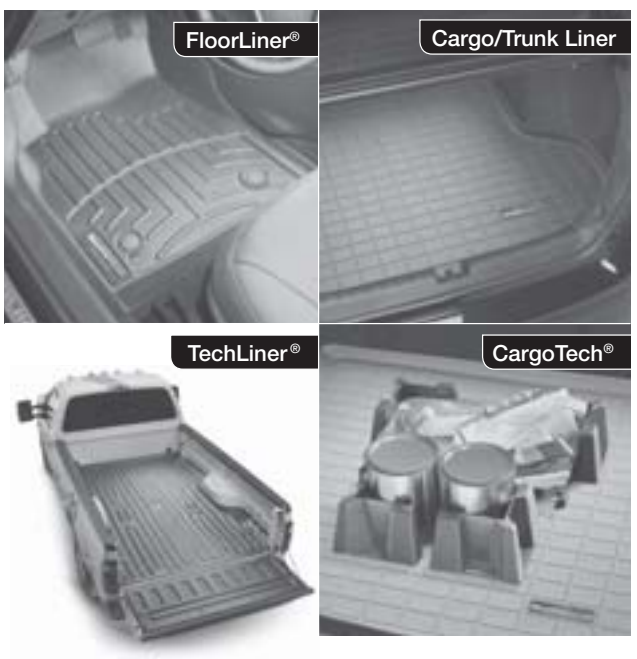

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What Illinois Woes Mean for You

Individual investors and Wall Street alike are at risk of possible debt downgrade

By Heather Gillers

Illinois is locked in a political stalemate, and in danger of becoming the first U.S. state to have its debt downgraded to junk status.

S&P Global Inc. threatened to take that action if Gov. Bruce Rauner and Democratic Speaker of the House Michael Madigan can't agree on a package of spending and taxes by the start of the next fiscal year on Saturday.

Below is a breakdown of what this unprecedented development would mean for everyone from individual investors to large Wall Street money managers.

Who owns Illinois's debt?

Much of Illinois's $25 billion in outstanding general obligation debt is held by individual investors seeking a stable source of income, according to analysts' estimates.

But Wall Street is also exposed via mutual funds, hedge funds and insurers that purchased the state's bonds. Money-management giant **Vanguard Group** has $1.2 billion spread across seven mutual funds. It is the biggest holder among all mutual-fund firms that had a total of $4.5 billion in Illinois bonds, according to the most recent figures from research firm Morningstar.

What would a downgrade do to those investments?

Not much, say analysts. They predict prices would drop only a few cents in the event of a junk downgrade. The state's uninsured general obligation debt traded this week as high as 95 cents on the dollar.

Junk bonds don't usually trade near par, but state general obligation debt is considered safer because states have broad power to tax and lack the legal ability to declare bankruptcy.

Will investors still get paid?

A junk rating won't affect the state's ability to pay bondholders. State officials have said those payments are their No. 1 priority.

What does a 'junk' rating mean, anyway?

Ratings firms rank debt according to how safe an investment they believe it is. The 12 safest tiers are considered "investment grade," meaning investors have what **S&P** terms "adequate" protection against the risk of default. Below that, bonds are considered junk, or "speculative grade," meaning they face "large uncertainties" or "major exposure to adverse conditions," according to S&P. Investors who buy junk may earn greater profits if the bonds perform well but they also face greater danger of losses.

Are mutual funds even allowed to own junk municipal bonds?

Most mutual funds have rules limiting their investment in junk-rated debt, but when bonds drop below investment grade they may not be required to sell them. At Vanguard, mutual funds are allowed to hold a "modest allocation" of junk bonds, a spokesman said.

Vanguard's municipal bond team, a spokesman said, is "comfortable with the risk/reward" of investing in Illinois bonds.

How are investors expected to react to a downgrade?

Bonds are still likely to change hands as holders spooked by the state's deteriorating credit sell and high-yield investors take advantage of the opportunity to buy.

Mutual funds have already sold more than $2 billion in Illinois general obligation bonds since the end of 2016, according to Morningstar, and buyers have been taking advantage of temporary dips. Howard Cure, director of municipal bond research at **Evercore Wealth Management**, said some of his clients might buy more Illinois bonds if prices drop further.

How would a downgrade affect Illinois?

The most immediate impact would likely be a rise in borrowing costs, making it more expensive to raise money for new projects. Analysts predict investors could demand an additional half a percentage point to a percentage point in interest, meaning the state would pay an additional $5 million to $10 million for every $1 billion it borrows. Illinois already pays a premium. When it last sold tax-exempt debt in November 2016, the state paid yields of 4.4% for 20-year bonds. In contrast, 20-year bonds issued by the state of Wisconsin around the same time yielded 2.8%.

Is Illinois on its way to becoming the next Puerto Rico?

Analysts say no, noting that Illinois's problems are largely political. Unlike Puerto Rico, which is in the midst of a court-supervised restructuring, Illinois has a strong underlying economy and annual revenues that are about 10 times its yearly debt service payments. Puerto Rico, on the other hand, has endured more than a decade of economic distress. "There's no risk of Illinois losing market access," said Matt Fabian, a partner at Municipal Market Analytics.

Will a junk downgrade spill over affect other states and cities?

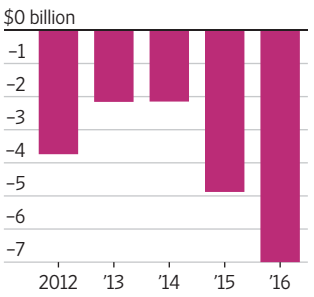
It could. New Jersey and Connecticut, among the lowest-rated states after Illinois, may face more scrutiny from investors, analysts said. Both are wrestling with budget problems and mounting liabilities. But New Jersey and Connecticut still have a long way to go to match Illinois's ratings dilemma. They are rated several notches higher by S&P and **Moody's Investors Service**.

ARMANDO L. SANCHEZ/TNS/ZUMA PRESS

Political wrangling is exacerbating a fiscal crisis in the Prairie State. An Illinois State Police officer investigates a shooting in Chicago.

Illinois's Ills

The state's budget deficit nearly doubled between 2012 and 2016, deepening Illinois's fiscal crisis.



Source: Illinois Comprehensive Annual Financial Statements

THE WALL STREET JOURNAL.

Footwear Giant to Sell on Amazon

By Sara Germano

Nike Inc.'s chief executive said the company is starting a pilot program to sell sneakers through **Amazon.com** Inc., ending a long stalemate between the sportswear giant and the online retailer.

In a call with analysts Thursday, Nike CEO Mark Parker said that Amazon would carry "a limited Nike product assortment" of footwear, apparel, and accessories, and that Nike was seeking to improve its presence on the e-commerce site.

"We're in the early stages, but we really look forward to evaluating the results of the pilot," Mr. Parker said.

The Wall Street Journal previously reported that Nike and Amazon had struck a deal to sell some Nike products, as both companies seek to combat counterfeiters.

Nike's partnership with Amazon follows nearly a decade of meetings between the two companies and long-running resistance by Nike to Amazon's pitches. A contracting sportswear retail industry coupled with an expanding marketplace for Amazon's third-party sellers helped spur the agreement, according to people familiar with the matter.

Nike said its revenue in the fiscal fourth quarter rose 5% to $8.7 billion, largely driven by gains in China and emerging markets. Sales in North America—Nike's largest market—totaled $3.76 billion in the quarter, but that fell short of the $3.8 billion expected from analysts surveyed by FactSet.

Overall, Nike's quarterly profit rose to $1.01 billion, or 60 cents a share, from $846 million, or 49 cents a share, a year earlier.

—Maria Armental contributed to this article

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MARKETS DIGEST

EQUITIES

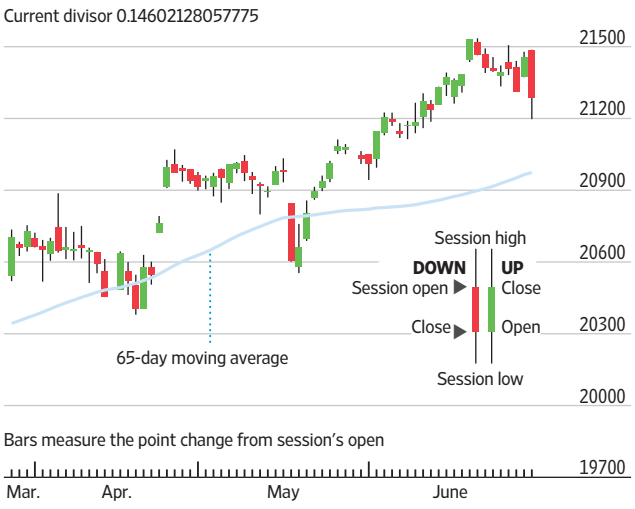
Dow Jones Industrial Average

21287.03 ▼167.58, or 0.78%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	20.72	19.07
P/E estimate *	18.17	17.02
Dividend yield	2.33	2.58
All-time high	21528.99, 06/19/17	

Current divisor 0.14602128057775



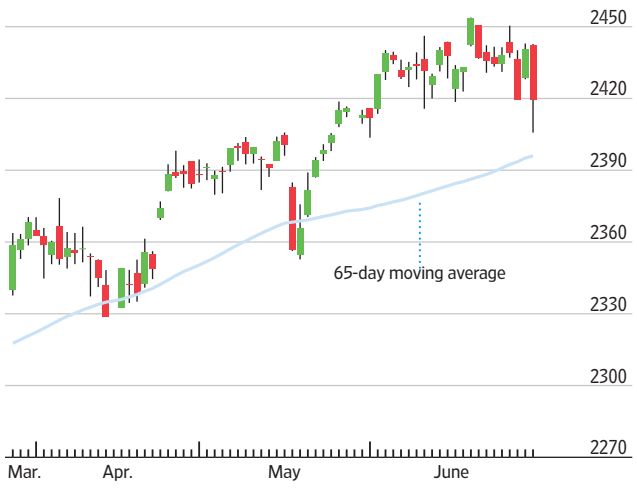
Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2419.70 ▼20.99, or 0.86%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	24.09	24.22
P/E estimate *	18.76	17.93
Dividend yield	1.95	2.17
All-time high:	2453.46, 06/19/17	



Nasdaq Composite Index

6144.35 ▼90.06, or 1.44%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	26.15	22.54
P/E estimate *	21.33	19.00
Dividend yield	1.10	1.29
All-time high:	6321.76, 06/08/17	

Major U.S. Stock-Market Indexes

	Latest High	Low	Close	Net chg	% chg	52-Week High	Low	% chg	% chg YTD	3-yr. ann.
Dow Jones										
Industrial Average	21487.38	21197.08	**21287.03**	-167.58	**-0.78**	21528.99	17888.28	**18.7**	7.7	**8.1**
Transportation Avg	9540.60	9439.03	**9481.44**	-36.00	**-0.38**	9593.95	7485.13	**26.7**	4.8	**5.1**
Utility Average	710.73	704.53	**707.39**	-5.92	**-0.83**	737.51	625.44	**-1.3**	7.2	**7.4**
Total Stock Market	25321.67	24931.22	**25088.02**	-212.85	**-0.84**	25399.65	21498.96	**16.0**	7.8	**6.9**
Barron's 400	651.38	639.61	**645.67**	-4.28	**-0.66**	650.48	514.60	**24.1**	7.3	**6.4**
Nasdaq Stock Market										
Nasdaq Composite	6216.60	6087.81	**6144.35**	-90.06	**-1.44**	6321.76	4822.90	**26.9**	14.1	**11.8**
Nasdaq 100	5723.66	5599.44	**5653.02**	-100.01	**-1.74**	5885.30	4410.75	**28.0**	16.2	**13.7**
Standard & Poor's										
500 Index	2442.73	2405.70	**2419.70**	-20.99	**-0.86**	2453.46	2085.18	**15.3**	8.1	**7.3**
MidCap 400	1759.90	1730.56	**1744.03**	-11.76	**-0.67**	1769.34	1476.68	**16.5**	5.0	**6.9**
SmallCap 600	862.34	846.92	**855.45**	-5.09	**-0.59**	866.07	700.06	**20.8**	2.1	**7.9**
Other Indexes										
Russell 2000	1428.03	1403.02	**1416.20**	-9.07	**-0.64**	1425.98	1139.45	**22.9**	4.4	**6.0**
NYSE Composite	11837.60	11683.31	**11739.98**	-72.82	**-0.62**	11833.34	10289.35	**11.9**	6.2	**2.3**
Value Line	525.53	517.70	**521.63**	-3.47	**-0.66**	529.13	453.96	**13.7**	3.1	**1.2**
NYSE Arca Biotech	3940.25	3842.77	**3881.70**	-65.16	**-1.65**	4016.86	2834.14	**28.3**	26.2	**12.0**
NYSE Arca Pharma	541.31	534.89	**537.47**	-5.21	**-0.96**	554.66	463.78	**1.6**	11.6	**0.8**
KBW Bank	97.09	94.76	**95.60**	1.22	**1.29**	99.33	62.34	**47.4**	4.2	**10.3**
PHLX§ Gold/Silver	81.61	79.96	**80.29**	-1.97	**-2.40**	112.86	73.03	**-17.8**	1.8	**-6.8**
PHLX§ Oil Service	132.65	129.55	**130.49**	1.47	**1.14**	192.66	127.17	**-22.5**	-29.0	**-25.0**
PHLX§ Semiconductor	1061.20	1026.05	**1040.42**	-26.76	**-2.51**	1138.25	672.51	**50.4**	14.8	**18.2**
CBOE Volatility	15.16	9.73	**11.44**	1.41	**14.06**	22.51	9.75	**-26.8**	-18.5	**0.5**

§Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE MKT and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	7,917.5	241.72	0.37	**0.15**	243.48	240.80
iPath S&P 500 VIX ST Fut	VXX	7,509.2	12.69	-0.24	**-1.86**	12.96	12.61
Bank of America	BAC	7,297.9	24.34	0.02	**0.08**	24.44	24.31
Gentex	GNTX	5,406.5	18.67	...	**unch.**	18.67	18.63
Micron Technology	MU	4,983.8	31.75	0.28	**0.89**	32.74	30.51
iShares MSCI Emg Markets	EEM	4,132.3	41.20	...	**unch.**	41.29	41.18
Twitter	TWTR	3,005.2	17.63	-0.02	**-0.11**	17.65	17.54
Nike Cl B	NKE	2,778.6	57.54	4.37	**8.22**	57.69	52.99

Percentage gainers...

Nike Cl B	NKE	2,778.6	57.54	4.37	**8.22**	57.69	52.99
Hain Celestial Group	HAIN	81.6	38.11	2.35	**6.57**	38.51	35.65
BioScrip	BIOS	79.7	2.74	0.13	**4.98**	3.02	2.58
Dermira	DERM	27.1	30.00	1.27	**4.42**	30.00	28.73
Energ Gerais-Cemig ADR C	CIGC	126.1	2.59	0.09	**3.64**	2.59	2.59

...And losers

Cara Therapeutics	CARA	1,207.6	18.35	-7.16	**-28.07**	26.56	17.20
OraSure Technologies	OSUR	51.2	16.16	-1.68	**-9.42**	17.84	16.16
American Outdoor Brands	AOBC	548.3	21.85	-2.09	**-8.73**	24.15	21.26
Paycom Software	PAYC	23.6	62.50	-5.04	**-7.46**	69.00	62.50
ProSharesUltVIXST	UVXY	1,701.9	9.63	-0.36	**-3.60**	10.02	9.49

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE MKT
Total volume*	947,413,922	8,650,260
Adv. volume*	363,788,755	3,272,286
Decl. volume*	553,441,643	5,163,942
Issues traded	3,097	336
Advances	902	114
Declines	2,104	200
Unchanged	91	22
New highs	70	2
New lows	27	4
Closing tick	9	23
Closing Arms†	0.63	0.74
Block trades*	7,760	123

	Nasdaq	NYSE Arca
Total volume*	2,382,666,052	403,107,767
Adv. volume*	731,335,939	161,399,370
Decl. volume*	1,623,438,452	240,679,879
Issues traded	3,036	1,343
Advances	1,069	261
Declines	1,806	1,069
Unchanged	161	13
New highs	75	35
New lows	31	13
Closing tick	108	5
Closing Arms†	1.31	0.33
Block trades*	9,806	2,101

* Primary market NYSE, NYSE MKT NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	% chg	YTD % chg
World	**The Global Dow**	**2775.64**	–11.69	**–0.42**	9.6
	The Global Dow Euro	**2287.27**	–22.47	**–0.97**	1.2
	DJ Global Index	**360.28**	–1.80	**–0.50**	10.5
World	**DJ Global ex U.S.**	**242.13**	–0.33	**–0.14**	13.2
Americas	**DJ Americas**	**581.81**	–4.68	**–0.80**	7.7
Brazil	**Sao Paulo Bovespa**	**62238.95**	220.98	**0.36**	3.3
Canada	**S&P/TSX Comp**	**15213.42**	–142.16	**–0.93**	–0.5
Mexico	**IPC All-Share**	**49198.12**	–141.99	**–0.29**	7.8
Chile	**Santiago IPSA**	**3593.92**	–12.85	**–0.36**	11.5
Europe	**Stoxx Europe 600**	**380.66**	–5.16	**–1.34**	5.3
Euro zone	**Euro Stoxx**	**374.86**	–6.54	**–1.71**	7.0
Belgium	**Bel-20**	**3796.57**	–42.94	**–1.12**	5.3
France	**CAC 40**	**5154.35**	–98.55	**–1.88**	6.0
Germany	**DAX**	**12416.19**	–231.08	**–1.83**	8.1
Israel	**Tel Aviv**	**1433.63**	–2.60	**–0.18**	–2.5
Italy	**FTSE MIB**	**20704.65**	–343.15	**–1.63**	7.6
Netherlands	**AEX**	**508.53**	–7.86	**–1.52**	5.2
Spain	**IBEX 35**	**10531.10**	–171.60	**–1.60**	12.6
Sweden	**SX All Share**	**579.01**	–7.66	**–1.31**	8.3
Switzerland	**Swiss Market**	**8944.04**	–132.69	**–1.46**	8.8
U.K.	**FTSE 100**	**7350.32**	–37.48	**–0.51**	2.9
Asia-Pacific	**DJ Asia-Pacific TSM**	**1634.30**	7.90	**0.49**	14.9
Australia	**S&P/ASX 200**	**5818.10**	62.40	**1.08**	2.7
China	**Shanghai Composite**	**3188.06**	14.86	**0.47**	2.7
Hong Kong	**Hang Seng**	**25965.42**	281.92	**1.10**	18.0
India	**S&P BSE Sensex**	**30857.52**	23.20	**0.08**	15.9
Japan	**Nikkei Stock Avg**	**20220.30**	89.89	**0.45**	5.8
Singapore	**Straits Times**	**3258.65**	42.95	**1.34**	13.1
South Korea	**Kospi**	**2395.66**	13.10	**0.55**	18.2
Taiwan	**Weighted**	**10421.65**	31.10	**0.30**	12.6

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Fifth Street Asset Mgmt A	FSAM	4.90	1.10	**28.95**	8.45	3.35	**21.3**
ObsEva	OBSV	7.50	1.60	**27.12**	14.70	5.00	**...**
Strongbridge Biopharma	SBBP	7.35	1.20	**19.51**	7.90	2.00	**84.7**
Dova Pharmaceuticals	DOVA	19.81	2.81	**16.53**	...	...	**...**
China Adv Constr Matrl	CADC	2.60	0.30	**13.04**	5.68	1.50	**2.8**
bebe stores	BEBE	6.80	0.77	**12.77**	9.10	3.02	**35.2**
Neurotrope	NTRP	8.72	0.98	**12.66**	29.00	0.18	**1795.7**
Nymox Pharmaceutical	NYMX	4.60	0.50	**12.20**	5.79	1.62	**37.3**
Ominto	OMNT	13.01	1.34	**11.48**	23.05	2.30	**332.2**
Select Comfort	SCSS	35.60	3.62	**11.32**	36.74	17.95	**66.5**
Sterling Construction	STRL	13.02	1.32	**11.28**	13.08	4.83	**165.2**
Workhorse Group	WKHS	3.94	0.39	**10.99**	10.30	1.85	**-42.5**
Conatus Pharmaceuticals	CNAT	6.20	0.60	**10.71**	9.40	1.45	**201.0**
Eiger BioPharmaceuticals	EIGR	7.75	0.75	**10.71**	20.63	6.10	**-60.9**
Acuity Brands	AYI	198.52	18.79	**10.45**	280.89	157.33	**-19.9**

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Aileron Therapeutics	ALRN	10.80	-4.20	**-28.00**	...	...	**...**
Rite Aid	RAD	2.89	-1.04	**-26.46**	8.77	2.75	**-61.4**
Quinpario Acquisition 2	QPAC	7.66	-2.34	**-23.40**	10.24	7.66	**-22.5**
Westmoreland Resource	WMLP	2.33	-0.71	**-23.36**	6.90	2.10	**-54.5**
Fred's	FRED	9.51	-2.81	**-22.81**	21.77	7.89	**-41.0**
Alio Gold	ALO	4.54	-1.17	**-20.44**	6.28	2.70	**21.1**
BioScrip	BIOS	2.61	-0.38	**-12.71**	3.43	0.98	**2.4**
Cascadian Therapeutics	CASC	3.73	-0.53	**-12.44**	10.98	3.18	**-34.1**
Avalon Holdings	AWX	2.41	-0.34	**-12.43**	3.41	1.91	**3.4**
GMS	GMS	28.23	-3.28	**-10.41**	36.99	20.23	**26.9**
EXCO Resources	XCO	2.85	-0.33	**-10.38**	21.30	2.80	**-85.4**
Spark Energy	SPKE	19.75	-2.25	**-10.23**	23.65	11.29	**19.5**
JMU ADR	JMU	2.20	-0.24	**-9.84**	6.00	1.53	**-39.7**
SG Blocks	SGBX	4.42	-0.48	**-9.80**	5.20	4.30	**...**
Bellicum Pharmaceuticals	BLCM	12.03	-1.30	**-9.72**	23.11	9.71	**-7.2**

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Rite Aid	RAD	**211,985**	766.4	2.89	**-26.46**	8.77	2.75
iPath S&P 500 VIX ST Fut	VXX	**182,555**	203.0	12.93	**4.87**	57.08	12.19
Bank of America	BAC	**143,103**	75.0	24.32	**1.84**	25.80	12.45
Staples	SPLS	**140,643**	2072.6	10.08	**1.51**	10.25	7.24
Finl Select Sector SPDR	XLF	**118,187**	57.2	24.69	**0.69**	25.30	17.99
ProSharesUltVIXST	UVXY	**113,021**	263.3	9.99	**10.26**	251.00	8.91
SPDR S&P 500	SPY	**98,801**	36.4	241.35	**-0.88**	245.01	206.56
Advanced Micro Devices	AMD	**86,165**	13.7	12.60	**-4.76**	15.55	4.82
PwrShrs QQQ Tr Series 1	QQQ	**86,106**	196.9	137.59	**-1.74**	143.90	106.13
iShares MSCI Emg Markets	EEM	**62,086**	19.7	41.20	**-1.27**	42.04	33.33

* 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
Govt Properties Income Tr	GOV	19,922	**3281**	18.31	**-5.28**	24.61	17.66
Staples	SPLS	140,643	**2073**	10.08	**1.51**	10.25	7.24
Natl Energy Svcs Reunited	NESR	1,075	**1532**	9.55	**0.00**	9.62	9.39
Deutsche X MSCI Germany	DBGR	321	**1256**	27.05	**-2.21**	28.51	20.64
SPDR Citi Intl Gov Inf Bd	WIP	655	**1254**	55.47	**-0.56**	57.71	51.41
Fred's	FRED	11,849	**1185**	9.51	**-22.81**	21.77	7.89
iSh iBonds Sep 2017 Muni	IBMF	247	**1102**	27.23	**-0.11**	27.45	27.07
Carrizo Oil Gas	CRZO	21,757	**1040**	16.40	**5.06**	43.96	15.05
iSh iBds Mar2020 Cp xFin	IBCD	60	**1022**	24.63	**-0.19**	25.12	24.41
First Tr Intl IPO ETF	FPXI	55	**992**	31.53	**-2.14**	32.89	23.89

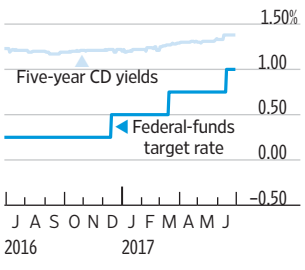
* Common stocks priced at $5 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS & CURRENCIES

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

Bankrate.com avg†:	**1.38%**
Popular Direct	**2.35%**
New York, NY	800-274-5696
Ally Bank	**2.25%**
New York, NY	877-247-2559
Barclays	**2.25%**
Wilmington, DE	888-720-8756
Congressional Bank	**2.25%**
Bethesda, MD	301-978-3290
Discover Bank	**2.25%**
Santa Barbara, CA	800-347-7000

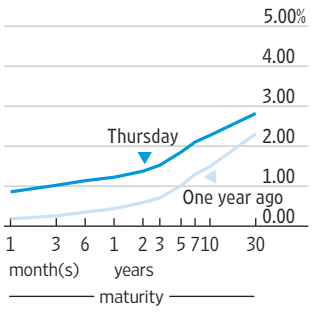
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**1.00-1.25**	1.00-1.25	0.25	1.25	**1.00**
Prime rate*	**4.25**	4.25	3.50	4.25	**1.00**
Libor, 3-month	**1.30**	1.30	0.65	1.30	**1.06**
Money market, annual yield	**0.33**	0.32	0.23	0.36	**-0.10**
Five-year CD, annual yield	**1.38**	1.38	1.17	1.38	**0.01**
30-year mortgage, fixed†	**3.98**	3.92	3.43	4.33	**-0.26**
15-year mortgage, fixed†	**3.18**	3.15	2.70	3.50	**-0.15**
Jumbo mortgages, $424,100-plus†	**4.46**	4.42	4.02	4.88	**-0.09**
Five-year adj mortgage (ARM)†	**3.40**	3.34	3.04	4.03	**-0.54**
New-car loan, 48-month	**3.08**	3.08	2.87	3.36	**-0.06**
HELOC, $30,000	**5.11**	5.07	4.57	5.12	**0.50**

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks. † Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

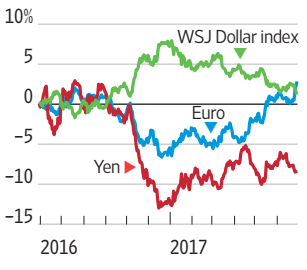
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury Ryan ALM	1457.481	**1.990**	1.908	2.237	1.141	**–2.999**	2.724
10-yr Treasury, Ryan ALM	1733.594	**2.270**	2.153	2.609	1.366	**–0.293**	2.798
DJ Corporate	374.681	**2.987**	2.943	3.390	2.460	**1.486**	3.871
Aggregate, Barclays Capital	1924.290	**2.520**	2.470	2.790	1.820	**–0.182**	2.565
High Yield 100, Merrill Lynch	2810.511	**5.228**	5.260	6.491	5.050	**11.353**	3.112
Fixed-Rate MBS, Barclays	1969.300	**2.800**	2.760	3.120	1.930	**0.139**	2.251
Muni Master, Merrill	514.814	**1.979**	1.880	2.516	1.307	**–0.574**	2.776
EMBI Global, J.P. Morgan	785.716	**5.544**	5.508	6.290	5.134	**5.634**	4.629

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Thurs in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0606	16.4893	**3.9**
Brazil real	.3028	3.3029	**1.5**
Canada dollar	.7690	1.3005	**–3.3**
Chile peso	.001504	665.00	**–0.7**
Colombia peso	.0003283	3046.38	**1.5**
Ecuador US dollar	1	1	**unch**
Mexico peso	.0554	18.0435	**–13.0**
Peru new sol	.3082	3.244	**–3.2**
Uruguay peso	.03524	28.3800	**–3.3**
Venezuela b. fuerte	.100050	9.9951	**unch**
Asia-Pacific			
Australian dollar	.7682	1.3017	**–6.2**
China yuan	.1476	6.7768	**–2.4**
Hong Kong dollar	.1281	7.8060	**0.7**
India rupee	.01543	64.798	**–4.7**
Indonesia rupiah	.0000751	13317	**–1.5**
Japan yen	.008915	112.17	**–4.1**
Kazakhstan tenge	.003107	321.84	**–3.6**
Macau pataca	.1243	8.0459	**1.6**
Malaysia ringgit	.2329	4.2945	**–4.3**
New Zealand dollar	.7298	1.3702	**–5.1**
Pakistan rupee	.00954	104.800	**0.4**
Philippines peso	.0198	50.615	**2.0**
Singapore dollar	.7250	1.3793	**–4.7**
South Korea won	.0008716	1147.29	**–5.0**
Sri Lanka rupee	.0065172	153.44	**3.4**
Taiwan dollar	.03290	30.394	**–6.4**
Thailand baht	.02941	34.000	**–5.1**
Vietnam dong	.00004399	22733	**–0.2**
Europe			
Czech Rep. koruna	.04364	22.916	**–10.8**
Denmark krone	.1539	6.4993	**–8.1**
Euro area euro	1.1442	.8740	**–8.1**
Hungary forint	.003694	270.68	**–8.0**
Iceland krona	.009773	102.32	**–9.4**
Norway krone	.1193	8.3854	**–3.0**
Poland zloty	.2698	3.7060	**–11.5**
Russia ruble	.01682	59.455	**–3.0**
Sweden krona	.1182	8.4602	**–7.1**
Switzerland franc	1.0461	.9559	**–6.2**
Turkey lira	.2836	3.5257	**0.1**
Ukraine hryvnia	.0383	26.1000	**–3.6**
UK pound	1.3008	.7688	**–5.1**
Middle East/Africa			
Bahrain dinar	2.6518	.3771	**–0.02**
Egypt pound	.0552	18.1165	**–0.1**
Israel shekel	.2866	3.4896	**–9.3**
Kuwait dinar	3.2963	.3034	**–0.7**
Oman sul rial	2.5960	.3852	**0.1**
Qatar rial	.2677	3.736	**2.6**
Saudi Arabia riyal	.2667	3.7502	**–0.01**
South Africa rand	.0768	13.0191	**–4.9**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	87.72	–0.28	–0.31	**–5.61**

Sources: Tullett Prebon, WSJ Market Data Group

COMMODITIES

	Close	Thursday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	**546.43**	3.45	**0.64**	589.81	506.18	**-0.31**	-3.67
TR/CC CRB Index	**171.89**	0.91	**0.53**	195.14	166.50	**-10.74**	-10.71
Crude oil, $ per barrel	**44.93**	0.19	**0.42**	54.45	39.51	**-7.03**	-16.36
Natural gas, $/MMBtu	**3.042**	-0.052	**-1.68**	3.93	2.55	**4.04**	-18.31
Gold, $ per troy oz.	**1244.20**	-3.30	**-0.26**	1364.90	1127.80	**-5.63**	8.19

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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.						
July	2.6605	2.7005	2.6560	**2.6830**	0.0225	9,864
Sept	2.6750	2.7155	2.6705	**2.6955**	0.0195	130,939
Gold (CMX)-100 troy oz.; $ per troy oz.						
July	1248.20	1250.70	1238.10	**1244.20**	–3.30	350
Aug	1249.60	1253.20	1239.70	**1245.80**	–3.30	298,105
Oct	1253.90	1256.50	1243.50	**1249.50**	–3.30	15,915
Dec	1256.70	1260.30	1247.10	**1253.20**	–3.30	102,912
Feb'18	1260.90	1263.60	1250.90	**1256.70**	–3.30	12,095
June	1270.00	1270.30	1257.80	**1263.50**	–3.10	7,430
Palladium (NYM) - 50 troy oz.; $ per troy oz.						
July	860.55	860.80	860.55	**858.45**	–8.50	28
Aug	860.80	860.80	858.10	**847.55**	–8.50	2
Sept	855.20	860.95	843.55	**846.10**	–8.50	32,716
Dec	851.95	851.95	837.95	**839.50**	–6.95	2,627
Platinum (NYM)-50 troy oz.; $ per troy oz.						
July	920.90	925.40	909.60	**919.00**	–2.70	5,588
Oct	923.80	928.20	911.60	**923.10**	–1.10	65,148
Silver (CMX)-5,000 troy oz.; $ per troy oz.						
July	16.770	16.860	16.555	**16.586**	–0.141	11,691
Sept	16.835	16.915	16.615	**16.654**	–0.137	145,200
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.						
Aug	44.89	45.45	44.65	**44.93**	0.19	534,351
Sept	45.12	45.70	44.91	**45.20**	0.21	299,867
Oct	45.34	45.92	45.15	**45.44**	0.21	116,014
Dec	45.90	46.50	45.73	**46.02**	0.21	322,358
June'18	46.97	47.50	46.87	**47.13**	0.24	116,354
Dec	47.62	48.18	47.56	**47.88**	0.27	157,727
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.						
July	1.4395	1.4629	1.4366	**1.4460**	.0130	11,084
Aug	1.4450	1.4691	1.4420	**1.4505**	.0115	131,024
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.						
July	1.4922	1.5033	1.4800	**1.4856**	.0023	11,660
Aug	1.4825	1.4953	1.4703	**1.4770**	.0035	145,774
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.						
Aug	3.080	3.122	3.032	**3.042**	–.052	275,106
Sept	3.074	3.114	3.028	**3.037**	–.050	179,717
Oct	3.106	3.142	3.055	**3.065**	–.050	177,457
Jan'18	3.407	3.430	3.349	**3.357**	–.053	114,001
March	3.314	3.329	3.261	**3.270**	–.044	77,735
April	2.877	2.887	2.851	**2.857**	–.019	88,663

Agriculture Futures

	Open	Contract High	hi lo Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.						
July	356.75	362.25	▼ 356.25	**359.75**	3.00	67,110
Sept	366.25	372.00	365.75	**369.50**	3.25	574,631
Oats (CBT)-5,000 bu.; cents per bu.						
July	266.50	274.00	▲ 260.00	**265.50**	–1.00	233
Dec	260.00	265.25	259.50	**262.75**	4.00	3,991
Soybeans (CBT)-5,000 bu.; cents per bu.						
July	914.25	927.75	914.25	**915.50**	1.50	27,250
Nov	921.75	936.00	921.75	**924.75**	3.00	380,819
Soybean Meal (CBT)-100 tons; $ per ton.						
July	294.80	298.40	294.00	**294.40**	–.20	15,665
Dec	299.90	304.00	299.40	**299.90**	...	176,266
Soybean Oil (CBT)-60,000 lbs.; cents per lb.						
July	32.13	32.69	32.10	**32.42**	.30	15,625
Dec	32.54	33.12	32.50	**32.86**	.30	160,331
Rough Rice (CBT)-2,000 cwt.; $ per cwt.						
July	1139.00	1170.00	▲ 1135.00	**1159.00**	16.50	1,413
Sept	1171.00	1202.50	▲ 1167.50	**1190.50**	15.50	7,473
Wheat (CBT)-5,000 bu.; cents per bu.						
July	457.00	483.75	456.25	**480.25**	23.00	14,294
Sept	473.00	498.75	472.00	**496.00**	23.00	200,528
Wheat (KC)-5,000 bu.; cents per bu.						
July	461.00	483.50	460.00	**480.50**	19.00	10,756
Sept	479.75	502.75	478.50	**499.50**	19.25	124,602
Wheat (MPLS)-5,000 bu.; cents per bu.						
July	714.00	759.75	▲ 714.00	**741.25**	36.50	5,886
Sept	711.00	768.00	▲ 711.00	**739.50**	31.50	33,570
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.						
Aug	146.650	147.900	145.275	**147.175**	.775	29,920
Sept	146.600	147.775	145.275	**147.200**	.800	11,157
Cattle-Live (CME)-40,000 lbs.; cents per lb.						
June	120.550	120.925	119.525	**120.200**	–.050	1,060
Aug	115.800	116.650	114.925	**116.500**	.875	167,143
Hogs-Lean (CME)-40,000 lbs.; cents per lb.						
Aug	79.850	81.525	79.750	**80.750**	1.275	90,306
Oct	68.375	69.175	67.825	**68.650**	.475	69,693
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.						
July	360.00	367.00	360.00	**366.00**	7.20	1,198
Sept	345.50	352.50	345.50	**352.50**	10.00	2,339
Milk (CME)-200,000 lbs., cents per lb.						
June	16.35	16.36	16.35	**16.44**	...	5,231
July	15.80	15.83	▼ 15.68	**15.70**	–.12	4,902
Cocoa (ICE-US)-10 metric tons; $ per ton.						
July	1,836	1,836	1,836	**1,822**	–13	17
Sept	1,888	1,898	1,838	**1,861**	–23	136,027
Coffee (ICE-US)-37,500 lbs.; cents per lb.						
July	124.10	125.35	123.30	**124.75**	2.00	77
Sept	124.90	127.90	124.60	**126.35**	1.95	122,521
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.						
July	12.58	13.40	12.54	**13.30**	.75	48,966
Oct	12.78	13.58	▼ 12.74	**13.50**	.74	444,875
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.						
Sept	27.51	28.20	27.51	**27.68**	–.10	2,239
Nov	27.60	27.60	27.60	**27.43**	...	1,281
Cotton (ICE-US)-50,000 lbs.; cents per lb.						
July	74.20	74.45	74.00	**74.00**	–.41	473
Dec	67.67	67.77	67.04	**67.24**	–.41	160,224
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.						
July	139.00	139.00	132.50	**132.90**	–6.25	293
Sept	138.50	139.25	133.45	**133.90**	–4.50	7,384

Interest Rate Futures

	Open	Contract High	hi lo Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%						
Sept	154-290	155-020	153-180	**154-080**	–24.0	752,806
Dec	153-190	153-190	152-190	**153-020**	–24.0	117
Treasury Notes (CBT)-$100,000; pts 32nds of 100%						
Sept	126-055	126-075	125-185	**125-260**	–12.5	3,124,800
Dec	125-175	125-180	125-085	**125-155**	–13.0	3,686
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%						
June	118-160	118-177	118-135	**118-170**	–5.0	13,486
Sept	118-052	118-060	117-270	**118-002**	–5.5	3,104,725
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%						
June	108-095	108-112	108-067	**108-097**	1.0	3,001
Sept	108-040	108-045	108-015	**108-032**	–1.2	1,324,965
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.						
June	98.960	98.960	98.960	**98.960**	...	79,972
July	98.850	98.850	▼ 98.845	**98.850**	...	294,538
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%						
Sept	102.203	102.203	▼ 101.625	**101.906**	–.375	29,744
1 Month Libor (CME)-$3,000,000; pts of 100%						
July	...	...	...	**98.7725**	...	6,541
Eurodollar (CME)-$1,000,000; pts of 100%						
July	98.6950	98.6975	98.6925	**98.6975**	.0025	200,603
Sept	98.6450	98.6550	98.6350	**98.6500**	...	1,478,035
Dec	98.5450	98.5450	98.5200	**98.5400**	–.0050	1,795,918
Dec'18	98.2550	98.2600	98.2000	**98.2300**	–.0300	1,402,285

Currency Futures

	Open	Contract High	hi lo Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥						
July	.8900	.8949	.8861	**.8929**	.0014	1,017
Sept	.8934	.8974	.8884	**.8953**	.0014	181,264
Canadian Dollar (CME)-CAD 100,000; $ per CAD						
July	.7674	.7704	▲ .7671	**.7691**	.0012	466
Sept	.7682	.7712	.7678	**.7699**	.0012	134,087
British Pound (CME)-£62,500; $ per £						
July	1.2958	1.3022	1.2937	**1.2998**	.0054	1,293
Sept	1.2961	1.3047	1.2959	**1.3023**	.0055	189,780
Swiss Franc (CME)-CHF 125,000; $ per CHF						
Sept	1.0474	1.0517	▲ 1.0470	**1.0507**	.0025	36,743
Dec	1.0552	1.0576	▲ 1.0534	**1.0570**	.0025	237
Australian Dollar (CME)-AUD 100,000; $ per AUD						
July	.7636	.7684	▲ .7635	**.7676**	.0039	476
Aug	.7655	.7681	▲ .7632	**.7674**	.0040	375
Sept	.7634	.7679	.7628	**.7670**	.0039	94,511
Dec	.7625	.7669	.7620	**.7661**	.0038	1,272
Mexican Peso (CME)-MXN 500,000; $ per MXN						
July	.05596	.05598	▲ .05508	**.05524**	–.00056	95
Euro (CME)-€125,000; $ per €						
July	1.1388	1.1455	▲ 1.1385	**1.1442**	.0050	2,290
Sept	1.1425	1.1493	▲ 1.1422	**1.1480**	.0050	401,888

Index Futures

	Open	Contract High	hi lo Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index						
Sept	21427	21451	▲ 21138	**21255**	–147	133,698
Dec	21395	21407	▲ 21101	**21213**	–147	217
S&P 500 Index (CME)-$250 x index						
Sept	2443.90	2444.60	▲ 2403.00	**2420.00**	–18.40	41,783
Mini S&P 500 (CME)-$50 x index						
Sept	2442.00	2445.00	▲ 2402.25	**2420.00**	–18.50	2,839,741
Dec	2440.75	2442.75	▲ 2400.75	**2418.00**	–18.50	17,579
Mini S&P Midcap 400 (CME)-$100 x index						
Sept	1759.00	1762.00	1729.70	**1744.90**	–11.20	94,488
Mini Nasdaq 100 (CME)-$20 x index						
Sept	5766.3	5776.0	5601.0	**5653.0**	–110.5	280,022
Dec	5778.0	5782.3	5609.0	**5660.3**	–111.5	824
Mini Russell 2000 (ICE-US)-$100 x index						
Sept	1431.30	1432.20	1401.00	**1418.00**	–8.80	583,557
Dec	1424.90	1424.90	1400.00	**1417.00**	–8.80	105
Mini Russell 1000 (ICE-US)-$100 x index						
Sept	1350.80	1351.10	▼ 1331.90	**1342.20**	–9.80	8,230
U.S. Dollar Index (ICE-US)-$1,000 x index						
Sept	95.77	95.78	▼ 95.27	**95.37**	–.38	47,133
Dec	95.50	95.52	▼ 95.11	**95.17**	–.36	1,237

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Thursday, June 29, 2017

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Thursday
Energy	
Propane,tet,Mont Belvieu-g	**0.5900**
Butane,normal,Mont Belvieu-g	**0.7198**
NaturalGas,HenryHub-i	**3.000**
NaturalGas,TranscoZone3-i	**2.930**
NaturalGas,TranscoZone6NY-i	**2.790**
NaturalGas,PanhandleEast-i	**2.600**
NaturalGas,Opal-i	**2.600**
NaturalGas,MarcellusNE PA-i	**2.030**
NaturalGas,HaynesvilleN.LA-i	**2.840**
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	**52.550**
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	**11.550**
Metals	
Gold, per troy oz	
Engelhard industrial	**1243.76**
Engelhard fabricated	**1337.04**
Handy & Harman base	**1243.50**
Handy & Harman fabricated	**1380.28**
LBMA Gold Price AM	***1251.60**
LBMA Gold Price PM	***1248.00**
Krugerrand,wholesale-e	**1295.79**
Maple Leaf-e	**1308.25**
American Eagle-e	**1308.25**
Mexican peso-e	**1510.24**
Austria crown-e	**1224.28**
Austria phil-e	**1308.25**
Silver, troy oz.	
Engelhard industrial	**16.6700**
Engelhard fabricated	**20.0040**
Handy & Harman base	**16.6400**
Handy & Harman fabricated	**20.8000**
LBMA spot price	**£12.9801**
(U.S.$ equivalent)	**16.8300**
Coins,wholesale $1,000 face-a	**12666**
Other metals	
LBMA Platinum Price PM	***921.0**
Platinum,Engelhard industrial	**914.0**
Platinum,Engelhard fabricated	**1014.0**
Palladium,Engelhard industrial	**855.0**
Palladium,Engelhard fabricated	**955.0**
Aluminum, LME, $ per metric ton	***1886.0**
Copper,Comex spot	**2.6830**
Iron Ore, 62% Fe CFR China-s	**62.9**
Shredded Scrap, US Midwest-s,w	**296**
Steel, HRC USA, FOB Midwest Mill-s	**611**
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	**0.5900**
Cotton,11/16 std lw-mdMphs-u	**0.6755**
Cotlook 'A' Index-t	***83.80**
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	**4.70**
Bran,wheat middlings, KC-u	**65**
Corn,No. 2 yellow,Cent IL-bp,u	**3.3800**
Corn gluten feed,Midwest-u,w	**73.1**
Corn gluten meal,Midwest-u,w	**470.0**
Cottonseed meal-u,w	**180**
Hominy feed,Cent IL-u,w	**88**
Meat-bonemeal,50% pro Mnpls-u,w	**275**
Oats,No.2 milling,Mnpls-u	**2.9750**
Rice, 5% Broken White, Thailand-l,w	**437.00**
Rice, Long Grain Milled, No. 2 AR-u,w	**21.50**
Sorghum,(Milo) No.2 Gulf-u	**n.a.**
SoybeanMeal,Cent IL,rail,ton48%-u	**296.40**
Soybeans,No.1 yllw IL-bp,u	**8.9100**
Wheat,Spring14%-pro Mnpls-u	**8.4950**
Wheat,No.2 soft red,St.Louis-bp,u	**4.9100**
Wheat - Hard - KC (USDA) $ per bu-u	**4.6050**
Wheat,No.1soft white,Portld,OR-u	**5.1513**
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	**197.97**
select 1-3,600-900 lbs.-u	**176.20**
Broilers,dressed 'A'-u	**n.a.**
Broilers, National comp wghtd-u,w	**1.0775**
Butter,AA Chicago	**2.6400**
Cheddar cheese,bbl,Chicago	**135.00**
Cheddar cheese,blk,Chicago	**151.00**
Milk,Nonfat dry,Chicago lb.	**84.50**
Cocoa,Ivory Coast-w	**2139**
Coffee,Brazilian,Comp	**1.2114**
Coffee,Colombian, NY	**1.4477**
Eggs,large white,Chicago-u	**0.6350**
Flour,hard winter KC	**16.60**
Hams,17-20 lbs,Mid-US fob-u	**n.a.**
Hogs,Iowa-So. Minnesota-u	**86.59**
Pork bellies,12-14 lb MidUS-u	**n.a.**
Pork loins,13-19 lb MidUS-u	**1.2479**
Steers,Tex.-Okla. Choice-u	**n.a.**
Steers,feeder,Okla. City-u,w	**167.88**
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	**37.0000**
Grease,choice white,Chicago-h	**0.3150**
Lard,Chicago-u	**n.a.**
Soybean oil,crude;Centl IL-u	**0.3167**
Tallow,bleach;Chicago-h	**0.3550**
Tallow,edible,Chicago-u	**0.3625**

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; L=livericeindex.com; M=midday; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=The Steel Index; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted.
*Data as of 6/28

Source: WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

June 29, 2017

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

	May index level	Chg From (%) April '17	May '16
U.S. consumer price index			
All items	**244.733**	0.09	1.9
Core	**251.835**	0.08	1.7

International rates

	Latest	Week ago	—52-Week— High	Low
Prime rates				
U.S.	**4.25**	4.25	4.25	3.50
Canada	**2.70**	2.70	2.70	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	**0.25**	0.25	0.50	0.25
Australia	**1.50**	1.50	1.75	1.50

	Latest	Week ago	—52-WEEK— High	Low
Overnight repurchase				
U.S.	**1.18**	1.08	1.30	0.15
U.S. government rates				
Discount				
	1.75	1.75	1.75	1.00
Federal funds				
Effective rate	**1.1800**	1.1900	1.2000	0.3300
High	**1.3125**	1.3125	1.3125	0.5000
Low	**1.1500**	1.1500	1.1600	0.2000
Bid	**1.1600**	1.1500	1.1600	0.2000
Offer	**1.1800**	1.1700	1.1900	0.2600
Treasury bill auction				
4 weeks	**0.890**	0.850	0.890	0.160
13 weeks	**1.000**	1.010	1.010	0.250
26 weeks	**1.110**	1.120	1.120	0.340

	Latest	Week ago	—52-WEEK— High	Low
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	**3.523**	3.417	3.865	2.806
60 days	**3.554**	3.442	3.899	2.832
Other short-term rates				
Call money				
	3.00	3.00	3.00	2.25
Commercial paper (AA financial)				
90 days	**1.26**	1.24	1.26	0.54
Libor				
One month	**1.22722**	1.21611	1.22722	0.46505
Three month	**1.29861**	1.29556	1.29861	0.65335
Six month	**1.44822**	1.44861	1.44861	0.92365
One year	**1.73956**	1.73817	1.82761	1.22500
Euro Libor				
One month	**-0.401**	-0.405	-0.357	-0.405
Three month	**-0.372**	-0.373	-0.295	-0.373
Six month	**-0.300**	-0.297	-0.185	-0.302
One year	**-0.185**	-0.185	-0.059	-0.187
Euro interbank offered rate (Euribor)				
One month	**-0.373**	-0.372	-0.363	-0.375
Three month	**-0.331**	-0.330	-0.286	-0.332
Six month	**-0.270**	-0.272	-0.179	-0.273
One year	**-0.156**	-0.161	-0.045	-0.163

	Latest	Value Traded	—52-Week— High	Low
DTCC GCF Repo Index				
Treasury	**1.212**	28.300	1.312	0.244
MBS	**1.272**	69.000	1.328	0.257

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Jun	**98.920**	-0.005	13396	1.080
Treasury Jly	**98.815**	-0.005	5907	1.185
Treasury Aug	**98.820**	-0.010	1471	1.180

Weekly survey

	Latest	Week ago	Year ago
Freddie Mac			
30-year fixed	**3.88**	3.90	3.48
15-year fixed	**3.17**	3.17	2.78
Five-year ARM	**3.17**	3.14	2.70

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 June 15, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective June 15, 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; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Thursday, June 29, 2017

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	**AMLP**	11.81	**0.34**	–6.3
CnsmrDiscSelSector	**XLY**	89.16	**–0.97**	9.5
CnsStapleSelSector	**XLP**	54.84	**–1.06**	6.1
DBGoldDoubleLgETN	**DGP**	23.05	**–1.16**	14.6
DBGoldDoubleShrt	**DZZ**	5.87	**0.70**	–14.4
DeutscheXMSCIEAFE	**DBEF**	29.97	**–1.45**	6.8
EnSelectSectorSPDR	**XLE**	64.63	**0.22**	–14.2
FinSelSectorSPDR	**XLF**	24.69	**0.69**	6.2
GuggS&P500EW	**RSP**	92.39	**–0.71**	6.6
HealthCareSelSect	**XLV**	79.35	**–0.91**	15.1
IndSelSectorSPDR	**XLI**	67.55	**–0.85**	8.6
iShIntermCredBd	**CIU**	109.86	**–0.14**	1.5
iSh1-3YCreditBond	**CSJ**	105.35	**–0.02**	0.4
iSh3-7YTreasuryBd	**IEI**	123.75	**–0.19**	1.0
iShCoreHiDividend	**HDV**	83.03	**–0.99**	0.9
iShCoreMSCIEAFEETF	**IEFA**	60.86	**–0.91**	13.5
iShCoreMSCIEmgMk	**IEMG**	49.75	**–1.19**	17.2
iShCoreS&P500ETF	**IVV**	243.03	**–0.84**	8.0
iShCoreS&PMdCp	**IJH**	173.78	**–0.61**	5.1
iShCoreS&PSmCpETF	**IJR**	70.15	**–0.62**	2.0
iShS&PTotlUSStkMkt	**ITOT**	55.34	**–0.82**	7.9
iShCoreUSAggBd	**AGG**	109.65	**–0.19**	1.5
iShSelectDividend	**DVY**	92.09	**–0.65**	4.0
iShEdgeMSCIMinEAFE	**EFAV**	69.23	**–0.82**	13.1
iShEdgeMSCIMinUSA	**USMV**	48.81	**–0.99**	7.9
iShGoldTr	**IAU**	11.96	**–0.58**	7.9
iShiBoxx$InvGrCpBd	**LQD**	120.61	**–0.31**	2.9
iShiBoxx$HYCpBd	**HYG**	88.18	**–0.25**	1.9
iShJPMUSDEmgBd	**EMB**	114.50	**–0.47**	3.9
iShMBSETF	**MBB**	106.91	**–0.15**	0.5
iShMSCIACWIETF	**ACWI**	65.33	**–0.91**	10.4
iShMSCI EAFE	**EFA**	65.16	**–0.99**	12.9
iShMSCIEAFESC	**SCZ**	57.54	**–0.81**	15.4
iShMSCIEmgMarkets	**EEM**	41.20	**–1.27**	17.7
iShMSCIEurozoneETF	**EZU**	40.39	**–1.56**	16.7
iShMSCIJapanETF	**EWJ**	53.47	**–1.00**	9.4
iShNasdaqBiotech	**IBB**	312.35	**–1.43**	17.7
iShNatlMuniBdETF	**MUB**	110.20	**–0.33**	1.9
iShRussell1000Gwth	**IWF**	118.77	**–1.28**	13.2
iShRussell1000ETF	**IWB**	135.03	**–0.84**	8.5
iShRussell1000Val	**IWD**	116.27	**–0.38**	3.8
iShRussell2000Gwth	**IWO**	168.84	**–1.02**	9.7
iShRussell2000ETF	**IWM**	141.14	**–0.59**	4.7
iShRussell2000Val	**IWN**	119.31	**–0.13**	0.3
iShRussell3000ETF	**IWV**	143.86	**–0.81**	8.2
iShRussellMid-Cap	**IWR**	191.65	**–0.81**	7.2
iShRussellMCValue	**IWS**	83.89	**–0.51**	4.3
iShS&PMC400Growth	**IJK**	196.28	**–0.75**	7.7
iShS&P500Growth	**IVW**	136.61	**–1.28**	12.2
iShS&P500ValueETF	**IVE**	104.83	**–0.32**	3.4
iShUSPfdStk	**PFF**	39.07	**–0.33**	5.0
iShTIPSBondETF	**TIP**	113.59	**–0.39**	0.4
iSh1-3YTreasuryBd	**SHY**	84.49	**–0.06**	0.0
iSh7-10YTreasuryBd	**IEF**	106.86	**–0.37**	1.9
iSh20+YTreasuryBd	**TLT**	125.41	**–0.84**	5.3
iShRussellMCGrowth	**IWP**	107.70	**–1.17**	10.6
PIMCOEnhShMaturity	**MINT**	101.73	**...**	0.4
PwrShQQQ1	**QQQ**	137.59	**–1.74**	16.1
PwrShS&P500LoVol	**SPLV**	44.57	**–1.11**	7.2
PwrShSrLoanPtf	**BKLN**	23.08	**–0.09**	–1.2
SPDRBloomBarcHYBd	**JNK**	37.12	**–0.19**	1.8
SPDR Gold	**GLD**	118.32	**–0.49**	7.9
SchwabIntEquity	**SCHF**	31.76	**–0.90**	14.7
SchwabUS BrdMkt	**SCHB**	58.43	**–0.78**	7.8
SchwabUS LC	**SCHX**	57.68	**–0.84**	8.3
SPDR DJIA Tr	**DIA**	212.61	**–0.76**	7.6
SPDR S&PMdCpTr	**MDY**	317.41	**–0.65**	5.2
SPDR S&P 500	**SPY**	241.35	**–0.88**	8.0
SPDR S&P Div	**SDY**	88.83	**–0.76**	3.8
TechSelectSector	**XLK**	54.77	**–1.79**	13.3
UtilitiesSelSector	**XLU**	52.04	**–0.80**	7.1
VanEckGoldMiner	**GDX**	21.95	**–2.14**	4.9
VangdInfoTech	**VGT**	141.03	**–1.77**	16.1
VangdSC Val	**VBR**	122.85	**–0.48**	1.5
VangdDivApp	**VIG**	92.09	**–0.88**	8.1
VangdFTSEDevMk	**VEA**	41.24	**–1.01**	12.9
VangdFTSE EM	**VWO**	40.51	**–1.12**	13.2
VangdFTSE Europe	**VGK**	55.07	**–1.20**	14.9
VangdFTSEAWxUS	**VEU**	49.94	**–1.05**	13.0
VangdGrowth	**VUG**	126.88	**–1.25**	13.8
VangdHlthCr	**VHT**	147.54	**–0.91**	16.4
VangdHiDiv	**VYM**	78.02	**–0.69**	3.0
VangdIntermBd	**BIV**	84.67	**–0.26**	1.9
VangdIntrCorpBd	**VCIT**	87.64	**–0.24**	2.3
VangdLC	**VV**	110.87	**–0.84**	8.3
VangdMC	**VO**	142.26	**–0.85**	8.1
VangdMC Val	**VOE**	102.70	**–0.60**	5.7
VangdREIT	**VNQ**	83.23	**–1.14**	0.8
VangdS&P500	**VOO**	221.69	**–0.86**	8.0
VangdST Bond	**BSV**	79.87	**–0.09**	0.5
VangdSTCpBd	**VCSH**	80.04	**–0.09**	0.8
VangdSC	**VB**	135.45	**–0.73**	5.0
VangdTotalBd	**BND**	81.89	**–0.21**	1.4
VangdTotIntlBd	**BNDX**	54.

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BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS.

The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
i-New 52-week high.
t-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Thursday, June 29, 2017

Stock	Sym	Close	Net Chg
NYSE			
ABB	ABB	24.74	-0.44
AES	AES	11.16	-0.17
Aflac	AFL	77.60	-0.71
AT&T	T	37.62	-0.32
AbbottLabs	ABT	48.73	0.25
AbbVie	ABBV	72.48	-0.44
Accenture	ACN	122.99	-0.75
AcuityBrands	**AYI**	**198.52**	**18.79**
Adient	ADNT	64.77	0.11
t AdvanceAuto	AAP	116.05	-0.66
AdvSemiEngg	ASX	6.26	-0.07
Aegon	AEG	5.19	0.22
AerCap	AER	46.84	-0.05
Aetna	AET	151.78	-0.16
AffiliatedMgrs	AMG	165.01	-0.93
AgilentTechs	A	58.80	-0.47
AgnicoEagle	AEM	44.75	-1.71
Agrium	AGU	90.48	-0.77
AirProducts	APD	141.77	-2.12
AlaskaAir	ALK	89.10	0.69
Albemarle	ALB	104.67	-2.25
Alcoa	AA	33.18	0.23
AlexandriaRealEst	ARE	118.99	-1.54
Alibaba	BABA	140.81	-3.14
Alleghany	Y	597.05	1.90
Allegion	ALLE	79.82	-1.42
Allergan	AGN	244.02	-2.69
AllianceData	ADS	258.12	-4.48
AllianceBernstein	AB	23.30	-0.05
AlliantEnergy	LNT	40.45	-0.42
AllisonTransm	ALSN	37.15	-0.74
Allstate	ALL	88.13	-0.45
AllyFinancial	ALLY	21.21	0.02
AlticeUSA	ATUS	32.68	-0.23
Altria	MO	74.40	-1.44
AlumofChina	ACH	12.72	-0.08
Ambev	ABEV	5.47	-0.05
Ameren	AEE	54.70	-0.63
AmericaMovil	AMX	15.75	-0.20
AmericaMovil A	AMOV	15.52	-0.28
AmCampus	ACC	47.72	-0.35
AEP	AEP	69.60	-0.55
i AmericanExpress	AXP	83.63	-0.34
AmericanFin	AFG	99.51	-0.04
AmerHomes4Rent	AMH	22.29	-0.12
AIG	AIG	63.50	-0.34
AmerTowerREIT	AMT	132.82	-1.71
AmerWaterWorks	AWK	78.10	-1.55
Amerigas	APU	45.13	-0.08
Ameriprise	AMP	128.02	-0.39
i AmerisourceBrgn	ABC	95.76	-0.62
Ametek	AME	60.00	-0.57
Amphenol	APH	73.76	-1.35
AnadarkoPetrol	APC	45.25	1.46
AB InBev	BUD	110.66	-3.04
AnnalyCap	NLY	12.00	-0.11
AnteroMidstream	AM	32.95	0.73
AnteroResources	AR	21.41	0.51
Anthem	ANTM	187.17	-0.75
Aon	AON	132.84	-1.14
Apache	APA	47.45	0.31
ApartmtInv	AIV	42.69	0.03
ApolloGlobalMgmt	APO	26.38	-0.14
AquaAmerica	WTR	33.35	-0.26
Aramark	ARMK	40.69	-0.44
ArcelorMittal	MT	22.35	-0.24
t ArcherDaniels	ADM	40.63	-0.51
Arconic	ARNC	22.82	-0.28
AristaNetworks	ANET	149.95	-5.32
ArrowElec	ARW	78.39	-1.09
Assurant	AIZ	104.20	-0.60
AstraZeneca	AZN	34.12	-0.23
Athene	ATH	49.52	-0.42
AtmosEnergy	ATO	82.75	-0.60
Autoliv	ALV	108.96	-0.27
t AutoZone	AZO	559.67	-9.35
Avalonbay	AVB	192.01	-0.52
Avangrid	AGR	44.29	-0.78
AveryDennison	AVY	88.14	-0.64
AxaltaCoating	AXTA	32.05	-0.16
BB&T	BBT	45.61	0.83
BCE	BCE	45.10	-0.19
BHPBilliton	BHP	35.61	0.15
BHPBilliton	BBL	30.91	0.16
BP	BP	34.86	-0.41
BRF	BRFS	11.64	-0.12
BT Group	BT	19.24	-0.02
BakerHughes	BHI	53.52	0.02
Ball	BLL	42.03	-0.49
BancoBilbaoViz	BBVA	8.51	-0.03
BancodeChile	BCH	77.71	0.21
BancoMacro	BMA	90.02	0.52
i BcoSantChile	BSAC	25.23	-0.06
BancoSantander	SAN	6.78	-0.07
BanColombia	CIB	44.63	-0.22
BankofAmerica	BAC	24.32	0.44
BankofMontreal	BMO	73.44	0.08
i BankNY Mellon	BK	51.01	0.41
BkNovaScotia	BNS	60.29	-0.20
Barclays	BCS	10.64	0.11
Bard CR	BCR	314.89	-1.16
BarrickGold	ABX	15.90	-0.23
BaxterIntl	BAX	60.16	-0.71
BectonDickinson	BDX	193.23	-1.68
Berkley	WRB	69.22	-0.16
BerkHathwy A	BRK/A	253901	-759.00
BerkHathwy B	BRK/B	169.30	-0.59
BerryGlobal	BERY	56.55	-1.44
BestBuy	BBY	57.26	0.49
Bio-RadLab A	BIO	224.16	-2.25
BlackKnightFin	BKFS	40.60	-0.30
i BlackRock	BLK	423.24	-3.61
BlackstoneGroup	BX	33.27	-0.07
BlockHR	HRB	30.88	0.14
BoardwalkPipe	BWP	17.73	-0.13
Boeing	BA	197.46	-2.16
BorgWarner	BWA	41.24	0.07
BostonProperties	BXP	123.18	-0.21
BostonScientific	BSX	27.82	-0.30
Braskem	BAK	20.52	0.09
Bristol-Myers	BMY	55.82	-0.05
BrixmorProp	BRX	18.45	0.05
BroadridgeFinl	BR	75.08	-0.94
BrookfieldMgt	BAM	39.60	-0.49
BrookfieldInfr	BIP	40.98	-0.14
Brown&Brown	BRO	43.57	0.03
Brown-Forman A	BF/A	49.71	-0.47
Brown-Forman B	BF/B	48.75	-0.47
Brunswick	BC	62.63	-0.51
BuckeyePtrs	BPL	62.99	...
Bunge	BG	73.59	-0.44
BurlingtonStores	BURL	91.83	0.24
CBD Pao	CBD	19.45	-0.02
i CBRE Group	CBG	36.65	-0.48
CBS A	CBS/A	65.00	-1.18
CBS B	CBS	63.55	-1.60
CF Industries	CF	27.43	0.26
CGI Group	GIB	51.00	-0.66
i CIT Group	CIT	48.51	-0.10
CMS Energy	CMS	46.33	-0.27
CNA Fin	CNA	48.36	-0.33
CNOOC	CEO	108.76	-1.34
CPFLEnergia	CPL	15.94	-0.09
CRH	CRH	35.58	-0.44
CVS Health	CVS	80.27	-0.98
CabotOil	COG	24.82	0.34
CAE	CAE	17.04	-0.23
CamdenProperty	CPT	85.91	-0.22
t CampbellSoup	CPB	51.99	-0.90
CIBC	CM	81.37	-0.22
CanNtlRlwy	CNI	81.09	-1.46
CanNaturalRes	CNQ	29.28	-0.07
CanPacRlwy	CP	160.28	-0.94
Canon	CAJ	33.88	-0.40
CapitalOne	COF	81.47	-1.51
CardinalHealth	CAH	78.25	-0.37
Carlisle	CSL	94.08	-0.78
CarMax	KMX	62.26	0.17
Carnival	CCL	65.15	-0.95
Carnival	CUK	65.65	-0.74
Caterpillar	CAT	105.64	-0.81
Celanese A	CE	93.59	0.17
i Cemex	CX	9.30	-0.09
CenovusEnergy	CVE	7.28	-0.06
Centene	CNC	79.95	-1.41
CenterPointEner	CNP	27.46	-0.37
CentraisElBras	EBR	3.69	-0.13
CenturyLink	CTL	24.18	-0.68
Chemours	CC	35.52	-1.11
Chevron	CVX	104.12	-0.16
ChinaEastrnAir	CEA	29.67	0.15
ChinaLifeIns	LFC	15.19	-0.33
ChinaMobile	CHL	52.69	-0.64
ChinaPetrol	SNP	78.16	-0.90
ChinaSoAirlines	ZNH	40.90	0.14
ChinaTelecom	CHA	47.97	-0.69
ChinaUnicom	CHU	14.84	-0.24
Chipotle	CMG	419.18	2.31
Chubb	CB	144.97	-0.66
ChunghwaTelecom	CHT	35.17	-0.46
Church&Dwight	CHD	51.81	-0.77
Cigna	CI	166.70	-1.43
CimarexEnergy	XEC	94.25	0.93
i Citigroup	C	66.98	1.80
CitizensFin	CFG	35.65	0.31
Clorox	CLX	133.22	-2.98
Coach	COH	46.86	-0.47
Coca-Cola	KO	44.83	-0.49
Coca-Cola Euro	CCE	40.56	-0.60
Coca-Cola Femsa	KOF	83.12	-0.97
Colgate-Palmolive	CL	74.12	-0.97
ColonyNorthStar	CLNS	13.97	-0.01
Comerica	CMA	72.79	0.85
SABESP	SBS	9.35	0.07
ConagraBrands	CAG	36.08	-1.29
ConchoRscs	CXO	120.64	2.53
ConocoPhillips	COP	44.08	0.12
ConEd	ED	80.83	-0.99
i ConstBrands A	STZ	192.79	9.11
i ConstBrands B	**STZ/B**	**194.15**	**10.15**
ContinentalRscs	CLR	31.78	1.23
Cooper	COO	237.12	-5.23
Corning	GLW	30.37	-0.13
Coty	COTY	18.90	0.09
Credicorp	BAP	180.54	0.46
CreditSuisse	CS	14.73	0.28
CrescentPoint	CPG	7.68	-0.10
CrestwoodEquity	CEQP	23.05	0.15
CrownCastle	CCI	100.03	-1.15
i CrownHoldings	CCK	59.02	-0.32
Cullen/Frost	CFR	94.12	0.72
Cummins	CMI	160.12	-1.45
DTE Energy	DTE	105.92	-0.32
DXC Tech	DXC	78.54	0.14
Danaher	DHR	84.03	-0.69
Darden	DRI	91.76	0.20
DaVita	DVA	64.06	-0.66
Deere	DE	121.91	-1.56
DellTechnologies	DVMT	60.80	-1.90
DelphiAutomotive	DLPH	86.43	-0.58
i DeltaAir	DAL	53.87	0.03
DeutscheBank	DB	18.07	0.16
DevonEnergy	DVN	31.81	1.26
Diageo	DEO	120.14	-1.37
DigitalRealty	DLR	112.93	-2.43
DiscoverFinSvcs	DFS	61.51	-0.37
Disney	DIS	105.71	-1.15
DollarGeneral	DG	70.84	-0.64
DominionEner	D	77.06	0.01
Domino's	DPZ	210.75	-2.85
Donaldson	DCI	44.98	-0.51
DouglasEmmett	DEI	38.20	-0.04
Dover	DOV	78.78	-0.52
DowChemical	DOW	62.71	-0.54
DrPepperSnap	DPS	90.90	-1.32
DrReddy'sLab	RDY	41.13	-0.40
DuPont	DD	80.46	-0.82
DukeEnergy	DUK	84.03	-0.94
DukeRealty	DRE	27.65	-0.11
ENI	E	30.39	-0.48
EOG Rscs	EOG	90.00	0.98
EQT	EQT	59.01	0.26
EQT Midstream	EQM	74.36	0.67
EastmanChem	EMN	83.40	-0.86
Eaton	ETN	76.63	-0.81
EatonVance	EV	47.26	-0.48
Ecolab	ECL	131.45	-1.45
Ecopetrol	EC	8.92	0.04
EdisonInt	EIX	78.16	0.07
EdwardsLife	EW	117.23	-1.16
EmersonElectric	EMR	58.38	-0.68
EnbridgeEnPtrs	EEP	15.84	-0.07
Enbridge	ENB	39.92	-0.44
Encana	ECA	8.74	0.09
EnelAmericas	ENIA	9.33	-0.15
EnelGenChile	EOCC	22.43	-0.12
EnergyTrfrEquity	ETE	17.79	0.55
EnergyTransfer	ETP	20.19	0.17
EnLinkMidPtrs	ENLK	16.70	-0.24
Entergy	ETR	76.88	-0.95
EnterpriseProd	EPD	26.84	-0.04
EnvisionHlthcr	EVHC	62.16	-1.20
Equifax	EFX	137.15	-2.36
EquityLife	ELS	85.64	-0.08
EquityResdntl	EQR	66.30	-0.07
EssexProp	ESS	260.18	-0.06
EsteeLauder	EL	95.62	-1.19
EverestRe	RE	255.16	0.09
EversourceEner	ES	60.70	-0.53
Exelon	EXC	35.84	-0.35
ExtraSpaceSt	EXR	77.53	-0.42
ExxonMobil	XOM	80.70	-0.83
FMC	FMC	73.36	-1.66
FactSet	FDS	169.57	-0.17
FederalRealty	FRT	127.71	-0.42
FedEx	FDX	215.23	-1.92
FiatChrysler	FCAU	10.67	-0.29
FibriaCelulose	FBR	10.33	0.31
FidelityNatlFin	FNF	44.64	-0.11
i FNFV Group	FNFV	15.65	-0.15
FidelityNtlInfo	FIS	84.81	-1.17
58.com	WUBA	44.40	0.34
FirstData	FDC	18.42	-0.10
i FirstRepBank	FRC	100.56	-0.15
FirstEnergy	FE	28.82	-0.28
FleetCorTech	FLT	146.00	-1.28
Flowserve	FLS	45.71	0.07
Fluor	FLR	45.07	-0.30
FomentoEconMex	FMX	96.86	-0.51
FootLocker	FL	48.70	-0.01
FordMotor	F	11.17	0.08
ForestCity A	FCE/A	24.15	-0.21
Fortis	FTS	35.24	-0.39
Fortive	FTV	62.86	-1.55
FortBrandsHome	FBHS	64.92	-0.95
Franco-Nevada	FNV	72.39	-1.34
i FranklinRscs	BEN	44.55	-0.32
Freeport-McMoRan	FCX	12.08	0.09
FreseniusMed	FMS	48.23	-0.96
GGP	GGP	23.81	-0.27
Gallagher	AJG	57.02	-0.37
Gap	GPS	22.23	-0.25
Gartner	IT	123.56	-1.05
Gazit-Globe	GZT	9.81	-0.13
GeneralDynamics	GD	196.96	-3.87
t GeneralElec	GE	27.02	-0.06
t GeneralMills	GIS	54.97	-1.45
GeneralMotors	GM	34.86	0.28
GenuineParts	GPC	91.12	-0.82
Gildan	GIL	30.69	-0.01
GlaxoSmithKline	GSK	43.26	-0.44
GlobalPayments	GPN	90.41	-1.47
GoDaddy	GDDY	42.38	-0.58
Goldcorp	GG	12.97	-0.37
GoldmanSachs	GS	224.41	1.19
Graco	GGG	108.82	-2.09
Grainger	GWW	178.96	2.00
GreatPlainsEner	GXP	29.20	-0.14
i GpoAeroportuar	PAC	113.22	-0.10
GpoAeroportSur	ASR	209.44	-4.32
GpoAvalAcciones	AVAL	8.26	0.21
GpFinSantandMex	BSMX	9.54	-0.15
GrupoTelevisa	TV	24.29	-0.87
HCA Healthcare	HCA	86.81	-0.17
HCP	HCP	31.98	-0.76
HDFC Bank	HDB	86.08	-2.07
HP	HPQ	17.57	-0.46
i HSBC	HSBC	46.53	1.88
Halliburton	HAL	42.42	0.41
Hanesbrands	HBI	22.99	0.14
HarleyDavidson	HOG	54.08	-0.63
Harris	HRS	108.99	-1.43
i HartfordFinl	HIG	52.75	0.02
HealthcareAmer	HTA	31.21	-0.77
Heico	HEI	70.82	-1.77
Heico A	HEI/A	60.55	-1.65
Helmerich&Payne	HP	54.37	0.86
Herbalife	HLF	70.44	-1.40
Hershey	HSY	106.62	-1.05
Hess	HES	43.00	0.91
HewlettPackard	HPE	16.65	-0.25
Hilton	HLT	62.25	-1.11
HomeDepot	HD	152.16	-1.07
HondaMotor	HMC	27.19	-0.29
Honeywell	HON	132.32	-1.65
HormelFoods	HRL	33.96	-0.25
DR Horton	DHI	33.79	-0.48
HostHotels	HST	18.48	-0.12
HuanengPower	HNP	27.91	-0.48
Hubbell	HUBB	112.29	0.20
Humana	HUM	239.34	-0.42
HuntingtonIngalls	HII	185.22	-2.14
Huntsman	HUN	25.49	-0.12
HyattHotels	H	56.45	-0.93
ICICI Bank	IBN	8.89	-0.17
i ING Groep	ING	17.40	-0.02
i Invesco	IVZ	35.00	-0.31
IDEX	IEX	111.57	-1.00
IllinoisToolWks	ITW	141.62	-2.01
Infosys	INFY	14.89	-0.03
Ingersoll-Rand	IR	90.37	-1.26
Ingredion	INGR	117.50	0.76
i ICE	ICE	65.84	-0.30
InterContinentl	IHG	55.23	-0.48
IBM	IBM	154.13	-1.19
IntlFlavors	IFF	133.48	-2.43
IntlPaper	IP	55.68	-0.30
Interpublic	IPG	24.70	-0.31
InvitationHomes	INVH	21.30	-0.27
IronMountain	IRM	34.19	-0.53
IsraelChemicals	ICL	4.69	...
ItauUnibanco	ITUB	10.98	0.03
JPMorganChase	JPM	91.15	1.33
JacobsEngineering	JEC	53.56	-0.65
JamesHardie	JHX	16.02	0.14
JanusHenderson	JHG	33.56	-0.10
J&J	JNJ	132.64	-1.18
JohnsonControls	JCI	42.55	-0.33
JonesLangLaSalle	JLL	123.70	0.36
JuniperNetworks	JNPR	27.82	-0.35
KAR Auction	KAR	41.76	-0.46
i KB Fin	KB	50.14	0.21
KKR	KKR	18.42	-0.12
KT	KT	16.60	-0.14
KSCitySouthern	KSU	102.49	-0.86
t Kellogg	K	68.69	-0.84
KeyCorp	KEY	18.73	0.35
KeysightTechs	KEYS	38.60	-0.36
KilroyRealty	KRC	75.07	-0.97
KimberlyClark	KMB	129.00	-2.50
KimcoRealty	KIM	18.76	-0.04
KinderMorgan	KMI	19.04	0.02
KinrossGold	KGC	4.00	-0.11
Kohl's	KSS	37.97	-0.46
KoninklijkePhil	PHG	35.72	-0.69
KoreaElcPwr	KEP	17.82	-0.33
Kroger	KR	23.24	-0.11
Kyocera	KYO	58.45	-0.68
LATAMAirlines	LTM	11.00	0.01
L Brands	LB	54.19	-0.07
LG Display	LPL	16.10	-0.56
LINE	LN	34.83	-0.92
L3 Tech	LLL	166.05	-1.99
LabCpAm	LH	152.05	-0.92
LambWeston	LW	44.13	-1.24
LasVegasSands	LVS	63.51	-1.44
i Lazard	LAZ	46.59	-0.22
Lear	LEA	139.56	-0.27
Leggett&Platt	LEG	52.12	-0.54
Leidos	LDOS	51.46	-0.82
Lennar A	LEN	52.70	-0.16
Lennar B	LEN/B	44.44	-0.13
LennoxIntl	LII	183.44	-1.06
LeucadiaNatl	LUK	26.12	-0.15
Level3Comm	LVLT	59.70	-1.07
LibertyProperty	LPT	40.91	-0.13
EliLilly	LLY	82.70	-0.40
LincolnNational	LNC	67.27	0.64
i LionsGate A	LGF/A	28.47	-0.29
i LionsGate B	LGF/B	26.54	-0.14
LiveNationEnt	LYV	34.63	-0.17
LloydsBanking	LYG	3.55	0.02
LockheedMartin	LMT	276.73	-3.29
Loews	L	46.83	-0.14
Lowe's	LOW	76.60	-0.42
LyondellBasell	LYB	83.77	-0.03
M&T Bank	MTB	161.18	-0.47
MGM Resorts	MGM	32.89	-0.81
MPLX	MPLX	32.66	0.11
MSCI	MSCI	104.07	-0.93
Macerich	MAC	58.95	-0.49
MacquarieInfr	MIC	78.66	-0.28
Macy's	M	22.95	-0.23
MagellanMid	MMP	70.28	-0.03
MagnaIntl	MGA	45.64	-0.03
i Manpower	MAN	110.37	1.70
ManulifeFin	MFC	18.83	0.35
MarathonOil	MRO	11.71	0.26
MarathonPetrol	MPC	51.81	-0.81
Markel	MKL	969.47	1.85
Marsh&McLennan	MMC	77.66	-1.05
MartinMarietta	MLM	221.38	-5.92
Masco	MAS	38.00	-0.76
Mastercard	MA	121.51	-3.30
McCormick	MKC	95.36	-3.59
McCormickVtg	MKC/V	95.20	-3.44
McDonalds	MCD	153.13	-1.17
McKesson	MCK	163.64	-2.98
Mednax	MD	60.58	0.32
Medtronic	MDT	88.71	-0.59
Merck	MRK	64.34	-0.82
MetLife	MET	55.06	0.52
MettlerToledo	MTD	583.87	-10.80
MichaelKors	KORS	35.70	-0.28
MidAmApt	MAA	105.60	-0.65
MitsubishiUFJ	MTU	6.67	-0.08
MizuhoFin	MFG	3.66	-0.02
MobileTeleSys	MBT	8.30	-0.04
Mobileye	MBLY	62.85	-0.01
MohawkIndustries	MHK	239.71	-4.23
MolsonCoors A	**TAP/A**	**94.94**	**8.63**
MolsonCoors B	TAP	86.46	-0.96
i Monsanto	MON	118.00	-0.75
Moody's	MCO	121.37	-0.85
MorganStanley	MS	44.75	0.43
Mosaic	MOS	22.61	0.03
MotorolaSolutions	MSI	86.80	-1.33
NRG Energy	NRG	17.02	-0.30
NTTDoCoMo	DCM	23.83	-0.48
NVR	NVR	2340.00	-105.18
NationalGrid	NGG	62.93	-0.66
NatlOilwell	NOV	32.44	0.67
NatlRetailProp	NNN	39.46	-0.44
NewOrientalEduc	EDU	70.42	-0.87
NY CmntyBcp	NYCB	13.24	0.25
NewellBrands	NWL	53.02	-0.35
NewfieldExpln	NFX	28.60	1.04
NewMarket	NEU	456.84	-4.97
NewmontMining	NEM	32.23	-0.81
NextEraEnergy	NEE	139.97	-1.05
NielsenHoldings	NLSN	38.57	-0.41
Nike	NKE	53.17	-0.19
NiSource	NI	25.39	-0.10
NobleEnergy	NBL	28.65	0.63
Nokia	NOK	6.17	-0.19
NomuraHoldings	NMR	6.06	-0.03
Nordstrom	JWN	47.56	-0.12
NorfolkSouthern	NSC	119.52	-1.20
NorthropGrumman	NOC	254.88	-2.68
Novartis	NVS	84.19	-1.06
NovoNordisk	NVO	42.41	-0.86
Nucor	NUE	58.17	...
NuSTAREnergy	NS	45.93	0.45
OGE Energy	OGE	34.90	-0.20
ONEOK	OKE	51.52	0.62
ONEOK Partners	OKS	50.75	0.79
OccidentalPetrol	OXY	59.80	0.23
Och-Ziff	OZM	2.50	0.02
OmegaHealthcare	OHI	32.96	-1.56
Omnicom	OMC	83.33	-0.42
Oracle	ORCL	50.20	-0.67
Orange	ORAN	16.03	-0.18
OrbitalATK	OA	96.71	-2.00
Orix	IX	78.90	-0.39
OwensCorning	OC	66.41	-0.97
PG&E	PCG	66.10	...
PLDT	PHI	35.01	-1.79
PNC Fin	PNC	125.25	1.85
POSCO	PKX	61.37	-1.49
PPG Ind	PPG	109.65	-1.42
PPL	PPL	38.66	-0.18
PVH	PVH	113.78	0.41
PackagingCpAm	PKG	111.55	-1.22
PaloAltoNtwks	PANW	134.70	-1.49
ParkHotels	PK	26.98	-0.20
ParkerHannifin	PH	157.05	-0.96
ParsleyEnergy	PE	27.20	0.06
Pearson	PSO	8.97	-0.11
PembinaPipeline	PBA	33.01	-0.39
Pentair	PNR	65.62	-0.43
PepsiCo	PEP	115.18	-1.20
PerkinElmer	PKI	67.73	-0.55
Perrigo	PRGO	75.92	-0.58
t PetroChina	PTR	61.62	-0.70
PetroleoBrasil	PBR	7.87	...
PetroleoBrasilA	PBR/A	7.36	...
Pfizer	PFE	33.63	-0.12
PhilipMorris	PM	117.08	-1.85
Phillips66	PSX	81.87	0.08
PinnacleFoods	PF	59.99	-1.31
PinnacleWest	PNW	85.19	-1.32
PioneerNatRscs	PXD	158.47	2.81
PlainsAllAmPipe	PAA	26.01	0.54
PlainsGP	PAGP	25.74	0.27
PolarisIndustries	PII	91.69	0.54
Potash	POT	16.26	-0.08
Praxair	PX	131.67	-1.97
PrincipalFin	PFG	64.53	-0.16
Procter&Gamble	PG	86.99	-1.38
Progressive	PGR	44.15	-0.38
Prologis	PLD	58.69	-0.50
PrudentialFin	PRU	108.38	1.12
i Prudential	PUK	46.17	-0.48
PublicServiceEnt	PEG	42.92	-0.34
PublicStorage	PSA	207.57	-1.87
PulteGroup	PHM	24.06	-0.43
i QuestDiag	DGX	110.54	-0.57
QuintilesIMS	Q	89.42	-1.17
RELX	RENX	20.55	-0.41
RELX	RELX	21.65	-0.37
RPM	RPM	54.25	-0.81
RalphLauren	RL	73.31	0.46
RangeResources	RRC	23.59	0.74
i RaymondJames	RJF	80.50	0.01
Raytheon	RTN	160.43	-2.12
RealtyIncome	O	55.77	-0.83
RedHat	RHT	95.51	-1.30
RegencyCtrs	REG	62.98	-0.17
RegionsFin	RF	14.66	0.57
ReinsuranceGrp	RGA	128.92	0.06
RenaissanceRe	RNR	140.27	-0.32
RepublicServices	RSG	63.23	-0.68
ResMed	RMD	77.09	-0.08
RestaurantBrands	QSR	61.84	-0.65
ReynoldsAmer	RAI	65.01	-0.57
RiceEnergy	RICE	26.79	0.20
RioTinto	RIO	41.84	0.67
RobertHalf	RHI	47.77	-0.35
Rockwell	ROK	158.82	-1.71
RockwellCollins	COL	104.17	0.10
RogersComm B	RCI	47.51	-1.09
Rollins	ROL	40.42	-0.64
RoperTech	ROP	229.91	-2.39
RoyalBkCanada	RY	72.78	-0.19
RoyalBkScotland	RBS	6.62	0.04
RoyalCaribbean	RCL	109.27	-1.48
RoyalDutchA	RDS/A	53.19	-0.46
RoyalDutchB	RDS/B	54.61	-0.81
SAP	SAP	103.88	-3.02
S&P Global	SPGI	146.04	-2.86
SINOPECShanghai	SHI	53.08	0.39
SK Telecom	SKM	25.40	-0.49
SLGreenRealty	SLG	105.72	...
Salesforce.com	CRM	86.80	-1.29
Sanofi	SNY	48.16	-1.13
Sasol	SSL	27.67	-0.68
Scana	SCG	67.61	-0.40
Schlumberger	SLB	65.38	0.13
i SchwabC	SCHW	43.01	0.16
SealedAir	SEE	44.87	-0.60
SempraEnergy	SRE	112.99	-0.19
SensataTech	ST	42.38	-0.09
i ServiceCorp	SCI	33.20	...
ServiceNow	NOW	105.82	-2.99
ShawComm B	SJR	22.01	-1.12
SherwinWilliams	SHW	352.64	-8.39
ShinhanFin	SHG	43.59	-0.54
Shopify	SHOP	86.40	-3.12
SimonProperty	SPG	162.58	-1.22
SixFlags	SIX	60.44	-0.82
SmithAO	AOS	55.95	-0.55
Smith&Nephew	SNN	34.68	-0.43
t Smucker	SJM	118.02	-1.79
Snap	SNAP	17.89	0.13
SnapOn	SNA	156.51	0.59
SOQUIMICH	SQM	33.23	-0.31
Sony	SNE	38.28	-0.59
Southern	SO	48.29	-0.86
SoCopper	SCCO	34.77	0.19
SouthwestAirlines	L

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STEFAN WERMUTH/REUTERS

Prime Minister Theresa May's political position has weakened, sparking unease about the U.K.'s ability to strike a deal with the EU.

U.K. Bankers Struggle To Make Brexit Plans In Wake of Election

By Max Colchester

LONDON—The City of London is back in the dark over Brexit after June's general election muddied the outlook for the U.K.'s departure from the **European Union**. Banking chiefs have been left to wonder whether to accelerate plans to move operations into the EU.

This week, Prime Minister Theresa May sealed a deal with a group of Northern Irish lawmakers that will keep her Conservative Party in government despite the loss of its parliamentary majority. But with Mrs. May's position weakened and a reshuffle of several high-level political backroom staff, the spectrum of Brexit outcomes facing banks has widened.

'A lot is open to debate again,' says consultant Stephen Adams.

The likelihood of the U.K. crashing out of the EU without a deal has increased, but equally so has the chance Britain could push for closer ties with the trading bloc, analysts and bankers say.

"A lot is open to debate again," says Stephen Adams, a partner at consulting firm Global Counsel.

Pressure from regulators is mounting. By July 14, financial firms in the U.K. must submit plans for life after Brexit to the Bank of England. In particular, the central bank wants to know what lenders will do if the U.K. is suddenly cut off from the single market.

Major banks have mostly drawn up blueprints based on a worst-case scenario. Morgan Stanley is expected to finalize a plan in coming weeks to create a hub in Frankfurt and bulk up several European offices, according to people familiar with the matter. Japan's Daiwa Securities Group Inc. and Nomura Holdings Inc. both announced this week that they would also look to move operations to Frankfurt.

But the extent to which the banks will have to execute these plans remains unknown. If the British government opts to negotiate close ties to the EU, then banks may be able to maintain a bigger chunk of their operations in the U.K.

At receptions this week, talk was regularly punctuated with bankers lamenting Brexit uncertainty. "We don't know who to call in government," says one public affairs chief at a big British bank. Another joked that the only person who would answer the banks' calls was "Larry," the Downing Street cat.

Up until May, investment banks in London were preparing for an exit from the EU's single market and customs union. Several lenders detailed plans to move operations and hundreds of staff into the EU to ensure they could sell to clients there. The lobbying battle had been reduced to ensuring banks have enough time to restructure their operations before the U.K. formally quit the trading bloc.

"The election results gave an opportunity to reflect and reset the tone as the U.K. enters negotiations," says Catherine McGuinness, policy chairman, City of London Corp., which promotes the city as a financial-services center.

In the days after the vote, banks began to consider a public relations drive via trade associations to push the government to secure greater access to the EU for financial services and soften its stance on immigration, officials say. The momentum stalled as bank staffers struggled to get a clear understanding of the government's thinking on Brexit and which officials they should lobby, officials say.

There have been wholesale changes in government, with key aides to Mrs. May resigning and a new city minister, whose job is to manage relationships with financial services, appointed.

Pine River to Spin Off Fund

By Juliet Chung

Pine River Capital Management plans to spin off a nearly $2 billion government bond-trading fund into a stand-alone firm Jan. 1, in what is likely to be one of the biggest new hedge-fund launches next year.

The Minnetonka, Minn., firm profited off the rebound in government-backed mortgage bonds following the financial crisis, but its assets have shrunk recently. Executives for Pine River told investors on calls Tuesday and Wednesday that Renos Dimitriou and his London-based team would launch the roughly $1.7 billion fund next year, said people familiar with the matter. A Pine River spokesman confirmed the plan.

The 40-year-old Mr. Dimitriou expects to launch Elan Capital Management in London and to follow the same investment strategy he runs at Pine River. Mr. Dimitriou's fixed-income, relative value fund focuses on the debt of Group of Seven countries. The firm buys bond instruments it thinks are cheap and bets against related bonds or contracts it thinks are expensive, hoping the assets will converge in price. It doesn't make macroeconomic calls on the broader direction of interest rates.

The fund's average annualized return since its late 2011 start was more than 11% through May, said a person familiar with the matter. Mr. Dimitriou became the fund's sole portfolio manager in 2014 after becoming co-portfolio manager in 2012.

Mr. Dimitriou, who emigrated from Greece to the U.S. after getting a green card at the 15 years old, has told investors that the political instability and monetary-policy shifts that have led to profitable trades for his fund will continue for the foreseeable future, said people familiar with the matter.

Mr. Dimitriou spent 12 years on Wall Street trading government bonds before joining Pine River in 2012.

Pine River executives told investors on the calls this week it would hold for an undisclosed number of years a passive minority stake in Elan, sharing in Elan's management and performance fees. Pine River plans to continue trading government rates, said people familiar with the matter.

The spinoff is expected to further shrink Pine River's assets under management to a little more than $7 billion from a peak of about $15 billion in 2015.

$1.7B

Expected size of Elan Capital Management after it is spun off

Pine River has returned billions of dollars of client money since 2015, including after the departure of a key portfolio manager and the poor performance of some funds. It plans to return more than $500 million in the next several months after another fund it planned to spin off, its China fund, lost money and investors redeemed. It said earlier this month it would be closing that fund. Pine River has raised some new money from investors recently. Its permanent capital business, advising mortgage real-estate investment trusts, has grown to make up about half its assets under management.

People familiar with the planned spinoff said they believe Pine River would benefit from its continued financial relationship with Mr. Dimitriou. At the same time, Mr. Dimitriou will be able to continue his relationships with existing investors.

Current investors in Mr. Dimitriou's fund have until Nov. 15 to decide whether or not they want to stay invested through the spinoff. Mr. Dimitriou expects to replace any money that is redeemed with investors who have been on a wait list to get in, said people familiar with the matter.

The name "Elan" is meant to reflect energy and enthusiasm, one of the people said.

MAURO VOMBE/XINHUA/ZUMA PRESS

Bondholders want Mozambique to repudiate loan guarantees made under the administration of former President Armando Guebuza.

Mozambique Pressed on Loan Vows

By Matt Wirz

Fund managers who own Mozambique bonds are calling for the country to repudiate government guarantees on loans made to the country by **Credit Suisse Group** AG and Russia's **VTB Bank**.

A recently released audit of the loans by investigations firm Kroll and a similar investigation by the Mozambican parliament show that there is no legal basis for Mozambique to honor guarantees on the loans made by the administration of former President Armando Guebuza, a group of bondholders said in a statement Thursday.

Mozambique defaulted on $762 million of bonds and about $1.2 billion of loans last year, sparking outrage among bondholders, who say they should be repaid ahead of owners of the controversial loans.

The bondholders' announcement marks an escalation in their previously private struggle with Mozambique and the banks that arranged the loans over how to restructure the country's debts.

Two companies owned by Mozambique's military borrowed the loans backed by government guarantees in 2013 and 2014 without public disclosure or parliamentary approval.

A third state-owned company issued $850 million of bonds using similar guarantees in 2013, but bondholders in March 2016 agreed to delay repayment for three years in exchange for the conversion of their debt into sovereign government bonds.

Kroll found that the process for providing the guarantees was inadequate, violated Mozambican budget laws and may have involved conflicts of interest.

The country's parliament said in a report last year that the guarantees breached the constitution and budget laws but voted in April to legalize the guarantees. The vote "was an administrative act that has no relevance on the government's decision whether to honor the guarantees," said Thomas Laryea, the lawyer for the bondholder group.

Bondholders have "misconstrued the findings of the Parliamentary Commission and the Kroll report," a VTB spokeswoman said. "The issued guarantees remain legal and binding obligations of the state."

A spokesman for Credit Suisse declined to comment. Mozambique's Ministry of Finance didn't respond to a request for comment.

Mozambique hired restructuring firm Lazard amid a financial crisis last fall to start restructuring talks, asking that its debts be reduced and that the bonds and loans be treated equally. Bondholders, including mutual-fund firm **Franklin Templeton Investments** and hedge funds **Greylock Capital Management**, **NWI Management** and **Pharo Management**, rejected the idea.

The bondholders Thursday proposed Mozambique resume payments to them with government revenues as the economy recovers. They also called for the loans to be repaid only with proceeds from a liquidation of the three state-owned firms that issued the original debt. More than $1 billion of the money raised by the companies remains unaccounted for, according to the Kroll report.

Such a restructuring would likely mean losses for holders of the loans—a mix of the banks and private investors. Mr. Laryea said it would allow Mozambique to return to bond markets while addressing concerns of international donors, which have frozen loans to the country, and would "deal appropriately with the channels of illicit financing."

—Matina Stevis contributed to this article.

China Leverage Tool Rebounds Just Months After Crackdown

By Shen Hong

SHANGHAI—One of Chinese banks' favorite tools for increasing leverage has staged a comeback just two months after a regulatory crackdown on leveraged investment.

The rebound highlights the difficulties Beijing faces in its effort to cure the economy's addiction to debt-fueled growth and investment booms.

Chinese banks' issuance of negotiable certificates of deposit in June nearly hit the high recorded in March, data from Wind Info showed. NCDs, a type of short-term loan, have become extremely popular in recent years with Chinese banks, especially smaller lenders due to their weaker ability to attract deposits.

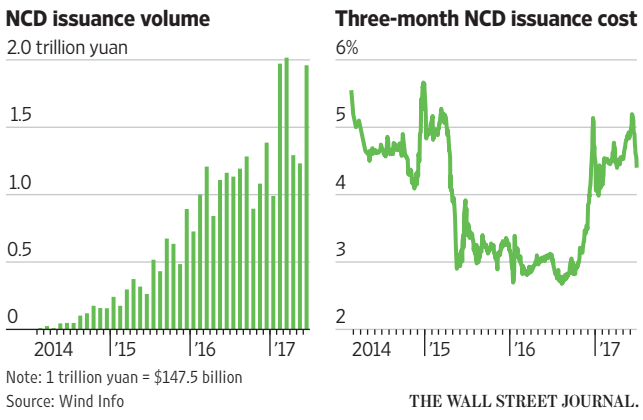
During a clampdown on runaway debt in April, Chinese regulators warned banks against abusing the tool for speculative, leveraged bets in capital markets. But after a deep but brief drop, NCD issuance has risen again as regulatory attention appeared to ease in recent weeks, hitting 1.96 trillion yuan ($287.73 billion) in June, up sharply from 1.23 trillion yuan in May and just a touch below March's record 2.02 trillion yuan.

The latest development suggests a tug of war between some of China's most aggressive and speculative lenders and policy makers, who are trying to stem slowing economic growth and reduce financial risk at the same time.

"The surge in NCD issuance volume this month in a way reflects a Tom and Jerry situation between regulators and markets," said Liu Dongliang, senior analyst at China Merchants Bank, referring to the cartoon cat-and-mouse rivalry.

Debt Addiction

Issuance of negotiable certificates of deposit surged again in June, accompanied by declining borrowing costs.



Note: 1 trillion yuan = $147.5 billion
Source: Wind Info

THE WALL STREET JOURNAL.

China introduced NCDs in 2013 as part of steps to liberalize interest rates, allowing banks to use the new fundraising tool to help set borrowing costs according to supply and demand.

The NCD market started taking off last year, as a rallying bond market encouraged banks, particularly the more aggressive and profit-driven smaller lenders, to use such short-term loans to further leverage their investments.

In early April, the country's banking regulator criticized such behavior as "working without bending down" and "sitting there collecting free money," adding that banks should do more to ensure money flowed to China's "real economy."

The regulator's warning came hot on the heels of the Chinese central bank's decision to raise short-term interest rates in February and March as Beijing intensified its campaign to discourage leveraged investment.

However, after the deleveraging campaign caused Chinese bond prices to tumble to a 29-month low last month, there has been a subtle change in official rhetoric and action.

In an effort to appease nervous investors, the official Xinhua News Agency ran a commentary in early June that said the authorities will strive to maintain market stability. "

In the following week, the People's Bank of China injected the largest amount of cash into the financial system for a single week since mid-January, which led to large declines in bond yields as well as the cost of NCD issuance.

The interest rate that banks pay to issue a three-month NCD fell to 4.40% Thursday after hitting a near 27-month high of 5.19% on June 8.

There are signs that many banks are issuing NCDs to roll over maturing loans, giving themselves a lifeline to cover frequent short-term funding needs.

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Hong Kong Markets Bow to China

In the 20 years since transition, mainland's sway is more striking than other way around

By Steven Russolillo

EQUITIES

HONG KONG—When China regained sovereignty over Hong Kong in 1997, the flourishing financial center seemed set to become a gateway for foreign investors to the then-largely closed mainland economy.

Two decades on, Chinese influence over Hong Kong's markets, rather than foreign investors' clout in China, is far more striking.

From the ever-rising activity of China's traders to the plethora of mainland companies listing on Hong Kong's stock exchange, China looms over Hong Kong's markets in a way few expect to dissipate in the coming years.

At the time of the handover, Beijing pledged to keep the former British colony as a largely independent entity for half a century. Less than halfway through that arrangement, Hong Kong—still one of Asia's leading financial markets, despite the rise of mainland rivals such as Shanghai—is being molded in China's image.

"The influence of the mainland is ubiquitous," says Paul Gruenwald, Asia-Pacific chief economist at S&P Global.

One sign of China's importance to Hong Kong's markets is a shift in the largest constituents of the city's stock benchmark, the Hang Seng Index. Back in 1997, the index's biggest companies were either conglomerates owned by local tycoons or traditional British colonial firms, such as banking giant **HSBC Holdings** PLC.

Of the index's 10 biggest constituents by market capitalization then, only HSBC remains in its same form. Hutchison Whampoa and Cheung Kong Holdings, two companies 20 years ago, have since merged into **CK Hutchison Holdings** Ltd., which is in the top 10.

Today, the Hang Seng is dominated by state-owned lenders such as **China Construction Bank** Corp., **Industrial & Commercial Bank of China** Ltd. and **Bank of China** Ltd., which are also listed in Shanghai.

Chinese technology and telecom companies are a big presence, too. **Tencent Holdings** Ltd., the owner of China's largest social network, WeChat, holds the Hang Seng's largest weighting at 11%.

It isn't just the market leaders that have changed. In 1997, mainland Chinese companies, including those incorporated offshore, made up less than 20% of Hong Kong's market capitalization, according to Hong Kong Exchanges & Clearing Ltd., which operates the city's stock market.

Today, that number has ballooned to north of 60% and looks set to rise, given the high level of new listings in Hong Kong accounted for by mainland companies. Some 92% of the total volume of initial public offerings in the city was from Chinese companies last year, according to Goldman Sachs Group Inc., helping Hong Kong retain its mantle as the world's most-popular venue for listings for the second consecutive year.

This trend has proved controversial. Companies from the mainland often have high investment from cornerstone investors, who buy large amounts of the company's stock ahead of the IPO, pledging to hold on to the shares for a few months.

When state-owned Postal Savings Bank of China Co. raised $7.4 billion in its IPO in September, 80% of the shares were preordered by six other, mostly state-owned firms.

The presence of cornerstone investors makes it easier for companies to launch their IPOs. But critics say such deals are diluting the quality of the Hong Kong market.

"Hong Kong has essentially become a China growth derivative," says Kinger Lau, chief China strategist at Goldman Sachs.

China is also changing the way Hong Kong stocks are traded. The advent of the Stock Connect trading links between Hong Kong and the Shanghai and Shenzhen stock markets on the mainland in recent years has allowed mainland investors to buy shares of Hong Kong-listed securities via the link.

Foreigners, in turn, can buy shares in China more freely than before.

While many predicted a rush of foreign money into Chinese stocks when the links were launched, money coming from mainland China has become a vital source of inflows into Hong Kong.

In turn, mainland traders are influencing which sort of stocks outperform in Hong Kong, analysts say.

"The composition of Hong Kong's market is only becoming much more China-driven and China-exposed," says Ben Luk, global macro strategist at State Street Global Markets.

JASON REED/REUTERS

Officials at a ceremony marking the handover from Britain in 1997. 'The influence of the mainland is ubiquitous,' says one economist.

Power Shift

Hong Kong's stock exchange is now dominated by large Chinese companies.

Top 10 Hong Kong-listed companies by weighting

ORIGIN: Hong Kong, China

DECEMBER 1997		2017 MAY	
HSBC Holdings*	24.8%	Tencent Holdings	11.96%
Hong Kong Telecommunications	9.20	HSBC Holdings*	10.02
Hutchison Whampoa	9.13	China Construction Bank	8.30
Hang Seng Bank	6.98	AIA Group	7.93
Sun Hung Kai Properties	6.26	China Mobile	6.32
Cheung Kong Holdings	5.66	Industrial & Commercial Bank of China	4.58
China Light	5.19	Bank of China	3.69
Citic Pacific	3.18	CK Hutchison	3.27
Henderson Land Development	3.07	Ping An Insurance	3.10
HK Electric	2.89	Hong Kong Exchanges & Clearing	2.72

*U.K./Hong Kong Source: Hang Seng Indexes THE WALL STREET JOURNAL.

Global Bond Selloff Intensifies

By Min Zeng And Christopher Whittall

CREDIT MARKETS

Global government-bond prices fell for a third consecutive day as a gauge of economic confidence in the eurozone reached its highest level since 2007, adding to investors' concerns that central banks in the developed world will pivot to less-accommodative monetary policy.

The yield on the 10-year Treasury note rose to its highest closing level in more than a month on Thursday. The yields on 10-year government bonds in Germany, the U.K. and Canada all closed at the highest level since March. Yields rise as bond prices fall.

This week's selloff upended months of calm in bond markets, underscoring investors' vulnerabilities to a potential shift in major central banks' policy stance.

The moves left investors and analysts debating whether the current bond selloff marks a significant change in direction or merely a bout of volatility.

Despite this week's rise in global government-bond yields, they remain at low levels. And government bonds in the developed world have been jolted by a number of selloffs in past years, but they have failed to last long.

The yield on the 10-year Treasury note settled at 2.270% on Thursday, compared with 2.223% Wednesday and above this year's closing low of 2.135% on Monday. The yield on the 10-year German bond closed at 0.442%, according to Tradeweb, up from 0.249% on Monday.

Thursday's selling came after a report showed the European Commission's Economic Sentiment Indicator, which aggregates business and consumer confidence, jumped to 111.1 from 109.2 in May.

The extended selling began earlier this week after European Central Bank President Mario Draghi hinted Tuesday that the ECB might start winding down its large monetary stimulus as the eurozone economy picks up speed.

Similar signals from top officials at the Bank of England and the Bank of Canada Wednesday added to investors' angst.

Crude Gains For a Sixth Day in Row

By Sarah McFarlane and Alison Sider

COMMODITIES

Oil prices climbed for a sixth straight session, as last week's drop in U.S. production stoked hopes that the slide in prices since May is starting to take a toll on the country's shale output.

U.S. crude prices for August delivery rose 19 cents, or 0.4%, to $44.93 a barrel on the New York Mercantile Exchange.

Brent crude, the global benchmark, gained 11 cents, or 0.2%, to $47.42 a barrel on London's ICE Futures Exchange.

Oil prices have had their longest streak of gains since April. But crude is still in a bear market and observers said the rally may be running out of steam.

"Every once in awhile the fundamentals kick in; people realize there's nothing super bullish there to keep driving it higher," said Ric Navy, senior vice president for energy futures at RJ O'Brien & Associates LLC.

Market observers said prices are likely to remain range-bound for now.

"The recent bounce in crude feels more like a technical positioning move than a change in fundamentals or sentiment," analysts at Credit Suisse said. Still, the analysts added, "it does feel as if a wave of selling has ebbed for now."

Blue Apron Shares Flat in Debut

By Corrie Driebusch And Imani Moise

IPOS

Shares of **Blue Apron Holdings** Inc. stalled in their public debut, capping a rocky initial public offering for the meal-kit maker.

The stock closed at $10, its IPO price, after rising as high as $11 in intraday trading. In an unusual move Wednesday that reflected weak investor demand for the IPO, Blue Apron lowered the expected price range for its shares to $10 to $11 apiece, from the $15-to-$17 range it sought earlier in a regulatory filing.

If Blue Apron's employees, friends and family were disappointed, they didn't show it Thursday at the New York Stock Exchange, where they cheered as Chief Executive Matt Salzberg and other executives rang the opening bell. Most of the roughly 500 guests were local, as Blue Apron's headquarters is in Manhattan, but the company also flew in some staff for the event, Mr. Salzberg said.

Mr. Salzberg said his focus wasn't on the opening trading, but on expanding the company.

The average first-day share-price increase for companies that have gone public in the U.S. this year is 6.9%, according to data provider Dealogic.

Blue Apron constructed a wall of lettuce in front of the NYSE on Thursday. After the stock started trading, the company served some of its most popular recipes—including Thai chicken sliders and Veracruz-style rock fish tacos—and held a cooking competition.

Blue Apron offers a subscription service delivering premeasured ingredients and recipes for customers to cook. The company has evolved into a service with one million customers as of March 31 and more than $790 million in revenue in 2016. But even as sales have increased, the company has recorded steepening losses since its inception, and the cost to attract new customers has increased.

Although some investors were skeptical of Blue Apron, major food companies have made investments in food-delivery startups recently. This month, **Nestlé** USA acquired a minority stake in Freshly, which delivers fully prepared meals. Last month, **Unilever** PLC's venture arm led a funding round for San Francisco-based meal-kit maker **Sun Basket**. Traditional grocery stores also are entering the segment, including supermarket chain **Kroger** Co. bringing meal kits to its Cincinnati stores last month.

However, the market has proved volatile. Even some well-funded firms have shut down, including cooked meal-delivery companies such as Maple, SpoonRocket and Sprig Inc., which closed last month.

Now on the Menu

Blue Apron shares ended their first day of trading at their IPO price.

Source: FactSet
THE WALL STREET JOURNAL.

Treasury Auctions

The Treasury Department will auction $112 billion in securities next week. Details of the offerings (all with minimum denominations of $100):

◆ **Monday:** $40 billion in reopened four-week bills, dated July 6, maturing Aug. 3. Cusip: 912796LM9. The debt is a reopening of an issue sold on Feb. 2, 2017.

Also Monday, $39 billion in reopened 13-week bills, dated July 6, maturing Oct. 5. Cusip: 912796LW7. The debt is a reopening of an issue sold on April 6, 2017.

Also Monday, $33 billion in reopened 26-week bills, dated July 6, maturing Jan. 4. Cusip: 912796LC1. The debt is a reopening of an issue sold on Jan. 5, 2017.

Noncompetitive tenders for the four-week bills must be received by noon EDT Monday and competitive tenders by 1 p.m. For the 13-week and 26-week bills, noncompetitive tenders are due by 11 a.m. Monday and competitive tenders by 11:30 a.m.

Dollar Falls as Tighter Policies Loom Overseas

By Ira Iosebashvili

CURRENCIES

The dollar fell to its lowest level since October Thursday, as expectations that several major central banks around the world are getting set to tighten monetary policy lifted other currencies.

The ICE Dollar Index, which measures the U.S. currency against a basket of six others, fell 0.4% to 95.55, its lowest level since Oct. 3.

Central bankers from Europe, the U.K. and Canada have signaled in recent days that they are gearing up to roll back huge stimulus programs or raise rates. The comments have boosted their currencies against the dollar, as higher rates make a country's assets more attractive to yield-seeking investors.

The ICE Dollar Index has rallied nearly 20% since 2014, driven by expectations that the Federal Reserve will raise interest rates while other central banks keep borrowing costs at historic lows.

"The prospect of a return to a more normal phase of global monetary policy could remove a key source of long-term support for the greenback," said Omer Esiner, chief market analyst at Commonwealth Foreign Exchange, in a note to clients.

Strong growth in the U.S. and a more hawkish Fed would improve the dollar's prospects against its peers, Mr. Omer said.

The euro rose 0.6% to $1.1442. The dollar was down 0.2% against the Canadian dollar to 1.30. The pound was up 0.6% to $1.3008.

European Central Bank President Mario Draghi Tuesday said the ECB's stimulus program will be gradually withdrawn as the eurozone economy continues to improve, sending the euro to its biggest one-day gain against the dollar in a year.

A day later, another ECB official suggested investors may have overreacted to Mr. Draghi's earlier speech.

The pound jumped Wednesday after Bank of England Gov. Mark Carney said interest rates in the U.K. may need to rise if the economy continues humming despite weak consumer spending.

Bank of Canada Gov. Stephen Poloz rekindled expectations for a rate increase next month by saying excess slack in the Canadian economy is now being absorbed "steadily" at the current pace of growth.

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MARKETS

U.S. Stocks Slide as Technology Drops

Nasdaq index falls 1.4% as Alphabet, Nvidia slide; S&P 500, DJIA log worst fall in month

By Akane Otani
And Jon Sindreu

Major U.S. stock indexes slumped as technology shares tumbled anew.

Losses accelerated Thursday afternoon, sending the Dow Jones Industrial Average down more than 250 points before the index pared losses toward the end of the session.

Many investors said they see few reasons to extend bets on stocks that are already trading near records. Recent economic data, especially inflation, have been middling, expectations for policy changes like tax cuts and fiscal stimulus have been tempered and second-quarter earnings season has yet to begin in earnest.

Additionally, central banks around the world have suggested that they will push for a normalization in monetary policy, sending yields on government bonds higher.

"There's a lot of complacency out there," said Tom Stringfellow, president of Frost Investment Advisors. With stocks already trading near where many analysts expect them to finish the year, further pullbacks wouldn't be surprising, he added.

At the same time, selloffs have been relatively short-lived, suggesting investors don't want to miss out on a market that has been rising. The Dow Jones Industrial Average is on track to rise for seven straight quarters.

The blue-chip index fell 167.58 points, or 0.8%, to 21287.03 on Thursday and the S&P 500 lost 20.99 points, or 0.9%, to 2419.70, their largest one-day declines in more than a month.

The Nasdaq Composite fell 90.06 points, or 1.4%, to 6144.35.

As stocks swung, the CBOE Volatility Index jumped 14% to 11.44. The VIX, which measures investors' expectations for swings in the S&P 500 over the next 30 days, typically moves inversely to stocks.

Tech shares led declines in the S&P 500, falling 1.8%. Google parent **Alphabet** fell $23.19, or 2.4%, to $937.82 and chip maker **Nvidia** shed 5.07, or 3.3%, to 146.68. The S&P 500 tech sector is up 17% this year, but has fallen 2.6% in June.

Financial shares climbed, benefiting from a recent rise in Treasury yields, as well as the Federal Reserve's decision Wednesday to allow big U.S. banks to ramp up dividend payouts and share buybacks.

The KBW Nasdaq Bank Index of U.S. commercial lenders added 1.3%.

Elsewhere, expectations of higher interest rates in Europe and the U.K. bolstered the euro and the pound, which were both up roughly 0.6% against the U.S. dollar.

The Stoxx Europe 600 fell 1.3%, with broad losses across sectors offsetting gains in bank shares.

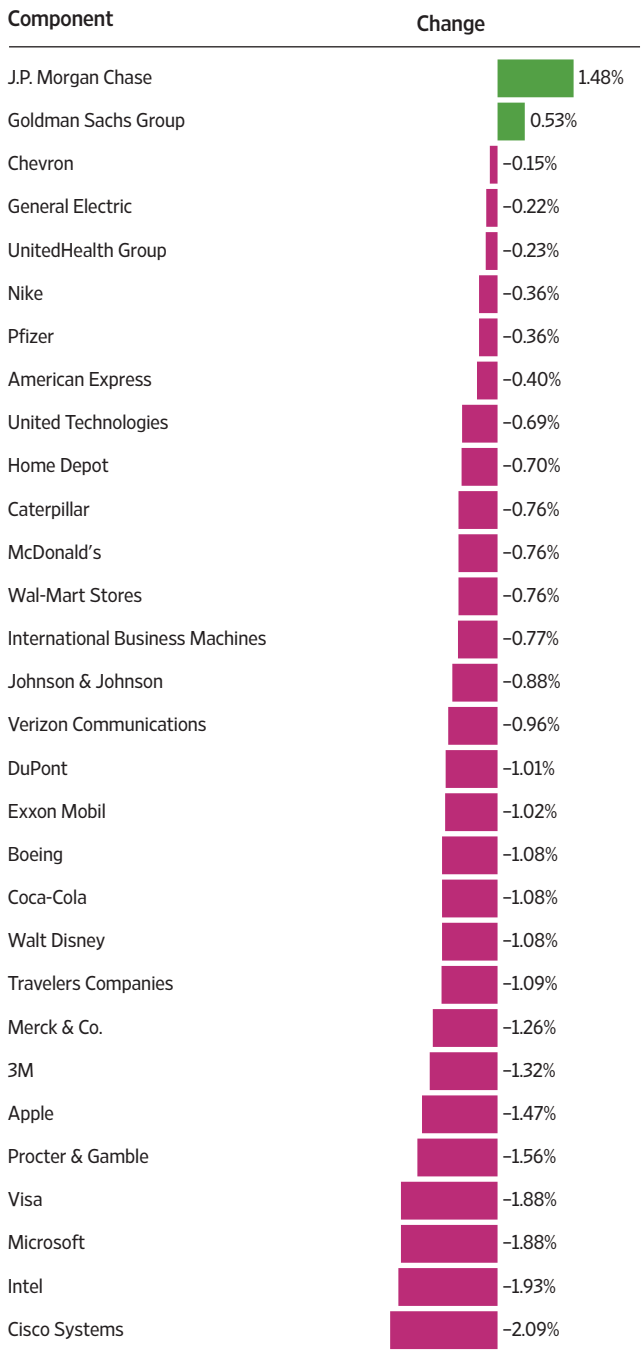
A raft of statements Wednesday by policy makers at the European Central Bank, the Bank of England and the Bank of Canada has convinced many investors that the gradual end of monetary stimulus is coming.

The key test is whether economic data and corporate profits come in strong enough to justify borrowing costs rising, analysts said. While optimism from central bankers can boost stocks, higher rates can also make them look less attractive.

Stocks continued to fall in Asia/Pacific early Friday. Australia's S&P ASX 200 was down 1.4% and Japan's Nikkei was off 1.2%.

Turbulent Tech

Every component in the Dow Jones Industrial Average fell Thursday, except for two bank stocks.



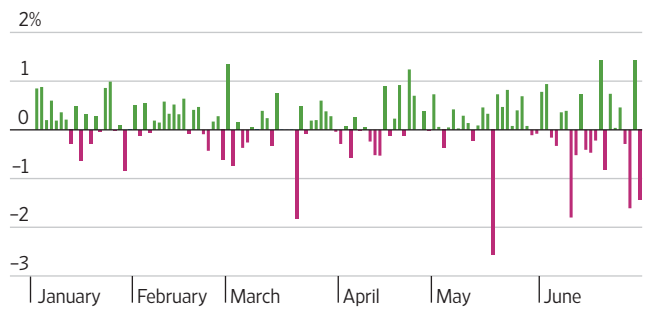
Source: FactSet

The technology sector led declines in the S&P 500 and is on track to fall in June after six straight months of gains.

S&P 500 technology sector

The slump has weighed on the Nasdaq Composite, though the index is still up 14% so far this year.

Daily percentage change



Wall Street's 'fear gauge' posted its biggest daily jump since May 17 as stocks slid Thursday.

CBOE Volatility Index

THE WALL STREET JOURNAL.

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Capital One Had Better Explain Self

Capital One Financial was the big loser in this year's Federal Reserve stress tests, and regulators zeroed in on the bank's biggest vulnerability.

The Fed granted Capital One conditional approval for its capital-return plans, provided that it addresses shortcomings in how it plans for its capital needs. The Fed dinged Capital One for plans that "did not appropriately take into account the potential impact of the risks in one of its most material businesses."

The Fed didn't specify which business it was referring to, and Capital One hasn't clarified. Credit cards and auto lending are the likely culprits though. The stress tests found that under the most severe recession scenario, Capital One could see loss rates of 20% on cards and 8% on other consumer loans, totaling almost $26 billion.

Even with these losses, Capital One had enough capital leftover to make its originally planned payouts to shareholders, so it is a mystery why it voluntary lowered its request to the Fed. Mysteries aren't what investors want to see in a lender that focuses on less-affluent borrowers.

Investor confidence in Capital One already was shaken by its first-quarter results, when it raised its forecast for 2017 credit-card losses for the second time in six months. The company now sees a charge-off rate of up to 5%.

Capital One shares are down around 6% this year and were the only big bank down on Thursday. Without some clear explanation, the shares could fall further.

—Aaron Back

Chip Makers' Windfall: Bitcoin

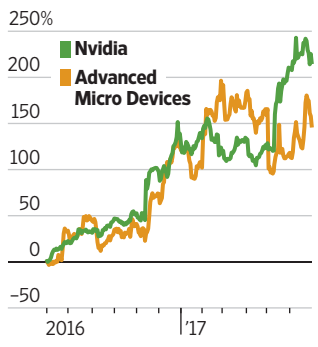
It's good to be in the graphics chip business these days. Sometimes too good.

Graphics processors, otherwise known as GPUs, have long been the mainstay of personal computers tricked out for gaming. They are also now key components in the artificial-intelligence systems being built into state-of-the-art data centers and self-driving cars. That has been driving up the stock prices of the two largest companies in the business: Nvidia and Advanced Micro Devices.

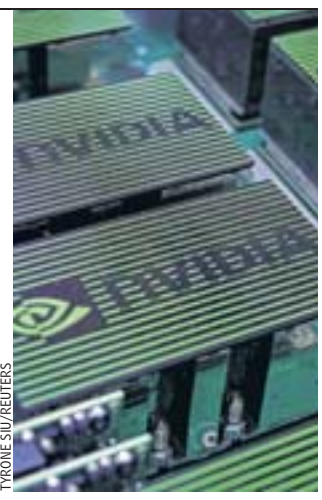
But some business also comes from less-than-stable corners. Graphics chips are also useful for a task called cryptocurrency mining. So-called "miners" are computers that match and update transactions for currencies such as bitcoin and the newly popular format called ethereum. A miner can earn rewards for that activity depending on the number of transactions processed and the value of the currency.

Graphically Enhanced

Share price performance



Source: WSJ Market Data Group
THE WALL STREET JOURNAL.



TYRONE SIU/REUTERS

Ethereum has proved to be the hottest money of late; its value surged from about $8 in January to just under $400 earlier this month.

That has led to a spike in demand, as GPUs are particularly well suited for ethereum mining. Mitch Steves of RBC Capital estimates that about $100 million of GPU processors were added to the networks that mine ethereum in just 11 days in early June. This has resulted in a shortage of GPU inventory, though neither Nvidia or AMD specifically markets their products for this use.

AMD in particular can use all the sales it can get. Its stock price has jumped more than 20% in just the past month, based on a mix of enthusiasm about digital-currency mining as well as the launch of a new server chip that will challenge Intel in a key market.

Sharp gains over the past year, based on enthusiasm for several new chips, have driven AMD to about 95 times forward earnings, a rich valuation to live up to.

But while the recent rush of GPU sales will likely help both Nvidia and AMD in their next quarterly reports, investors should still be wary.

The cryptocurrency markets have long been prone to wild swings; ethereum is now about 23% off its peak from two weeks ago, according to CoinDesk. And recall that a spike in GPU demand for bitcoin mining in 2013 also proved to be short-lived.

There are a lot of good reasons to be positive on the market for GPU chips. Banking on cryptocurrency speculators isn't one of them.

—Dan Gallagher

OVERHEARD

A positive attitude doesn't necessarily pay off.

Or so one might conclude based on a recent paper by **Jacquelyn Gillette**, accounting professor at MIT Sloan School of Management. The paper reviewed a series of credit analyst reports of financially distressed firms from 2006 to 2015. Within the subset of reports that forecast whether these firms, all of whom had credit ratings of C-plus or lower, would eventually file for bankruptcy, analysts predicted that unhappy outcome just 6% of the time.

The reality turned out to be slightly less sunny. More than half of firms in the sample eventually filed for bankruptcy, the paper found. "Furthermore, when a [debt analyst's] investment bank is an underwriter or significant investor in the firm, the [analyst] never predicts that the firm will file for bankruptcy."

Investors ought to consider these findings as a triumph of experience over hope.

Rite Aid Stock Crashes Into the Drugstore Bargain Bin

What seems like a bleak day for **Rite Aid** may actually be a new beginning.

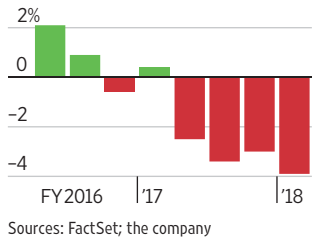
Shares of the drugstore chain fell about 25% on Thursday after **Walgreens Boots Alliance** said it was dropping its $9.4 billion bid to acquire Rite Aid and would instead be buying half of its stores for $5.18 billion. Rite Aid will also receive a $325 million breakup fee.

The new agreement was spurred by the likelihood that the government would reject the original deal.

But while Rite Aid will be losing several billion dollars a year in revenue, the beleaguered company could use the proceeds from the sale to pay down as much as 70% of its more than $7 billion in debt. Assuming pro forma earnings before interest, taxes, depreciation and amortization, or Ebitda, of $500 million, or half of Rite Aid's trailing 12-month figure, that would lower its net debt to around 3.8 times. That compares with 6.3 times trailing Ebitda today.

Help Wanted

Rite Aid's same-store sales, change from a year earlier



Sources: FactSet; the company

If Rite Aid used the proceeds of the deal to pay down debt, Moody's would consider raising its credit rating, which is in the middle of the junk range, said analyst Mickey Chadha. Rite Aid said the per-store sales and adjusted Ebitda of the remaining stores would be higher than its current companywide average, a signal that Walgreens may be taking some of Rite Aid's lower-performing stores off its hands.

For Rite Aid, which reported a net loss of $75 million and interest expense of $109 million for the first quarter of fiscal 2018, a lower debt load could help it free up cash to invest in its struggling stores. Same-store sales fell 3.9% in the quarter as the company felt the impact of lower reimbursement rates for pharmaceutical sales.

That should be offset somewhat by Thurs-day's deal, which gives Rite Aid the option to purchase generic drugs from a Walgreens affiliate at roughly the same cost as Walgreens for 10 years.

Being smaller and having less debt could also help Rite Aid attract another buyer. CVS Health, the No. 2 drugstore chain, could be interested. Rite Aid could also merge with **Fred's**, a regional pharmacy chain that was hit almost as hard as Rite Aid by the unwinding of the Walgreens deal. Fred's, whose stores are primarily concentrated in the Southeast, had agreed to purchase more than 800 Rite Aid stores in a sweetheart deal done to appease regulators.

Granted, Rite Aid still isn't particularly cheap. The company trades at about 10 times the assumed pro forma Ebitda, after adjusting for net debt, about the same as the much healthier Walgreens.

Still, Rite Aid is in better shape after the deal than it was Wednesday, it remains a national chain and its shares are down by two-thirds this year. Sales like that don't last long.

—Miriam Gottfried and Charley Grant

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Homes in the spirit of Independence **M8**

MANSION

Design is 'not just what it looks like and feels like. Design is how it works.' —Steve Jobs

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THE WALL STREET JOURNAL. Friday, June 30, 2017 | M1

The Paul Williams Premium

A surge of interest in the late African-American architect means top dollar for his Southern California homes; the former home of Frank Sinatra and Audrey Hepburn.

JOE SCHMELZER FOR THE WALL STREET JOURNAL (3); LIFE PICTURE COLLECTION/GETTY IMAGES (WILLIAMS HISTORICAL)

ONE MAN, MANY LOOKS Paul Revere Williams, center, the first African-American to be admitted to the American Institute of Architects, worked in many styles. His homes in Southern California include this Midcentury Modern owned by Darius Long, top; a Georgian Colonial owned by Mag Black, above left; and this Spanish Colonial Revival owned by John Sweeney, above right.

BY STEFANOS CHEN

THE LIST OF CELEBRITIES who have passed through Mag Black's Los Angeles home is classic Hollywood: Frank Sinatra, Mia Farrow, Audrey Hepburn, Eva Gabor.

But when the 7,000-square-foot, Georgian Colonial-style home listed this month for almost $14 million, one star took center stage: Paul Revere Williams, the architect. "I didn't know a thing about him, but everyone ooh'd and ahh'd when they heard this was a Paul Williams," says Ms. Black, who recently relisted her home for $13.95 million, an 8% increase, partly due to the growing strength of the Williams pedigree.

The late Mr. Williams, whose career spanned five decades and an array of architectural styles, is back in vogue—and not just with the Tinseltown set. The first African-American to be admitted to the American Institute of Architects in 1923, Mr. Williams has long been revered in the city's affluent pockets for his willingness to put the client before convention, and for his attention to detail. (His biographer said she can identify a bona fide Williams by the gentle rise of the staircase.) Now a number of posthumous honors, including an AIA Gold Medal in December, which is shared by the likes of Frank Lloyd Wright and Le Corbusier, have shined a brighter spotlight on the architect's work.

Agents say that renewed name-recognition

Please turn to page M4

LONDON COUNTS ON THE COOL CROWD

To boost the city's sluggish real-estate market, developers are targeting millennials and young professionals with upscale apartments and hip amenities, such as craft-beer bars and a fitness center that specializes in circus skills.

BY RUTH BLOOMFIELD

TO REVIVE flagging apartment sales, London real-estate developers are using trendy street art, cafes serving avocado toast, and bike-repair stations to lure young professionals and fashionable millennials.

Earlier this month, Union Developments launched its boutique development Monohaus, a reboot of a former record factory in the Hackney neighborhood of east London, very much the hipster heartland of the British capital.

In addition to 47 apartments, the development will feature a craft-beer bar, vinyl music shop, artisan bakery and a Nordic-themed cafe serving the currently in-vogue snack of avocado on toast.

The apartments themselves are industrial style, with huge windows and polished-concrete floors. When Monohaus opens in October, prices will start at about £500,000, or about $635,000, for a one-bedroom apartment ranging up to around $1.78 million for

Please turn to page M10

LYNAS SMITH ARCHITECTS

OPENING IN OCTOBER An architectural rendering of Monohaus, a development in the Hackney neighborhood with 47 apartments. Prices range from about $635,000 for a one-bedroom unit to about $1.78 million for a three-bedroom penthouse.

INSIDE

$31.1 MILLION
Casino mogul's one-time estate sold **M2**

ROIS & STUBENRAUCH FOR WSJ

VILLA IN VIENNA
A entrepreneur builds a high-tech home **M3**

MEMORIES OF MOM
A comedian's boyhood ends with a kiss **M6**

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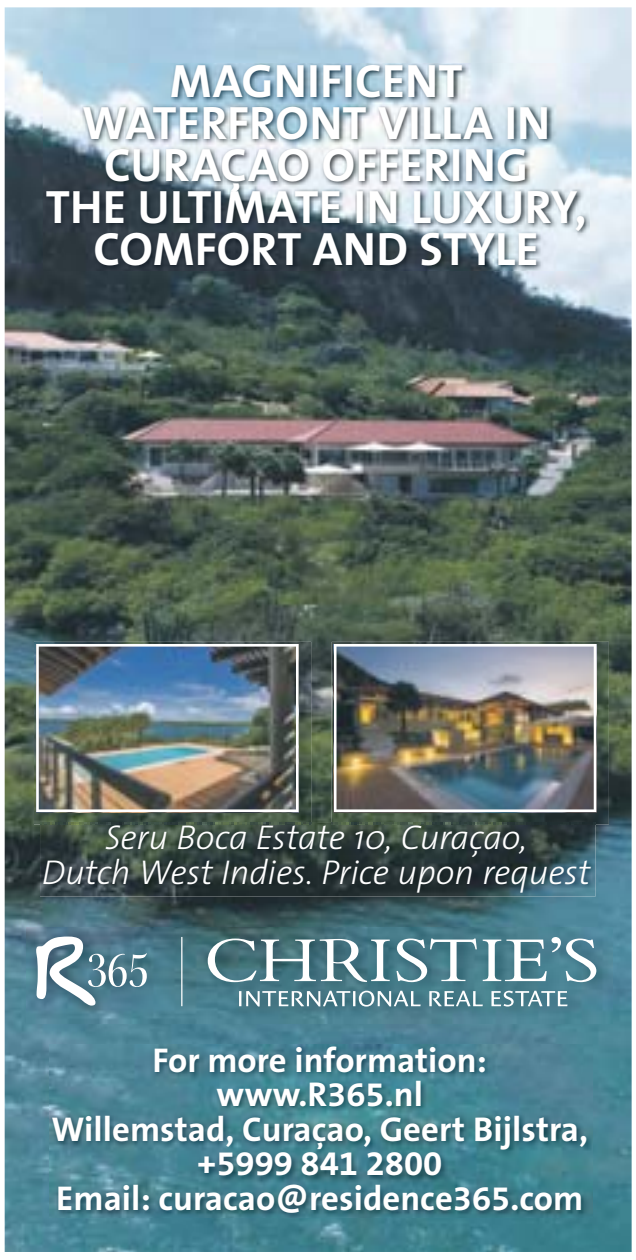


MANSION

PRIVATE PROPERTIES

Wynn Tahoe Estate Sells

A Lake Tahoe waterfront estate that once belonged to casino mogul Steve Wynn has sold for $31.1 million.

The sales price is a record for the tony enclave of Incline Village, Nev., said listing agent Patricia Lantz of Lakeshore Realty.

On 4.972 acres, the Incline Village home includes 210 feet of lake frontage and a private beach with a pier and boat hoist. The 12,661-square-foot main house has four bedrooms, a theater and a four-car garage. The guesthouse includes three bedrooms.

The buyers are Nora Betyousef Lacey and her husband Michael Lacey, a pathologist. "It's a very elegant place to be on the lake," said Ms. Lacey, founder of bio-tech company Cell Marque, which produces cancer detection products and which she sold to Sigma-Aldrich for $170 million in 2014, she said.

Ms. Lacey said she plans to make only a few changes. "We want to keep the legacy of the Wynns," she said. She dubs the property, which has been known as Old Forge, the Wynn estate.

"I basically call these estates by the name of the person who created them," said Ms. Lacey, whose other homes include the approximately 30,000-square-foot Tudor-style Morgan estate in Los Altos Hills, Calif., which she bought for $25 million in 2015. "The Wynn estate is our permanent home and our main home, and the Morgan estate is a beautiful place when we want to get away."

Ms. Lacey said she was attracted to the setting as well as the community. "It's a beautiful lake and we have a great community here, a lot of philanthropists of the same mindset," she said.

Homeowners in the neighborhood include Workday co-founder David Duffield, Oracle billionaire Larry Ellison and financier Michael Milken. Ms. Lacey said she dedicates her time to her foundation, which supports Assyrian entrepreneurs and charities.

The property was first put on the market in 2016 with an asking price of $45 million. Ms. Lantz shared the listing with Victor Lockhart, also of Lakeshore Realty.

The seller was Ten-Four-One Realty Trust, which bought the property from Mr. Wynn in 1998 for $17 million, according to public records. Janet Pahl of Sierra Sotheby's International Realty represented the Laceys.

—Sarah Tilton

NEW YORK CONDO SELLS FOR A 26% DISCOUNT

An Upper East Side condo has sold for $26 million, or 26% off its original asking price of $35 million.

The roughly 5,000-square-foot Park Avenue condo, which comes with a separate studio apartment on a lower floor for guests or staff, was listed in February, according to Tak Cheung of Rutenberg NYC, who represented the buyer.

A duplex spanning the 36th and 37th floors, the apartment has views of Central Park. The four bedrooms each have en suite bathrooms clad in onyx. The studio apartment measures about 635 square feet, Mr. Cheung said.

The seller was Sheila Rosenblum, who said she previously owned the home with her ex-husband Daniel Rosenblum, deputy chairman at ED&F Man Holdings, a commodities trade house. Ms. Rosenblum, who owns and manages racehorses, said she decided to sell because her son graduated from high school.

Mr. Cheung declined to identify the purchasers but said they are a family originally from China.

He said the discounted price is due in part to the supply of new construction condos in the neighborhood, including buildings such as nearby 520 Park Avenue.

"Do I wish I had gotten a little more? Yes," said Ms. Rosenblum of the apartment's sale price. "But am I satisfied? Yes. I could have tried to hold out and I might have had it for another few years."

The listing agency was Douglas Elliman Real Estate.

—Candace Taylor

MANHATTAN PENTHOUSE WITH A BONUS

Wait, there's more: For $48 million, you get not only a sprawling downtown Manhattan penthouse, but two staff apartments and two parking spaces.

The roughly 7,100-square-foot duplex penthouse under construction sits on the top two floors of Madison Square Park Tower, a glassy condominium on 22nd Street. The two studios, which can be used for staff or guests, are located on a lower floor and each measures about 600 square feet, said Ian Bruce Eichner, founder of Continuum Co., the building's developer. The two parking spaces are among 16 in the building and normally sell for about $500,000 each.

The penthouse, on the 64th and 65th floors of the building, will have a double-height living room and views of the Empire State Building, said Fredrik Eklund of Douglas Elliman Real Estate, who is handling sales in the building with colleague John Gomes. While it will likely end up with about five bedrooms and five baths, it is being marketed as a "white box," with the expectation that buyers will create their own layout, Mr. Eklund said.

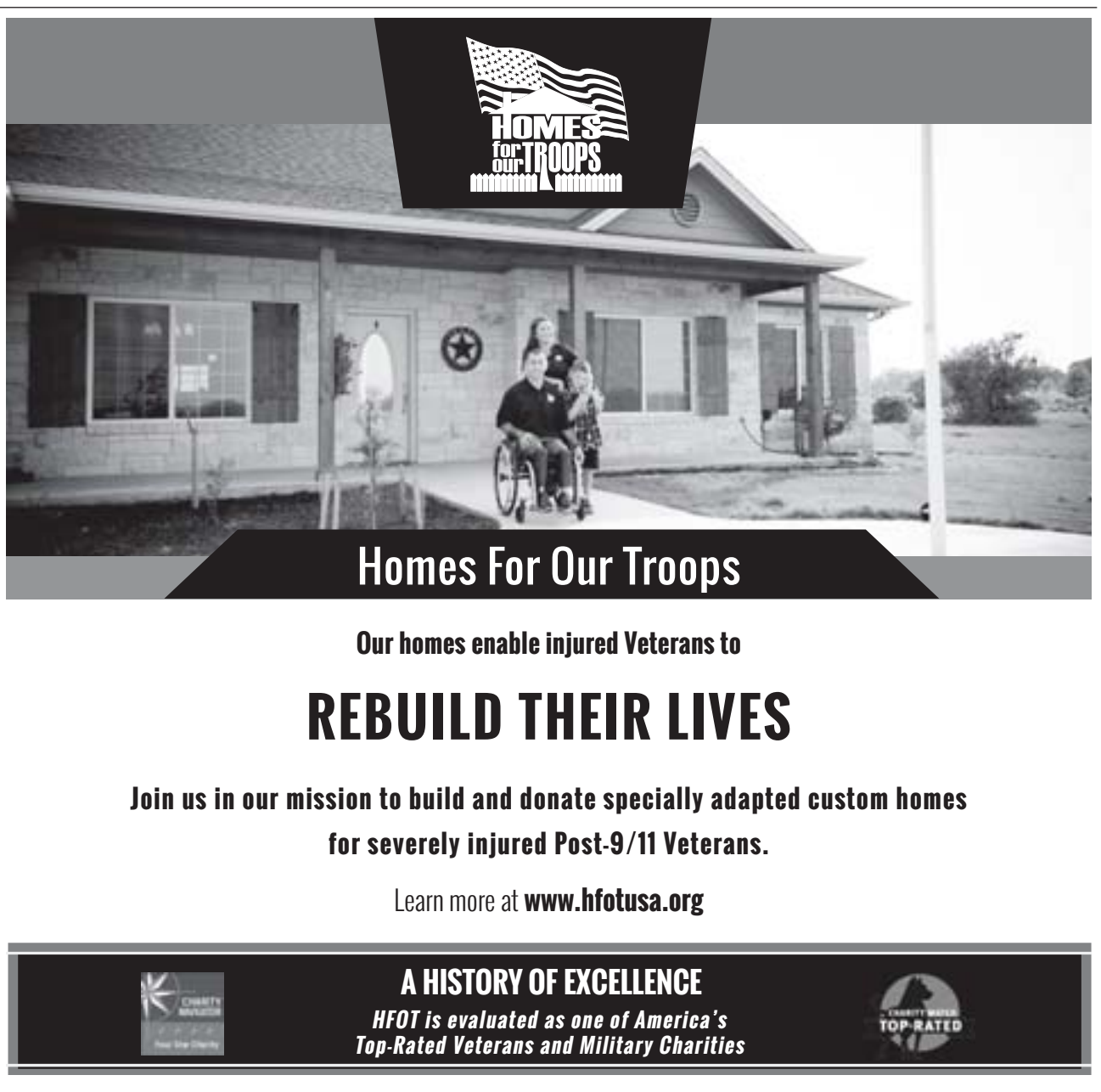
Overlooking Madison Square Park, the 83-unit building started sales in 2014 and is roughly 75% sold, Mr. Eichner said. He said construction is mostly completed and closings should begin in the next few weeks.

Another penthouse measuring about 6,000 square feet was listed for $38 million in early 2016 but was taken off the market while it is being completed, Mr. Eichner said. A unit on the 62nd floor listed at $24.95 million is in contract, Mr. Eklund said.

Building amenities include a half basketball court, a yoga studio, a gym and a golf simulator room. There is also an outdoor entertaining terrace, a poker room and a billiards room. *— Candace Taylor*

FROM TOP: VANCE FOX; DOUGLAS ELLIMAN; BLOOMBERG NEWS

▶ See more photos of notable homes at **WSJ.com/Mansion**. Email: privateproperties@wsj.com



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BALANCE SHEET

An Internet Entrepreneur's Vision in Vienna

The one-time California resident added a touch of West Coast to his $9.5 million villa—minus the hassles

BY J.S. MARCUS

AFTER SPENDING eight years in California, Austrian internet entrepreneur Roman Scharf had come to hate America-size commutes. So when he and his wife returned to Vienna in 2014 with their daughter, they knew just what they wanted: a home close to school in the capital's premier villa belt in the far northwest of the city.

The pickings were slim despite their multimillion-euro budget. The couple wanted to avoid the waste of tearing down one of the decades-old villas typical of the area. As it happened, a developer had already started the process.

The Scharfs found an unusual spec house in mid-construction on a prime lot where a humdrum house once stood. They bought the high-tech, low-energy home in spring 2015, and moved in the following August, a day before their daughter, now 9 years old, started school, just a short drive away.

To date, Mr. Scharf has spent about $9.5 million on the 5,700-square-foot, four-level home, on a one-third acre lot at the edge of the Vienna Woods. He created three bedrooms from five bedroom spaces, and outfitted six bathrooms and two powder rooms.

Living in Palo Alto and Beverly Hills had given the couple some firm ideas on luxury living. They wanted a wide-open ground floor, vetoing the home's original plan for a hallway off the entrance. They also wanted a home theater on the ground floor rather than in the basement "where you have to hide yourself away," says Mr. Scharf, 46, co-founder and CEO of Talenthouse, a global platform connecting brands and artists.

A giant screen disappears into the limestone floor of the family-room area, and an oak-strip acoustic ceiling, suitable for large public spaces, means "the kids can watch a Disney movie" in the family room," says Mr. Scharf, "while the adults can have a normal conversation" in the dining area.

Adult- and child-friendly spaces fill the basement. Mr. Scharf, who developed a taste for premium Napa red wines during his years in Silicon Valley, opted for a glass-enclosed wine lounge rather than an old-school cellar. The basement also has spa facilities: a steam room, a sauna and an indoor pool area separated from the wine lounge by a glass wall. On the other end of the pool, another glass wall offers a view into the adjacent outdoor pool.

Kids love the novelty, while adults can supervise from the lounge, glass in hand. "We can watch the kids without getting splashed," Mr. Scharf says.

The spa facilities cost $201,500, and Mr. Scharf spent $22,400 on the wine lounge, which has two wine refrigerators, at $5,600, that simulate cave conditions.

The third level has his daughter's double bedroom with a terrace, a guest room and an office. The top floor has an open-plan master suite with two terraces. Views include the heart of the city with the steeple of St. Stephen's.

Mr. Scharf and his wife have family in Croatia and Hungary. They took it as a good sign that the spec home's creative team was a Croatian-born architect, Zoran Bodrozic, and his Hungarian collaborator, artist and interior designer Zsolt Szalai.

To bring more light inside, Mr. Bodrozic filled the backyard with two large ponds—one of which serves as a natural filtering system for the adjoining outdoor pool.

Meanwhile, Mr. Szalai designed everything from the bookcases under the family room's tricky slanted wall to the sinks and tubs in the bathrooms—outfitted with faucets from Denmark's Vola.

The bathrooms cost $133,700. The open master suite—with combined bedroom and bath—features a tub and shower with a skylight. "When you take a shower at night," Mr. Scharf says, "you can see the stars."

Mr. Scharf's big splurge? The landscaping: about $302,000 for the small lot, plus the ponds and pool. He sought the help of an A-list Austrian company, Kramer & Kramer. The potted olive and fig trees are picked up and stored in greenhouses over the winter. Several newly planted mature pine trees offer privacy.

Mr. Scharf, who drives a Tesla, is a futurist who plans one day to equip the house with enough solar energy to generate its own electricity needs. His immediate concern was to have all his home's smart functions in one system. He combed the world but found the solution nearby: a Viennese startup called Integius, which uses a visual system to simplify controls for everything from security cameras to speakers—for $167,000.

Mr. Scharf has moved his family nearly a dozen times over the past several years, but he plans to stay put until his daughter graduates from high school. He has one regret about his new Vienna villa: the spruce trees, whose needles cause extra upkeep for the yard's ponds. "We're stuck here for the next 10 years," he says, longing for a more maintenance-free yard, "but it's not a bad place to be."

MODERN Roman Scharf, below left, and his 5,700-square-foot, four-level home in Vienna.

ROIS & STUBENRAUCH FOR THE WALL STREET JOURNAL (3)

KEY COSTS

Property	$1,674,000
Construction	$1,897,000
Electrical system	$603,000
Elevator	$50,400
Floors/Doors/Interior	$535,700
Architect Fees	$580,000
Kitchen	$106,000
Heating/Cooling	$279,000

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MANSION

THE PAUL WILLIAMS PREMIUM

Continued from page M1
can translate to a premium for home sellers. In June there were six Williams-designed homes publicly listed for sale, ranging from a $2.4 million auction for a Mediterranean four-bedroom in San Clemente, Calif., to an $88 million, 30,000-square-foot remodeled mansion in Los Angeles's Holmby Hills. In 2015, one of his 1931 Spanish Colonial Revivals sold for $38 million in the posh Bel-Air neighborhood—almost $19 million more than when it sold in 2011. At least two other million-dollar homes for sale are described as "Williams inspired"—agents say that is common practice in a town that is inclined to name-drop.

"I think there's a resurgence of interest in him," says Robin Collins, an agent with Keller Williams who, in May, listed a $3.2 million Mediterranean Mr. Williams built in 1926.

Mr. Williams, a Los Angeles native whose first luxury-home commissions began in the 1920s, designed over 2,000 private homes across the globe, about 300 of which are located in Los Angeles's so-called Platinum Triangle neighborhoods, says Karen Elyse Hudson, Mr. Williams's granddaughter and biographer. He died in 1980 at the age of 85.

Mr. Williams amassed an impressive clientele, including Lucille Ball, Lon Chaney and Bill "Bojangles" Robinson, thanks in part to his willingness to work in whatever style his client demanded, Ms. Hudson says.

In an era of deeply held prejudice, he learned to draw renderings upside down, he wrote in an 1937 article, so as to never force his white patrons to sit beside him. Today his homes are prized for their intricate detailing and elegant proportions—two qualities that have spared many of his homes from the wrecking ball of new-home developers.

"He could see forward and around corners," says Ms. Black, 73, a wealth manager who owns the 1938 Georgian Colonial in Holmby Hills. She bought the home for $2.1 million in 1996, records show. Unlike many homes of that era, the 7,000-square-foot home has taller, 9-foot ceilings. Its largely open floorplan, with an emphasis on outdoor living, is echoed in new luxury homes today. The foyer and curving grand staircase, a hallmark of Williams's designs, is decorated with a Baccarat chandelier purchased by Hollywood starlet Ms. Gabor, the former homeowner, Ms. Black says.

Former renters include Frank Sinatra, Mia Farrow and Audrey Hepburn, according to Ms. Hudson's book, "Paul R. Williams: Classic Hollywood Style."

The sitting room hides an amenity from the first homeowner, "From Here to Eternity" producer Buddy Adler: A hidden storage area once used for film reels and projector equipment in what was then a home theater.

Ms. Black, who lives at the five-bedroom home with her husband, David Scott, a retired astronaut, is selling the 1.1-acre property to be closer to family in Florida. They listed the home last year for $12.95 million with Jade Mills of Coldwell Banker. They took it off the market near the end of 2016 "to refresh" it and redecorate, Ms. Black said.

In June, they relisted it for $13.995 million on the strength of the market and Mr. Williams's surging name value, Ms. Mills said. (His AIA award and a subsequent honor from the University of Southern California Architectural Guild were given this year.)

In Ontario, Calif., about an hour east of the heated Los Angeles market, Darius Long is preparing to sell a very different Williams home—a 2,250-square-foot, International-style Midcentury Modern, circa 1947.

"People thought it was a pharmacy," says Mr. Long, 54, a semi-retired aerospace electronics buyer, about the avant-garde design. Surrounded by Colonials, the two-level, two-toned, green-and-brown home is sited on an angle to create a large semicircular drive. Mr. Long bought the home from the original owner for $435,000 in 2004, records show.

Inside, there is original woodwork and built-ins from renowned craftsman Sam Maloof. With ample glass on the front and rear of the home, the open floorplan is filled with natural light. Floor-to-ceiling glass sliders in the rear open to a yard with a centuries-old oak tree. The finishes, even down to the linoleum floors and the 1960s General Electric stovetop, are as the prior owner left them. "I consider myself a docent—just a caretaker of the house," says Mr. Long, who says he has changed almost nothing about the home.

Mr. Long plans to list the home for around $1 million in the next few months to downsize to a home in another western state. Matthew Berkley of Deasy/Penner & Partners, the listing agent and an architectural historian, says that the unusual design and the fact that this is one of only two known Paul Williams-designed homes in the city justifies the listing price. Homes of a similar size nearby are listed in the $600,000 range. Mr. Long says he will only sell to a buyer who wants to preserve the spirit of the home.

Williams-designed homes haven't been immune to buyers' demands. Ms. Hudson estimates that, "on the low side," about 40 of her grandfather's homes have been demolished in the Los Angeles area. In 2006, one of his most notable homes, the Midcentury Modern bachelor pad of Mr. Sinatra, was torn down to make way for new construction, she says.

In Los Angeles, due to the damaging effects of hot weather and limited housing supply, homes older than 20 years are becoming scarce, because developers believe they can maximize their investment by building new, says Jeff Hyland of Hilton & Hyland. But the rising profile of architects like Paul Williams is helping to turn the tide.

"It's a reason to say to a seller, 'Wait, don't tear that down—we think it's worth more if you keep it,' " he says.

There is another safeguard for Williams homes—they seldom come up for sale.

John Sweeney, 65, a civil-rights attorney, bought a 6,000-square-foot Spanish Colonial Revival in the Los Feliz neighborhood of Los Angeles for $1.975 million in 2003, according to city records. "I feigned that I didn't know Paul Williams," Mr. Sweeney recalls, to drive a hard bargain. "Of course, I knew everything about him."

Mr. Sweeney, who is African-American, says he found a kindred spirit in Mr. Williams, who faced discrimination, even as he became a household name.

"It was very special to me to live in a house that was designed by an African-American who couldn't live there," he says. The original neighborhood covenants, he discovered, only allowed the home to transfer to white home buyers.

In 2008, he had the 1927 home designated a Los Angeles historic cultural monument, effectively making it more difficult for the home to be demolished. He has no plans to sell, but should his family decide otherwise, there are protections in place.

"I wanted to make sure," he says, "that nobody can take down these walls."

JOE SCHMELZER FOR THE WALL STREET JOURNAL (9)

HOLLYWOOD ROYALTY This Williams-designed Holmby Hills home was rented by Frank Sinatra, Mia Farrow and Audrey Hepburn. Owner Mag Black, seen with husband David Scott, recently relisted her home for 8% more, partly due to the growing strength of the Williams pedigree.

TIME CAPSULE Darius Long says he has changed almost nothing in his Williams-designed, Ontario, Calif., home—down to the linoleum floors and 1960s-era stovetop.

STILL STANDING John Sweeney, seen at left with his wife, Cheryl, had his Williams-designed, 1927 home designated a Los Angeles historic cultural monument, effectively making it more difficult for the home to be demolished.

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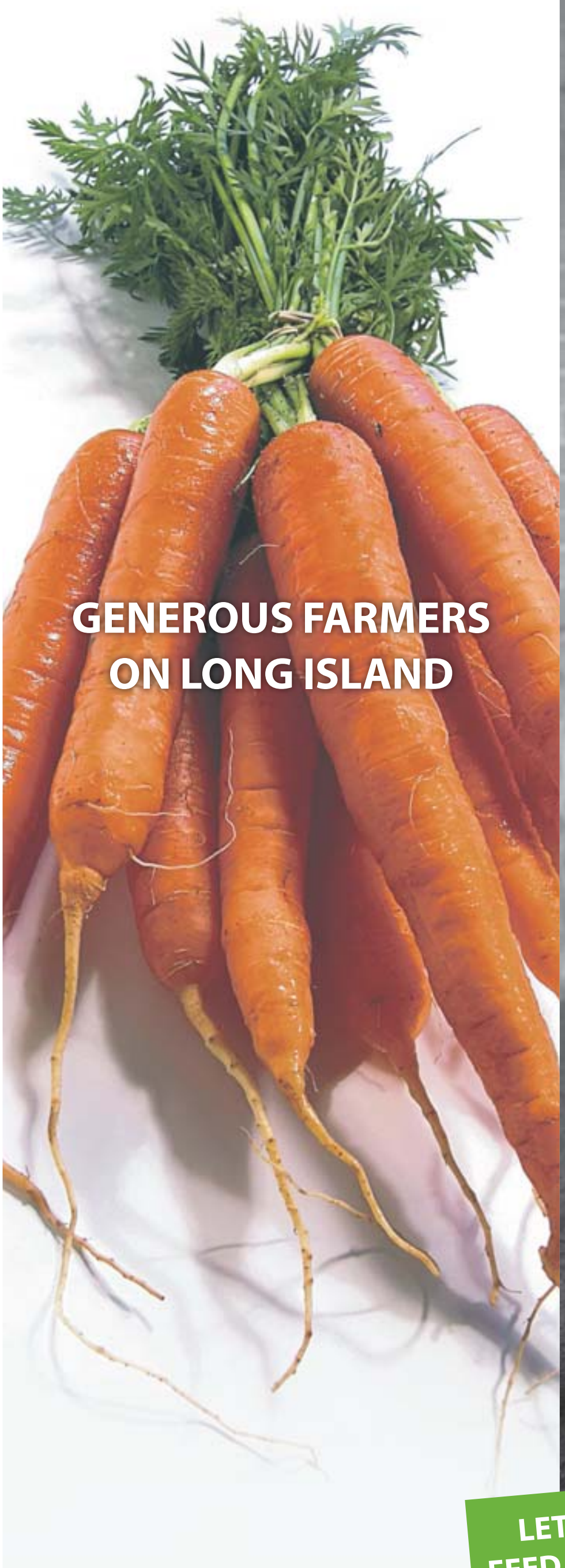

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THE TRADE

Homes With Tons of Traffic

Search-engine specialists help agents get the most out of online listings

BY EMILY NONKO

WHEN SELLING HOMES, real-estate agents have a few choice words, such as acreage, view, custom, Carrara and penthouse.

Luxury real-estate firms are increasingly hiring specialists in search-engine optimization, or SEO, to ensure that keywords used in online descriptions give their listings the highest visibility and maximum reach.

Matt O'Neill, a luxury broker based in Charleston, S.C., says his firm employs a full-time digital specialist to help produce keyword-heavy blog posts, video content and social-media campaigns. "We simply didn't have the bandwidth to contribute to SEO while trying to perform at our regular jobs of selling houses," he says. Three years with the help of a digital specialist increased revenue by 300%, Mr. O'Neill adds. "And we have a consistent message produced on all fronts."

At Douglas Elliman in New York, roughly seven people focus on internet marketing, says Jeff Hummel, the firm's chief technology officer. His team takes specific keywords for high-end listings--"modern, waterfront home in Bridgehampton," for example—and repeats them across all online marketing platforms and on social media. This repetition increases the likelihood that search engines will prominently display Douglas Elliman listings over those of its competitors, Mr. Hummel says. The firm also creates specific landing pages, such as one for equestrian properties, to help boost its overall traffic in that category.

"Whether an agent works primarily in a lower-tier home segment or the upper echelons of the luxury space, their strategy really remains the same at its core," says Matthew Bushery, senior content creator at Placester, a digital-marketing company for real-estate professionals. Agents can "dominate search-engine results by integrating the most popular keywords for their market on their website, and stay one step ahead of competing agents nearby when it comes to their overall marketing efforts," adds Mr. Bushery, whose company is based in Boston.

In an analysis of the most commonly used keywords in the top 10% of Zillow's real-estate listings, three major categories emerged, says Svenja Gudell, the company's chief economist. The first grouping of keywords revolved around "the sheer size of properties," she says, with words like acre and acreage. The second category included words focused on scenery, like view, outdoors and stunning. The most prominent category, according to Ms. Gudell, revolved around amenities. The word "custom" and its variations was the most frequently used term in Zillow's luxury listings. Other keywords in that category were gourmet, design, chef, detail and marble.

Customization also came out on top at Triplemint, a Manhattan-based listings website that also analyzed what set its luxury listings apart from the rest of the market. Brand names like Crestron, a home-automation system, and Molteni, an Italian furniture company, appeared frequently. Carrara, as in marble, also ranked among the most popular.

LEHEL KOVACS

"The unique keywords at this end of the market are focused on brands and a certain lifestyle," says David Walker, CEO of Triplemint.

Part of internet-search strategy involves attracting buyers, not just people looking at real-estate porn.

"You might see that a lot of people search for 'most expensive apartments in Tribeca' but those are unlikely to be your actual buyers," says Christian Mezzina, senior product-marketing manager at Compass, a New York brokerage firm known for its focus on technology. "When you look to optimize a listing for SEO, you have to think about not what just gets eyeballs, but what will convert" into a sale.

Mr. Mezzina said his firm develops variations of popular keywords (luxury, penthouse and brownstone are among the firm's most-searched terms) and analyzes which ones are most likely to generate leads rather than just page views.

"It's not about click bait," he said, "it's about being able to transact."

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HOUSE CALL | EDDIE IZZARD

A Lost Childhood Found

The British actor and comedian gets a surprise gift in Sweden that transports him back to an early home

FROM TOP: HAMISH BROWN/CONTOUR/GETTY IMAGES; EDDIE IZZARD (2)

When I was a child, I was addicted to sugar. All kinds—liquid and solid—everything, except licorice. I thought licorice was disgusting and that it had nothing to do with the world of sugar.

Sweets were so important that when I was 6 and at boarding school, I went so far as to chew gum that I found in a hedge.

I grew up in Bangor, Northern Ireland, about a half-hour northeast of Belfast on the coast. My parents and my older brother, Mark, and I lived in a one-level bungalow. I loved it there. Those were golden days spent playing with friends, mucking about and picking berries.

My mother, Dorothy, was everywhere—cooking, cleaning and getting up in the middle of the night to make me a milky coffee. That was sweetened warm milk with a bit of instant coffee. My mum had been a nurse, so she was patient and loving.

Around the time I was 5, our family went on a summer vacation to Gothenburg on the west coast of Sweden. My father, Harold, worked for British Petroleum, and a colleague of his had invited us.

Soon after we returned home, we moved from Northern Ireland to Skewen, Wales. My father was transferred there. He was a self-trained accountant who, despite never having taken the accounting exam, had redesigned the way BP crunched its refinery numbers.

One day in March 1968, Mark and I rushed into my mother's room to say goodbye before leaving for school. My mom was yellow and had been ill, but we gave her a kiss anyway before heading off. That was the last time we saw her. She died later that day. For us, childhood was over the moment we returned from school.

Later, I learned that my mother had colon cancer and that my dad had asked to be transferred to Wales. Skewen was on a direct route from London, so mom's immediate relatives could drive up or take the train.

Our two-story house in Wales was white. We didn't have a garage, which was disappointing. I had hoped for that American TV experience where you open the kitchen door and there's the car.

But we did have an air-raid shelter in the back from World War II. It was down a few steps, and the space was damp and musty, like a sunken garage. Dad used it for storage.

Wales was different from Northern Ireland. My brother and I had to be driven to school instead of walking, and we wore a uniform and cap, which was sort of fun.

Mark and I shared a room and slept on bunk beds, with my brother on top—which meant I controlled my own nightlight. My dad often read us books before bed, including C.S. Lewis's "Chronicles of Narnia" adventure series.

When I began boarding school in 1968 after my mother's death, the other boys left me alone because I would just argue with them. I was stubborn and scared, and trying not to show my fear. I wasn't one of the gang who used to pry the putty out of window frames, remove the glass and sneak into town to steal breakfast cereal. I never liked the herd mentality.

I got my first laugh when I was 12. A teacher wrote a bunch of sketches, and I was asked to mime the behavior of a cricket player. I had all the mannerisms down. When I finished, the whole school audience laughed.

JOURNEY Eddie Izzard, top right, who calls himself an 'action transvestite,' in London in 2015; above on right with brother, Mark, in Bishop's Stortford, England, in 1970; right, with his mother, Dorothy, in Bangor, Northern Ireland, in the mid-1960s.

After that experience, I realized I loved comedy and watched it all the time on TV. I even taped sketches with my recorder to listen back and develop my timing.

When I graduated high school, I went off to the University of Sheffield in England to study math, accounting and financial management. I had a head for numbers.

But during college, I realized that accounting was going to be too rigid. My mind couldn't sit still, so I dropped out. A friend, Rob Ballard, and I teamed up as street performers and made a go of it in London.

My first stand-up comedy appearance came in 1987, when I was 25, at the Banana Cabaret in South London. I got on stage and did five minutes on St. Paul writing a contemporary letter to the Corinthians. It went over well, and I began hammering my way up the comedy ladder.

Today I live in London and Los Angeles. In London, I live in the central part of the city, near Victoria Station.

My three-story house has a basement, which is my favorite space. It's a big open room with a large table in the center and a kitchen. It's a bit of a mess, but it's my mess. I don't keep sugary things in the house. I'm running marathons now, so I avoid them. As a substitute, I eat dried mango.

Years ago, when I was in Sweden doing a stand-up gig, the youngest daughter of the family we had stayed with when I was little came up to me. She said her father had Super 8 film for me.

At home, when I looked at a copy of the faded footage, I was stunned. There was my mother moving about, the sun in her face, while holding my hand and my brother's hand. In an instant, she was alive again and so was my childhood. I've watched the film many times, and it always brings my mother back to bright and shining life.

—As told to Marc Myers

Eddie Izzard, 55, is a comedian and actor. He is the author of "Believe Me: A Memoir of Love, Death and Jazz Chickens" (Blue Rider).

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MANSION

RELATIVE VALUES

THE SPIRIT OF INDEPENDENCE DAY

Three luxury homes for sale in the Iowa, Kentucky and Minnesota cities of Independence

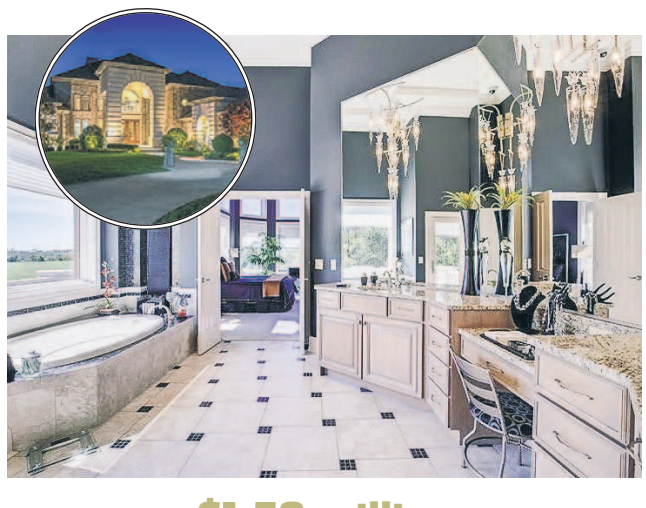
FROM LEFT: CHOICE PHOTOGRAPHY (2); DAVID CHRISTOPHER (2)

$1.499 million

Independence, Iowa

Three bedrooms, 3½ bathrooms

This 7,138-square-foot home sits on 2.13 acres on a cul de sac in a golf-course community. Inside are custom finishes, such as hand-scraped hickory flooring and a grand curved staircase. A large lower level has a bar and a patio with built-in grill.
Agents: Le Ann Dunne, Coldwell Banker Real Estate Professionals and Heather Federspiel of Wapsi Realty

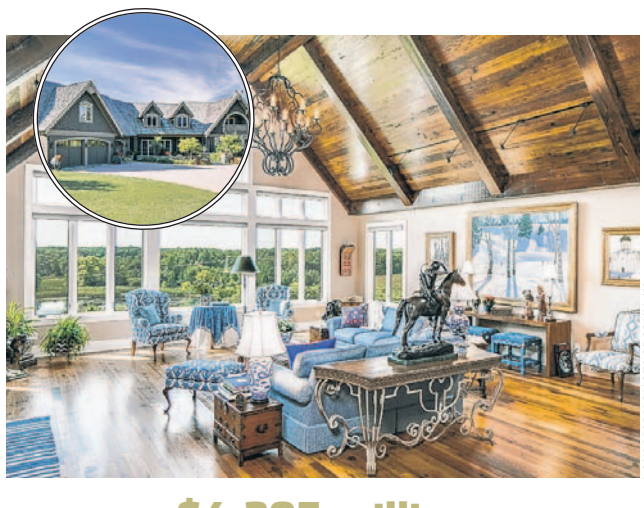


$1.59 million

Independence, Ky.

Four bedrooms, 5½ bathrooms

This 6,000-square-foot contemporary home sits on a sweeping lawn on a 75-acre lot surrounded by trees. Rooms feature high ceilings and large windows. The kitchen and laundry room have high-end appliances. An elevator and video-security system are also included. Agents: Michele Mamo and Deborah Martin, Keller Williams Advisors Realty



LANDMARK PHOTOGRAPHY (2)

$4.295 million

Independence, Minn.

Four bedrooms, four bathrooms, three half-baths

Built for a Russian art dealer, this 8,303-square-foot home features elaborate woodwork carved by a Russian artisan. The house sits on about 88 acres and includes a barn and guesthouse. Other details include exposed beams, decorative tile work and extensive landscaping.
Agents: Meredith Howell, Coldwell Banker Burnet-Wayzata

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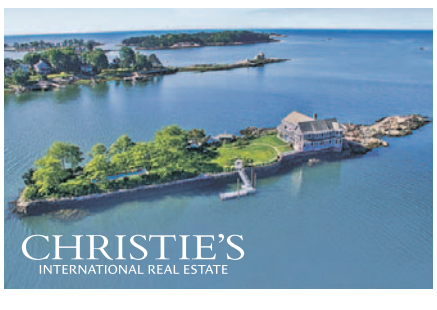

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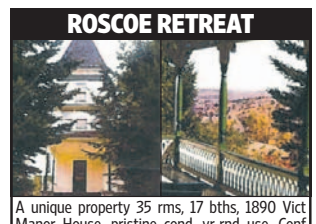

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LONDON COUNTS ON THE COOL CROWD

CLOCKWISE FROM TOP: VIVE LIVING; LYNAS SMITH ARCHITECTS; GRANT FRASER / ENSTAR CAPITAL; ENSTAR CAPITAL; DIANE AUCKLAND / FOTOHAUS

JAVA SPACE In Deptford, Childers Street has a coffee hangout and bar, rendering above. Rents start at $1,700 a month for a one-bedroom unit to $2,750 a month for a three-bedroom unit.

BOUTIQUE Trendy shops under disused railway arches near Deptford Market Yard, a development that opened last year.

Continued from page M1
a three-bedroom penthouse.

"I hate the term hipster but I suppose that is who it is aimed at," said David Pollock, a director of Union Developments. "It is the generation involved in startups or who works in the City," London's nearby financial district.

Mr. Pollock anticipates his buyers will range in age from their early 20s to mid-40s, and added that the company won't actively look for either investor landlords or overseas owners.

"We want the place to have life," he said.

In the Notting Hill neighborhood of West London, building permits were issued earlier this month for apartments in a Victorian-era building renamed Sartoria House. The facade will feature a 7-by-14-foot work by the street artist Banksy that was salvaged from the side of the building. The developer, Enstar Capital, plans to protect the piece, "The Painter," which it says is worth $2.9 million, with bulletproof glass.

Sartoria House, which will also include restaurants around an open-air piazza, is expected to be completed late next year. Rental apartments will start at about $1,300 a week.

The move toward homes geared at hipsters comes at a challenging time for luxury London property. Since 2014, the prime market has quieted thanks to a mixture of tax increases, Brexit and domestic political upheaval. New developments continue to go on the market, and developments started in around 2014 are coming to completion. Many early buyers are attempting to "flip" their purchases on to new owners. Discounting has become the norm, with buyers able to knock 5% or 6% of asking prices, said Nick Parr, a director at Knight Frank and specialist in new homes.

This glut of luxury homes means developers are now changing tack, targeting the young, fashionable and solvent rather than the super wealthy, and focusing on east London, where prices are lower than in prime neighborhoods.

"Where we used to see massive gyms and sky lounges we are now seeing tech as the driver," said Mr. Parr. "A main reason is that service charges were getting very, very high and people were getting nervous about paying them."

Mr. Parr said many developers are opting for a "warehouse-style" aesthetic, prioritizing super high-speed broadband and bicycle parking over spas and swimming pools. Another popular—and economical—offering is dedicated apps for residents to communicate with neighbors, posting events and creating a community feel.

A glut of luxury homes means developers are now changing tack, targeting the young and fashionable rather than the super wealthy.

Developers are also curating the retail units they allow onto their sites.

"Ground-floor uses drive residential values more than anything else," said Mr. Parr. "People don't want to live in a building with a Starbucks underneath. What they want is a cafe serving craft beer and artisanal bread."

In Deptford, a trendy neighborhood in southeast London, residents at Childers Street, a former propeller factory, converted into 83 rental apartments have a coffee hangout and bar, an on-site movie theater with regular film nights, communal workspaces and a communal roof terrace.

The apartments themselves feature high ceilings, huge windows and industrial styling, along with integrated Sonos music systems.

"We did a lot of research, speaking to 20 and 30 year olds, and the feedback was loud and clear," said Jamie Lester, group marketing director.

Childers Street opened in mid-June, with rents starting at about $1,700 a month for a one-bedroom apartment to $2,750 a month for a three-bedroom unit—prices that the developer, Vive Living, says are comparable to area rents.

"We are seeing this sort of thing more and more," said Jason Margetts, head of east London residential development at Savills. Developers are looking at "quality amenities like an artisan bread maker, a really good barista, which might not already exist in an up-and-coming area."

This market showed its muscle at Deptford Market Yard, a development close to Childers Street that opened late last year. It features 121 modern apartments and 11 townhouses.

Its appeal, location aside, comes from the mix of shops built into disused railway arches below. Developer U+I included trendy hairdressers, design shops and boutiques, Little Nan's—which features cocktails served in teapots—a coffee shop, several restaurants and a fitness center specializing in circus-skills training.

All but one apartment in the development was sold off plan back in February 2014, at prices starting at about $334,000 for a studio up to $960,000 for a two-bedroom penthouse.

Even with discounts, this new breed of apartments will pose financial challenges to buyers and renters alike. The apartments might well appeal to young and fashionable startup bosses and aspiring writers, but in reality, it is only those with affluent families or high-paying finance jobs who are likely to be able to afford them.

DESIGN FOR THE AGES Monohaus, rendering above, will feature industrial-style design. Developers of Sartoria House in Notting Hill salvaged street art by Banksy, below, and will display it under bulletproof glass when the building is finished next year, depicted in rendering at bottom.