THE WALL STREET JOURNAL.

DOW JONES | News Corp ★★★★★★ THURSDAY, MAY 3, 2018 ~ VOL. CCLXXI NO. 103 WSJ.com ★★★★ $4.00

DJIA 23924.98 ▼ 174.07 0.7% **NASDAQ** 7100.90 ▼ 0.4% **STOXX 600** 387.44 ▲ 0.6% **10-YR. TREAS.** ▲ 3/32, yield 2.964% **OIL** $67.93 ▲ $0.68 **GOLD** $1,302.60 ▼ $1.20 **EURO** $1.1950 **YEN** 109.84

What's News

Business & Finance

The Fed held rates steady and indicated it remains on track to raise them gradually, including in June. **A1**

◆ **Stocks and bond yields** edged lower after the Fed meeting. The Dow dropped 174.07 points to 23924.98. **B10**

◆ **Spotify shares** took a hit after hours as its first earnings report as a public company fell short of analysts' expectations. **B1**

◆ **Telegram called off** a cryptocurrency sale after bringing in $1.7 billion from private investors. **B1**

◆ **Tesla spent** more than expected last quarter, intensifying pressure on the auto maker to raise capital. **B1**

◆ **Facebook fired** an employee who had bragged about his access to private user information. **B1**

◆ **Japanese auto makers** reported April sales drops in the U.S. as drivers opt for SUVs over sedans. **B3**

◆ **Sprint's CEO** said he would leave his post as the company seeks approval for a deal with T-Mobile. **B3**

◆ **Fujifilm said** it would fight to preserve its deal with Xerox after Xerox said it might scrap the accord. **B3**

◆ **AIG missed** earnings estimates as its core unit remained sluggish. MetLife and Prudential beat forecasts. **B9**

◆ **Starbucks settled** with two black men whose arrests at a Philadelphia store sparked protests. **B3**

◆ **Mastercard reported** better-than-expected results due to increased consumer spending and confidence. **B9**

World-Wide

◆ **Cambridge Analytica** is closing, following allegations about its misuse of Facebook data and campaign tactics that it pitched to clients. **A1**

◆ **White House lawyer** Cobb, who represents Trump in the Russia probe, is quitting. Washington veteran Flood will succeed him. **A4**

◆ **Giuliani said Trump** reimbursed lawyer Cohen for a $130,000 payment made to a former adult film star. **A4**

◆ **Trump's administration** is considering executive action that would curb some Chinese firms from selling telecom gear in the U.S. **A6**

◆ **South Korea said** it wouldn't seek a withdrawal of U.S. troops stationed in the country if a peace deal is signed with North Korea. **A6**

◆ **Iowa's Legislature** passed a bill that would ban abortions once a fetal heartbeat is detected. **A3**

◆ **A military cargo plane** crashed in Savannah, Ga., killing at least five people with four others missing. **A3**

◆ **Basque militant group** ETA said it has dissolved after a half-century of violence in the Spanish region. **A8**

◆ **Pope Francis met** with three Chilean sex-abuse victims following outrage over his previous comments. **A8**

◆ **Islamic State** suicide bombers attacked Libya's election panel in Tripoli killing at least 14 people. **A7**

◆ **The Boy Scouts** will change the group's name to Scouts BSA, reflecting its decision to admit girls. **A3**

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Fed Is on Course for Rate Increases

Policy makers remain headed for gradual rises, including a possible one in June

BY NICK TIMIRAOS

WASHINGTON—The Federal Reserve held short-term interest rates steady Wednesday and indicated it remains on track to raise them gradually, including at its June meeting, to keep the expanding economy on an even keel.

After years of aggressive, postcrisis interventions to heal labor markets and delayed rate rises to spur inflation, central-bank officials now have the economy largely where they want it.

Labor markets are strong. Wages are rising. And inflation has reached the central bank's 2% target but with little evidence of a breakout.

"Mission accomplished, for now," said Michael Feroli, chief U.S. economist at JPMorgan Chase, in a research note Wednesday.

The Fed, in a statement released after its two-day policy meeting, offered nothing to dispel market expectations that it would deliver its second rate increase of the year when it meets in June.

Stocks and bond yields edged lower after the meeting ended. The Dow Jones Industrial Average closed down 174.07 points, or 0.7%, to 23924.98 in a fourth straight session of losses. The WSJ Dollar Index, which had its best month in April since November 2016, edged up 0.3% Wednesday. The yield on the benchmark 10-year U.S. Treasury note inched down to 2.964% from 2.976% Tuesday.

Fed officials acknowledged the recent firming of inflation, which they had forecast for many months, but signaled no plans to pick up the pace of rate increases in response.

Consumer prices rose 2% in March from a year earlier, according to the Fed's preferred gauge, after nearly a year in which inflation softened unexpectedly. Core prices, which exclude the volatile food and energy sectors, rose 1.9% in March, up from 1.6% in February.

When inflation firmed early last year, officials added language to the March 2017 policy statement describing the Fed's 2% inflation goal as "symmetric," a signal they won't raise rates more aggressively if inflation rises a bit above that level.

On Wednesday, officials added a second reference to their "symmetric 2% objective" in the statement, together with other changes to reflect the recent rebound.

The changes suggest the Fed

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Steady Steps

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◆ Central banks still hold strings on rates B10
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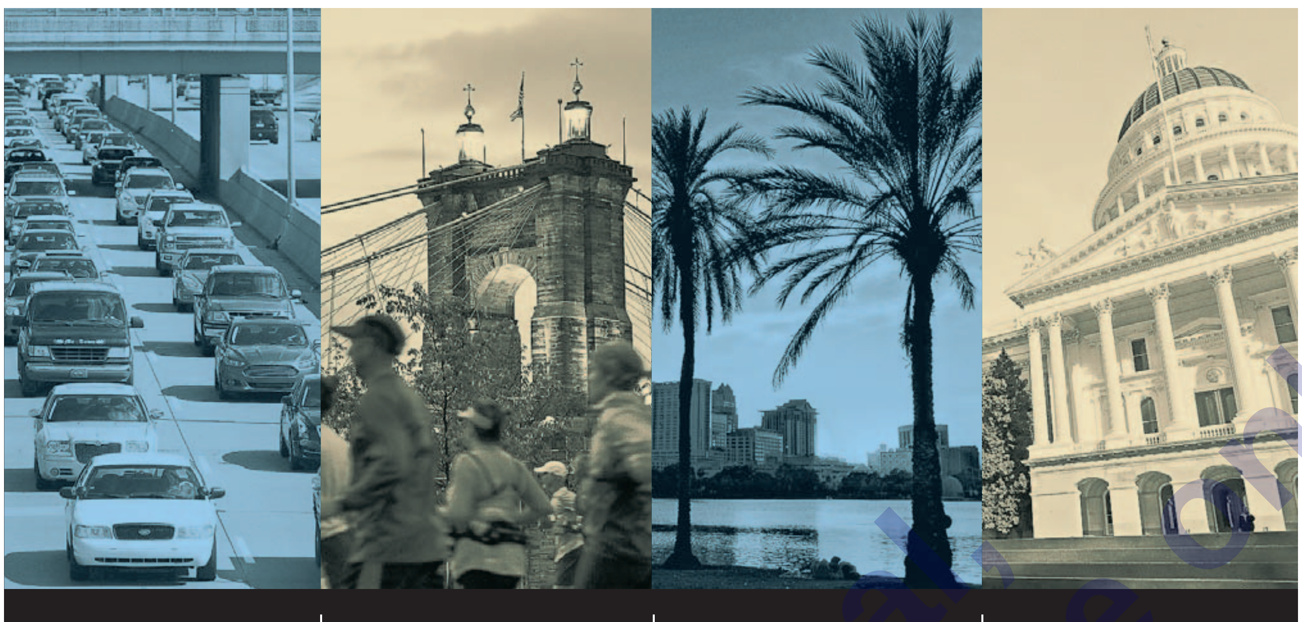
Quest to Lure Amazon Sparks Soul-Searching Among Losers



ASSOCIATED PRESS (3); ZUMA PRESS (ORLANDO)

DETROIT
Amazon 'looked at our transit system and did not like what they saw.'

CINCINNATI
Amazon's call helped put the city's economic development plans 'on steroids.'

ORLANDO
'We needed a richer existing… pool of tech talent.'

SACRAMENTO
'We're now restructuring all of our workforce programs.'

LESSONS LEARNED: Metro areas that lost out in the competition for Amazon's second headquarters say feedback from the retail giant is prompting them to improve infrastructure such as transportation and boost workforce development, issues that counted against them. **A5**

Trade Tensions Test Xi's Limits

BY CHUN HAN WONG

BEIJING—A U.S. delegation led by Treasury Secretary Steven Mnuchin arrives here on Thursday with a list of asks for President Xi Jinping: reduce China's trade surplus with the U.S., better protect intellectual property, and end policies Washington says favor large Chinese companies and discriminate against American businesses.

Mr. Xi may be China's most powerful leader in decades, but he faces a test of that strength as he tries to advance the nation's economy and avert a trade war with the U.S.

Empowered this year to stay in office indefinitely, Mr. Xi has stated his objectives to develop industrial champions and advance the country's technology firepower. He has also pledged to open up certain Chinese markets in an effort to paint himself as a proponent of free trade.

But the aggressive move by the U.S. to pressure China on trade has complicated his position.

The Trump administration this week indicated it is considering executive action that would restrict the ability of some Chinese companies—likely including Huawei Technologies Co. and ZTE Corp., two of the world's leading telecommunications-equipment makers—to sell such equipment in the U.S., based on national security concerns, several people familiar with the matter said.

Mr. Xi has responded to Washington's threats with plans for retaliatory tariffs, though he has indicated he wants to avoid a damaging trade fight.

Paring state control over the economy also runs counter to Mr. Xi's objective to strengthen Communist Party authority over all of Chinese society. And anything less than stout resistance against perceived American bullying is likely to displease many Chinese.

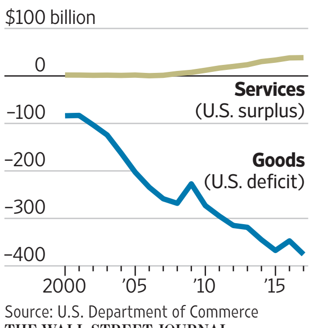
Public expectations and resistance from ministries, local governments and state enterprises make compromise politically risky. Since the U.S. began unveiling tariffs and threats of further trade penalties this year, Chinese state media has filled airwaves and newspapers with reports and commentaries accusing President Donald Trump of being an aggressor

Please see XI page A6

Pulling Apart

Chinese President Xi Jinping has tried to avert a trade battle with the U.S. amid a widening gap.

U.S. trade balance with China



Source: U.S. Department of Commerce
THE WALL STREET JOURNAL.

◆ U.S. weighs a firewall on Chinese technology A6

Data Firm Shut After Facebook Scandal

Cambridge Analytica, a data firm that worked for President Donald Trump's 2016 campaign, is shutting down following allegations about its misuse of Facebook data and the campaign tactics it pitched to clients.

*By **Rebecca Ballhaus** in Washington and **Jenny Gross** in London*

In March, the company suspended its chief executive, Alexander Nix, and said it was launching an independent investigation to determine if the company engaged in any wrongdoing in its work on political campaigns.

The company decided to close its doors because it was losing clients and facing mounting legal fees in the Facebook investigation, according to people familiar with the matter. SCL Group and SCL Elections, which are affiliated with Cambridge Analytica, also are shutting down in the U.S. and the U.K.

Cambridge Analytica and SCL Elections issued a joint statement on Wednesday confirming the companies' closures. "Over the past several months, Cambridge Analytica has been the subject of numerous unfounded accusations," the statement said. "The siege of media coverage has driven away virtually all of the company's customers and suppliers. As a result, it has been determined that it is no longer viable to continue operating the business."

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Giuliani Says Trump Reimbursed Cohen

$130,000 payment to Stormy Daniels was repaid by president, according to member of legal team A4

Because You're Fine, You Walk the Line

* * *

Food apps don't supply the guts to cut the queue

BY LAURA STEVENS

Thanks to technology, no one has to wait in line anymore. Some people do it anyway.

Every day, Mitchell Burton orders and pays for an Italian B.M.T. sandwich on his Subway mobile app, so the sandwich is waiting at the counter. When he arrives, the 32-year-old Baton Rouge, La., parks and recreation worker frequently heads to the back of the line, to avoid seeming rude to less tech-savvy fellow customers.

Line skippers sometimes "get the stink eye," he says, because fellow patrons don't understand that there's an app to order ahead. "I generally do not want

Please see LINE page A10

The Bad Marriage of Elmer's and Crock-Pot

Big-brand tie-up of Newell and Jarden has missed sales targets and lost market value

BY SHARON TERLEP

The $15 billion acquisition united household names such as Elmer's glue, Sharpie markers and Graco strollers with Rawlings baseball gloves, Crock-Pot cookers and Yankee Candles. The resulting consumer-products giant was supposed to have enough clout to squeeze rivals, dominate store shelves and move quickly into online sales.

Instead, the marriage of Newell Brands Inc. and Jarden Corp. has become a case study of the ways a megadeal can go bad.

In the two years since the deal was consummated, the company has repeatedly missed sales goals. Billions of dollars of market value have evaporated. Dozens of managers have quit or been fired, and one-third of the directors have resigned from the board in protest over the company's direction, with some calling publicly for the CEO's ouster. Newell is now trying to jettison some of brands it acquired when it bought Jarden, including Rawlings and Bicycle playing cards.

At the center of the turmoil are Martin Franklin, a billionaire deal maker who founded Jarden in 2001 and engineered its sale to Newell, and Michael Polk, the 30-year consumer-products veteran tapped to run the combined company, which retained the Newell name.

After announcing the deal

Please see DEAL page A10

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Right to a Job Comes With a Catch

In 1944, Franklin D. Roosevelt proposed a second bill of rights enshrining the right to a job and a decent income. More than 70 years later, many on the left say it is time to deliver.

Vermont Sen. Bernie Sanders, a Democratic presidential candidate in 2016 and likely again in 2020, is drafting legislation that would guarantee a job to anyone who wants one, at $15 an hour plus benefits. New Jersey Democratic Sen. Cory Booker has proposed a less ambitious version.

Why now? Unemployment was 20% or more when Roosevelt put millions to work through the Civilian Conservation Corps and Works Progress Administration.

Nowadays, with the unemployment rate at 4.1%, the Federal Reserve considers the U.S. effectively at or beyond full employment; letting unemployment go lower risks shortages and inflation.

But the big thinkers behind the federal jobs guarantee have their eyes on a bigger prize. That 4.1% represents only the 6.6 million who are unemployed under the Labor Department's official definition.

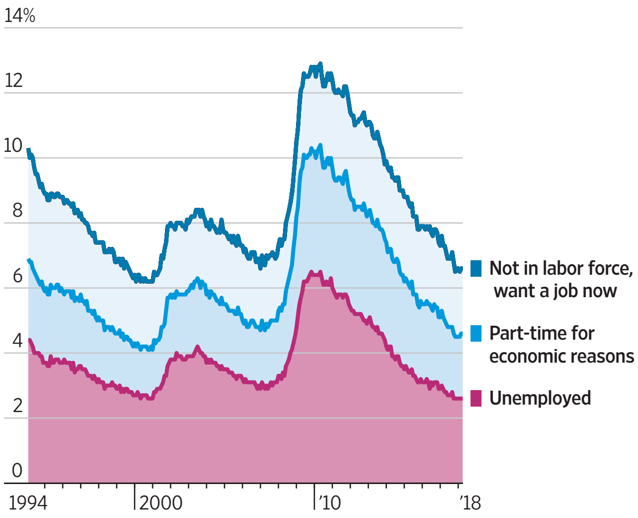
An additional 5.1 million don't meet it but want a job, and five million work part time because they can't find full-time work.

Eradicating these last vestiges of un- or underemployment "would fundamentally transform the current labor market," write Mark Paul, William Darity and Darrick Hamilton in a paper for the Center on Budget and Policy Priorities, a left-of-center think tank. Their proposal forms the basis of Mr. Sanders's bill.

Yes, a job guarantee would cost a lot, but ignoring the obvious political impediments, the price tag isn't the catastrophe some critics claim.

Who Wants to Work?

Unemployed and underemployed as share of working-age population



Source: Labor Department

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To hire all the official and unofficial unemployed and half the involuntary part-timers at $15 an hour plus $3 an hour for benefits would cost around $450 billion, or 2.3% of gross domestic product. The actual cost could be much lower: Many of the unemployed wouldn't take up the federal offer because they expected to get something better, didn't like what was being offered or faced some sort of obstacle (family, disability, etc.).

Also, some of what gets spent on salaries would be saved in reduced Medicaid, tax credits, unemployment insurance and other safety-net outlays. Five scholars at the Levy Institute, a think tank, have advanced a plan they say will cost just 1% to 1.5% of gross domestic product. The federal government spends three times that on Social Security and twice that on defense.

The price tag would jump in recessions as laid-off people flocked to the program. That's a feature, not a bug: By automatically injecting public money into the economy, it would lessen the recession's severity. And unlike universal basic income, another fashionable idea for reducing inequality in which everyone gets a check regardless of whether they work, a jobs guarantee gets the taxpayer something in return: workers.

That, however, is also the problem. Here's why: According to the Economic Policy Institute, 39% of the workforce, some 54 million people, now earn $15 an hour or less. All would have an incentive to quit and join the federal program.

> *A federal program guaranteeing jobs would crowd out many private services.*

Of course, most wouldn't because their employers would, grudgingly, raise pay to keep them, then pass the cost on to customers, a de facto inflation tax. Indeed, advocates say the job guarantee accomplishes the same thing as a $15 minimum wage without the job loss.

Nonetheless, potentially millions of workers would end up on the federal payroll instead of in the private sector. And there's the rub. Utopians would argue jobs exist to give people dignity and a decent standard of living. The reality is more mundane: Jobs are how we, as producers, satisfy our needs as consumers. Low-paid work such as brewing coffee, cleaning hotel rooms and flipping hamburgers gets a bad rap but it satisfies a genuine demand: People want coffee, clean hotels and hamburgers.

A federal make-work program would crowd out many of those private services. Crowding out is fine when the government is providing something more valuable, Roger Farmer and Dmitry Plotnikov, economists at the University of California at Los Angeles, wrote in 2010. For example, military spending crowded out private consumption during World War II, when the U.S. "was fighting for its survival."

In ordinary times, that is a harder case to make. A 2011 study by Lauren Cohen, Joshua Coval and Christopher Malloy of Harvard Business School found that when a member of Congress takes over an important committee, his state often enjoys an influx of federal spending. But that benefit is offset by a contraction in private investment and employment, evidence of crowding out.

Enabling workers to make a decent living is a noble goal; even better is enabling them to do so while serving the needs of a market economy.

Small steps could include curbing barriers to employment such as excessive incarceration and inadequate child care, and providing more generous earned-income tax credits to top up low wages. One big step: for the Fed to get unemployment below 4%, and keep it there.

THE WALL STREET JOURNAL
(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)
Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036
Published daily except Sundays and general legal holidays.
Periodicals postage paid at New York, N.Y., and other mailing offices.
Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.
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CORRECTIONS & AMPLIFICATIONS

Apple Inc.'s 31% year-to-year service-revenue growth in the fiscal second quarter wasn't a record. In some editions Wednesday, a Heard on the Street article about Apple incorrectly said it was.

The first name of designer Bethan Laura Wood was misspelled as Bethann in an Off Duty article Saturday about the Milan furniture fair.

Movement Mortgage is based in Fort Mill, S.C., and Stuart Davis, a senior loan officer and branch manager at the firm, is based in Oakland, Calif. A Mansion article Friday about local mortgage lenders incorrectly said Movement Mortgage is based in Oakland.

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

Military Cargo Plane Crashes in Savannah, Ga., Killing at Least 5


SEAN RAYFORD/GETTY IMAGES

A U.S. military cargo plane with nine crew members on board crashed in Savannah, Ga., on Wednesday, erupting into a ball of fire, Pentagon officials said.

At least five crew members on the Puerto Rico Air National Guard flight were killed and four others are missing, a military official said. The Air Force, which acknowledged fatalities from the crash, said it would release their names after notifying the next of kin.

Immediately after the crash about 11:30 a.m. Eastern Daylight Time, video and photos showed billowing gray smoke rising from the site, with much of the plane destroyed, except for its tail.

The WC-130 Hercules went down shortly after takeoff for a training mission and narrowly missed hitting people on the ground, an Air Force official said.

"It miraculously did not hit any cars, any homes," Effingham County Sheriff's spokeswoman Gena Bilbo told the Associated Press. "This is a very busy roadway."

The plane crashed on Highway 21 just east of Savannah/Hilton Head International Airport, Chatham County Emergency Management Agency said.

The plane, which was involved in hurricane relief efforts in Puerto Rico, was part of the 156th Airlift Wing, a unit of the island's Air National Guard.

President Donald Trump in a Twitter post conveyed his thoughts for those affected by the crash. "Please join me in thoughts and prayers for the victims, their families and the great men and women of the National Guard," he tweeted.

—Nancy A. Youssef

Strict Abortion Bill Passes in Iowa

BY SHAYNDI RAICE

Iowa's Republican-controlled Legislature passed a bill early Wednesday that would prohibit abortions once a fetal heartbeat is detected.

GOP Gov. Kim Reynolds hasn't said whether she will sign the bill—which would ban most abortions, since a heartbeat can be detected as early as six weeks and often before a woman knows she is pregnant.

If signed into law, it could make its way to the Supreme Court and test the limits of abortion rights.

A spokeswoman said the governor is "100% pro-life" but hasn't yet seen the bill. "The governor does not comment on any bill until she sees it in its final form," spokeswoman Brenna Smith said.


CHARLIE NEIBERGALL/ASSOCIATED PRESS

Republican Gov. Kim Reynolds hasn't said if she will sign the measure.

The bill in Iowa echoes efforts in other states to pass tough bans on abortion that could make their way to the Supreme Court.

With President Donald Trump's appointment of Justice Neil Gorsuch, and the potential retirement of Justice Anthony Kennedy, some antiabortion advocates think the timing may be right for a broader challenge to Roe v. Wade, the landmark 1973 case that legalized abortion.

Iowa State Rep. Sandy Salmon, a Janesville Republican, said that now is the right time for pro-life advocates to be challenging abortion laws. "If we never challenge the current law, we're never going to see it overturned," she said.

Toni Van Pelt, president of the National Organization for Women, called the bill "unconstitutional."

Mary Ziegler, professor of law at Florida State University, said that even with a reconfigured court, upholding a fetal-heartbeat ban would be "a pretty big leap."

"It's the most extreme abortion ban that's been passed," she said.

New Front in Opioid Lawsuits: Rise in Insurance Premiums

BY SARA RANDAZZO

The opioid epidemic has unfairly increased health insurance costs across the board, not just for those suffering from addiction, plaintiffs allege in five proposed class-action lawsuits filed Wednesday.

The suits, brought on behalf of people and businesses who have paid for health insurance in California, Illinois, Massachusetts, New Jersey and New York since 1996, represent a new front in litigation seeking to hold corporations accountable for the opioid crisis.

Already, drug makers and distributors collectively face more than 600 civil lawsuits brought by local and state municipalities trying to recoup costs borne from opioid abuse.

The proposed class actions name as defendants Purdue Pharma LP, Teva Pharmaceuticals, Johnson & Johnson, Endo International, and other manufacturers, as well as drug distributors AmerisourceBergen Corp., Cardinal Health Inc. and McKesson Corp.

Like litigation brought by states and counties, the lawsuits Wednesday allege manufacturers minimized the risk of opioids and overstated their benefits to boost profits, and that distributors did nothing to stop it.

They also claim that the defendants' conduct has hurt the private health insurance market.

"Insurance companies factored in the unwarranted and exorbitant healthcare costs of opioid-related coverage caused by defendants and charged that back to insureds in the form of higher premiums, deductibles, and co-payments," the complaints allege.

The total economic cost of the opioid epidemic reached an estimated $504 billion in 2015, according to the White House Council of Economic Advisers, representing roughly 2.8% of that year's gross domestic product.

The defendants didn't respond to requests to comment Wednesday on the new round of lawsuits. The manufacturers have denied the allegations in prior opioid-related suits and said they are focused on being part of the solution to the opioid crisis. The distributors have also denied the mounting

Plaintiffs allege the epidemic has unfairly increased health-care costs for everyone.

claims and said they are committed to maintaining strong programs designed to detect and prevent opioid diversion.

The lawsuits, filed in federal court in five states, bring claims including fraud, racketeering and public nuisance and seek the disgorgement of what they call unjust profits made by the defendants. Each potential class could number into the millions of people if they clear the scrutiny of the federal judges overseeing them.

"It is not enough that public entities collect damages for harms suffered by taxpayers," said Travis Lenkner, a Chicago lawyer whose firm, Keller Lenkner LLC, is one of several backing the proposed class actions. "The manufacturers and distributors must also pay for the devastating economic impact they've had on the private sector and health insurance market."

Insurance-claim data show insurers' spending, and consumers' out-of-pocket spending, on addiction treatment has soared in recent years, as the opioid crisis has escalated. America's Health Insurance Plans, an industry group, put out a report in February on how health plans can prevent, intervene and treat opioid addiction.

In a study released last year, the Blue Cross Blue Shield Association found that the number of its members with an opioid-use disorder jumped 493% from 2010 to 2016. In that same period, it found a 65% increase in the use of medication-assisted treatments for those disorders.

As new lawsuits pile up, settlement talks continue between the opioid makers and hundreds of municipalities. The majority of those suits have been consolidated before U.S. District Judge Dan Polster in Cleveland, who is pushing for a swift resolution to the litigation. The parties are due back in his court for a settlement conference next week, and the Justice Department has told the court it plans to participate in the talks.

Meanwhile, a handful of 2019 trial dates have been scheduled in federal and state courts.

Boy Scouts Pledge to Drop 'Boy' From Name

BY VALERIE BAUERLEIN

The Boy Scouts of America is changing the name of its marquee scouting program to reflect last fall's historic decision to include girls.

The Boy Scouts program for children aged 11 to 17 will lose the "boy" and be renamed Scouts BSA, effective in February, said Michael Surbaugh, chief executive of Boy Scouts of America. Already about 3,000 girls are participating in a new early-adopter program for Cub Scouts aged 5 to 10, Mr. Surbaugh said, and girls will be able to join at all levels in 2019.

The rebranding announced Wednesday sets the century-old organization in direct competition with the Girl Scouts of the USA for a membership base that has been dwindling for decades. Youth membership in the Boy Scouts is 2.3 million, down from 11% from 2012. Girl Scouts membership is 1.76 million, down 12% from 2014.

"As we enter a new era for our organization, it is important that all youth can see themselves in scouting in every way possible," Mr. Surbaugh said in a statement. The name of its parent organization will remain Boy Scouts of America, he said.

Girl Scouts of the USA CEO Sylvia Acevedo said the Girl Scouts will keep their programming gender-specific, and continue to focus on developing girls' leadership skills and confidence.

The Girl Scouts are encouraging girls to participate in traditionally male-dominated fields like science, technology and engineering by offering badges in cybersecurity, robotics and coding, she said.

Calming Force Leaves Trump Legal Team

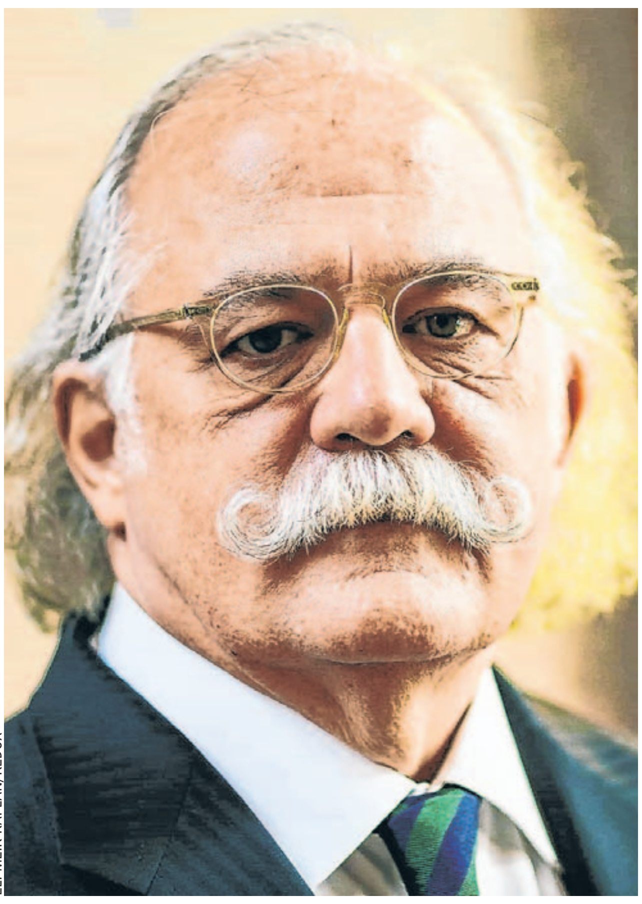
Departure of Cobb could raise tensions with Mueller in talks over possible interview

BY REBECCA BALLHAUS AND PETER NICHOLAS

WASHINGTON—The latest shift in President Donald Trump's legal team removes the attorney who had taken a cooperative approach toward the Russia investigation, a development that could escalate tensions with special counsel Robert Mueller as Mr. Trump's lawyers come to a decision in the next two weeks on whether the president will sit for an interview.

Ty Cobb, the top White House lawyer representing Mr. Trump in the investigation, said on Wednesday he was stepping down after working during the past year to bring the investigation to a speedy close by turning over more than 20,000 documents requested by Mr. Mueller, and by being open to the prospect of Mr. Trump being interviewed by investigators.

Mr. Cobb has been a calming force in the White House, routinely urging Mr. Trump not to fire Mr. Mueller or any top Justice Department officials, and making plain that he would consider resigning were that to happen, according to a person familiar with the matter. He often grew frustrated with Mr. Trump's tweets attacking Mr. Mueller and the investigation of Russian interference in the 2016 presidential election and possible ties to the Trump campaign, according to people familiar with the matter.


ELI MEIR KAPLAN/REDUX
White House lawyer Ty Cobb has urged a cooperative attitude toward the special counsel's office in the Russia probe.

His successor is longtime Washington lawyer Emmet Flood. In recent months, the administration had been discussing with Mr. Flood the possibility of working in White House counsel Don McGahn's office, according to another person familiar with the matter. Mr. Flood could succeed Mr. McGahn, should he step down, the person said.

It isn't clear yet whether Mr. Flood will take a more combative posture. He is no stranger to the brinkmanship that can emerge between presidents and prosecutors, having represented former Democratic President Bill Clinton in the impeachment proceedings in the late 1990s.

Rudy Giuliani, who joined the legal team last month, said in an interview on Wednesday that he was inclined to postpone any possible meeting with Mr. Mueller until after a planned summit with North Korea takes place.

"The safety of the world is at stake," said Mr. Giuliani, who said the president has done nothing wrong.

Any interview with the president would be restricted to two to three hours on a specific set of preapproved questions, Mr. Giuliani said.

Mr. Giuliani praised Mr. Flood's appointment and said he had endorsed the choice to Mr. Trump. "We think he has a perspective on impeachment and representing the presidency that nobody else would have," Mr. Giuliani said.

Members of Mr. Trump's legal team have increasingly soured on the notion of letting the president talk face-to-face with Mr. Mueller, concluding the risks are too high, according to people familiar with the discussions.

One person said that the lawyers have concluded that an interview with the special counsel would amount to a "perjury trap" and an "impeachment trap."

Mr. Trump has previously said he is open to an interview, with the caveat he would heed his lawyers' advice.

On March 5, Mr. Mueller and John Dowd, then Mr. Trump's lead outside attorney, held a meeting and discussed a possible interview. During the conversation, Mr. Mueller said that if Mr. Trump refused an interview, the special counsel's office would give him a grand jury subpoena in an attempt to compel his testimony, two people familiar with the matter said.

Mr. Dowd vowed to fight a subpoena "all the way to the Supreme Court"—a legal battle that could take years to play out—while assuring Mr. Mueller the president would never talk to him under those circumstances.

A spokesman for Mr. Mueller declined to comment on the account.

Lawyer Is Known For Tough Approach

The veteran Washington lawyer tapped to represent President Donald Trump in the special counsel's investigation is known as a skilled criminal defense attorney who could take a more aggressive approach to the intensifying probe.

White House officials said Wednesday that the latest member of Mr. Trump's legal team would be Emmet Flood, a Bush-era White House lawyer best known for his role representing then-President Bill Clinton during his impeachment proceedings in the late 1990s. He takes the place of Ty Cobb, who is leaving at the end of the month.


MARISSA RAUCH/WILLIAMS & CONNOLLY LLP/ASSOCIATED PRESS
Emmet Flood

Those who know Mr. Flood say he brings a measured and moderate temperament to Mr. Trump's legal team, but also a toughness and clout in conservative legal circles.

Mr. Flood is a partner at Williams & Connolly LLP, a Washington law firm known for its defense of a range of clients, including Mr. Clinton, Hillary Clinton, Lt. Col. Oliver North and former Housing Secretary Henry Cisneros.

"He believes in the institutional prerogative of the presidency," and may be more inclined than his predecessors to challenge special counsel Robert Mueller's moves, said Glen Donath, who worked with Mr. Flood on the Clinton impeachment proceedings.

Mr. Flood served in the White House counsel's office under President George W. Bush, where he handled congressional investigations.

—*Sadie Gurman*

RATES

Continued from Page One

is saying, "We're not going to overreact if inflation moves above 2%," said Lewis Alexander, chief U.S. economist at Nomura Securities.

Fed officials see 2% inflation as consistent with an economy with healthy demand for goods and services. Projections released at their March meeting show all 15 participants expected annual core inflation of at least 2% by 2020, and more than half of them see it rising to at least 2.1% next year and staying there through 2020.

The recent rebound was widely expected because inflation declined in March 2017, caused by a price war between wireless phone carriers. The weak figure dropped out of the year-over-year comparison in the latest inflation reading, which was released Monday.

When officials met in March, they said such an increase "by itself, would not justify a change in the projected path for the federal-funds rate," according to minutes of that meeting released last month.

Fed officials voted in March to raise their benchmark rate to a range between 1.5% and 1.75%. They voted unanimously Wednesday to leave it there.

Fed officials find themselves at a potential turning point this year. "After a period of high anxiety facing very real challenges, they've come a long way," Mr. Alexander said. "It would be a mistake to suggest they are ever completely satisfied, but it does seem like the risks in some sense are less profound than the ones they faced in recent memory."

The question looming over Wednesday's meeting centered on how officials might raise rates over the coming years, which could potentially shift the central bank from spurring economic growth to restricting it.

The challenge for central bankers is to lift borrowing costs enough to prevent the economy from overheating, but not so much that it tips into recession.

"Raising rates too slowly would make it necessary for monetary policy to tighten abruptly down the road, which could jeopardize the economic expansion," Fed Chairman Jerome Powell said in a speech last month. "But raising rates too quickly would increase the risk that inflation would remain persistently below our 2% objective."

A related question for Mr. Powell and his colleagues is how the Fed would react if inflation rises above the 2% target, which has scarcely happened since the central bank formally adopted it in 2012. Officials haven't indicated how much or how long inflation could go higher without triggering a stronger policy response.

Fed policy makers signaled no plans to pick up the pace of rate increases.

In March, officials penciled in three rate rises this year, but the committee was relatively evenly divided between those who favored three and four additional increases. Most officials expected three increases next year.

Traders in futures markets after the Fed announcement placed a nearly 50% chance of three more rate increases this year and have fully priced in one of those increases at the June meeting, according to CME Group.

The statement showed little desire to send a strong message in either direction. "They have the market as close to their expectations as one could reasonably wish for," said Mr. Feroli of JPMorgan.

While the economy has performed in line with officials' forecasts so far this year, there is greater uncertainty because of recent changes to tax, federal spending and trade policies in Washington.

President Donald Trump signed into law $1.5 trillion in tax cuts at the end of last year, boosting most private forecasts of growth and employment during the coming two years. Congress and the White House also agreed to increase federal spending over the next two years.

Wall Street economists predict the measures will push unemployment down to levels not seen since the 1950s, and no one is quite sure what that would do to inflation or financial stability.

The unemployment rate in March held at 4.1%. The Labor Department will release its April employment report Friday.

It is probably too soon for officials to have reached firm conclusions about how the recent fiscal policy changes could boost growth and price pressures. But the upturn in inflation, which has occurred largely before any of the fiscal stimulus ripples through the economy, could add a new dimension to these discussions.

Trade policy is another wild card. Mr. Trump has threatened to impose tariffs and other penalties against major trading partners, with a particular focus on China, to narrow trade deficits.

Those imbalances could widen, however, because the tax cuts and government spending increases are likely to increase domestic demand, which typically boosts imports. Tariffs, by raising import prices, also can fuel more inflation.

Giuliani Says Cohen Was Repaid $130,000 By Trump

WASHINGTON—Trump lawyer Rudy Giuliani said the president had repaid his longtime attorney, Michael Cohen, for a $130,000 payment Mr. Cohen made to a former adult film star in October 2016 in exchange for her silence about an alleged sexual encounter.

By Rebecca Ballhaus, Michael Rothfeld and Joe Palazzolo

Mr. Giuliani, who joined the legal team representing President Donald Trump in the Russia probe last month, told The Wall Street Journal Wednesday night that the president had repaid Mr. Cohen, but he suggested that Mr. Cohen made the payment without Mr. Trump's knowledge at the time.

Mr. Giuliani first disclosed the repayment on Fox News in an interview with Sean Hannity, saying the president "didn't know about the specifics of [the payment] as far as I know."

"But he did know about the general arrangement that Michael would take care of things like this," Mr. Giuliani added.

Mr. Giuliani's remarks reversed what appeared to be a long-running effort by Mr. Cohen and the White House to distance Mr. Trump from the payment to Stephanie Clifford, who is known professionally as Stormy Daniels. Mr. Cohen made the payment days before the 2016 presidential election, and Ms. Clifford in exchange signed a nondisclosure agreement. Mr. Trump last month denied knowing about the $130,000 payment and said he didn't know where the money for the payment had come from. He has denied having a sexual encounter with Ms. Clifford.

The White House on Wednesday declined a request to comment and referred questions to Mr. Giuliani and Jay Sekulow, another lawyer for the president. Mr. Sekulow didn't immediately respond to a request for comment. Mr. Cohen didn't respond to a request for comment.

The Manhattan U.S. attorney's office is investigating Mr. Cohen for bank fraud and possible campaign-finance violations. He has denied wrongdoing. Last month, FBI agents raided properties tied to Mr. Cohen and seized materials including documents related to the payment to Ms. Clifford.

DATA

Continued from Page One

The company also said that "parallel bankruptcy proceedings" would commence for Cambridge Analytica and "certain of the company's U.S. affiliates."

Cambridge Analytica and SCL Group's leadership also are involved in a variety of other entities, leaving open the possibility that the companies could rebrand their operations under a different name.

Cambridge Analytica and SCL Elections combined had close to 100 employees in 2017, according to two people familiar with the matter.

The moves followed the release of a video that depicted Mr. Nix describing to people posing as potential clients campaign tactics such as entrapping political opponents with bribes and sex.

The sales pitch was captured by undercover journalists at British broadcaster Channel 4. Mr. Nix's suspension also follows media reports that the company gathered data from millions of **Facebook** Inc. user profiles without authorization.

Facebook said data from as many as 87 million of its users may have been improperly shared with Cambridge Analytica.

In a conference call on Wednesday, Julian Wheatland, SCL chairman, told employees that the firm was shutting down, effective Wednesday, and that employees should turn in their computers, according to a person familiar with the matter.


DANIEL LEAL-OLIVAS/AGENCE FRANCE-PRESSE/GETTY IMAGES
Cambridge Analytica broke into U.S. politics in 2013. Above, the company's offices in London.

He also said the company's independent investigation into whether Cambridge Analytica used the entrapment tactics Mr. Nix cited in the Channel 4 video had concluded and had "cleared" the company, the person said.

Cambridge Analytica has denied wrongdoing in the Facebook incident. The company said in the Wednesday statement that despite the efforts to correct the record, it "has been vilified for activities that are not only legal, but also widely accepted as a standard component of online advertising in both the political and commercial arenas."

Ahead of the conference call on Wednesday—which was rescheduled more than a half a dozen times since Monday—Cambridge Analytica employees appeared to anticipate the news that was coming: On internal Slack chats, employees exchanged Spotify playlists featuring songs with titles such as "Help!" by The Beatles and "The End" by The Doors, according to the person familiar with the matter.

The business had $15 million in U.S. political work in the 2016 election cycle, according to Federal Election Commission records.

Since the 2016 campaign, Cambridge Analytica hadn't notched a single U.S. federal political client; it lost several commercial clients in recent months, according to FEC records and people familiar with the matter.

The company lost one longstanding client, the John Bolton Super PAC, when Mr. Bolton became the White House national security adviser and the super PAC suspended its operations last month. Mr. Bolton's super PAC had paid Cambridge Analytica more than $1.2 million between 2014 and 2016, according to FEC records.

A person with knowledge of the company's current moves said no client wanted to do business with the company anymore.

"It was just not worth continuing," the person said. Cambridge Analytica had tried to rebrand and regroup but the shareholders rejected the plan and didn't want to take on the legal liabilities associated with it, according to the person.

Cambridge Analytica didn't respond to a request to comment on this.

Cambridge Analytica first broke into American politics in 2013 as the offshoot of British behavioral company SCL Group. The company, which had attracted backing from the Mercer family, was known for its financing of conservative candidates. Rebekah Mercer and her sister Jennifer, daughters of hedge-fund billionaire Robert Mercer, were on the company's board. Former White House chief strategist Steve Bannon also served on the board before joining the White House. Three Republican presidential campaigns—those of Mr. Trump, Sen. Ted Cruz and neurosurgeon Ben Carson—hired the firm.

Even before the reports that Cambridge Analytica had improperly used Facebook data, U.S. clients had said they were dissatisfied with the U.K.-based company's services.

Representatives of both the Trump and Cruz campaigns said the company overpromised its ability to use "psychographic" data to identify and persuade voters.

On the same day in March that Facebook said it would suspend Cambridge Analytica from buying ads after learning that the data firm had improperly harvested Facebook's data, Rebekah and Jennifer Mercer joined the board of a new company, Emerdata Ltd., based at the same address as Cambridge Analytica's British affiliate, according to a British corporate filing.

—*Julie Bykowicz contributed to this article.*

U.S. WATCH

CLEVELAND

Jet Diverted After Window Mishap

Southwest Airlines Co. said that one of its jets was forced to divert and land on Wednesday after a cabin window partially broke, though the plane didn't lose cabin pressure.

There were no reported injuries on the flight from Chicago to Newark, N.J., but it comes as Southwest looks to win back passenger confidence after last month's fatal accident involving a blown engine that broke a cabin window and depressurized the cabin.

The airline said Wednesday's flight from Chicago to Newark landed "uneventfully" after diverting to Cleveland, and no emergency was declared.

—Doug Cameron

HOUSTON

Bush Still in Hospital, Is Regaining Strength

Former President George H.W. Bush will remain hospitalized at least another day, but doctors "are very pleased with his progress," a family spokesman said Wednesday.

Mr. Bush was admitted April 22 to Houston Methodist Hospital, the day after the funeral for his wife, Barbara. He is being treated for an infection that spread to his blood.

Family spokesman Jim McGrath said that the 93-year-old Mr. Bush "continues to regain strength."

—Associated Press

CALIFORNIA

Death Is Reported In E. coli Outbreak

The first death has been reported in a national E. coli outbreak linked to romaine lettuce.

The death was reported in California, but state and federal health officials didn't immediately provide any other details.

The Centers for Disease Control and Prevention, meanwhile, updated its numbers on the outbreak on Wednesday: 121 people have been sickened in 25 states.

—Associated Press

U.S. NEWS

After Amazon Rejection, Cities Soul-Search

By Shayndi Raice And Laura Stevens

BRYAN MITCHELL/BLOOMBERG NEWS

After hearing they didn't become finalists for Amazon's headquarters, cities like Detroit are looking at changes to transport and more.

Amazon.com Inc. has made about 200 phone calls to cities the retail giant rejected for its second headquarters. Some of the cities say they are learning from the disappointing conversations and making changes.

Cincinnati and Sacramento, Calif., are restructuring workforce development programs to focus on tech talent. Orlando, Fla., is considering starting a community fund to invest in local tech companies and draw more entrepreneurs. In Detroit, elected officials and business leaders are pushing a ballot initiative for a new regional transportation network.

Amazon has selected 20 finalists out of 238 applicants—ranging from metro areas such as Detroit and Baltimore to small towns in Texas—for its $5 billion second corporate headquarters, which it has said could create up to 50,000 high-paying jobs.

Demands in its request for proposals included a metro area with a population of more than one million, public transportation, a big airport with plenty of connections to Seattle and a large pool of tech talent.

In Detroit, assistant Wayne County executive Khalil Rahal got a call from Amazon's Holly Sullivan, head of the HQ2 search, telling him Detroit wasn't going to make the list of finalists.

Ms. Sullivan agreed to a conference call with other city leaders to further explain where it fell short. A key issue she raised was the lack of a regional transportation network, Mr. Rahal said. The city itself didn't have enough tech workers to fill 50,000 jobs. Because of that, it was essential that the city had a way—besides cars—to bring in workers from outer counties. But Detroit's public transportation system provides limited options for those outside the city.

Ms. Sullivan's explanation didn't come as a shock to Detroit. Wayne County tried in 2016 to push a similar transit plan, but the ballot was voted down by a slim margin. City leaders think they have a better shot now, since they have evidence that a lack of a regional network is holding back development. A vote to place the initiative on a November ballot is planned for June.

"Amazon was a wake-up call," said Gerry Anderson, chief executive of DTE Energy Co. and one of 23 metro-Detroit business executives who wrote a letter pleading for a regional transportation plan. "What becomes undeniable for people is that here's an outsider that would have been a very attractive investor who looked at our transit system and did not like what they saw."

Tim Giuliani, president and CEO of the Orlando Economic Partnership, said that in the wake of the Amazon search the region realized "we needed a richer, existing talent pool of tech talent."

States often offer large tax breaks and other financial incentives to woo firms to set up shop. Elected officials will tout wins as evidence they are creating jobs. But in most cases, the site selection process is negotiated quietly, between a company, their consultants and local government. The highly visible Amazon process is forcing cities to explain why they didn't make the cut, and address those weaknesses.

"It is a kind of look-in-the-mirror moment," said Joseph Parilla of the Brookings Institution.

Richard Florida, a professor at the University of Toronto and critic of the Amazon HQ2 process, said it is misguided for cities to focus on Amazon's criticisms.

"I don't think communities should be rushing to please Amazon," he said. "They should be looking to build their own regional economies and not trying to let any large company tell them what to do."

Not all cities received an in-depth critique from Amazon. In Sacramento's postmortem call, Amazon officials were complimentary and didn't go into too much detail, said Barry Broome, president and chief executive officer of the Greater Sacramento Economic Council. The city may do a deeper dive with the team after the final site selection is made, Mr. Broome said, but it isn't waiting for another call to make changes.

Amazon's HQ2 process is forcing cities to explain why they didn't make the cut.

"Post-Amazon, we're now restructuring all of our workforce programs in the area," Mr. Broome said, to focus on providing more digital-skills training. The Sacramento Area Council of Governments, which works on regional transportation issues, is coming out with a recommendation on May 3 to improve its transit system. "It gave us a chance to be benchmarked nationally," he said.

Johnna Reeder, chief executive of Cincinnati's regional economic development initiative, said the city's postmortem call with Amazon helped officials realize they needed to put their current plans "on steroids."

The Cincinnati Regional Chamber refocused an apprentice program for public high-school students on information-technology firms, to address Amazon's criticism that the city didn't have enough homegrown tech talent, said Jordan Vogel, who runs talent programs for the chamber. It also added tech-focused events for summer interns at businesses in the city.

Missouri, meanwhile, hired consulting firm PricewaterhouseCoopers Public Sector LLP to do an analysis of its economic-development structure and create a new strategy that allows the state to be more competitive.

U.S. Weighs Chinese Technology Firewall

Trump administration considers restrictions on telecom equipment over security concerns

By John D. McKinnon

WASHINGTON—The Trump administration is considering executive action that would restrict some Chinese companies' ability to sell telecommunications equipment in the U.S., based on national security concerns, several people familiar with the matter said.

The move, if it happens, would represent a significant escalation of a growing feud between the U.S. and China over tech and telecommunications. The affected firms likely would include **Huawei Technologies** Co. and **ZTE** Corp., two of the world's leading telecommunications-equipment makers. They have found themselves increasingly in an international crossfire.

Pentagon officials said this week that they are moving to halt the sale of phones made by the two companies on U.S. military bases around the world. U.S. officials are concerned that Beijing could order manufacturers to hack into products they make to spy on or disable communications. Huawei and ZTE have said that would never happen.

The latest action could come in the form of a White House executive order, possibly in the next few weeks, people familiar with the matter said. One possibility under consideration has been curbing the ability of companies doing business with the U.S. government from using network equipment made by companies that could pose a national security risk.

Significant complexities remain, including the exact scope of the possible order, and no final decisions have been made. A spokesman for the White House National Security Council said officials "have no comment on the matter at this time."

LLUIS GENE/AGENCE FRANCE-PRESSE/GETTY IMAGES

U.S. companies have been banned from selling products to ZTE.

ZTE didn't respond to a request to comment. Huawei declined to comment specifically on the potential executive order but said that security and privacy were key priorities for the company.

"Huawei's products are sold in 170 countries world-wide and meet the highest standards of security, privacy and engineering in every country [where] we operate globally, including the U.S.," a spokesman said. "We remain committed to openness and transparency in everything we do and want to be clear that no government has ever asked us to compromise the security or integrity of any of our networks or devices."

The effort is being driven largely by longstanding concerns that the Chinese government could use the companies' network equipment to spy on or disrupt U.S. networks. Both companies have long denied that their equipment poses any security risk. But both the U.S. and several of its allies recently have stepped up scrutiny of how the Chinese firms' equipment is used in networks.

The issue has played into broader friction over trade between the two countries. Longer-term, U.S. officials also are concerned about whether China or Western democracies will win the race to develop next-generation networks.

Already this year, the Commerce Department has banned American companies from selling products to ZTE, over its alleged violation of previous sanctions involving North Korea and Iran. Huawei is under investigation by the Justice Department over similar concerns.

The Federal Communications Commission also recently launched a rule-making process that is expected eventually to lead to curbs—mainly affecting smaller and rural telecommunications firms—on providers' ability to use federal universal-service funds to buy Huawei and ZTE equipment.

The administration also is beginning to look more closely at finding ways to restrict more kinds of technology transfers from U.S. firms to China.

Chinese officials have warned that they will take steps to retaliate if the U.S. intensifies its efforts against firms such as Huawei.

Some U.S. lawmakers of both parties are concerned about the possibilities for sophisticated electronic espionage.

Sen. Mark Warner (D., Va.), vice chairman of the Senate Intelligence Committee, "does think we have to take seriously the risks potentially posed by foreign telecom in our systems," a spokeswoman said.

The U.S. and China also are locked in a duel over next-generation networks, with the U.S. aiming to block China's ambition of developing the technology to build and run them around the world.

XI

Continued from Page One

bent on tearing up global rules and on using trade as a tool to suppress China's rise.

The hard-line rhetoric ramped up further after the U.S. banned sales of American products to ZTE in April for violating a previous agreement, making compromise with the U.S. more difficult.

"The louder Trump's demands, the greater the domestic pressure on the Chinese leadership to appear steadfast," said Jessica Chen Weiss, an associate professor at Cornell University who has studied the role of nationalism in China's foreign relations.

In public remarks in recent weeks, Mr. Xi and his top lieutenants have sought to cool temperatures with the U.S., offering greater foreign access to the financial and auto sectors and lower tariffs on car imports.

Mr. Xi "has sold himself as a very powerful leader," said Christopher Balding, an associate professor at the HSBC Business School in Shenzhen. But "even in China, you can't just snap your fingers and change the tariff rate on cars."

Some foreign business executives and economists dismissed the concessions, saying the sectors they included aren't regarded as critical to Chinese aspirations to become a high-tech industrial power, or are already heavily dominated by Chinese players. Officials cast the moves as a signal of Beijing's commitment to open up Chinese markets and adhere to global trade norms.

Though China's economy is humming steadily and expanded 6.8% in the first quarter, growth remains heavily dependent on investment—much of it fueled by worrying amounts of debt, equivalent to around 260% of

JU PENG/XINHUA/ASSOCIATED PRESS

President Xi Jinping, second from right, visited the Three Gorges Dam, a giant hydropower project, in Hubei province in April.

gross domestic product.

Mr. Xi has been ginning up support for his positions in publicized tours of the provinces. Traveling in central China last week along the Yangtze River, he visited the mammoth Three Gorges Dam, an icon of state planning, and Xinxin Semiconductor Manufacturing Corp., a leader in a government-backed effort to create competitive makers of chips.

His message, according to state media: China needs to "rely on our own hard work" in mastering key technologies.

By his record, Mr. Xi is a staunch backer of China's brand of state capitalism, with an inclination to improve its performance, not overturn it. He has treated market forces more as potential agents of instability than tools for shaking up sluggish state-run industries, especially since a stock-market implosion in 2015.

"Xi Jinping is a committed planner and an interventionist," said Scott Kennedy, a deputy director at the Washington-based Center for Strategic and International Studies. "He doesn't believe in markets."

State-owned enterprises remain the backbone of China's economy and an instrument of foreign policy. They fill government coffers, dominate strategic industries from energy to telecommunications, anchor employment markets and help disburse state largess through investments at home and abroad.

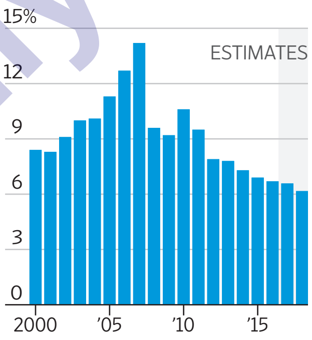
At home, most ply protected markets they have fought to preserve.

"There are basically two forms of quiet opposition to foreign entry: Beijing and its large state firms, and provincial governments and their local firms," said Andrew Collier, managing director at Orient Capital Research, an independent research firm in Hong Kong. "Even if access is granted, there is likely to be subtle delays by local or central government regulators, and hurdles that will impede market access."

Slower Going

Beijing has grappled with decelerating growth as President Xi Jinping tries to revitalize the economy.

China's annual change in GDP



Source: International Monetary Fund
THE WALL STREET JOURNAL.

State industries are central to the "Made in China 2025" initiative, Beijing's blueprint to create a world-beating manufacturing sector—and a focus of the Trump administration, which says the plan discriminates against foreign companies. Mr. Xi has frequently shown his support for the plan by visiting businesses that benefit from it.

State industries have also been formidable centers of resistance to Mr. Xi's own plans. His earlier efforts at overhauling state enterprises—trying to get them to improve their returns through restructuring and mergers—became mired in discord between government agencies, among them the state commission that oversees state businesses.

A report issued last year by a think tank run by China's top economic-planning commission accused vested interests in local government and businesses and excessively powerful agencies of impeding overhauls, watering them down and delaying them with "constant compromise." The report ran 217 pages.

Seoul Says Korean Peace Wouldn't Force U.S. Troop Withdrawal

By Andrew Jeong

SEOUL—South Korea said it wouldn't seek a withdrawal of U.S. troops stationed in the country if a peace deal is signed with North Korea, after an adviser to the South's president said it would be difficult to justify a continued U.S. presence on the peninsula.

North and South Korea agreed during historic leadership talks last week to pursue a peace treaty to end the Korean War, replacing the armistice that halted hostilities in the 1950-53 conflict.

Pyongyang has long called for the removal of the 28,500 U.S. troops based on the Korean Peninsula. Critics of Seoul's outreach to the North fear that the regime might demand a withdrawal or reduction of American forces as one of the conditions for dismantling its nuclear weapons.

In a commentary this week in Foreign Affairs magazine, Moon Chung-in, a professor emeritus of political science at Yonsei University in Seoul and a top adviser to President Moon Jae-in, said an inter-Korean peace agreement could mean major changes for the military alliance.

KIM JUN-BEOM/ASSOCIATED PRESS

South Korean marines marched after attending joint military drills between their nation and the U.S. in Pohang, South Korea, during early April.

"What will happen to U.S. forces in South Korea if a peace treaty is signed? It will be difficult to justify their continuing presence in South Korea after its adoption," wrote Prof. Moon, a left-leaning expert who has advised past South Korean leaders.

A spokesman for South Korea's presidential Blue House said Wednesday that the president considered the presence of U.S. troops on the peninsula an issue distinct from any peace agreement with North Korea.

"The U.S. military presence in South Korea is a matter of the U.S.-Korea alliance. It has no relevance to any peace treaty," President Moon said through a spokesman. U.S. forces in Korea couldn't be reached to comment on Wednesday.

Defense Secretary Jim Mattis on Monday said the question of whether the U.S. would withdraw forces in the event of a treaty is "part of the issues that we'll be discussing in the negotiations" with allies and with North Korea.

"I think for right now, we just have to go along with the process, have the negotiations, and not try to make preconditions or presumptions about how it's going to go," he told reporters at the Pentagon.

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WORLD NEWS

Indonesia Strategy Rattles Market

By Ben Otto


MUHAMMAD ADIMAJA/ANTARA FOTO/REUTERS

Indonesia seeks a deal that would give a majority stake in the Grasberg mine to the government.

JAKARTA, Indonesia—Indonesia is trying to capture a bigger share of the vast wealth from its natural resources by seeking more favorable deals and building state-owned firms into industrial behemoths, a strategy that risks alienating foreign investors and has already spooked **Freeport-McMoRan** Inc. shareholders.

President Joko Widodo is attempting to seal an agreement that would give a majority stake in the mountaintop Grasberg mine in eastern Indonesia to the government. Phoenix-based Freeport agreed to give up majority control last year, and last week publicized new government hurdles that analysts said appeared aimed at knocking down the cost of a controlling stake. The company's shares fell nearly 20% from their closing price on April 23 through Wednesday.

In January, state petroleum company Pertamina took over Indonesia's largest natural-gas project when the government declined to renew a contract with France's **Total** SA and Japan's **Inpex** Corp. Later this year, Pertamina will take over a host of oil and gas fields from private investors when their concessions expire.

Indonesia, which is due to hold elections next year in which Mr. Widodo is seeking another term, says its aim is to strike better deals in a more transparent era, two decades after longtime dictator Suharto was overthrown.

"The government gives the same opportunity to everybody, and whoever can give better compensation, better royalty, better tax to the government, the government will pick them," said Ignasius Jonan, Indonesia's energy minister. "Ten years ago could any investor bid for our natural-resource concessions? You had to have connections with government officials. Now it's free."

Mr. Jonan said the Pertamina takeovers were granted because the company offered terms that were more favorable to the government.

Mr. Jonan said that negotiations for a Freeport stake were taking place on a "commercial basis," and that he trusted the environmental ministry in its new complaints about Freeport's disposal methods.

Freeport's Indonesian unit said that new requirements from the ministry are "wholly inconsistent" with a government-approved management system, and that they are "not achievable and not workable."

Indonesia has been merging giant state companies in capital-intensive industries so that they will be able to access financing and offer better terms on extracting resources.

"The bigger they are," Mr. Jonan said, "the more muscle they have to compete."

State-owned companies were instrumental in building Indonesia after three centuries of colonization by the Netherlands, but development has been uneven. Indonesia has the world's fourth-largest population, some 250 million people, and is Southeast Asia's largest economy.

Mr. Widodo also hopes to woo more foreign investment in tech industries, for example, to lift the trillion-dollar economy off its dependence on natural resources.

Yet, the current strategy could rattle foreign investors who are critical to bringing in investment and technical skill.

Indonesia has enforced rules limiting foreign miners to minority stakes in local companies and has unveiled new oil and gas contracts that give the state a greater share of revenue.

WORLD WATCH

LIBYA

Islamic State Attacks Election Commission

Islamic State suicide bombers attacked Libya's election commission in the capital on Wednesday, killing at least 14 people in a bid to disrupt a nationwide vote planned for this year.

Two attackers infiltrated the building in central Tripoli and fired on people inside, then detonated their explosives when their ammunition ran out, Islamic State said in a statement circulated by its affiliated Amaq news agency.

Libya's Health Ministry said the attack also set fire to the building.

Islamic State and other Islamic extremists in Libya oppose democratic elections, which the United Nations and Libya's foreign backers are urging to take place this year despite security problems in the oil-rich North African country.

—Associated Press

IRAN

Two With Ties to Britain Are Detained

An Iranian-British national and an Iranian working for the British Council have been detained in Iran, becoming the latest individuals with Western ties to be held in the Islamic Republic.

The British Foreign Office said Wednesday it was "urgently seeking information from the Iranian authorities" after being asked about the detention of Iranian-British national Mahan Abdein.

Separately, the British Council said it was aware of the detention of a staffer following the arrest of Iranian national Aras Amiri.

Iranian officials and state media haven't reported the arrests.

Analysts and family members of dual nationals and others detained in Iran say hard-liners in the Islamic Republic's security agencies use prisoners as bargaining chips in negotiations with the West.

—Associated Press

EUROPEAN CENTRAL BANK

Halt to Bond Buying Is Possible This Year

The ECB could halt its bond-buying program this year and start to raise interest rates from mid-2019, given that inflation in the eurozone is expected to accelerate, a German central bank official said Wednesday.

Speaking in the southern German city of Mannheim, Bundesbank President Jens Weidmann said recent signs of a slowdown in the eurozone economy were probably just a "bump" for a region that has been growing above its long-term trend rate.

—Tom Fairless

BRAZIL

Trade Surplus Narrowed in April

The country's trade surplus narrowed slightly in April, as Brazil continued to enjoy a windfall from commodity exports.

Brazil posted a $6.1 billion trade surplus last month, the Trade Ministry said Wednesday, down from a $6.3 billion surplus in March.

—Paulo Trevisani

Escalating Protests in Armenia Turn Up Heat on Ally Russia

By Thomas Grove

YEREVAN, Armenia—Demonstrations intensified around the country over the government's refusal to hand over power, which will likely test the will of the ruling Republican Party and the patience of Russia, Armenia's biggest ally.

Weeks of on-and-off-again mass protests, which brought the capital Yerevan and other cities to a standstill on Wednesday, are aimed at forcing the ruling party to install opposition leader Nikol Pashinyan as prime minister. They flared up again late Tuesday after the Republican Party refused to vote for him as premier.

"Our tactic is to increase pressure until [there is] a change of power," Russian news agencies reported him as saying. "We are ready for any scenario. Now it's not important what's happening in government cabinets. What's important is what happens in the street."

Mr. Pashinyan emerged in April as a leader among demonstrators angry over a decision by former President Serzh Sargsyan to go back on his word and try to retain power by standing for prime minister. Since then, Mr. Sargsyan has resigned, but the protests have continued amid anger about chronic economic problems and perceived arrogance by the ruling elite. Acting Prime Minister Karen Karapetyan, a former Gazprom official, has largely laid low during the protests.

Moscow doesn't see the protest movement as a threat to its influence in Armenia.

Mr. Pashinyan has warned supporters against confrontation. He has also emphasized Armenia's strategic partnership with Russia in a bid to keep suspicions down in Moscow that his movement could be used to push Armenia toward a more Western-oriented foreign policy.

Russia considers the protest movement a domestic dispute and doesn't see it as a threat to its influence in Armenia. It has remained nearly silent since a delegation of Armenian government figures visited Moscow last week while protests continued in Yerevan.

Protesters on Wednesday stood in roads blocking traffic or erected makeshift barricades to cut off main highways and railroads, while some workers at the country's main airport joined in the protest, Russian new agencies reported.

Roads leading to land borders with Georgia and Iran were also blocked, as was the road leading to the city of Gyumri, where Russia has a military base, Russian news agencies reported.

Armenia's defense ministry warned protesters to free roads to traffic and allow military vehicles to pass unhindered, Interfax reported.

By the end of the day, Mr. Pashinyan called for protesters to free up roads and return to the city center, where demonstrators rallied late into the evening, holding flags and cheering.


VANO SHLAMOV/AGENCE FRANCE-PRESSE/GETTY IMAGES

Supporters of opposition leader Nikol Pashinyan rallied Wednesday in Yerevan's central square.

Terror Group In Spain Says It Has Disbanded

Basque separatists' move sparks call for a probe into hundreds of unsolved crimes

By Jeannette Neumann

SAN SEBASTIÁN, Spain—The Basque militant group ETA said it has dissolved, bringing a formal end to half a century of assassinations and violence and leaving victims pressing for the investigation of hundreds of unsolved crimes.

ETA killed more than 800 people during its bloody and unsuccessful attempt to secure an independent Basque state stretching from northern Spain to southern France. The disbanding caps a decade that has seen the group slowly fade and cease to be a threat for Spaniards. ETA killed its last victim in 2010, declared a cease-fire in 2011, and handed over its arms a year ago.

"ETA has decided to conclude its historic cycle and its role, ending its journey," the group said in a letter published Wednesday by Spanish media. "ETA has completely dissolved all of its structures."

Spain's interior minister said Madrid would continue to pursue ETA terrorists who remain at large, but didn't say how many militants are still being sought.

Madrid won't offer any concessions to ETA for disbanding, Interior Minister Juan Ignacio Zoido added. "ETA members didn't get anything when they stopped killing and they're not going to get anything for announcing what they call dissolution," he said in televised remarks.

The relative peace that has reigned for the past 10 years or so in the Basque Country, the northern Spanish region that is home to many ETA members and the group's victims, seemed unimaginable to many Spaniards in the 1980s and 1990s, when kidnappings, car bombs and assassinations of police officers, politicians, businessmen and civilians were commonplace.

Spanish Prime Minister Mariano Rajoy and other political leaders have said the demise of ETA was a triumph of security forces' unrelenting pursuit of militants. Hundreds of arrests debilitated the organization, as did a growing and increasingly vocal rejection among Basques and other Spaniards of ETA's violence.

ETA's dissolution was inevitable because the organization had become impotent, government officials said. The group's announcement had been expected to come on Friday, when Basque activists have planned an event.

Victims' associations want the government to do more to determine who is responsible for what they say are 358 unsolved murders believed to be tied to ETA. They also want the hundreds of ETA members still in jails across Spain and France to collaborate with prosecutors to solve those unsolved crimes.

Victims' associations said ETA's "voluntary" disbandment is an attempt by its dwindling members to present the group as atoning for decades of violence and death.

"Enough of justifying proclamations. The only decent sentence the terrorists could ever say begins and ends with a, 'We never should have existed,'" said Consuelo Ordoñez, head of victims' association Covite, on Wednesday in San Sebastián. "This isn't the end of ETA that we victims want or deserve."

ETA apologized last month for its violent campaign for an independent Basque state.

"We are aware that during this long period of armed struggle we have caused a lot of pain, including a lot of damage for which there is no solution," the statement said. "We are truly sorry."

But Ms. Ordoñez and other family members of those killed by ETA said the group apologized only to victims who didn't have a direct participation in what it calls "the conflict" with the Spanish state, excluding those victims who were intended targets of assassinations. The apology, she said, was another attempt by ETA to whitewash its bloody past.

ALVARO BARRIENTOS/ASSOCIATED PRESS

Spain said it would continue to pursue militants still at large. Above, a tribute to victims of ETA held Wednesday in San Sebastián.

Group Traveled A Long Path From Terror to Concession

1959
ETA forms during the dictatorship of Gen. Francisco Franco to fight for self-determination for Basques. ETA stands for Basque Homeland and Freedom in the Basque language.

1987
An ETA bomb kills 21 people at a Barcelona supermarket, the terrorist group's deadliest attack.

1997
Millions protest in cities throughout Spain, saying they have had enough of terrorism, after politician Miguel Ángel Blanco is kidnapped and killed by ETA.

2011
ETA declares a cease-fire.

2017
ETA hands over weapons, ammunition and explosives to French authorities.

2018
ETA apologizes for years of death and violence. But victims say the apology excludes those who ETA sought to kill.

Chilean Sex-Abuse Victims Urge Pope to Act

By Francis X. Rocca

ROME—Pope Francis met privately with three Chilean sex-abuse victims over the weekend, in what the Vatican described as an effort to listen and ask forgiveness after outrage surfaced over his previous dismissive remarks about the victims' claims.

On Wednesday, the three men recounted their meetings with the pope, saying they were impressed by his apparent sincerity but that the value of his apology would be revealed only in concrete actions against clerical sex abuse and bishops who cover it up.

"I have never, never seen someone be so contrite," Juan Carlos Cruz told a news conference in Rome of his encounter with Pope Francis. "He said, 'I was part of the problem. I caused this and I apologize.'"

Pope Francis has summoned Chile's bishops to the Vatican later this month to discuss his response to sex abuse in the country.

Mr. Cruz and his friends James Hamilton and José Andrés Murillo spent several days at the Vatican guesthouse where the pope lives. The three men say they were sexually abused as youths by the Rev. Fernando Karadima, whom the Vatican in 2011 judged guilty of abusing minors. Father Karadima has denied the accusations.

Pope Francis was drawn into the case in 2015, when he appointed Bishop Juan Barros to lead a diocese in Chile. The three men say Bishop Barros, as a young parish priest, witnessed and failed to report Father Karadima's crimes. Bishop Barros has denied knowledge of Father Karadima's abuses.

The pope was criticized in 2015 when he dismissed complaints about Bishop Barros as foolishness, and drew an even harsher response during a visit to Chile in January, when he said the bishop's accusers were guilty of slander.

The pope later said he had never heard from any of the victims, prompting Mr. Cruz, who had sent him a letter with detailed accusations in 2015, to accuse the pope of lying.

Amid the ensuing uproar, Pope Francis reopened the probe, and last month announced he had made "grave mistakes" in the case because he had been misinformed.

The meetings with victims were the first part of the pope's promised response. He met individually with each of the men on successive afternoons and then with all of them together on Monday.

Mr. Cruz said he didn't ask the pope whether he had received his 2015 letter. He said he no longer believed the pope lied, and now thought the pope had been misinformed by unspecified advisers.

The three men said they wouldn't reveal their specific recommendations to the pope, but made it clear they expected his response to include disciplining several Chilean bishops, including Bishop Barros and Cardinal Francisco Errázuriz, a former archbishop of Santiago. Mr. Hamilton said he blamed the cardinal for holding up the process that disciplined Father Karadima.

The archdiocese of Santiago declined to comment.

Mr. Murillo said the three men would write to the pope next week, at his request, with recommendations on how to expose and prevent sexual abuse, punish the guilty and make reparations to victims.

"We hope that Pope Francis transforms his loving words of forgiveness into exemplary actions," the men said, in a statement read aloud at the news conference. "Otherwise, all this will be in vain."

—Ryan Dube contributed to this article.

ANGELO CARCONI/EPA/SHUTTERSTOCK

From left, Juan Carlos Cruz, James Hamilton and José Andrés Murillo speaking in Rome Wednesday.

Germany Reorders Public Spending

By Andrea Thomas

BERLIN—Germany will cut public-sector investment to maintain a budget surplus while welfare spending soars, according to Berlin's latest fiscal plans.

The move will help Chancellor Angela Merkel's governing coalition reconcile the contradictory pledges of more welfare assistance and more fiscal discipline. But several economists warned it was shortsighted, unsustainable and could endanger growth.

"The decline in federal investments is a disappointment," said Marcel Fratzscher, president of the DIW economics institute in Berlin. "The government should clearly invest more to improve the transportation, digital and energy infrastructure."

The U.S., the International Monetary Fund and the European Commission have all called on Berlin to use its fiscal margin of maneuver to boost infrastructure spending as a way to support long-term growth while reducing the country's large current-account and trade surpluses.

The calls have largely fallen on deaf ears in Berlin, where the left-right government of Ms. Merkel is hoping new welfare payments can help it reclaim votes lost to right-wing and left-wing populists while a budget surplus appeals to fiscal conservatives in Ms. Merkel's own camp.

In his first long-term fiscal plan since taking office in March, German Finance Minister Olaf Scholz said the federal budget would remain balanced through 2022 despite increased spending on social welfare.

To achieve this, Berlin will cut investment from an expected €37 billion ($44 billion) this year to €33.5 billion in 2022, a 9% decline.

Berlin is also expected to raise military spending at such a slow pace that its share of the country's gross domestic product will likely fall during the period instead of approaching 2% as mandated by the North Atlantic Treaty Organization and demanded by Washington.

EU's Budget Debate Pits Haves Against Have-Nots

By Valentina Pop

BRUSSELS—The European Union kicked off debate on its budget once the U.K. departs, setting up what is likely to be a long and pitched battle between wealthier countries and newer members who rely on funding from the bloc.

The EU's executive wants to fund new priorities, such as investments in the digital economy, border security and the development of Europe's defense industry, even as the exit of a top contributor leaves a €15 billion ($18 billion) gap—a plan that earned criticism from richer countries who demanded tighter spending.

European Commission President Jean-Claude Juncker on Wednesday said the gap would be covered by a slight increase in national contributions and by cutting some farm subsidies and funding for the bloc's poorer regions.

"We want to present a proposal that is taken seriously and serves as a basis for future negotiations," he told lawmakers in the European Parliament.

The total would increase to €1.279 trillion for 2021-27 from €1 trillion in the current seven-year budget, Mr. Juncker said.

Dutch Prime Minister Mark Rutte objected to the higher budget, saying that "a smaller EU as a result of Brexit should also mean a smaller budget" and that his country would have to pay too high a share of the bill. Danish and Austrian leaders made similar comments. Meanwhile, Germany's ministers of finance and foreign affairs said their country would be fine with paying an extra €10 billion a year.

"However, this also means that all member states must bear their fair share of the burden," they said.

The commission for the first time proposed linking the payment of EU funds to the independence of courts and the firm rule of law. The idea is likely to trigger a backlash from Central and Eastern Europe.

Poland and Hungary have in recent years clashed with Brussels over what critics say are attempts to blur the separation of powers and put courts under political control.

"There's a link between rule of law and the refusal or approval of money from the EU budget," EU budget commissioner Günther Oettinger said.

In past years, Poland has been the biggest net recipient of EU funds—over €100 billion for the current period—while Hungary is also set to receive €25 billion by 2020, far more than it pays into the EU budget.

Poland's EU affairs minister, Konrad Szymanski, questioned the legality of the linkage. "Every legal provision needs to be clearly defined," he said. "There can be no space for arbitrariness."

The budget must still be negotiated and approved by EU governments and the European Parliament. It is scheduled to kick in on Jan. 1, 2021, the day after the U.K. is due to be completely out of the EU and no longer paying into the common coffer.

Mr. Juncker's aims to get the budget agreed by next spring, before a new European Parliament and a new commission take office. But past EU budget negotiations have dragged on until the very last minute, as any country can veto the overall deal.

BusinessEurope, a lobbying group for European companies, urged EU leaders to stick to the one-year deadline.

FRANCOIS LENOIR/REUTERS

Jean-Claude Juncker proposed cutting some farm subsidies.

Eurozone Economy Growth Pace Slows

The eurozone economy's growth pace slowed in the first three months of 2018, with gross domestic product increasing at an annualized rate of 1.7%, down from 2.7% in the prior quarter. That compared with the 2.3% expansion the U.S. recorded in the period.

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DEAL

Continued from Page One

in December 2015, the two executives lauded one another. Today they are at odds. As a Newell director, Mr. Franklin second-guessed the CEO's decisions, people familiar with the situation say. Mr. Polk left his deal partner out of important boardroom discussions. Mr. Franklin quit the board in January and called for Mr. Polk to be fired.

Shares of the combined company have tumbled more than 40% over the past year, to under $28. Before the merger, Newell and Jarden were valued at $12 billion and $10 billion, respectively. Today the combined company has a market value of about $13 billion, one of the worst performances of a major deal since the financial crisis.

The deal has faced many of the problems that plague mergers, including overly rosy financial projections, culture clashes and miscalculations about the benefits of meshing brands and business units. Current and former Newell executives and directors say problems were exacerbated by mistrust between the two men and the deterioration of their relationship.

RICHARD DREW/AP

Martin Franklin, left, and Michael Polk in December 2015 after they announced the marriage of Newell Brands and Jarden Corp.

From Newell's Product Family

PA IMAGES/GETTY IMAGES

Founded in 1857 as an ink-and-glue company, Sharpie launched the first pen-style permanent marker in 1964. Acquired in 1992 as part of $555 million Sanford Corp. deal.

BLOOMBERG NEWS

Elmer's was created by chemists at dairy company Borden in 1947 as the first consumer white glue. Other products include X-Acto cutting instruments and Krazy Glue. Acquired in 2015 for $600 million.

From Jarden's Product Family

ZUMA PRESS

Brothers George and Alfred Rawlings founded the company in 1887 in St. Louis, selling sporting goods from guns to baseball equipment. Acquired in 2007 as part of $1.2 billion K2 deal.

UIG/GETTY IMAGES

Michael Kittredge first made a candle out of crayons for his mom. He opened the first Yankee Candle store in 1983, eventually selling the business to a private-equity firm. Acquired in 2013 for $1.75 billion.

Accusations made

"I made a mistake for which I am wholly responsible," Mr. Franklin said in an interview, referring to his decision to sell Jarden—a deal that gave him more than $400 million in cash and Newell shares at the time. He accuses Mr. Polk and the Newell board of missteps including bad hires while forcing out top talent, pushing sales at the expense of margins and failing to properly inform the board about looming trouble.

Mr. Polk says he regrets underestimating the pace and severity of the decline of U.S. retailers, but otherwise says Newell's woes are outside of executives' control. "Strategically, there's nothing I would have done differently," he said in a February interview.

Newell, he said, was blindsided by unpredictable events: a devastating 2017 hurricane season that drove up the cost of manufacturing materials, and the bankruptcy of Toys "R" Us Inc., a critical outlet for Newell's Graco strollers and car seats.

Mr. Franklin quit the board in January and called for Mr. Polk to be fired.

Mr. Polk declined to discuss the dispute with Mr. Franklin. "I'm staying away from sparring on this stuff," he said. He declined to comment further.

In a March shareholder letter, Newell accused Mr. Franklin of taking a "simplistic" approach to repairing the business, bullying other directors and trying to take over the company.

Mergers and acquisitions are the lifeblood of Wall Street, generating hefty fees for bankers and lawyers and often big paychecks for executives. Nevertheless, academic studies over the decades have shown that many mergers hurt shareholders. Some researchers argue the mergers look more favorable when considering what might have become of companies had they not done a deal.

Many are felled by overblown expectations about how much the combination will save and how much extra revenue it will generate, says Dan McKone, managing director at consulting firm L.E.K. Consulting. "It's very easy to get carried away" with estimates of how revenue will grow, he says.

Hoboken, N.J.-based Newell, founded in 1903 as a maker of curtain rods, grew in recent decades by acquiring dozens of household staples and cutting costs. It bought the maker of Sharpie markers in 1992 and a foundering Rubbermaid in 1999. Mr. Polk joined in 2011 and kept adding brands: Baby Jogger in 2014 and Elmer's glue in 2015.

Jarden, too, was a serial buyer. It was started in 2001 when Mr. Franklin took a maker of Ball canning jars and used it to acquire a hodgepodge of brands. The Rye, N.Y., company swallowed Mr. Coffee machines in 2005, Rawlings gloves in 2007 and Yankee Candle in 2013.

Then Jarden turned around and sold itself.

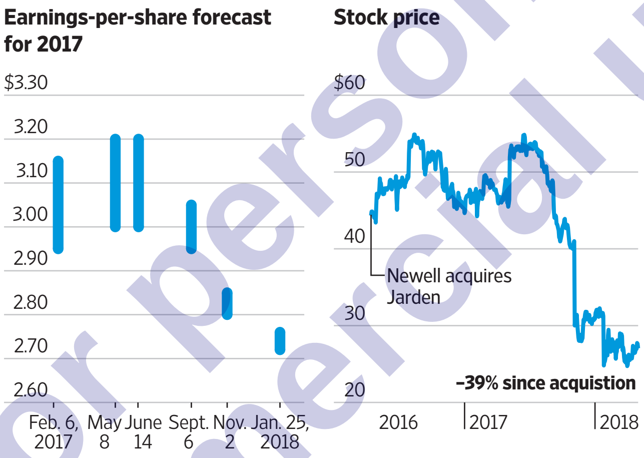
Messrs. Polk and Franklin predicted that combining their research, supply chains and back-office operations would save more than $500 million. They foresaw strategic benefits from joining complementary brands, such as Coleman camping gear and Contigo water bottles, or Rubbermaid containers and FoodSaver vacuum sealers.

Mr. Franklin, 53 years old, a London native who now resides in Miami, is bronzed and fit from pastimes that include ultramarathoning. He got his start in business shortly after graduating from college when his financier father put him in charge of breaking up a company.

Mr. Polk, 57, a Harvard M.B.A. and a father of seven, lives in suburban New Jersey and used to play ice hockey and sing in his college glee club. Colleagues say he is intensely competitive with a sometimes fiery temper. His presentations to investors are dense and data-packed.

Diminished Expectations

Newell lowered its 2017 profit targets three times, and its shares have slid.



Sources: the company (earnings); FactSet (stock)

THE WALL STREET JOURNAL.

For more than a year after the deal closed in April 2016, the combined company appeared on the right track. While other consumer-products companies struggled with stagnating sales, Newell exceeded expectations, with strong sales of baby products and old brands such as Elmer's and Sharpie. The company's stock price climbed above $50 in early 2017.

Behind the scenes, problems were developing. Mr. Franklin, from his seat on the board, began to question Mr. Polk and the board's leadership.

In May 2017, Newell struck a deal to sell former Jarden winter-sports brands, including K2 skis, for $240 million. Then-Chairman Michael Cowhig sent an email congratulating managers on the deal. Mr. Franklin shot back a note to the board saying Newell had sold the business at too low a multiple, according to several people who received the message.

Newell says it viewed Jarden as a collection of independently run businesses that lacked a unified strategy and missed out on efficiencies. By combining resources and eliminating senior managers, Newell says, it sought to free up money to spend in areas such as product development and data tracking, where it believed Jarden had underinvested.

Newell turned sales teams that specialized in single businesses, such as fishing equipment or camping gear, into teams of generalists shared by divisions, according to people familiar with the changes.

The changes proved troublesome in the kitchen-appliance business, which included Oster blenders, Crock-Pot cookers and Mr. Coffee machines. The revamped sales teams gathered in early 2017 for annual meetings with stores to determine which products would be on shelves for the holiday season. The sales teams came up short on commitments from retailers, say some of the people familiar with the changes.

Newell management reverted to the original structure. Later that year, appliance sales slumped. Newell blamed a pullback by retailers.

Sales at Yankee Candle, a former Jarden brand, came under pressure because fewer Americans visited malls, where the company operated many of its stores. To offset the decline, Newell ramped up Yankee Candle sales at retailers such as Walmart Inc. and Amazon.com Inc.

Mr. Franklin argued to management that selling candles at Walmart for $20, when Yankee Candle stores typically charged $30 for the same item, cheapened the brand, hurting margins in the long run. Newell says the strategy targeted a different group of shoppers and will enable the brand to thrive even as shopping malls go away.

A Newell spokesman points to merger successes. In the infant business, Newell's Graco, a major player in strollers, helped Jarden's Nuk line of pacifiers and bottles gain entry into big retailers. Newell says it used its R&D resources to speed up development of products such as Crock-Pot Express, the company's answer to InstaPot.

Last September, Newell lowered its profit forecast for 2018. Mr. Franklin became more vocal with the board about his concerns, according to people familiar with the situation. Former Jarden managers complained that Newell was insisting they meet sales targets even if it meant selling at unsustainably low prices, a strategy that became known as the "break the glass" rush at month's end, according to the people familiar with the situation.

Mr. Franklin urged Mr. Polk to warn investors the company would also underperform in the fourth quarter, according to the people familiar with the situation. Mr. Polk believed the company would rebound. By then, the CEO suspected Mr. Franklin was trying to wrest control of the company, and he distrusted Mr. Franklin's warnings, according to a person briefed on the matter.

Reduced forecasts

Newell cut its sales and profit forecasts again in November. Shares tumbled by nearly one-third to under $30. Mr. Polk attributed bleak quarterly results to struggling retailers and paltry back-to-school sales.

In January, Mr. Polk broke news to the board that the results would fall short of the reduced forecasts. As part of his plan to cushion the blow, he said Newell wouldn't pay roughly $35 million in employee bonuses, according to people familiar with the discussion.

Mr. Franklin objected, saying the company should keep the bonuses to avoid a blow to morale, these people say. He largely blamed Mr. Cowhig for Newell's woes and proposed that Newell install him as chairman and oust Mr. Cowhig, they say.

The board voted, 8-4, to keep Mr. Cowhig.

Weeks earlier, Newell had hired Goldman Sachs Group Inc. to hammer out a restructuring plan that included divesting itself of billions of dollars in assets.

Mr. Franklin and other directors learned about the divestiture plan when Newell made it public on Jan. 25, a few days after Mr. Franklin resigned from the board along with two of his supporters, according to the people familiar with the situation.

"Mike Polk and I have always had a decent and professional rapport," Mr. Franklin says. "We had a fundamental disagreement. He was wrong and I was right."

Newell said Mr. Polk talked with members of the executive committee about the divestiture plan, and intended to disclose those talks to the entire board.

The three resignations were the first public sign of the internal discord. Mr. Franklin soon joined with activist investor Starboard Management LP, which bought a 3.8% stake in Newell, and called for the ouster of Mr. Polk and the entire board. Another two directors resigned within a month.

Newell struck a deal with investor Carl Icahn, who had taken a large stake in the company, giving him a say in five board seats. Mr. Franklin and his allies dropped out of the fight, and Starboard cut a similar deal with the board. The upshot: Newell is replacing nine of its 12 directors, including Mr. Cowhig, and Mr. Polk will keep his job and is promising to raise $10 billion by selling brands.

A Newell spokesman says the company had always intended to shed assets following the Jarden acquisition, though not as extensively as it is now.

Mr. Franklin, meanwhile, has created an investment vehicle with more than $1 billion to buy up brands. He says he is interested in possibly buying back some of the brands Newell plans to sell.

"Those businesses will be outside of restraints of Newell," he says. "They will flourish."

LINE

Continued from Page One

to seem like an ass," he says.

Ways to skip lines have gained momentum in recent years, as businesses ranging from retailers to movie theaters have come up with ways for customers to avoid a wait, often with mobile apps and ordering kiosks. Amazon.com Inc. in January opened a convenience store without checkout lines in Seattle, while Starbucks Corp. last year said it was testing a coffee bar in its headquarters that accepts only mobile orders.

In theory, order-ahead technology should appeal to everyone. Restaurants can better manage the flow of customers, and patrons can schedule their takeout orders and bypass bottlenecks. People downloaded food and drink apps more than 155 million times in the U.S. in 2017, according to market-data firm App Annie.

Stephanie Morris Knoder, owner of Pure Organic Kitchen & Juicery on Vashon Island, Wash., launched an ordering app last year, and says nearly all of the customers at her plant-based, gluten-free eatery in the Seattle suburb love it.

Nearly all. One customer told Ms. Knoder that standing in line—and the resulting social interaction—was why she came.

"You can't keep us from talking to you, we're right here," Ms. Knoder says she told the customer. She adds: "We want to cater to people wanting to have that interaction."

Some line lovers say technology gets in the way of the personal touch. That's why Al DiSalvatore sometimes puts his phone down and lines up the old fashioned way at coffee shops in Philadelphia. He likes when the baristas remember his name and order—something that reminds him of his time living in smaller cities.

"You like that feeling of someone who knows you," says Mr. DiSalvatore, who himself recently opened a coffee shop. He decided not to add an app and to instead use loyalty points.

MIKE BLAKE/REUTERS

Customers can order ahead at Starbucks and other restaurants, but some wait in line out of courtesy or to savor the quiet time.

Lining up is part of a nostalgia for the days before smartphones, which also includes professors banning laptops in class, people stopping at the register to write checks and shoppers skipping shopping online.

It tends to be technophobes who hold the line, says Phong Vu, chief executive of Tapin2, a developer of mobile and self-serve ordering software for festivals, concerts and sporting events. At last month's Coachella music and arts festival in Indio, Calif., use of a Tapin2 powered app took off among the young crowd after the festival advertised it on its own app, prompting festival goers to order-ahead merchandise.

That doesn't explain Arjun Sethi, a partner at Silicon Valley venture firm Social Capital, who says he has avoided using mobile apps to order. Instead, especially while traveling, he goes out and decides in the moment on what to eat. "When I actually stand in line for something, it's for the experience," he says. If he does order via app, he typically gets it delivered.

Erik Fairleigh, 38, who works in communications at Amazon, also has a simple reason for sometimes joining the line. "I like to pay in cash," he says.

When Ray Reddy co-founded order-ahead app company Ritual Technologies Inc. in 2014, some restaurant workers balked at the idea of giving some customers preferential treatment. He pacified them, he says, by explaining the app as creating a "digital line."

André Treiber, an Austin, Texas-based campaign manager, ordered soup for pickup. The restaurant made the 26-year-old stand in line, and then sold out on his chicken soup with rice to the couple in front of him.

Typically, though, "it's a happy experience, and no one has the soup sold out from under them," Mr. Treiber says.

Ashleigh Azzaria, a 34-year-old Palo Alto, Calif., event designer, typically chooses to wait in line for coffee at Starbucks, even though she has the mobile app installed and skips the line for bigger orders.

"It's my break," she says. "It's my time to just kind of decompress, to not be on the phone."

Plus, it ensures her order of a signature Double Shot comes out just the way she wants it, since she often has to talk through the process with the barista: brew two shots of espresso, shake it with a little bit of raw sugar and then pour a small amount of milk on top to seep through over ice. "Lots of the time, they don't know what that means," she says.

GREATER NEW YORK

AGATON STROM FOR THE WALL STREET JOURNAL (2)

Fourth-graders at P.S. 294 discuss a math problem. Principal Daniel Russo, below, has instituted changes to help students succeed.

School Is a Vision of Success

Principal Daniel Russo is transforming Bronx's P.S. 294, which serves impoverished students

By Leslie Brody

An imposing brick building north of Yankee Stadium in the Bronx used to house one of New York City's most troubled elementary schools. It closed after more than a decade of academic failure.

Daniel Russo, a young teacher with a new vision, got the city's approval to take over much of its space and open a new school, P.S. 294.

Now, after less than five years, it is one of the city's most successful public elementary schools for children in deep poverty. Almost a third of its roughly 500 students live in shelters or temporary housing.

The city is grappling with a surge of homeless students, who often are chronically absent and academically below grade level. Nearly 104,000 New York City children lived in shelters or in other temporary places in the last school year, up from 66,000 six years earlier, according to the Independent Budget Office.

Mr. Russo, the 32-year-old principal at P.S. 294, visits families wherever they live, several times a week. "When I started doing it parents would scream, 'Go away, don't come back,' " he said. "Once parents start to trust you have their child's best interest at heart, anything is possible."

The school was among the last ones started under former Mayor Michael Bloomberg, who was aggressive in phasing out low-performing schools. Mr. Russo was a fifth-grade teacher in the Bronx when the Department of Education selected his proposal for a replacement school. P.S. 294 now has the highest rating for impact among the city's elementary schools by a department metric that measures schools against the expected outcomes for students with similar levels of poverty and disabilities. By that measure, it slightly beats the city's top charter schools.

Last spring, 60% of its children in grades three through five passed state tests in reading, compared with 40% of students in traditional public schools citywide, and 77% passed in math, exceeding the district's 42% rate.

Starting a school brought daunting challenges. Mr. Russo could replace half the staff from the closing school, according to the city's deal with the teachers union. But it was hard to recruit talent and families to a school whose predecessor was known for bullying and chaos. For months, Mr. Russo sat in the nearby Munch Time Diner giving pamphlets and his pitch to customers with young children.

Some homeless students arrived afraid to hang up their coats for fear of theft. Some hid cafeteria food in their backpacks. P.S. 294's staff was trained in "Therapeutic Crisis Intervention" to handle children acting out. Allie Maloney, a third-grade teacher, said the trauma training helped her soothe students who often had outbursts from frustration.

High academic expectations also were key. "While acknowledging that they face many hardships that other kids never have to ever go through, it's not an excuse," she said.

Mr. Russo abandoned the usual system of having elementary teachers cover all subjects. Instead, he has math specialists teach math in grades three through five, and literacy specialists teach reading. He also started "looping," or having a teacher stay with the same students for two or three years, so they don't lose time getting to know each other.

Johnnequa Menifield, a hairdresser who has shuffled through a series of shelters with her children, said her son was absent so often that he is repeating kindergarten. Mr. Russo and a social worker have pushed her to improve his attendance.

"They let me know when I'm messing up and get me on track," she said. "It's like having a mom and dad."

Trump Tower Condo Sales Hit A Rough Patch

By Josh Barbanel

PROPERTY

At Trump Tower, the president's flagship Fifth Avenue residence and corporate headquarters, condominium sales have slowed sharply since last fall amid a broader slump in Manhattan transactions.

The building has logged one sale this year and two since last September, both one-bedroom apartments on lower floors that sold for less than other recent sales of similar units in the tower. Larger, more expensive listings have been lingering.

By comparison, in the first four months of 2017 and 2016 there were three sales during each of those periods. Trump Tower has 231 residential apartments, beginning on the 30th floor of the mixed-use building.

Inventory has been growing, too. At the end of first quarter of 2018 there were 19 for-sale listings, more than in any first quarter since 2009 and far more than in other older condo towers in Midtown, according to real-estate listing site StreetEasy.com.

"The market is a little bit soft," said Farah Moinian, a broker at Berkshire Hathaway Home Services New York Properties, who last fall listed a sprawling 58th-floor two-bedroom apartment with custom woodwork and Central Park views for $11.5 million. In March, she also listed it for rent, for $30,000 a month, after it failed to gain traction as a sale.

The most recent Trump Tower sale closed on April 2 for $1.63 million for a one-bedroom with a large living room on the 39th floor, part of a line of apartments facing south and west, away from prized views of Central Park. It was the second-lowest-priced sale in the building since 2011, when condo prices were still recovering from the effects of the financial crisis of 2008, according to data provided by Brown Harris Stevens.

A broker familiar with the sale said the unit was sold with a rental tenant in occupancy, which might have reduced the pool of potential buyers.

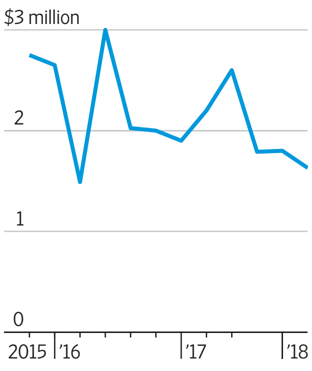
Asked about condo sales in the building, Eric Trump, executive vice president of the Trump Organization, said: "As a family we couldn't be more proud of our properties and their continued success. Trump Tower is not only our flagship, but is truly one of the most prestigious properties anywhere in the world."

Several brokers with sales listings at Trump Towers said buyers have stepped up looking in the last few weeks as the rest of the market has revived a bit and postelection demonstrations in front of Trump Tower's Fifth Avenue entrance have faded from

Please see CONDO page A10B

Slow Going

Sales of one-bedroom units at Trump Tower



Source: Brown Harris Stevens

THE WALL STREET JOURNAL.

Older Residential Buildings See Drop

Prices of condos at some older Manhattan towers not carrying the Trump name were down significantly between 2015 and 2017.

At Museum Tower, next to the Museum of Modern Art on West 53rd Street, prices decreased 12.2%, and they dropped 20.6% at the 1975 Olympic Tower on Fifth Avenue. Prices were up modestly at two other towers, CitySpire on West 56th Street, built in 1987, and the 1986 Metropolitan Tower on West 57th Street.

"It looks to me like the decline at Trump Tower reflects weakness in other buildings, but maybe more," said Gregory Heym, an economist who oversees research at two brokerages, Brown Harris Stevens and Halstead Property.

Can a Bike-Share Program Contribute to an Improvement in Camden?

By Paul Berger

Among places that seem prime for a dockless bike-share program, Camden, N.J., doesn't spring to mind.

The city of 74,000 across the river from Philadelphia has just 11 miles of bike lanes out of 364 miles of local streets.

But this week, Camden got 200 dockless bikes thanks to Beijing-based bike-share platform Ofo. Cooper's Ferry Partnership, an economic-development agency in Camden that is overseeing the program, is funding a six-month study of the system's feasibility.

Biking "changes the whole atmosphere of Camden," Mayor Frank Moran said Tuesday, after taking one of the bright yellow bikes for a lap around a park in front of City Hall.

Cooper's Ferry Chief Executive Kris Kolluri hopes the bike share will aid in the city's recent upturn. Employment in the Camden metro area rose 3.7% last year, according to the U.S. Bureau of Labor Statistics. "Mobility and access to amenities that are in other burgeoning cities is what we hope to provide for the residents of the city," Mr. Kolluri said.

But Andre Spruel, who runs a nonprofit that feeds Camden's homeless, questioned how bike sharing would help a city where, according to the most-recent census data, 31% of residents live in poverty. "How is this helping the community?" asked Mr. Spruel. "You are giving us bikes. We need food."

MICHELLE GUSTAFSON FOR THE WALL STREET JOURNAL

Pierce Johnson, 3 years old, checked out the new bicycles available for rent outside Camden City Hall.

Ofo, one of the bigger bike-sharing players in the U.S. market, believes it can bring biking to lower-income neighborhoods such as Camden, where the median household income is about $27,000.

The first systems that entered American cities such as Citi Bike in New York City required expensive docks where users must return bikes within a time limit. They tend to be concentrated in central business districts or densely populated downtown areas. Ofo's bikes don't require docks and can be rented—and left—anywhere in the city.

A day pass for Citi Bike in New York costs $12 and allows users to ride for 30-minute increments over a 24-hour period, with fees of $4 for each additional 15 minutes. Ofo charges $1 for the first hour, and $1 for each additional hour.

The main barrier is a smartphone, which users need to unlock the bikes.

Jordan Levine, an Ofo spokesman, said the company embraces its role in cities where biking is nascent. "We have a very deeply held belief part of our mission is to help unlock latent bike culture," he said.

James Rodgers, a sophomore at Rutgers, said he was looking forward to trying Ofo. But he said he wasn't sure where he would ride in the city. "It's Camden, There's not a lot to do."

Grape Growers Look to Juice Up Business

BY MELANIE GRAYCE WEST

Slightly syrupy in taste, Concord grape juice was never something to guzzle. But now, with juice consumption on the decline and a few bumper-crop years, New York's grape farmers are struggling, trying to come up with alternatives beyond juice, such as fruit jerky or a new brandy.

New York is the second-largest producer of Concord grapes—a candy-sweet, purple-bluish berry that is used to make juices, jams and Manischewitz wine. About 260 of the state's grape growers, accounting for half of New York's acreage, are members of the National Grape Cooperative, which owns the Concord, Mass.-based Welch's.

"Our consumers changed," said Jamie Militello, a 45-year-old grape grower in Forestville, N.Y., and member of the Welch's cooperative. "I think people are more conscious of sugar, of their health. But that is why we fit in perfectly—we are a health drink."

Farmers, however, are trying to go beyond health in developing a stronger market for their crop.

New York state officials hosted their first Concord grape summit in mid-April in Westfield, N.Y., near Lake Erie—where the majority of the state's Concord grapes are grown—for farmers to explore new ideas. Cornell University has developed a yet-to-be-named seedless Concord-style table grape with very large berries that could command higher prices.

TERRY BATES/CORNELL UNIVERSITY

Workers tended vines in Portland, N.Y. The state is the second-largest producer of Concord grapes.

The state has committed to doing more, including helping farmers to renovate vineyards or diversify operations, holding a competition to find new ways to use grapes, issuing grants to support marketing, hosting workshops on exporting grapes and working to get grape juice, or grape snacks, into schools or other institutional settings.

Farmers discussed new technologies to remove some of the color or flavor of Concord juice to sell into the beer, wine and spirits market. Growers say there is demand by winemakers for so-called extenders to blend into simple red table wines that would lower cost and comply with state labeling laws.

Kevin Kilcoyne, general manager of Welch's global ingredients group, said his group is working with some New York distillers on brandy and vodka. The spirits could be bright and clear, or have a little "Concord note come through," he said.

The problem farmers face is crop prices have remained flat for decades, with most growers expecting around $250 a ton, though some only got $120 a ton in recent years because of a contract with a processor.

And the main outlet for the crop, grape juice, has been in a slump. For the 52 weeks ending March 25, bottled grape juice retail sales were $229.5 million, down more than 5% in dollar sales from a year ago, according to data from IRI, a Chicago-based market research firm.

Farms tend to be family-owned and multigenerational, though many in the industry say there is growing consolidation as neighbors buy out neighbors who have been unable to find younger generations interested in taking on the family trade.

For years, some farmers have turned to changing how grapes are trellised to grow more per vine and have invested in new technology to automate picking and pruning to drive down labor costs. With the new equipment, three people can harvest a vineyard instead of six, Mr. Militello said.

Core to turning around the market, growers say, is pushing the health benefits of grapes to overcome consumers' belief that the sweetness in grape juice is bad for their health.

Lesya Lysyj, U.S. president of Welch's, said the grape juice category has had a slower rate of decline than the rest of the juice market because it is a niche flavor with a "loyal base of consumers." She sees growth in promoting grape juice as a "super-fruit" product, good for post-workout recovery, the heart, memory and immunity.

"The only way you can get those kinds of benefits right now is in much more expensive products," Ms. Lysyj said.

International markets such as Latin America and Asia also may hold promise.

Concord grape juice is a uniquely American taste, and while the U.S. market shies away from the sugary-flavor profile, "everybody else likes sweet stuff," said Steve Cockram, the general manager of the 80-farm Growers' Cooperative Grape Juice Co. based in Westfield, N.Y.

CONDO

Continued from page A10A

memory.

Many New Yorkers are put off by Mr. Trump and the strong security measures at the building. But others, particularly foreign clients and buyers from other parts of the U.S., still are attracted to the building because of the Trump brand, the property's cachet and the safety of a building secured by the Secret Service, brokers said.

Overall condo prices at the 664-foot-tall glass tower that opened in 1983 have faltered since 2015, when Mr. Trump, a Republican, launched his presidential campaign, compared with other Midtown buildings. But the price moves in the building also track the fortunes of other older prime towers in Midtown, where the market has been hit by a glut of fancier condominiums in new super-tall buildings.

Now, there is evidence of significant price declines within some "lines" of specific units in the tower that have the same layout from floor to floor. Some more expensive lines, however, haven't shown this pattern because brokers say more affluent owners are less likely to be in a rush to sell.

This pattern of falling real-estate values came into focus last month after a fire in a 50th-floor apartment at Trump Tower killed a 67-year old art dealer, Todd Brassner.

Mr. Brassner had filed for bankruptcy protection in 2015 to stave off a foreclosure on the unit. In a bankruptcy filing he valued his apartment, unit 50C, with a partial Central Park view, at $2.5 million.

In February 2016, while Mr. Trump was on the campaign trail, a similar apartment on a higher floor sold for $3 million. But that August, a "C-line" unit on the 42nd floor sold for $2 million, and last December a unit on the 31st floor changed hands for $1.8 million. That was the lowest on that line since 2010.

Overall prices at Trump Tower fell by 30% between 2015 and 2017, but that figure overstates the impact because of a shift in sales to lower-priced units. Prices of one-bedroom apartments fell by 23.8%, while prices on two-bedroom units were little changed, down 1.1%.

GREATER NEW YORK WATCH

CONNECTICUT

Building Explodes During Hostage Talks

A barn behind a house in North Haven exploded Wednesday night while police and a SWAT team were negotiating with a man who had taken his wife hostage, leaving seven people including at least six officers injured, officials said.

The officers were taken to a hospital with non-life-threatening injuries after the explosion, North Haven First Selectman Michael Freda said. The wife, he said, escaped before the blast.

"This started late this afternoon with what was apparently a very violent domestic call," Mr. Freda told WTIC-TV. The police "were trying to coax him...out of the house and really try to calm the situation down. Then things took a turn for the worse with an explosion."

Police were heard continuing to try to coax the man out of the house even after the explosion. State police said the suspect hadn't been apprehended and called it an active situation.

—Associated Press

NEW JERSEY

Workers Get Right To Paid Sick Leave

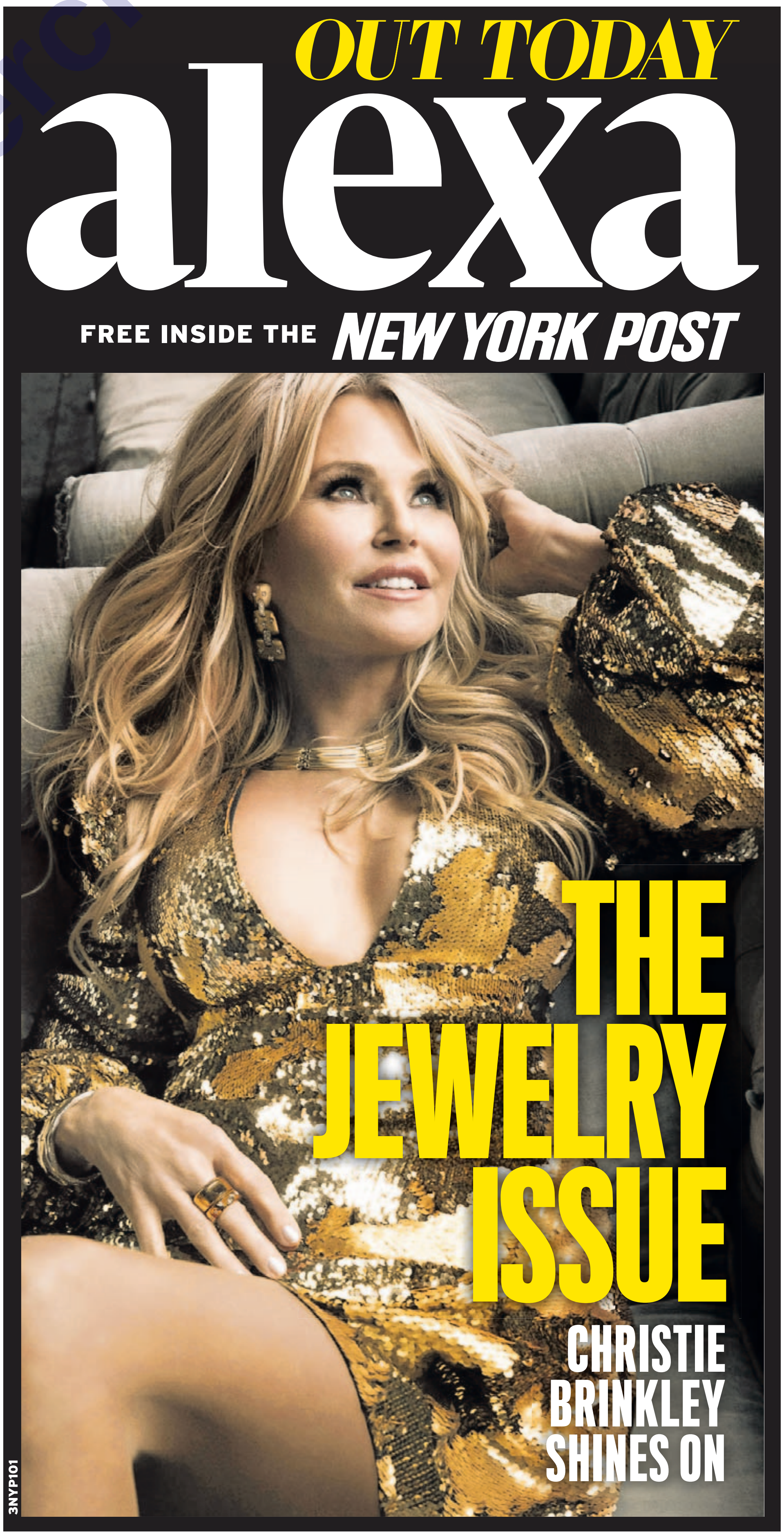
A bill requiring employers in the state to offer workers paid sick leave is now law.

Gov. Phil Murphy, a Democrat, signed the legislation in Trenton at the War Memorial theater alongside legislators Wednesday. He embraced the bill as part of a campaign pledge to push the state in a more liberal direction.

"A worker shouldn't have to choose between getting a day's wages or going to work with the flu," he said in a tweet before signing the bill.

The legislation has been in the works and a top Democratic priority for years. Under the bill, employers are required to provide one hour of sick leave for every 30 hours worked.

—Associated Press



LIFE & ARTS

HEALTH

From a Mother's Tragedy, a Call To Action

A Procter & Gamble scientist channels grief over the death of her 15-month-old daughter into a campaign to raise awareness of hot-car deaths

BY ELLEN BYRON

Mason, Ohio

KAREN OSORIO was alarmed when her husband called at the end of the day to say their 15-month-old daughter wasn't at the day-care center when he went to pick her up.

Then she considered a horrifying possibility. She sprinted to the parking lot of her office at Procter & Gamble Co.

"That's when I saw her, she was in the car," says Ms. Osorio, a senior scientist at P&G. While she had been working in the office all day, her daughter, Sofia, had remained buckled in her car seat, having never been dropped off at the day-care center.

"My baby just died, my baby just died," Ms. Osorio told a 911 dispatcher between gasps. "I left her in the car, she's dead."

Sofia Aveiro was found dead after 9½ hours in the back seat of her mother's car on Aug. 23.

Ms. Osorio was nearly overwhelmed by grief. "I have never questioned faith before, until that moment," Ms. Osorio says. "You're starting to question hope and you can get very dark."

As the days went by, Ms. Osorio says, she felt a calling. The best way to cope, she decided, was to take action to prevent a similar tragedy from happening to others.

Ms. Osorio and her husband, also a scientist at P&G, have decided to use their family's tragedy to promote the cause of child safety. This week, they are launching a public awareness campaign around the slogan "Bag in the Back." By urging parents and caregivers to put a bag, wallet, shoe, cellphone or any other essential personal item in the back seat of the car, Ms. Osorio hopes to lower the number of children who die—nearly 40 every year—when they are left in cars, in most cases by accident.

"As a geneticist, one of the things I have to do, the part I can say I'm good at, is defining a problem," says Ms. Osorio, 35, who holds a doctorate in development and genetics from Cornell University. "We wanted to drive the adoption of the habit of putting a bag in the back seat so parents, if they lose awareness, will catch themselves," she says.

This fall, P&G's Pampers brand will begin a campaign to educate parents about the risk of vehicular heatstroke. To prevent fatalities, the brand will advocate the "Bag in the Back" approach in its gift bags to new mothers, reaching 400,000 families in the U.S., through its network of hospitals.

"For me it's heartbreaking to see that it's going to happen again," says Ms. Osorio. "We will see it on the news and know it can be prevented."

But before Ms. Osorio was able to start an effort to change the habits of others, she needed to figure out what happened to her that day. What caused her mind to lapse? She wasn't short on sleep, rushed or feeling particularly stressed. "My asset in life is my brain—I don't paint, I'm not a musician, my thing is to think," says Ms. Osorio. "So the fact that I had that glitch with Sofia, I couldn't believe it."

In the weeks following her daughter's death, she went back to the parenting books she devoured when she was pregnant, looking for mentions of the risks of hot-car deaths, and couldn't find any. "If I had known this could happen, I would've done something to prevent it," says Ms. Osorio.

The Wednesday that Sofia died started at a leisurely pace compared with Ms. Osorio's usual routine. Her 7:30 a.m. meeting had been canceled, so she let Sofia, their only child, sleep in a little, until about 7 a.m. She held the child as she drank a bottle of milk and then buckled her into her car-seat to make the five-minute drive through Mason's quiet suburban streets to the day-care center.

David Diamond, a neuroscientist and professor at the University of South Florida, has found that most deaths involve changes in routine. He believes that the crucial lapse can be caused by the brain's competing memory systems. One system, the hippocampus and the prefrontal cortex, optimize decision-making and multitasking. Another, the basal ganglia, controls habit-based behaviors. He says the phenomenon is similar to accidentally driving to work on a day off, even though you intended to go to the grocery store. "What the basal ganglia does is actually suppress your awareness of what you wanted to do that day and instead makes you do something out of habit," Mr. Diamond says.

Karen Osorio with her daughter, Sofia, above, during a visit to Zion National Park, Utah, in March 2017. Sofia's last art project, left, which included her footprints, inspired the Sofia Foundation's logo. A 'Bag in the Back' decal, below.

CLOCKWISE FROM TOP: HENRIQUE AVEIRO; ANDREW HEIDEL; THE SOFIA FOUNDATION

Ms. Osorio works at P&G's Mason Business Center, about a mile from her home. That day was unusual because it started later than normal. Instead of a steady stream of meetings, her group was preparing to move to a new location in the office, so she spent part of the day packing. The day before, Ms. Osorio's husband, Henrique Aveiro, had dropped off Sofia in the morning and Ms. Osorio picked her up in the afternoon, a switch in their normal routine.

Between meetings that day, she checked an app on her phone that Sofia's day care uses to share details about each day, including what she ate, how long she napped and an occasional photo. Ms. Osorio didn't realize at the time that she was reading posts from the day before.

Mr. Diamond, who has studied numerous hot-car cases and has contributed expert witness testimony in court, says the brain can create a false memory. "I don't like to use the word 'forgetting' because these parents routinely when they are at work talk about their child, look at pictures of their child, think of their child and often they say they need to leave work to get their child from day care," says Mr. Diamond. "That's what is so crucial, their brain is functioning normally, but somehow the brain has created a false memory that their intention, dropping off their child at day care, was completed."

Around 4:45 p.m., Ms. Osorio checked the app again and saw that her husband hadn't yet picked up Sofia, so she called him offering to do it. The couple would sometimes collect Sofia together, delighting in how their toddler, with her big, brown eyes and crown of soft curls, happily ran to them.

Mr. Aveiro, a 34-year-old data scientist who works at P&G's Cincinnati headquarters about 20 miles away, told his wife he was nearly at the sprawling Crème de la Crème day-care complex in Mason and the couple ended the call.

"Then Henrique called me and said, 'Karen, Sofia hasn't been checked in,'" and I said, 'Go talk to the teachers because she was checked in,'" Ms. Osorio says.

Moments later, Mr. Aveiro called back to tell her that the teachers said they hadn't seen Sofia all day.

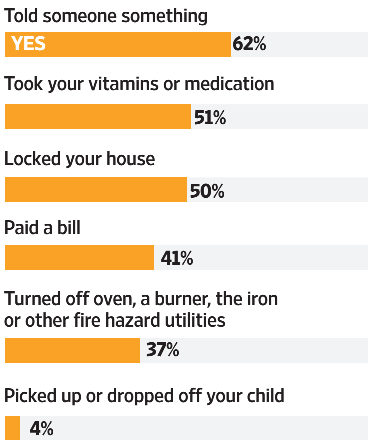
"Someone stole our baby," Ms. Osorio told him. "And if they didn't steal her then she should be in the car."

Please see TRAGEDY page A13

The Power of Habit

To better understand lapses in awareness, a poll asked the following questions:

Have you ever thought you did any of the following when you really hadn't?



Source: The Sofia Foundation for Children's Safety conducted a poll of 949 people in 2018

THE WALL STREET JOURNAL.

Carol Burnett stars in the new Netflix series 'A Little Help With Carol Burnett.'

SASHA MASLOV FOR THE WALL STREET JOURNAL

INFLUENCERS

CAROL BURNETT, IN CHARGE AGAIN

BY JOHN JURGENSEN

MORE THAN 60 YEARS after her television debut—in which she belted a parody love song about then-Secretary of State John Foster Dulles—Carol Burnett is joining the big names flocking to streaming services.

On Friday, "A Little Help With Carol Burnett" begins on Netflix, with the 85-year-old comedian and a panel of children ages 5 to 9 offering advice to grown-up guests about problems ranging from smartphone addiction to marital tiffs.

Ms. Burnett has been chosen to receive the first-ever Peabody Career Achievement Award on May 19. When she won a Peabody in 1962, for her work on "The Garry Moore Show," the award committee said "she promises to give untold enjoyment to the world of television for years to come. May her tribe increase!"

With the troupe she assembled for "The Carol Burnett Show," including Tim Conway, Harvey Korman and Vicki Lawrence, plus behind-the-scenes collaborators like costume designer Bob Mackie, she brought life to hundreds of madcap characters.

The series began in 1967 and ran for 11 seasons on CBS. Last year, a 50th anniversary special featured testimonials from comedians for whom Ms. Burnett was a lodestar, especially women such as Tina Fey, Amy Poehler and Tracee Ellis Ross.

Ms. Burnett spoke with the Journal about collaboration, censorship and sexism in her career. Here are excerpts from the conversation:

Are you done doing characters?

No, not if I was doing a different show. On the Netflix show I'm just myself. The stars are the kids. It's all ad-libbed. It kind of reminded me of what I used to do on my show when I'd throw it out to the crowd to ask questions. The executive producer thought it was important for the audience to get to know me first, before I put on all those fright wigs and fat suits and crazy outfits.

Yours was a family show. Where did you draw the line to prevent things from getting blue?

We got a little racy at times. One time in 11 years the censors said you've got to change that. It was a sketch where I was in a nudist colony, and Harvey was interviewing me. I'm behind a fence, and you can see my shoulders and my bare legs with high-top sneakers. Harvey said, "How do you nudists dance?" My

Please see CAROL page A12

ART REVIEW

Chaim Soutine's Bloody, Brilliant Still Lifes

Dead fish, fowl, rabbits and glistening flayed carcasses of beef come alive in the hands of the painter.

BY LANCE ESPLUND

New York

EVERYTHING Chaim Soutine painted is visceral, meaty. It's as if each element in his pictures is corporeal—made of flesh. This is abundantly clear in the Jewish Museum's "Chaim Soutine: Flesh," a concentrated exhibition of 32 oil paintings, including an early cityscape and a few small late landscapes depicting live animals, but whose main course is two dozen still lifes portraying dead fish, fowl, rabbits and glistening flayed carcasses of beef.

Soutine (1893-1934), who was born in Russia and lived most of his life in Paris, created dozens of paintings of dead animals. But what this exhibition reveals is that flesh is less a subject for Soutine than an overriding metaphor in his oeuvre, through which he explores themes of sacrifice, torture, execution, bounty and crucifixion, as well as sensuality. Soutine's thick, swirling pigment is not used descriptively but actively, almost as living bas-relief. His lush, fluid, malleable surfaces—skins—in which torqued planes and slashing brushstrokes build-up and obliterate forms simultaneously, allow us to see the world through emotive forces, a world coming into being, congealing, opening up and falling apart.

A consummate expressionist, Soutine anthropomorphizes and upends the universe. Despite all the turmoil, however, he never forces his emotions onto his motif—never bends the world to his will. Inspired by Jean-Baptiste-Siméon Chardin (1699-1779), Soutine achieves crystalline specificity (peaches retain their fuzziness; eggs, their fragility; feathers are downy; eyes have the glassy stare of death). Influenced by Rembrandt, Soutine aspires toward a physicality that transcends itself. Evoking both body and spirit, he gives forms enormous tactility, movement, viscosity and weight, as he also dissolves them, like debris in a windstorm, into vestiges.

Unlike some expressionists—who hit everything with the same blunt end of their feelings—Soutine is extremely versatile, exacting. In "Flowers and Fruit" (c. 1918), petals glisten like wetted lips. In "Still Life With Herrings" (c. 1916), the plate doubles as a human head, and two forks' handles suggest arms, their prongs tiny hands. In "Flowers and Fish" (c. 1919) red blossoms lick like flames.

Opening "Flesh" is the masterpiece "Still Life With Rayfish" (c. 1924), based on Chardin's "The Ray" (1728). Soutine's table is brutally buckled, and the roiling white tablecloth, yellowish-green, suggests putrefying flesh and pitching sea, nearly capsizing a standing jug and pitcher. Above it all spreads the gleaming, sometimes transparent expanse of the cut-open rayfish, whose spilling entrails merge with a pile of blood-red tomatoes. Here, as elsewhere, Soutine vivisects not just the animal but, seemingly, the "flesh" of the painting itself, which opens, through the rayfish's sacrifice, like a window.

Soutine painted directly from life, or in this case death. He kept rotting animals in his studio, including whole sides of hanging oxen and beef that he regularly drenched, or freshened, with blood—which made him unpopular with neighbors. Life-size paintings of strung-up plucked chickens and turkeys are a highlight here. They feel arrested in flight, between life and death—as if darting upward and downward simultaneously. As in El Greco's crucifixions, we lose sense of orientation: the canvases often feel inverted, as if their subjects were transforming down into up, falling into flying.

In "Chicken on Blue Ground" (c. 1925), planes swipe like cleavers and pull us under, like waves. In "Turkey" (c. 1925), a skylight brace from which the animal is suspended invokes a medieval torture device, and scratched and incised lines spiral across the picture's surface like a death rattle. Diaphanous feathers glint like silvery fish scales and butterfly wings in "Dead Fowl" (1926), as red lines charge through the wood table like veins of electricity. In "Hanging Turkey" (c. 1925), the spinning fowl corkscrews the whole composition, as if the neck of the painting were being snapped. And in "White Duck" (c. 1925) the bird explodes into a dizzying array of blues, blacks and bright whites, suggesting the sharp crack and flash of lightning.

Based on Rembrandt's "Slaughtered Ox" (1655), and evoking portraits or environments, not still lifes, are the handful of Soutine's gorgeous, luminous sides of bloody oxen and beef. "Flayed Ox" (c. 1925), a field of zigzagging molten crimsons, yellows, blues and blacks, has the immediacy of a compound fracture. Trying to navigate "Side of Beef With a Calf's Head" (c. 1923) is like attempting to chase individual flames in a roaring furnace. "Carcass of Beef" (c. 1925), looming like a huge boulder hurling toward you, is the greatest picture here—eclipsed, perhaps, by Soutine's magnificent "The Beef" (c. 1925), the largest painting in "Flesh."

Organized by Stephen Brown, associate curator at the Jewish Museum, with consulting curators Esti Dunow and Maurice Tuchman (authors of the Soutine's catalogue raisonné), "Flesh" is the first major Soutine exhibition in an American museum since 1998, a retrospective (also at the Jewish Museum) which was the first U.S. survey since 1950. These beautiful, carnal paintings startle as they ground us in the immediacy of our physicality—our own flesh—reminding us that we are long overdue for another full-dress Soutine retrospective.

Chaim Soutine: Flesh
Jewish Museum, May 4-Sept. 16

Mr. Esplund writes about art for the Journal. His book "The Art of Looking: How to Read Modern and Contemporary Art" will be published this fall by Basic Books.

Clockwise from above: Soutine's 'Still Life With Rayfish' (c. 1924); 'Chicken Hanging Before a Brick Wall' (1925); and 'Fish, Peppers, Onions (c. 1919)

CLOCKWISE FROM TOP: ARTISTS RIGHTS SOCIETY (ARS), NEW YORK; THE METROPOLITAN MUSEUM OF ART/ART RESOURCE, NY; ARTISTS RIGHTS SOCIETY (ARS), NEW YORK; ERICH LESSING/ART RESOURCE, NY; THE BARNES FOUNDATION

NETFLIX

Ms. Burnett on the set of her new show, with guest Lisa Kudrow and some of her young co-stars.

Who Is She?

WHAT SHE DOES: Comedy performer and producer

HOW SHE GOT THERE: Growing up poor in Hollywood, she saw up to eight movies a week and acted them out at home. Later, on "The Carol Burnett Show," she says, "I was a grown-up and playing again, except I had lighting, costumes and a 28-piece orchestra."

HER BIG BREAK: A Tony-nominated turn in the 1959 musical "Once Upon a Mattress," and an Emmy-winning role on "The Garry Moore Show."

HER OBSESSION: "Anything Vince Gilligan writes—I love 'Breaking Bad' and 'Better Call Saul.' I'm into 'Homeland.' I love the dramas, but also the comedy 'Schitt's Creek,' with Eugene Levy and Catherine O'Hara. I binge-watched a little bit of that."

CAROL

Continued from page A11

line was, "Very carefully." For some silly reason the network thought that was too blue. We changed my line to "Cheek to cheek." That's what we wanted in the first place, and they bought it.

Lucille Ball once told you she had to learn to be the bad cop after Desi Arnaz left the scene. Did you ever learn to follow her example?

The thing was, I was married to my producer [Joe Hamilton], so he was the bad cop. I seldom had to do that. I would change lines—all of us would—during the course of rehearsals. If it was funnier than what the writers wrote, great.

Has your perspective shifted? In your book "This Time Together," you write about walking in to talk to the writers as they're screening a porn film.

They set me up. Every Wednesday during lunch I'd go in to talk to [producer] Arnie Rosen. They always had some film on, so I didn't even pay attention to it. Then I heard the moaning and looked up. I had never seen a porn film. I said, "Oh my God, that's horrible!" And Arnie said, "Carol, he's doing the best he can." It was a prank. I still laugh.

What questions do you get from women in comedy?

They don't ask advice. If anything I'd ask them, because they are actively producing their shows and writing them.

What character did you identify with the most?

For some reason I liked doing Eunice in "the family" [featuring Vicki Lawrence as Eunice's sourpuss Mama], this poor, pitiful wannabe character. I'm not very demonstrative when it comes to screaming or confronting. I would feel very calm and peaceful after I'd do Eunice or Charo, for instance, or the Tarzan yell, where I could let loose. Physically, your body doesn't know that you're play-acting, so it was a great relief for me.

Where do you see your influence today? Please don't be humble.

I have been told by Tina [Fey] and Amy [Poehler] and some of those wonderful funny ladies that I was the reason they became that, but I don't think so. I loved Lucille Ball, and she was a good friend and a mentor, but had she never been born, I still think I'd be doing what I'm doing.

MUSIC REVIEW | By Jim Fusilli

Comfort Tunes


PAUL BERGEN/REDFERNS/GETTY IMAGES

On 'The Horizon Just Laughed,' indie-folk artist Damien Jurado looks to things that buoyed him in difficult times.

ON HIS 13TH solo studio album, "The Horizon Just Laughed" (Secretly Canadian), Damien Jurado takes a journey to the past to explore what gave him comfort in his tender time of need: familiar television characters and easy listening music. He does so with disarming sincerity and no small dose of charm, seamlessly blending lyrical storytelling and skillfully arranged indie-folk music.

Serving for the first time as his own producer, his crisp, clean arrangements, many of which feature brass and strings, emphasize his linear melodies and sweet, weary voice. One may be tempted to say his singing calls to mind Jim James of My Morning Jacket and Taylor Goldsmith of Dawes, but the 45-year-old Mr. Durado began his recording career before those talented vocalists did.

"The Horizon Just Laughed," which will be available for purchase on Friday but not streaming until July 6, follows Mr. Durado's trilogy of "Maraqopa" (2012), "Brothers and Sisters of the Eternal Son" (2014) and "Visions of Us on the Land" (2016). Produced by Richard Swift, those albums are linked thematically by the composer's misty, contemplative tales that often feature a man cast adrift or observing daily life as an outsider. But they differ sonically from one another and work best when Mr. Durado sings accompanied by a fingerpicked folk guitar, even if his voice seems at a distance in the mixes.

When we spoke last week, Mr. Durado said by phone from Los Angeles that he wanted to work again with Mr. Swift, but the producer was unavailable. Eager to record his latest compositions, he departed from his home in Washington state and set up at Sonikwire Studios in Irvine, Calif. With Josh Gordon on bass and percussion, Joshua Thomson on electric guitar and Robert Watson on keyboards with Anna-Lynne Williams on backing vocals, he went to work, fleshing out the compositions. He had in mind a precise sound for the strings and brass: what he had heard in the music of Ray Conniff, Percy Faith and others whose easygoing orchestral albums were most popular in the 1950s and '60s. Mr. Durado hummed his ideas to the string and brass players, who whipped up their parts in the studio.

As a child, Mr. Durado was consoled by so-called mood music. In the new album's song "Percy Faith," he tinkers with history, placing himself in a troubling period before he was born to address Faith, with whom he assumes he shares a blue disposition: "There are riots in the streets and we're still not on the moon / And I hear that you've been taken from the airwaves." Later in that song, Mr. Durado suggests he is still ill at ease with the world. Speaking to Allan Sherman, who parodied popular songs in the '50s and '60s, he sings: "I know everything and yet no one at all."

Mr. Durado's appreciation for popular entertainment that preceded his birth isn't the result of genetic memory. He had a chaotic childhood, he said, with his parents seemingly unprepared to provide him and his six siblings the stability parenthood requires. "It was every man for himself," he said. The family moved so often that his early childhood seems not a continuously flowing film, but instead a series of disconnect snapshots. New cities destabilized him; the only consistency could be found in soothing music and, more so, on TV, which he watched obsessively. His song "Dear Thomas Wolfe" was inspired not by the novelist but by comedian Chevy Chase quoting the title of Wolfe's 1940 "You Can't Go Home Again" on "NBC's Saturday Night."

Such references are gateways to memories, allowing Mr. Durado to rummage through fictional experiences to make sense of his own. "Marvin Kaplan" takes its name from an actor who appeared on TV's "Alice." In that song, Mr. Durado shifts the narrative from his own life to the program: "I lost my voice to the one I love / And then Alice came around again like she always does / Someone to notice me." In "Florence-Jean," he makes a confession to a character from the same show: "I never had a plan / I cannot seem to get it together."

Though it rocks gently here and there, "The Horizon Just Laughed" is an understated, often beautiful collection of music well-suited to its personal, ruminative tales. Even as his life remains a muddled jumble in his memories, Mr. Jurado has made his best album by seizing control of his own sound and experimenting with storytelling techniques.

Mr. Fusilli is the Journal's rock and pop music critic. Email him at jfusilli@wsj.com and follow him on Twitter @wsjrock.

TRAGEDY

Continued from page A11

David Fornshell, the Warren County, Ohio, prosecutor who investigated Sofia's death, reviewed P&G's office surveillance footage of Ms. Osorio's phone call with her husband when she realized what had happened. "At that processing moment she stops, she starts walking and then it's the dead sprint to the car," Mr. Fornshell says.

The footage, along with phone records that showed Ms. Osorio checking Sofia's day-care app, contributed to Mr. Fornshell's decision not to charge Ms. Osorio with any crime. "Ohio law requires that she knew the child was in the vehicle," to be charged, he says. "There was absolutely no evidence that she realized that she left her child in the vehicle."

Mr. Fornshell faced criticism that Ms. Osorio got a pass because she is a professional woman working for a major corporation. "No, it's not a class issue," he says. "If she left the child at home so she could go to work for four hours, we'd be charging her," he says.

Mr. Aveiro says that when he arrived at the P&G parking lot that afternoon he immediately understood that a horrible accident had taken place. "Sofia was her first, second and third priority. It never even ran through my mind that Karen was at fault—she loved that girl so much, there was no question," he says.

About one week after the incident, Cincinnati therapist Jodie Edwards met with Ms. Osorio. Ms. Edwards had lost her 10-month-old daughter Jenna under similar circumstances nine years before Sofia's death.

Ms. Edwards, who provides support to other parents across the U.S. whose children have died of vehicular heatstroke, cautioned Ms. Osorio about how she would be hearing over and over again that she "forgot" her baby. "It's not an accurate term for what happened," Ms. Edwards says. "Both Karen and I and many other people in this situation believed that the drop-off [of their child] happened, and thought about our children all throughout the day—that goes against the very nature of the idea of being forgotten."

When Ms. Osorio replays the morning of Aug. 23 in her mind, she sees herself talking to another mother whom she saw most mornings in the day-care parking lot. But she struggles to see the rest of her drop-off ritual, which included walking with Sofia along a hallway inside the facility, pointing to each of the animal decals decorating the walls. "When I try to figure out if I did the routine that day, I realize I can't, because it didn't happen."

Sofia with her father, Henrique Aveiro, during a visit to New York in July.

As offers of help poured in from co-workers, Ms. Osorio saw a path to take action. "People kept telling me, 'It's up to you to drive change,'" she says. "I realized that if I went back to work, I could start this because I have the people who will be able to support me right there."

Three weeks after Sofia died, Ms. Osorio and her husband sent an email to some close P&G colleagues outlining their ideas and asking for help. The memo quickly circulated more widely through the company.

"We are in a lot of pain now, however, if we don't take action to help others, nearly 40 children will continue to die every year," they wrote. "We would like the number of deaths related to car heatstroke to be zero. They are 100% preventable."

Advocacy is one way to deal with traumatic loss, grief experts say. By helping other families avoid a similar experience, those grieving also help themselves cope.

P&G colleagues from marketing, research, technology, design, communications and product development responded to the email. They formed a team with Ms. Osorio and Mr. Aveiro, spending their lunch hour every week or so discussing ideas. They used the same approach as they did at the company, debating strategies to "drive awareness" and develop a "call to action," for targeting consumers. In this case, their target audience was anyone who drives a child.

The team knew they needed a slogan that was a call to action, recalling blockbuster campaigns from the company like "Choosy Mothers Choose Jif," or Bounty's "The Quicker Picker Upper." The safety measure of placing an essential item in the back seat has been around for years, the team discovered, but it was little-known in part because it lacked a catchy slogan. After some brainstorming the team selected "Bag in the Back" in October.

Past efforts by P&G's diaper brand, Pampers, offered a strategy road map. In 1999 Pampers began promoting "Back to Sleep," a slogan reminding people to lay babies to sleep on their back to help reduce the chance of a child dying from SIDS.

The group enlisted P&G's Pampers brand to include information about vehicular heatstroke and the "Bag in the Back" habit in its gift bags to new mothers at hospitals this fall.

Ms. Osorio also identified another problem to solve: "Why are children in schools accounted for but in day cares they aren't?" She made a spreadsheet of roughly 100,000 registered U.S. day-care centers and briefly considered calling each one to ask them to call parents when a child is unexpectedly absent. She started with Sofia's day care, Crème de la Crème. "The only person who really knew Sofia didn't show up was her day-care teacher," Ms. Osorio says.

Tony Riccardi, chief operating officer of Crème de la Crème Inc., a national child-care facility chain based in Greenwood Village, Colo., declined to comment on Ms. Osorio's efforts. He also declined to comment on whether Crème de la Crème centers have made any policy changes since Sofia's death.

Last fall, Ms. Osorio contacted LifeCubby, the app that Crème de la Crème used to share details of Sofia's days. Chief executive Sue Testaguzza agreed to add a prominent gold check mark over a child's profile picture when he or she has been checked into day care each day, offering an all-day confirmation to parents of their child's attendance. For daycare-center workers, LifeCubby now generates a daily "Who's Not Here Yet Today" report so they can call guardians of absent children more conveniently, Ms. Testaguzza says.

The P&G colleagues, all volunteers, now operate as the board of the nonprofit Sofia Foundation for Children's Safety.

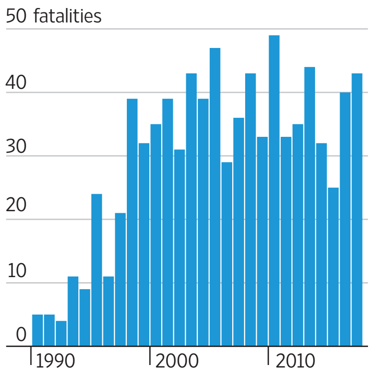
Meantime, Ms. Osorio and Mr. Aveiro say they are trying to carry on. Ms. Osorio hasn't driven by the Crème de la Crème center since Sofia's death, and she uses a different parking lot at work. The couple has stayed in the same house, and Ms. Osorio still drives the same car. "Changing a house or a car won't bring Sofia back," she says.

Ms. Osorio and Mr. Aveiro now fill their evenings working on the Sofia Foundation. Their goal is to push down the average annual hot-car deaths to fewer than 37 children in the next few years. The foundation's efforts officially launched Wednesday, which would have been Sofia's second birthday.

Hot-Car Deaths

Vehicular heatstroke deaths of children increased in the 1990s as states required that car seats be placed in the back to avoid front-seat air bags.

Vehicular heatstroke deaths of children in the U.S.



Source: KidsAndCars.org
THE WALL STREET JOURNAL.

Long Efforts to Stop Hot-Car Deaths

Heatstroke is the leading cause of non-crash vehicular deaths for children under 15 years old, according to the American Academy of Pediatrics. Most cases involve a parent or caretaker who unintentionally leaves the child in the car.

The number of deaths—an annual average of 37—has remained consistent over the years, despite efforts from child-safety advocacy groups, hospital education programs, product developers and a steady stream of media coverage. The efforts face the same challenge: Many people don't believe this could ever happen to them.

Even on cooler days, cars heat up quickly, rising almost 20 degrees Fahrenheit in just 10 minutes, experts say. Because a child's body heats up three to five times as fast as an adult's, heatstroke strikes quickly and can kill a child when his or her temperature reaches 107 degrees.

Vehicular heatstroke deaths increased in the mid-1990s as states began mandating that car seats be placed in the back to avoid harm from front-seat air bags. Once the car seat was in the back, drivers became more likely to lose awareness of children, especially if they were in the rear-facing car seats required for babies.

"The day our government said you have to put kids in the back seat because of the air bags is when reminder systems should have been put in cars," says Janette Fennell, president and founder of KidsAndCars.org, a child-safety advocacy group.

Prevention efforts have included education campaigns, technological measures and proposed legislation. "Look Before You Lock" urges parents to check the back seat before locking the car and is promoted by organizations including the National Highway Traffic Safety Administration and KidsAndCars.org. In a separate campaign, Walmart posted "Look Before You Leave" stickers on the doors of its 4,000-plus stores in 2013 after an employee lost his baby to a hot-car death in the parking lot of a company office in Bentonville, Ark.

The Hot Cars Act of 2017 is progressing through Congress, so far with bipartisan support. The law would require auto makers to install systems in all new cars alerting drivers to check the back seat once the car is turned off. Some auto makers, including GM, Nissan and Hyundai, have introduced preventive systems in some models in recent years.

FROM LEFT: KAREN OSORIO; WALMART

SPORTS

FOOTBALL

REID FILES GRIEVANCE AGAINST NFL

BY ANDREW BEATON

Free agent safety Eric Reid filed a grievance against the NFL and all 32 teams alleging they have colluded to keep him unsigned, following in the footsteps of his former San Francisco 49ers teammate Colin Kaepernick.

Reid, along with Kaepernick, was at the forefront of the movement among players who knelt or sat during the national anthem beginning in 2016 to draw attention to racial inequality and social injustices. While Kaepernick remained unsigned throughout this past season, Reid, pictured below, continued to take a knee.

"Our union is aware that Eric Reid and his legal representatives filed a collusion claim," the NFL Players Association said in a statement. "Our union supports Eric and we are considering other legal options to pursue."

An NFL spokesman declined to comment, citing the confidentiality provision of the grievance process in the collective bargaining agreement.

Kaepernick, who was the 49ers quarterback, became the face of the protests that drew criticism from fans and politicians who believed the demonstrations to be unpatriotic. After the 2016 season, Kaepernick went unsigned and remains a free agent. In October, Kaepernick filed a grievance alleging that the league colluded to effectively blackball him from being signed because of his outspoken political views.

At league meetings during last season, there was discussion about adopting a rule to mandate that players stand during the national anthem. That was not implemented. Those discussions have continued this off-season and could be a focus during upcoming owners meetings in May.

Reid, 26 years old, was a first-round pick by the 49ers in 2013 and went to the Pro Bowl that season. He has recorded 10 career interceptions while also playing parts of last season at linebacker.

MARCIO JOSE SANCHEZ/ASSOCIATED PRESS

It's Never Been Sunnier in Philadelphia

PHOTO ILLUSTRATION BY EVAN TRUSEWICZ/WSJ; WENTZ, FOLES, EMBIID, BROWN (GETTY); SIMMONS, WRIGHT (AP)

From left to right, Carson Wentz (Eagles), Nick Foles (Eagles), Joel Embiid (Sixers), Ben Simmons (Sixers), Jay Wright (Villanova) lead the way in Philadelphia.

The Sixers. The Eagles. Villanova. What happens when a fatalistic city turns optimistic?

BY BEN COHEN AND ANDREW BEATON

Philadelphia

IT WAS AROUND Thanksgiving when the people in this fatalistic sports city had reasons to feel unusually optimistic about the Eagles and 76ers. The Eagles were 9-1 and coming off a shellacking of the Cowboys. The Sixers had won five of six games and made the Golden State Warriors break a sweat.

Philadelphians celebrated such a triumphant time the only way they knew how: They fretted that it was all going to end in disaster.

"You have to remember: When you're a lifelong Philadelphian, it's years and years of disappointment," said Jim Kenney, the mayor of Philadelphia.

It turned out they were right to be worried. Carson Wentz had a season-ending injury right before the NFL playoffs last year, and Joel Embiid fractured his orbital bone right before the NBA playoffs in March.

Which makes what happened next as unexpected as it was un-Philadelphian.

The Eagles won their first Super Bowl. The Sixers, who were not interested in winning anything until recently, are now somehow the favorites to win the Eastern Conference.

And now everything's coming up Philadelphia. Villanova is college basketball's national champion. Meek Mill is free. The Phillies aren't terrible. It's only a matter of time before scientists discover that Wawa hoagies cure cancer.

All of this is happening in a city that, until February, had only one major sports title in the last three decades. Philadelphia's teams were so tragic for so long that Matt Yeck, a 38-year-old bar owner and Eagles and Sixers season-ticket holder, took it upon himself to diagnose the city with a clinical psychological syndrome.

"Post Traumatic Sports Disorder," he said.

If there were ever a time for Philadelphians to steel their nerves, it's after the Sixers were stunned in Game 1 of their playoff series on Monday night by a Boston Celtics team so depleted that Bill Russell could have given them quality minutes instead of sitting courtside. But there is also reason to believe the good vibes that have invaded Philadelphia mean this team, which is still heavily favored to win the series, is uniquely prepared to bounce back from a loss that not long ago would have spooked an overwrought fan base.

That losing one playoff game on the road was disappointing shows how much progress the Sixers have made this season. They were, until recently, the most depressing team in town. But unlike other horrific basketball teams—the New York Knicks, for example—they were awful on purpose.

The radical idea behind their rebuilding was to be very bad for a short time to be very good for a long time. Their former general manager Sam Hinkie became the patron saint of the process that came to be known as The Process as he took advantage of the NBA's warped incentive system, which gives the worst teams the best shots at the highest draft picks, and stockpiled enough assets to give the Sixers the league's brightest future. But he was long gone by the time his plan began to work. Hinkie resigned in April 2016 before Joel Embiid played a single game and before the Sixers could take Ben Simmons with the top pick in that year's draft.

Sixers fans adopted "Trust the Process" as their mantra in a city where trust does not come easily. In fact, when the researchers behind the World Well-Being Project measured characteristics of each county across the entire country between 2010 and 2014, they found the area surrounding Philadelphia was among the lowest in the nation when it came to "trust," and it was even lower in terms of "agreeableness."

The academics were not surprised by their findings. They knew as well as anyone the emotions of Philadelphians: They're based at the University of Pennsylvania.

But not even the most delusional Process Trusters believed the Sixers could be this good this quickly. They won 10 games two seasons ago, 28 games last season and were hovering around .500 past the halfway point of this season. And then disaster struck again.

Embiid required surgery in March when his face crashed into the right shoulder of teammate Markelle Fultz, which happened to be the same right shoulder that had been injured and kept the No. 1 draft pick sidelined for most of this season. Pain begets pain. It was classic Philadelphia.

Until it wasn't. All of a sudden, the Sixers became unstoppable. They won 17 straight games in Embiid's absence, and now that he's back alongside Simmons, it would be more of a surprise if they didn't make the NBA Finals.

That makes the Sixers oddly like the Eagles. The worst thing imaginable happened to them. They won the Super Bowl anyway. And it may have changed the tenor of the city.

Wentz was the most promising young star in a city filled with them. He led the team to an 11-2 start. He was a favorite to win MVP. Then he tore ligaments in his knee and seemed to take the Eagles' hopes of winning their first Super Bowl down with him.

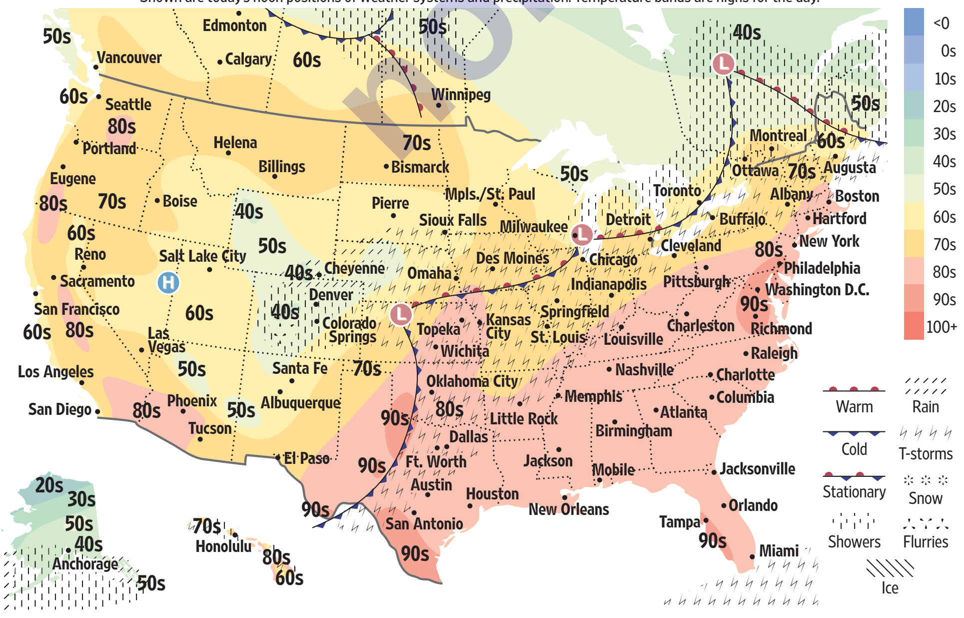
But the Eagles didn't fall apart. They were underdogs in every playoff game. They won all of them. By the time they beat the Patriots, Nick Foles had become the city's most heralded sports figure since Rocky Balboa, who is not a real-life sports figure.

"One has to ask the question: Is it conceivable that victory in one sport would energize victory in another sport? The answer is, strangely, yes," said Martin Seligman, the director of the Positive Psychology Center at Penn. "I wonder if we don't have contagion here from one sport to another."

Weather

AccuWeather DOWNLOAD THE APP

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



U.S. Forecasts

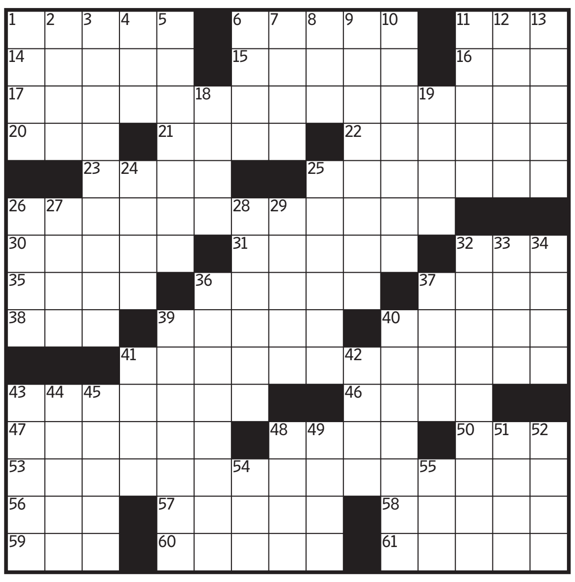
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	45	38	c	47	37	r
Atlanta	85	61	s	85	65	s
Austin	86	68	c	79	60	r
Baltimore	91	67	s	87	63	pc
Boise	76	51	pc	83	54	pc
Boston	86	65	pc	73	57	t
Burlington	74	60	t	72	52	t
Charlotte	86	58	s	87	62	s
Chicago	73	61	t	72	55	c
Cleveland	79	62	t	73	51	t
Dallas	82	68	t	73	58	sh
Denver	55	39	r	68	44	s
Detroit	78	64	t	73	53	sh
Honolulu	80	70	sh	82	73	r
Houston	86	71	c	85	67	c
Indianapolis	79	65	t	76	55	sh
Kansas City	81	56	t	76	52	s
Las Vegas	78	62	s	86	66	s
Little Rock	84	68	c	80	60	c
Los Angeles	70	55	pc	83	62	s
Miami	83	75	sh	85	75	pc
Milwaukee	61	49	t	70	50	c
Minneapolis	73	50	pc	78	53	pc
Nashville	87	69	pc	81	65	c
New Orleans	86	67	pc	84	65	pc
New York City	90	70	pc	89	61	pc
Oklahoma City	84	57	t	77	54	pc
Omaha	78	50	t	79	51	s
Orlando	86	65	s	89	65	pc
Philadelphia	90	69	s	88	62	pc
Phoenix	83	65	s	95	71	s
Pittsburgh	85	65	pc	74	54	r
Portland, Maine	74	52	t	65	51	t
Portland, Ore.	77	51	s	69	53	c
Sacramento	79	50	s	84	53	pc
St. Louis	78	68	t	79	58	c
Salt Lake City	68	48	pc	75	53	s
San Francisco	66	52	pc	67	52	pc
Santa Fe	64	36	pc	69	39	s
Seattle	72	49	s	64	49	c
Sioux Falls	64	44	sh	78	50	pc
Wash., D.C.	90	71	s	89	67	pc

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	55	38	pc	61	45	s
Athens	79	63	pc	80	65	t
Baghdad	89	69	c	93	70	s
Bangkok	92	76	t	90	79	t
Beijing	75	51	s	83	60	s
Berlin	66	42	sh	64	43	s
Brussels	59	38	pc	62	44	s
Buenos Aires	72	58	c	68	60	c
Dubai	96	83	pc	99	84	s
Dublin	54	46	sh	65	48	pc
Edinburgh	56	49	pc	64	49	pc
Frankfurt	66	45	pc	68	48	s
Geneva	59	50	c	69	52	pc
Havana	87	68	pc	86	67	pc
Hong Kong	86	75	pc	82	76	pc
Istanbul	76	61	s	76	61	s
Jakarta	92	76	pc	90	76	pc
Jerusalem	85	63	pc	87	64	pc
Johannesburg	71	49	pc	73	47	s
London	59	44	pc	65	47	pc
Madrid	67	42	pc	69	46	s
Manila	98	82	pc	96	81	pc
Melbourne	77	53	t	62	52	pc
Mexico City	78	57	pc	79	57	pc
Milan	77	60	t	70	55	r
Moscow	72	49	s	74	56	c
Mumbai	92	81	pc	90	82	pc
Paris	62	42	pc	65	46	s
Rio de Janeiro	82	71	pc	85	72	s
Riyadh	97	79	s	101	77	s
Rome	72	55	t	71	56	t
San Juan	83	75	sh	83	75	t
Seoul	62	49	sh	66	49	s
Shanghai	79	58	s	80	65	pc
Singapore	91	79	pc	89	79	pc
Sydney	80	66	c	78	54	s
Taipei City	72	67	pc	82	69	pc
Tokyo	78	61	sh	71	59	sh
Toronto	68	54	t	70	47	c
Vancouver	63	49	pc	58	46	c
Warsaw	86	50	t	71	44	pc
Zurich	57	50	c	66	52	pc

The WSJ Daily Crossword | Edited by Mike Shenk



DOWN IN FRONT! | By Gabriel Stone

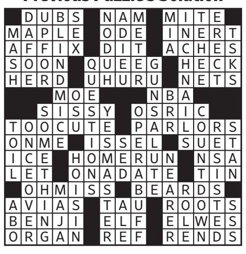
Across

1 She co-starred with Whoopi in "The Color Purple"
6 Woodland revelers
11 Eagle of the Muppets
14 "Visions of sugarplums" poet
15 Perplexed
16 Even numbers?
17 Smiles from successful arithmetic students?
20 Jumping chess pcs.
21 Unspoiled spot
22 Estates for the elite
23 Barker in black-and-white movies
25 Fine, say
26 Fastidious golf course groundskeeper's pride?
30 Bartender aboard the Pacific Princess
31 Big conduits
32 "Argo" org.
35 Cost of quarters
36 Reacted to a full moon, perhaps
37 Join hands?
38 Miff
39 Prepares to strike
40 Couleur d'une tomate
41 Packing unit when moving into another's apartment?
43 Fill-in-the-blanks party game
46 Many CEOs hold them
47 Oscar-winning song written by Keith Carradine
48 "This is a fun ride!"
50 Former JFK lander
53 Fellow who annoyingly sends lots of unsolicited manuscripts?
56 More than -er
57 Pathetic turnout
58 Grill glowers
59 ___ publica (the state)
60 Olympic Stadium squad, a while back
61 It's just over a foot

Down

1 Russian city close to the Kazakhstan border
2 Act petulant
3 Does some safe work?
4 Critic's concern
5 Inquisition target
6 Solid side
7 Envelope abbr.
8 "Force Behind the Forces" org.
9 Sensory spot
10 Tribe of ancient Italy
11 Flea market unit
12 Try to hit
13 Like some divorces
18 Early outcast
19 Distinctive flair
24 Louver piece
25 Mass producer?
26 Alexa alternative
27 Rehab candidate
28 Folder fillers
29 Best friend of 1-Across
32 Delmonico
33 Lodovico labels him a "hellish villain"
34 Top
36 They might be worn with poodle skirts
37 Lady Grantham's first name
39 Le Cordon Bleu focus
40 Hitchcock film set at a Cornwall estate
41 Poets' competition
42 Feds
43 Pocket protector?
44 Tickle
45 Items of interest
48 Lush
49 Ground breakers
51 "Let me think..."
52 Cathedral area
54 Soak up
55 Brother of Bill, Charlie, Percy, Fred, George and Ginny

Previous Puzzle's Solution



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

James Comey's Judgment Days

WONDER LAND
By Daniel Henninger

It is beyond imagining that even the politics of the United States could simultaneously put before us two protagonists such as Donald Trump and James Comey—the one a dedicated amoralist who ascends to the presidency, the other an FBI director who quotes Reinhold Niebuhr.

Of Mr. Trump, not enough will ever be said. James Comey, however, stands before us as the most public FBI director since J. Edgar Hoover, also a moralist in his own peculiar way.

A government officer shouldn't see his duty as doing battle with the seven deadly sins.

Representing the FBI and at times the Justice Department, Mr. Comey spent almost two years answering the siren song of modern media—with press conferences amid a presidential election, appearances before Congress, and now high-profile interviews to market his memoir, "A Higher Loyalty."

Who is James Comey?

Thanks to the musical version of Victor Hugo's "Les Miserables," everyone knows the figure of Inspector Javert, relentless pursuer of Jean Valjean. Less known is Hugo's own description of Javert, whom he calls "this unspotted police agent."

ANDREW HARNIK/ASSOCIATED PRESS

Mr. Comey at a House Intelligence Committee hearing in 2017.

Hugo continues: "It was evident to anyone acquainted with that clear, upright, sincere, honest, austere and ferocious conscience, that Javert had just gone through some great interior struggle."

James Comey's interior struggle appears on *every page* of his book. A few hundred words past the first page, Mr. Comey declares, "I have learned that ethical leaders lead by seeing beyond the short term, beyond the urgent, and take every action with a view toward lasting values."

It is a most unusual man who takes "every action" with a view toward lasting values. But as Mr. Comey makes clear, he is that man. He spends eight pages on the moral justification for his decision to prosecute Martha Stewart while he was U.S. attorney in New York. "There was once a time," he says, "when most people worried about going to hell if they violated an oath taken in the name of God."

He explains how as a young 6-foot-8 man, he would tell people who asked that he did indeed play basketball in college, though he had not: "This was a seemingly small and inconsequential lie . . . but it was a lie nonetheless. And it ate at me. So after law school, I wrote to the friends I'd lied to and told them the truth."

The Catholic tradition places great emphasis on the value of conscience as a guide to behavior. Less well-known is its warning against developing a "scrupulous conscience," which is an obstinate fascination with one's own moral standing.

Mr. Comey describes going to the FBI cafeteria while director: He "never cut the line. Even when I wished I could . . . I thought it was very important to show people that I'm not better than anyone else. So I waited."

One could go on with examples of his high-minded earnestness, but that would require quoting the entire book: his account of prosecuting Scooter Libby or opposing the Bush administration's post-9/11 surveillance program, Stellar Wind; his pre-emption of Attorney General Loretta Lynch during the Clinton email-server investigation; and, of course, his crucible with Donald Trump.

In an intriguing contrast to his disdainful accounts of Presidents Bush and Trump, he recounts going home after a meeting with President Obama to tell his wife: "I can't believe someone with such a supple mind actually got elected president." They have much in common.

In fact, James Comey was temperamentally unfit ever to be director of the FBI, and never more so than in our intense times.

Mr. Comey's daily visits to his personal chapel of an apolitical "higher loyalty" impaired his professional judgment. Instead, he is judgmental. Judgmentalism is a flaw in an FBI director, because it undermines the objective credibility of his role. A high officer of government shouldn't see his job as doing battle with the seven deadly sins.

After Donald Trump won the election, an opposition rose on a wave of moral revulsion. The moralistic Mr. Comey let the FBI get swept into a politicized crusade.

Halfway through the book, Mr. Comey describes addressing the FBI's employees in Washington for the first time. It reveals a lot:

"I gave the talk sitting on a stool, wearing a tie but no jacket. I also wore a blue shirt. This might not seem like a big deal to outsiders, but Bob Mueller [as FBI director] wore a white shirt every day for 12 years. . . . Not some days, or most days—every day. That was the culture, and I thought shirt color was one early, small way to set a different tone. I said nothing about my shirt, but people noticed."

Perhaps they did, because what happened at the highest levels of the FBI afterward through the Clinton and Trump investigations was a collapse of professional discipline. The FBI needs to find its way back to the culture of the white shirt, every day.

Write henninger@wsj.com.

How Bad Is It for House Republicans?

By Karl Rove

It's only May, but House Democrats are measuring the drapes. "We will win," Nancy Pelosi assured the press Tuesday—adding, "I will run for speaker," in case anyone doubted it. The 78-year-old pol is so confident of retaking the House that she's already pre-emptively naming committee chairman, starting with three New Yorkers: Rep. Carolyn Maloney, 72, to lead the Joint Economic Committee; Rep. Jerry Nadler, 70, to lead Judiciary; and a spring chicken, Rep. Nydia Velázquez, 65, to lead Small Business.

Mrs. Pelosi's confidence may flow from recent headlines touting Democratic fundraising. "Democrats outraising Republicans in key House races," trumpets Reuters. "More than 40 Dem House challengers outraising GOP incumbents," screams the Hill. "Democratic House candidates hold fundraising edge after 1st quarter," proclaims CNN.

Like much political reporting, there's some truth in those statements, but no nuance and little context. The structure of this year's midterm elections is complicated, so headlines about important campaign elements like fundraising demand closer examination.

Let's focus first on the GOP's most vulnerable House seats: the 23 Republicans whose districts Hillary Clinton carried.

One problem with the fundraising stories that have given Mrs. Pelosi such cheer is that they often compare Republicans and Democrats by totaling the money raised by all of their respective primary candidates. National Journal, for example, says that Republicans have raised less money than Democrats in 13 of those 23 key seats.

It's not great. But the Democrats' frequently touted fundraising edge is overstated.

Head-to-head figures look a little better: 15 of the 16 Republican incumbents running for re-election in those seats have raised more money than their leading Democratic opponent, while also having more cash on hand at the end of the first quarter.

Take Virginia's 10th Congressional District. Eight Democratic candidates there have together raised $4.9 million. That's more than the incumbent Republican, Rep. Barbara Comstock. But of that total, the Democratic front-runner banked just $1.4 million, with $818,000 on hand. Ms. Comstock raised $2.8 million and has $1.8 million on hand. So she is in much better shape than the reporting might suggest.

The real trend in fundraising strength for these campaigns won't be revealed until the quarter after each state's primary. If races like Rep. Peter Roskam's in the Sixth District of Illinois are any example, the advantage for GOP incumbents seems likely to grow. Mr. Roskam has more than $2.4 million in cash after the March 20 primary, while the winning Democrat was forced by the primary to spend down his funds to just $192,000.

Republicans do have significant problems in some of these 23 districts won by Mrs. Clinton—especially in California. On June 5 the Golden State will hold its "jungle primaries," in which the two top vote-getters, regardless of party, continue on to the general election.

Democrats do lead the money chase in the districts from which Republican Reps. Ed Royce and Darrell Issa are retiring, with the leading GOP fundraisers in these races ranking fourth and fifth, respectively.

Rep. Dana Rohrabacher trails his principal Democratic challenger (one of six) by $300,000 in fundraising and $200,000 in on-hand cash. He could be kept out of the runoff altogether, as another Republican, former state Assemblyman Scott Baugh, might nip him at the wire.

On the other hand, in Orange County Republican Rep. Mimi Walters has raised almost twice as much as her leading Democratic competitor (there are seven of them). Ms. Walters also has nearly three times as much on hand.

And Rep. Steve Knight in the 25th District, north of Los Angeles, is doing well in the money game, despite having perhaps the toughest challenge of any California Republican. Mr. Knight has raised $1.3 million, with $1 million in the bank, twice as much as the leading Democrat.

Control of the House next year will depend even more than usual on the quality of Republican candidates and their campaigns. Showing authenticity, deploying a powerful narrative, and reaching out to voters carefully and persistently will make the difference. So will money—even for Republican incumbents who have done well in fundraising thus far. Their success corralling bucks shows they are worthy of further support.

With Republicans facing a terrible political environment, the six Republican congressmen retiring from Clinton districts (one other is running for the Senate) should consider donating most of the roughly $7.4 million they have in their war chests to their colleagues in tough fights. It would be a fitting gift to a good cause—while inspiring headlines that might give Mrs. Pelosi indigestion.

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

Fly Me to the Moon, Mr. Bridenstine

By Mark R. Whittington

If the Latin phrase *ad astra per aspera*—"to the stars through difficulty"—applies to anyone, it's Jim Bridenstine, the newly confirmed administrator of the National Aeronautics and Space Administration. After a lengthy and bitterly partisan confirmation fight, the 42-year-old former naval aviator takes charge of an agency that has been whipsawed by the policy reversals of recent presidential administrations.

The George W. Bush-era Constellation Program would have sent American astronauts to the moon for the first time since 1972, but President Obama scotched it in 2010 in favor of a mission to Mars. Now NASA has received orders from President Trump to reverse course again—drop Mars and focus on the moon.

In some ways the prospects for a successful lunar mission look better than they have in decades. NASA now has several significant advantages that it previously lacked. A growing commercial space sector stands eager to work with the government on a moon shot, and numerous American allies—including Germany, India, Japan and Israel—are embarked on efforts to land robots on the lunar surface.

Can NASA's new chief get there without Apollo-level budgets?

Soon after Mr. Obama canceled Constellation, the Massachusetts Institute of Technology released a study suggesting that re-establishing a presence on the moon first could make the eventual exploration of Mars much more feasible. The dark craters at the lunar poles potentially contain billions of tons of ice, which, believe it or not, researchers say can be refined into rocket fuel. One day soon an American spaceship en route to Mars could swing by the moon to refuel.

Mr. Bridenstine may be asked to do what hasn't been done since the Apollo program was shuttered in the early '70s, but the Trump administration is unlikely to give him Apollo-level budgets. He will also have to fulfill NASA's other mandates, including planetary exploration and Earth science. The latter featured prominently in his confirmation hearings. Mr. Bridenstine, a Republican from Oklahoma, expressed skepticism of climate change during his time in Congress. Expect an annual replay of the nomination drama when Congress debates funding for the space agency.

If Mr. Bridenstine works hard and smart, and has a measure of luck, he will hasten the day when American astronauts return to explore the moon's secrets. The stakes are high. There are no guarantees that Mr. Trump's successor, whomever that may be, will be as open to the idea. This opportunity may not come again soon.

No pressure, Mr. Bridenstine.

Mr. Whittington is author of "Why is It So Hard to Go Back to the Moon?" and "The Moon, Mars and Beyond."

BOOKSHELF | By Daniel Ford

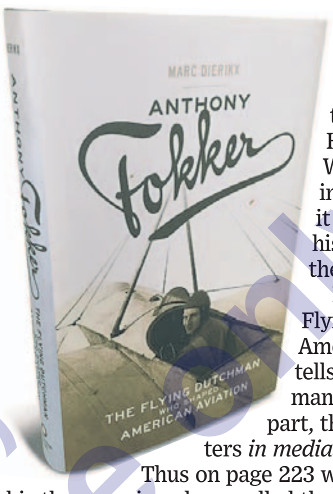
The Flying Dutchman

Anthony Fokker

By Marc Dierikx
(Smithsonian, 426 pages, $29.95)

When World War I ended in 1918, the Armistice required, among other things, that Germany turn over 1,700 warplanes, including "all D.VII's." Thus did the Allies compliment the boyish Dutchman whose highly maneuverable fighter plane—the Fokker D.VII—boasted machine guns that could fire through a whirling propeller without hitting it. Thanks to the inventive Anthony Fokker, German aces had terrorized Allied pilots in the closing months of the war, and the victors wanted to monopolize that fearsome technology.

Fokker was surely some kind of genius. He taught himself to fly, then to build flying machines until he had one that satisfied him. This was in 1911, when he was 21, eight years after the world's first powered flight. His ambition took flight as well. Just after World War I was declared, he applied for German citizenship because that was a requirement if he was to sell aircraft to the German air force. After the war, he smuggled millions of marks and dozens of planes to safe haven in the Netherlands, where he asked for his citizenship back. The Dutch forgave him, since only he could supply the planes they needed for the country's defense and for its national airline.



Fokker didn't stay long. Germany had seemed the place for him in 1914, but now the United States beckoned. He installed himself at the Waldorf-Astoria in New York in November 1920, and indeed it was in the U.S. that he made his fortune, though not quite in the way one might expect.

In "Anthony Fokker: The Flying Dutchman Who Shaped American Aviation," Marc Dierikx tells the story of this fascinating man and tells it well, for the most part, though he likes to begin chapters *in medias res*, which can be confusing. Thus on page 223 we have Fokker trying to land his three-engine plane, called the America, at Teterboro, N.J. But wait—how did we get to this moment in April 1927? The rest of the chapter backfills, having Fokker settle in the U.S., build a factory, marry for the second time, usher a single-engine, six-passenger airliner into American service and hang two more engines on it so it could fly across oceans.

Alas, the America (Dutch-built, despite its name) proved to be nose-heavy. At Teterboro, it flipped onto its back, wrecking the aircraft and also the hopes of the explorer Richard Byrd, who had wanted to fly it nonstop from New York to Paris. A few weeks later, Charles Lindbergh, in a California-built aircraft, would take off, enter the history books and become the most famous man in the world.

Fokker's biggest mistake as a designer, however, was his failure to change with the times. As American manufacturers including Douglas and Lockheed moved to all-aluminum construction, he stuck with the steel tubing of the 1920s for the planes he built in his U.S. and Dutch factories. Even a modern-looking Fokker fighter plane from 1936 clung mostly to this obsolete construction and was further handicapped by its fixed landing gear. Dutch pilots flew it with some success against the Germans in May 1940, as did Finnish pilots against the Soviet Union. But it wasn't the equal of other contemporary warplanes.

From designing World War I fighter planes for Germany to selling passenger planes to U.S. airlines, Fokker made and lost a fortune or two.

By this time, Fokker had sold his American factories to General Motors, where Alfred Sloan, the CEO, wanted to follow Henry Ford into the aircraft business. "Anthony's influence was seriously reduced," Mr. Dierikx writes. "It soon became obvious that Sloan and the highest echelons of General Motors wanted to get rid of the Fokker name."

The author suggests that GM rechristened Fokker's U.S. company as General Aviation because it wanted to impress Wall Street by tying its aircraft division to its automobile division, as Henry Ford had done, but he ignores another reason: The Dutch name is irresistibly funny to anyone reared in the English language. When I was learning to fly, one of my instructors brightened a lecture by telling how a United Airlines pilot brought his Boeing 747 into Chicago's O'Hare: "United Heavy," warns O'Hare Approach. "Your traffic is a Fokker Friendship at one o'clock, three miles, eastbound." "Oh!" cries the pilot. "I've waited for years to say this—I've got that little Fokker in sight!"

Having sold his American company and neglected the Dutch one, Fokker reinvented himself as a salesman for other manufacturers. He proved to be very good at this. In June 1936, he celebrated his jubilee as a pilot and inventor by standing in front of a replica of his home-built Spider aircraft of 1911 and boasting to Dutch newsmen: "Then I was sitting, all in the open, on two wooden beams with fifty horsepower and now we sit with 36 passengers in an enclosed cabin, with every comfort and several thousand horsepower."

The claim, Mr. Dierikx says, "sounded peculiar coming from the mouth of a man who had made most [of] his fortune in Germany and in the United States, not in Holland, and whose single remaining company had just been under serious investigation to prevent bankruptcy." And peculiar, too, in that Fokker didn't mention that the 36-passenger airliner was not his but the modern, all-metal Douglas DC-3 from California, for which he was sole European representative. He also marketed the smaller Lockheed Electra that would carry Prime Minister Neville Chamberlain on his ill-fated journey to meet Adolf Hitler in September 1938. It was apparently Fokker's sales record that inspired Mr. Dierikx's subtitle. Fokker "shaped American aviation," if he did, mostly by selling planes, not building them.

Fokker's Dutch company survived World War II and in 1955 introduced a small, all-metal, turboprop airliner meant to replace the aging DC-3. It stayed in production for more than 30 years and was flown by dozens of airlines around the world. This was the F27 Friendship, by far the most successful aircraft to bear his name. One version of it was the "little Fokker" cited by my instructor in 1999. Sadly, Anthony Fokker didn't live to see it. He died of meningitis in 1939, rich and famous and just 49 years old.

Mr. Ford is the author, most recently, of "Cowboy: The Interpreter Who Became a Soldier, a Warlord, and One More Casualty of Our War in Vietnam."

OPINION

REVIEW & OUTLOOK

China Trade Showdown

Donald Trump has dispatched a high-level delegation to Beijing for trade talks with China this week, which should be a reassuring sign amid rising tariff threats. Both countries will benefit if a modus vivendi can be found that opens markets and sets new rules of the road. But the Trump Administration hasn't decided what it wants out of a deal, and that increases the risks of a larger breakdown between the world's largest economies.

Team Trump won't get results until they know what they want.

Recall that the U.S. first amped up the tension with threats to impose sanctions in retaliation for China's theft of intellectual property. Beijing's trade point man, newly appointed Vice Premier Liu He, came to Washington in early March with some exploratory proposals on how to defuse the conflict. U.S. officials gave Mr. Liu the cold shoulder and sent him away without specific demands. Naturally the Chinese will be reluctant to make more concessions without a clearer idea of the American bottom line.

Trump appointees may not want to stick their necks out because of an embarrassing episode last summer. Commerce Secretary Wilbur Ross negotiated a deal with China to reduce steel production, only to have the President reject it as insufficient.

This week's delegation to Beijing is comprised of three cabinet secretaries, three White House advisers and an ambassador, all of them coming at the trade issue with different priorities. To make matters worse, little legwork was done in advance.

* * *

The root problem is Mr. Trump's insistence that "the Massive Trade Deficit" of $375 billion a year with China must be reduced by $100 billion. Targeting a bilateral deficit doesn't create jobs in the U.S. or benefit American companies, and it allows China to posture as a defender of free trade. More important, the deficit obsession distracts from Beijing's serious violations of trading rules such as discrimination against foreign firms, government subsidies and theft of intellectual property.

If reducing the bilateral deficit is the main goal, China can simply offer gestures like agreeing to buy, say, $25 billion more of natural gas a year from the U.S. That's nice for LNG exporters. But that wouldn't change the trade deficit the U.S. runs with the world, which is driven by larger economic and monetary forces.

Opening up China's market in services would be more consequential, and better for both sides. The U.S. has a comparative advantage here, exporting $56 billion in services last year, double the figure from 2011, for a services surplus of $38.5 billion a year. Beijing maintains tight control over financial services, for example, and American companies doing business in China know that after the door is officially opened, officials often throw up new barriers to keep them out.

Breaking down those barriers would show immediate results, but Mr. Trump doesn't think services matter. He's preoccupied with U.S. manufacturing exports, which can't easily adjust because global supply chains take years and enormous expense to change. China should reduce its 25% tariff and nontariff barriers on foreign-made cars, but Elon Musk can't possibly sell enough Teslas in China to eliminate the trade deficit.

The top target of the U.S. delegation should be the Made in China 2025 program that supports key industries with subsidies. It also calls for foreign firms to hand over their trade secrets in return for access to the Chinese market. This violates World Trade Organization rules and threatens global political support for free trade.

If the Trump Administration weren't so busy attacking its allies like Japan, Canada, Mexico and Europe on trade, it could forge a coalition of developed countries to pressure China to abandon the program. So far Beijing refuses to even talk about its industrial policy.

Defending American economic interests in China requires constant monitoring. One suggestion is to appoint a China trade point person who would negotiate a deal with Mr. Liu and then follow up on compliance. Ideally he would have the backing of the President to impose and remove targeted sanctions quickly to insist that Beijing lives up to its promises.

Administration officials say they want to use the threat of sanctions as leverage to force China to change its mercantilist policies. That can't work until the U.S. has a coherent negotiating position. The danger is that Mr. Trump may want conflict with China for conflict's sake—to show Americans he's fighting for their interests. But that won't matter if he can't deliver trade-opening results that will help American workers and businesses.

The Growth Man of Europe

We never thought we'd say this, but France has become the economic reform leader of Europe. Fresh off his productive meeting with Donald Trump last week, French President Emmanuel Macron disclosed that he wants to kill France's "exit tax."

Now Macron wants to slay France's 30% exit tax.

"I don't want any exit tax. It doesn't make sense," Mr. Macron told Forbes. "People are free to invest where they want. I mean, if you are able to attract, good for you, but if not, one should be free to divorce." The 30% levy hits top earners who take their assets out of France, which as Mr. Macron rightly says is a disincentive to invest in France in the first place.

The exit tax raises a pittance—some 70 million euros in 2017—but it sends a negative signal about the climate for entrepreneurs that Mr. Macron is trying to change. The tax was introduced by the ostensibly conservative former President Nicolas Sarkozy, but in France it has been hard to tell the left from the right on economics.

Mr. Macron has already reformed the tax code with a flat 30% levy on financial income such as dividends and scrapped a wealth tax on everything but property. He also pushed through historic labor reforms that make it easier to fire, which means easier to hire, workers. He also told Forbes that he is intent on winning his current showdown with railways unions, which are staging national strikes against reforms.

All of this is fascinating to watch and offers some hope that the welfare states of Europe can be reformed to create the growth to pay their way. American conservatives who shrink in horror at entitlement reform might want to learn some French.

Rod Rosenstein Protests

Rod Rosenstein this week invoked an unusual defense to explain his slow-walking of documents to Congress. "They should understand by now that the Department of Justice is not going to be extorted," Mr. Rosenstein said. "We're going to do what's required by the rule of law, and any kind of threats that anybody makes are not going to affect the way we do our job."

The deputy attorney general's intemperate attack on Congress.

The deputy attorney general was reacting to reports that some Republicans are drafting articles of impeachment against him if he doesn't comply with subpoenas. His choice of the word "extorted" is illuminating. Mr. Rosenstein is right to say Justice and FBI aren't obliged to "just open our doors to allow Congress to come and rummage through the files."

But that isn't happening here. In the cases at hand, Congress is acting through its committees as a separate and co-equal branch of government—the branch that funds Justice and has the right and obligation to exercise oversight. Congress is making specific requests regarding specific questions and documents.

As for the articles of impeachment, these too are expressions of Congress's power. The practical worth of contempt and impeachment actions is less about removing an official from power than leverage to encourage cooperation. We had a demonstration of how this works in January, when Mr. Rosenstein and the new FBI director, Christopher Wray, tried to make an end run around the House Intelligence Committee's subpoenas for information about the Steele dossier on Donald Trump. Only when Speaker Paul Ryan said Congress would hold them in contempt if they didn't comply did they turn over the documents.

Mr. Rosenstein's irritation might be warranted if the documents produced so far demonstrated that Congress's demands were frivolous or imperiled national security. But remember how Justice warned the Intelligence Committee that making public its report on FISA warrants would be "extraordinarily reckless"? Instead, it provided the public with welcome (but still incomplete) insight about what went down in the 2016 election.

Or take the recently released memos written by then-FBI director James Comey to "memorialize" his private conversations with Donald Trump. We can see why Mr. Comey might not want it known that he assured Mr. Trump he didn't leak or "do weasel things." Now that everyone's seen the memos, it's clear nothing in them justifies the stonewalling before they were turned over to Congress.

Mr. Rosenstein's complaint comes as Congress is involved in a similar tussle over the intelligence community's redactions in the House Intelligence Committee's report on Russia. In particular there is a battle over the redacted material on pages 53 and 54, which speaks to what FBI agents thought of former national security adviser Michael Flynn's statements about his interactions with Russia.

Rep. Trey Gowdy (R., S.C.) has said that Mr. Comey told Congress that the FBI agents who interviewed Mr. Flynn didn't believe he was lying. But on his book tour, Mr. Comey has denied saying this. The American people deserve to know who is telling the truth.

Justice can legitimately withhold information from Congress that might jeopardize specific criminal cases. But that doesn't seem relevant here. We don't want to see Mr. Rosenstein fired or impeached, but he and the FBI need to recognize Congress's constitutional authority.

LETTERS TO THE EDITOR

The Fact Is the Hip Replacements Were Bad

Your editorial "Hip Suit Needs Lawyer Replacement" (April 28) excoriating my friend and colleague Mark Lanier is disappointingly incomplete. Having argued the case you discuss in the Court of Appeals, I readily confess to respectful disagreement with the court's legal analysis. Everything Mark Lanier argued to the jury in the Johnson & Johnson Pinnacle hip-implant trial was entirely accurate. While accurate, the Court of Appeals deemed the rhetorical point—questionable payments to Saddam Hussein's regime—as unduly prejudicial. As to the expert witness, Mr. Lanier also accurately reported the charitable gift to the parochial school that produced one of the nation's most gifted orthopaedic surgeons, Bernard Morrey, chairman emeritus of Orthopaedic Surgery at the Mayo Clinic, whose trial testimony was devastating to Johnson & Johnson.

In the very decision you celebrate, the Court of Appeals unanimously agreed with Dr. Morrey and the federal court jury verdict that the J&J metal-on-metal hip implant was defective, that the warnings of the defect were inadequate, that J&J actively participated in the design and marketing of its subsidiary's product, and that the six Texas plaintiffs had suffered serious injuries as a result of the company's tortious conduct. This jury verdict was a harbinger of two later megaverdicts rendered in the same nationwide litigation condemning the J&J hip-implant product as defective (or negligently designed) in cases involving California and New York plaintiffs. The J&J product is now off the market, as the company decided (wisely) not to run the FDA gauntlet to try to show that its dangerously ill-conceived medical device was safe and efficacious. Defying reason, over many years, J&J paid literally millions of dollars to orthopaedic surgeons to trumpet the defective device to their fellow surgeons, when a safe alternative was readily available. Enormous human suffering could have been avoided had basic decency and common sense prevailed at J&J. It did not.

J&J can wave around the Journal's lawyer-bashing editorial, but the company now understands that a very respected, traditionally conservative Court of Appeals has stamped its seal of approval on the Texas jury's condemnation of J&J's corporate recklessness. That, with all due respect, is the enduring lesson arising out of this tragic litigation which, along with untold human suffering, could have entirely been avoided.

KENNETH W. STARR
Waco, Texas

Unfortunately, trial lawyer Mark Lanier will face no sanctions or discipline as a result of his actions. The Journal's editorial pages over the years have reported numerous abuses by attorneys that go unpunished or receive a slap on the wrist. Judge Ed Kinkeade has shown again that the courts are run by attorneys for the benefit of attorneys.

BROOKS MITCHELL
Moore, Okla.

We Were Winning the War Against Malaria

Regarding Novartis CEO Vas Narasimhan's "How Long Till the Final World Malaria Day?" (op-ed, April 25): Dr. Narasimhan conveniently omits the fact that in the early 1970s malaria was all but eliminated by one of the most important pesticides ever invented—DDT. While study after study proved DDT to be effective in eliminating the malaria-carrying mosquito, the EPA's first administrator, William Ruckelshaus, chose to ignore the opinions of his own study group and ruled against the continued use of DDT. The world followed and the exponential increase of malaria deaths followed around the world. Environmental groups cheered as the disease once again got out of control in the 1980s. Books like Rachel Carson's flawed "Silent Spring" talked of thinning bird eggshells and increased bird mortality. Audubon bird-count records proved the opposite, and the eggshell studies were in fact of caged birds deprived of calcium in their diets.

Novartis surely will profit from continued efforts to control malaria through methods that will never equal what was already being accomplished by DDT. J. Gordon Edwards, who was the world's leading expert on malaria and DDT in the 1970s, must be turning over in his grave.

JAY LEHR, PH.D.
The Heartland Institute
Arlington Heights, Ill.

KEN HIVELY/LOS ANGELES TIMES VIA GETTY IMAGES

Consider the Implications Of Starbucks' New Policy

Regarding Robert L. Woodson Sr.'s "Starbucks Is Not the Next Selma" (op-ed, April 30): In March my daughter needed to find a restroom for her children, ages five and three, in Delray Beach, Fla., and went to a Starbucks. On entering she saw a sign that said no one could use the restroom unless they purchased something. As the need was immediate, her sister, who was with her, bought a small coffee so they could get the key to the locked restroom door.

It appears this incident had nothing to do with race, since my daughter is white. It has everything to do with Starbucks' policy that no one but paying customers can use the restroom. I think the manager at the Philadelphia Starbucks was following company policy. Are we saying that every food vendor must allow restroom access to anyone, not just customers, who wants to use one?

JO ANN LAUTERBACH
North Chesterfield, Va.

Given Starbucks' corporate response to the recent incident, Starbucks shops are now nothing more than public seating areas that happen to border Starbucks coffee bars.

IVARS LACIS
Peachtree City, Ga.

Hey, Give the U.S. and U.K. Credit, They Won the War

Regarding Malka Eisenberg's letter of April 28: No doubt the word "deported" utterly fails to capture what happened to Warsaw's Jews in April 1943. However, it is equally grotesque to say "the world stood by and did nothing." American and British casualties alone totaled more than two million men and women, including approximately 800,000 dead, in a fairly well known—and successful—effort to crush Nazism, fascism and Japanese imperialism.

BRIAN L. BUCKLEY
Highlands, N.C.

Give More Thought to These In Your Retirement Plans

Having been retired 11 years, I suggest two additional categories for "Where Retirees Underestimate Spending" (Journal Report, April 23).

One: Future expenses that couldn't have been imagined. If you had retired 20 years ago, would you have budgeted for cable TV (the cost of which seems to always be increasing) and the use and replacement of cellphones and PCs? Today it could be cloud-storage expenses or the ever-expanding universe of online services such as music.

Two: Expenses to replace the activities we have been doing all our lives but either choose not to or cannot perform due to physical limitations such as diminished vision or balance. Cleaning gutters isn't hard, but do we really want to climb up on the roof in our later years? Other activities include yard work, painting, household repairs, house cleaning and food preparation. Some of these can be outsourced via association fees if you downsize to a condo.

These two categories may not compare to paying for a newer vehicle, but they can add up and be significant expenses if not considered ahead of time.

STEPHEN KANE
West Bloomfield, Mich.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"I've sat on benches like this all over the world."

Where's the Invisible Hand When You Need It?

By Stanley F. Druckenmiller

DAVID KLEIN

I am old enough to remember when the Soviets were building a strong economy through central planning—until it crumbled and the Berlin Wall came down. And when the Japanese were eclipsing the U.S. economy through the *keiretsu*, large affiliated industrial companies working hand in hand with government—until Japan's Lost Decade became two. Now it's China's turn, with a new leader for life who has consolidated decision-making to target his country's economic goals in 2025 and beyond.

Obama was hostile to the principles of capitalism. In some ways, Trump isn't much of an improvement.

In each case, statists in America are more impressed by the foreign top-down designs than with the track record of free-market capitalism here at home. Capitalism is under attack, and we move further away from capitalism with each presidential administration.

For eight years the Obama administration disparaged the efficacy and fairness of capitalism. Government's influence grew in every aspect of life. The cost of regulation doubled, corporate America was attacked to engineer social equality, and our health-care system was made even more inefficient.

I did not support Donald Trump, but after he was elected I was hopeful for an inflection point in the trend away from capitalism. Yet while there has been some regulatory relief and a cut in corporate tax rates, some of the most egregious trends are continuing—and new elements that violate the principles of capitalism have been added. For starters, free trade is now under assault.

The best tech companies in the world are in the U.S., thanks to the mix of education, immigration, finance and meritocracy. Is there a better example than Amazon? Its founder, an immigrant's adopted son, is revolutionizing business. Capitalism is intolerant of high-cost providers, middlemen, rent seekers, and those who extract more value than their due.

But the rule of law is the central pillar of America's economic success. The president's personal view of Amazon's founder should have no bearing on its success. If the government intervenes based on its feelings, America will be no better than countries where corruption and rent-seeking produce stagnation and mediocrity.

The U.S. allocates an ever-increasing share of national resources to government transfer payments. I spent two years visiting universities in an effort to get young people energized by the explosion in entitlements and their decreasing share of the economic pie. I got enthusiastic responses.

But I was so ineffective in the national debate that the only thing Hillary Clinton and Donald Trump agreed on was that entitlements shouldn't be touched. We missed a golden opportunity to offset some revenue lost and address generational inequity when Congress passed tax reform. Instead, debt as a percentage of gross domestic product, which doubled in the past decade, is set in the decade ahead to increase to World War II levels, with no postwar reduction in sight. We will have sacrificed our future during a relatively peaceful period of economic growth because politicians can't say no.

Finally, let me address a distortion that is one of the greatest threats to a properly functioning capitalist system. For years a mix of financial repression and central-bank intervention has led to long-term interest rates largely determined by government fiat. Bond buying by central bankers, commonly referred to as quantitative easing or QE, has become part of the Fed's conventional tool kit. A tool once reserved for depression or financial crisis is now to be used at the first inkling of a recession.

I am old enough to have seen the dangers of price controls, which lead to allocation of resources by political actors, another great affront to capitalism. Yet 40 years after economists and policy makers soundly rejected price controls in the industrial economy, we are allowing the most important price of all, long-term interest rates, to be distorted by public intervention.

The excuse has been the obsession with a fixed 2.0% inflation targeting rule. The decimal point shows the absurdity of the exercise. Anything below 2% is considered a risk of deflation, the bogeyman of the 1930s. This has meant that even years after the Great Recession ended, the Fed has not only kept interest rates below inflation but accumulated an unprecedented $4.5 trillion in assets via QE. Global central banks, in part to prevent their currencies from appreciating against an overly abundant dollar, followed with more than $10 trillion of their own QE.

The irony is that over the past 700 years, world-wide inflation averaged marginally above 1% and interest rates a little below 6%. We are seeing unprecedented ultraexpansionary monetary policy during a time of *average* inflation. Moreover, the three pernicious deflationary episodes of the past century did not start because inflation was too close to zero. They were all preceded by asset bubbles.

If I were trying to create a deflationary bust, I would do exactly what the world's central bankers have been doing the past six years. I shudder to think of the malinvestment that has occurred. Corporate debt has soared, but most was used for financial engineering. Bankruptcies have been minimal, but who knows how many corporate zombies free money is keeping alive? Individuals have plowed ever-increasing sums into assets at ever-increasing prices.

Of all the interventions by the not-so-invisible hand of government, not allowing the market to set the hurdle rate for investment is the one I see with the highest costs. Competition is better than central planning at protecting consumers. That applies to Amazon and the bond market. The government should get out of the business of controlling long-term interest rates and canceling market signals.

During President Obama's tenure, I was disheartened by the lack of criticism from the left. It would have carried a lot more weight than criticism from the right. I see a similar pattern today. I am discouraged by the timidity of many conservatives' criticism of our current direction. If you have the power of the pen or the purse, use it to articulate a better course for our country—a course of which Hamilton would be proud, and which would assure America's best days are still ahead of us.

Mr. Druckenmiller is chairman and CEO of Duquesne Family Office LLC. This article is adapted from his speech at the Manhattan Institute's Alexander Hamilton Award Dinner.

'How to Lie With Statistics': Teachers Union Edition

By Allysia Finley

If you've ever taken a statistics class, you've probably read Darrell Huff's "How to Lie with Statistics." Teachers unions appear to have drawn some lessons from the 1954 book. They're using misleading statistics to rally public support for teacher walkouts in West Virginia, Kentucky, Oklahoma, Arizona and Colorado. Here are some of their distortions.

• *They conflate school funding and state education spending.* In Oklahoma, unions proclaimed that per pupil school spending fell by 28.2% over the past decade. That refers to the inflation-adjusted state's general funding formula. But total per pupil outlays increased by 16% in nominal terms between 2006 and 2016, according to the U.S. Census Bureau's most recent public education finance report. Adjusting for inflation, that's a decline of only about 2%.

On average across the country, state funds make up only 47% of total school spending. Most of the rest comes from local property taxes. Since property tax hikes are politically unpopular, unions put pressure on state lawmakers to increase education spending from general funds. That has the benefit of diffusing accountability for local spending.

• *They use elevated spending baselines.* Teachers unions nearly always compare school spending and teacher salaries today with peak levels before the great recession, which were inflated like housing prices. Between 2000 and 2009, average per pupil spending across the country increased 52%, according to the National Center for Education Statistics. After flat-lining for a few years, per pupil spending ticked up by 7.5% between 2012 and 2015. School spending growth might have slowed over the past several years, but it still increased faster than the consumer price index.

They conflate state and total funding, play games with baselines, and ignore noncash teacher benefits.

Per pupil funding in Oklahoma shot up 46% between 2000 and 2009. During this period, average teacher salaries rose 52%. While average salaries have since fallen by 5%, even on an inflation-adjusted basis they remain higher today ($45,245) than in 2000 ($44,861) or 1990 ($44,088).

• *They don't account for other forms of compensation.* Since 2000, per pupil spending on employee benefits has doubled. Benefits make up about 29 cents of every dollar of staff compensation, compared with 21 cents in 2000. In Arizona, about 24% of staff compensation goes to employee benefits, up from 18% in 2000. Teachers don't see this in their paychecks, but pensions and health benefits are the fastest-growing expenses for many school districts, and most of the money goes to retired teachers.

• *They elide data that don't fit their argument.* According to the National Education Association's annual survey, the biggest average pay bumps in 2016 were in California (4.3%), Colorado (3.9%) and Wisconsin (3.5%). Wisconsin's 2011 collective-bargaining reforms limit annual base salary increases to 2% while letting districts negotiate pay with individual teachers based on criteria other than job and education level.

The Milwaukee Journal-Sentinel in 2016 reported that two-thirds of districts "say they've been outbid for applicants and are increasingly offering special pay raises in hopes of keeping high-performing teachers." Thus, "merit pay" can drive up teacher salaries. But unions focus on base salaries in their promotional materials because they oppose a competitive performance pay structure.

• *They use misleading cross-state comparisons.* The New York Times recently reported that Arizona, after cutting taxes, "spent under $7,500 per pupil annually in 2015, the last year for which census data was available; only Utah and Idaho spent less." Unions similarly claimed recent state income-tax cuts were to blame for Oklahoma's ranking 49th in teacher pay. But state rankings are remarkably consistent over time. In 2000 Arizona ranked 48th in per-pupil spending and Oklahoma was 48th in teacher salaries.

The NEA encourages its affiliate unions to use its annual state rankings "to advocate for higher pay for teachers and more state funding for public schools by showing how my state compares to others." The union notes that its North Carolina affiliate uses survey data "on average teacher salary rankings and per pupil expenditure rankings as a vital and main negotiating chip to lobby for teacher raises and increased K-12 education funding." In other words, by playing states against one another, unions hope to drive up education spending across the country.

Some teachers may be pinching pennies and paying for supplies out of their own pockets. But education spending in most states, even those governed by Republicans, is increasing.

Teachers are striking now because unions realize that Republicans are on edge about the midterm elections. In a February special election for a Kentucky state House seat, a Democrat won by 36 points in a district Donald Trump carried by 49. Education is a key issue for rural and suburban voters, whose votes Democrats need. That's why the unions are lying with statistics.

Ms. Finley is a member of the Journal's editorial board.

Leave Broker Disclosures to the SEC

By Paul S. Atkins
And Gregory F. Jacob

The Securities and Exchange Commission and the Labor Department have both asserted the authority to regulate investment brokers. The two of us—a former SEC commissioner and a former labor solicitor—have a word of advice for Labor concerning its recent efforts to adopt new rules on broker conflicts of interest: It's time to pass the baton.

The SEC is the primary regulator of brokers. In Section 913 of the Dodd-Frank Act, Congress tasked the SEC with studying what regulatory standards should be applicable to brokers and investment advisers. It also granted the agency power to enact regulatory action it determined was necessary.

But a curious thing happened when the Obama administration set out to fulfill this mandate. Despite its superior expertise and express congressional directive, the independent SEC stepped aside and ceded the field to the politically controlled Labor Department.

The Labor Department should let stand a court ruling that threw out its 'fiduciary rule.'

The resulting "fiduciary rule" was a plaintiff lawyer's dream, filled with litigation-fostering ambiguities and the promise of lawsuits in state court. In March, the Fifth U.S. Circuit Court of Appeals vacated this rule, citing its bizarre architecture and unprecedented intrusion into the SEC's statutory domain.

Under the new administration and the leadership of Chairman Jay Clayton, the SEC has reasserted its authority. Earlier this month, the agency voted to tighten disclosure standards. The proposed regulation would implement a single standard for U.S. brokers aimed at preventing them from giving advice that serves their own interests rather than those of their clients.

A lack of transparency from brokers can skew financial advice and cost workers hard-earned retirement savings. But whereas the Labor Department's limited statutory authority forced it to adopt a hopelessly convoluted regulatory structure to reach just the narrow slice of broker-dealer conduct that pertains to retirement plans, the SEC is able to supply a single, coherent standard of conduct for all brokers. This protects all investors at all times, while avoiding the costs, conflicts and confusion of a bifurcated regulatory regime.

Though the SEC's solution to the broker transparency problem enhances fairness and investor certainty, it is not perfect. For example, in its current form it fails to delineate fully brokers' responsibility to act in the "best interest" of investors. It can and should be improved with more investor testing and data-gathering. Once the SEC's work is done, the Labor Department will be in a far better position to assess whether gaps remain for it to fill.

But the regulatory tussle may not be over yet. The Labor Department must now decide whether to appeal the Fifth Circuit ruling to the Supreme Court. Will the department continue its legal fight to uphold the Obama-era fiduciary rule, or will it accept the judges' determination and allow the SEC to take the lead in implementing a regulation that supplies a uniform, consumer-protective standard of conduct for all U.S. brokers?

For now, Labor Secretary Alex Acosta should let the Fifth Circuit's decision stand, and redirect his department's energies to working collaboratively with the SEC to support its refreshingly straightforward and thoughtful rule-making process.

Mr. Atkins served as an SEC commissioner, 2002-08. Mr. Jacob served as solicitor of labor, 2007-09.

Notable & Quotable

From the abstract of a 2018 scholarly paper published in the Journal of Youth Development:

Camp staff have hope that summer camp plays a role in helping youth bridge differences. . . . This study draws on prior school research and critical Whiteness studies to examine race-evasiveness among camp staff. Grounded theory analysis resulted in two major thematic categories of discursive strategies by which camp staff evaded critical engagement with antiracist discussion. First, camp staff upheld dominant racial understandings by invoking discourses of colorblindness and humanist caring. Second, they prioritized White comfort by neglecting youth of color and employing self-protective emotional tools of Whiteness (Picower, 2009).

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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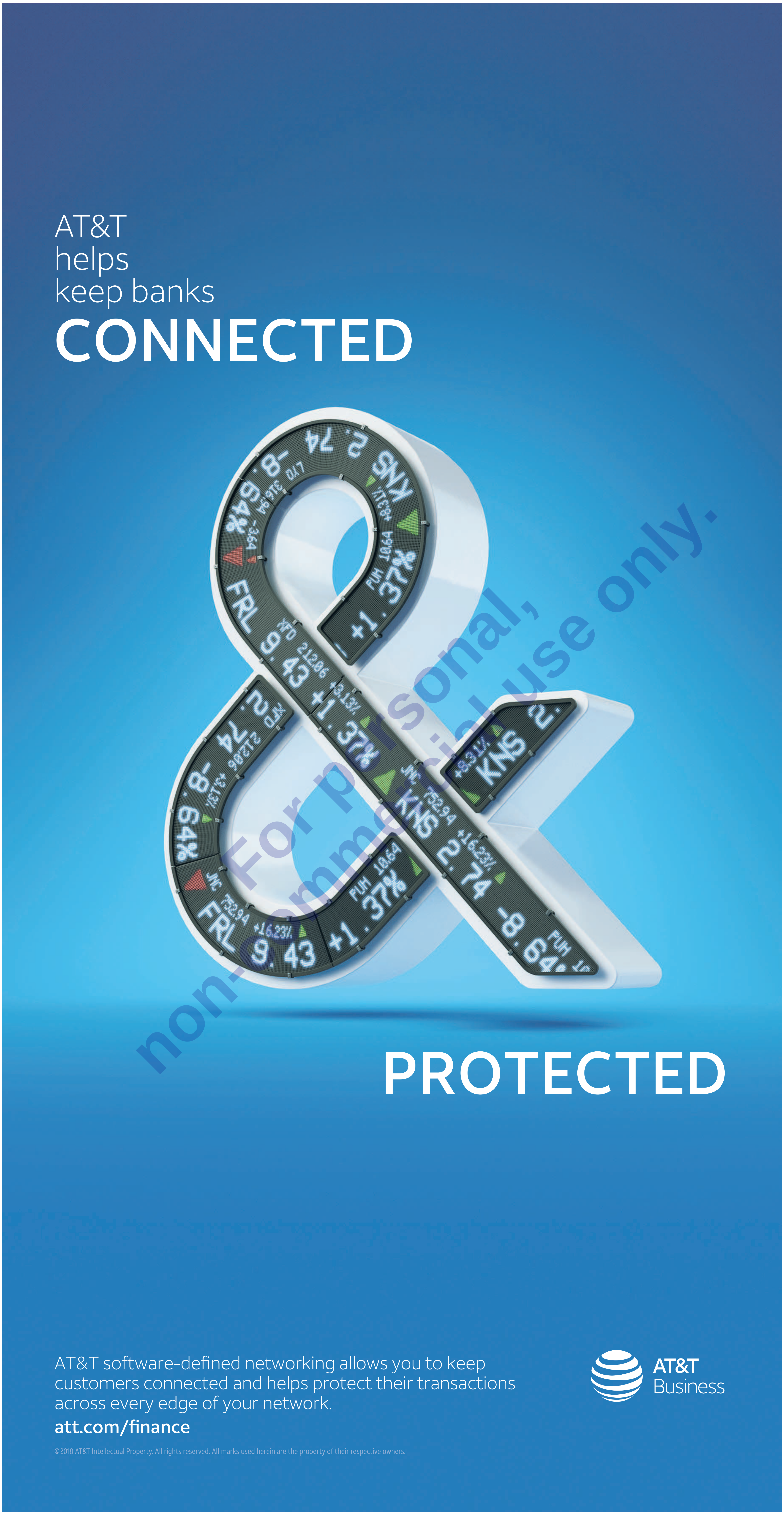
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Spotify Hits Sour Note in Debut

Streaming service misses Wall Street expectations, sending shares sharply lower

By Anne Steele

Spotify Technology SA's shares took a hit after hours as its first earnings report as a publicly traded company met the company's own guidance but fell short of Wall Street expectations.

The report Wednesday was Spotify's first since going public last month. Shares in the Stockholm-based company fell 7.7% after hours in New York to $156.99.

Spotify added a net four million paid subscribers—its most lucrative type of customer—during the quarter, bringing the total to 75 million. Still, most of its users are on its free, ad-supported tier. Including those, the company said it now has 170 million monthly active users. Both results came in at the high end of Spotify's forecast.

In the company's first earnings call, Chief Executive Daniel Ek batted away questions about competition heating up.

"We don't see any kind of meaningful impact of competition," he said in response to a question about **Apple** Inc.'s recent surge in subscription growth. "We don't think this is a winner-take-all market. Multiple services will exist in the market, and we're focused on growing that market."

He added that Spotify is more focused on meeting its own targets. "We're looking pretty good," he said.

As for **Amazon.com** Inc.'s voice-activated Echo speaker, with its Alexa virtual assistant, Mr. Ek called such technology an opportunity.

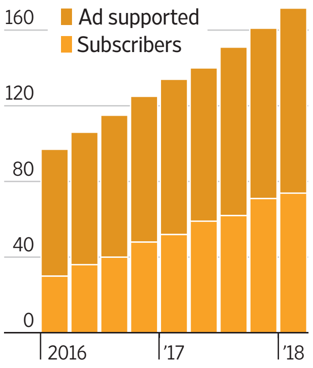
"Voice is growing, and Spotify is an application available both on Alexa speakers and Google Home," he said. "We

Please see SPOTIFY page B4

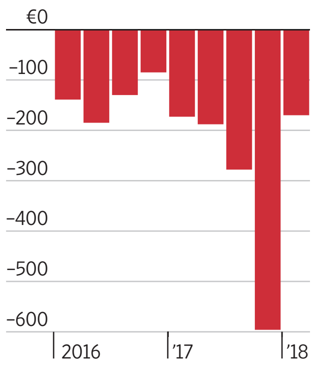
Adding Ears at a Cost

Spotify continues to add users, even as quarterly losses pile up.

Users, in millions



Net losses, in millions



Note: €1 = $1.1992 Source: the company

THE WALL STREET JOURNAL.

Kendrick Lamar and Cardi B are among the most popular artists on the service.

OLLIE MILLINGTON/REDFERNS/GETTY IMAGES (KENDRICK); KEVIN WINTER/GETTY IMAGES FOR COACHELLA (CARDI B)

Startup Scraps Digital Coin Sale

By Paul Vigna

The popular messaging app Telegram has brought in so much money from a small group of private investors that it is calling off a planned sale of cryptocurrency to the wider investing public, according to a person familiar with the matter.

Telegram Group Inc. has pulled in $1.7 billion by selling newly created cryptocurrency to fewer than 200 private investors.

The startup, founded by two Russian brothers, has created a groundswell of enthusiasm in the private markets for its next project, which it describes as a digital payments and technology platform that will appeal to a wider audience than established virtual currencies like bitcoin.

Telegram says it is using the money it has raised for the project, called Telegram Open Network, to build out its technology and further redevelop and maintain its main messenger service, which has about 200 million users globally.

The network, which will be built using "blockchain" ledger technology, "can become a Visa/Mastercard alternative for a new decentralized economy," the company said in a description of its plans.

The fundraising effort, which took place from January to March, has made Telegram one of the largest initial coin offerings, a fast-growing area that has drawn both intense investor interest and regulatory concern. It also highlights the growing preference among upstarts in technology and elsewhere to raise money in private, less-regulated markets.

Telegram hasn't commented publicly on its offering and declined multiple requests for comment.

Started by brothers Pavel Durov and Nikolai Durov, Telegram offers users an encrypted platform that is free from government surveillance. It has attracted praise from privacy advocates but concern from critics, who say it is the preferred communications platform for terrorists, militants and criminals.

Last year, the company outlined plans to build an online-services platform based on blockchain. It is also launching a new cryptocurrency, called a

Please see COIN page B2

Tesla Spends Heavily but Sees Profits Ahead

By Tim Higgins

Tesla Inc. burned through cash at a greater rate than analysts expected during the first quarter, intensifying pressure on the Silicon Valley auto maker to raise more capital if it continues to struggle ramping up production of the Model 3 sedan.

The company's free cash flow widened to about a negative $1 billion after burning $277 million in the final three months of last year, a figure that was unusually low thanks, in part, to delays in spending and customer deposits.

Despite the increased spending, Chief Executive Elon Musk indicated the company won't need to raise more money because it is still on pace to make about 5,000 Model 3s in a single week by around the end of the second quarter. The twice postponed goal is critical, analysts say, for Tesla to generate cash and reach profitability.

The increased rate of production, coupled with plans to reduce capital expenditures, should help Tesla become cash-flow positive in the second half of the year and profitable in the third and fourth quarters, the company said.

That would be a big reversal from the first quarter, when Tesla posted a loss attributable to common shareholders of $710 million, its fifth consecutive quarter of record losses. Tesla's per-share loss of $3.35 was narrower than analysts' average expectations, according to FactSet, but those projections were lowered significantly in recent months.

During a combative conference call with analysts on Wednesday, Mr. Musk answered curtly when Adam Jonas of Morgan Stanley asked whether it would be prudent for Tesla to raise more capital while it can even if it doesn't need it. "No," Mr. Musk replied. "I specifically don't want to."

Later on the call, Mr. Musk cut off two analysts who were asking about Tesla's business—specifically capital expenditures and Model 3 reservations—calling the questions "so dry. They're killing me."

As Mr. Musk deflected some questions, the stock started sliding in after-hours trading, falling as much as 6% in about a 20-minute period, before settling down 4.6% at 8 p.m. EDT. Tesla's stock had fallen more than 3% in 2018.

Production of the Model 3 sedan, which began in July, has bedeviled Mr. Musk at the company's Fremont, Calif., factory, where in recent weeks he has conceded to relying too much on automation to make the vehicle that was supposed to start at $35,000 but instead goes for $49,000 in the U.S. The lower-priced version, with a shorter battery range, isn't expected to reach the market until later this year.

The Model 3 is part of Mr. Musk's vision of bringing electric cars to the masses and turning Tesla into something more than a luxury car company selling Model S sedans and Model X sport-utility vehicles that average for $100,000.

His gamble of remaking the automotive landscape, however, is facing a critical make-or-break period as the company struggles with the Model 3. The company has little wiggle room and needs to begin generating cash or else raise more money.

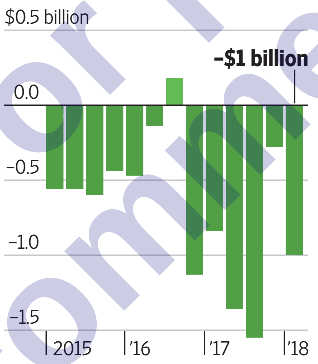
Last month, Tesla said it won't need to raise any debt or equity this year, apart from standard credit lines.

Tesla on Wednesday said it expects to cut back on spending and generate positive cash flow in the third and fourth quarters, "including the inflow of cash that we receive in the normal course of our

Please see TESLA page B2

Feeling the Burn

Quarterly free cash flow for Tesla



Source: FactSet

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◆ Japanese auto makers' bet on sedans goes bad B3

HEARD ON THE STREET | By Nathaniel Taplin

China Hasn't Solved Debt Puzzle

Here's a widely told yarn: Last year China successfully curtailed skyrocketing debt issuance without hurting growth.

Like all good tall tales, it has some basis in truth. China's debt-to-GDP ratio did level off in 2017, thanks largely to rebounding exports. What didn't happen was a sharp slowdown in actual borrowing, until the end of 2017—meaning companies are only now feeling the pinch of tighter credit. Chinese property developer **Zhonghong Holding** last week defaulted on more than $150 million of debt, raising worries that other financially strapped firms may soon follow suit, spooking global markets as happened in 2016.

As the stress mounts, investors should expect more Chinese policy easing in the months ahead. China's central bank already unexpectedly cut banks' reserve ratios last month, releasing about half a trillion yuan ($78 billion) of funds for lending.

One reason that big cut caught markets off guard is that foreign investors largely misread China's "deleveraging" campaign in 2017. The key objective wasn't to curb lending, it was to rationalize bank funding. In the first 10 months of 2017, overall credit growth slowed a paltry 1.4 percentage points to a still-healthy 14.6% from a year earlier, while bank lending actually quickened.

As the stress mounts, investors should expect more China policy easing ahead.

What did change was banks' own dangerous dependence for funding on short-term interbank borrowing and risky "wealth-management products." The crackdown on WMPs hit issuance in the corporate-bond market, where many of the products had been invested. But Chinese firms were still able to tap other, older forms of shadow financing last year.

On the funding side, banks were forced to curtail short-term borrowing for pricier, but more stable, funding from China's central bank.

A few things have changed recently to upset this happy story. Regulators are now trying to crimp all forms of shadow financing. Overall lending is finally slowing, which is hitting growth: Industrial profits rose just 3% on the year in March, their worst performance since December 2016.

As companies struggle more, banks may find it hard to pass on their higher funding costs. If banks can't make money, they will lend less—and growth will slow even further. That explains why the central bank is now moving to offset the pressure on banks' funding costs with the big reserve requirement cut.

For investors watching the Chinese economy and rates, the message is clear: China hasn't somehow magically cracked the code on debt-free growth. If industrial profits and inflation keep heading lower, expect another round of substantial stimulus before too long.

INSIDE

Facebook Fires Worker Over 'Stalker' Claim

By Georgia Wells And Robert McMillan

Facebook Inc. has fired an employee who bragged about his access to private user information, according to a person familiar with the situation.

The employee's alleged remarks highlight the potential for certain Facebook employees to abuse their access to the private information of the social network's users. The company has said that some employees have access to such data but that it is tightly controlled.

"We are investigating this as a matter of urgency," Facebook Chief Security Officer Alex Stamos said in a statement. "It's important that people's information is kept secure and private when they use Facebook."

The employee allegedly sent a message to a woman he met on the dating site Tinder, telling her his job involves tracking hackers and finding their identities, according to a person familiar with the matter.

"So professional stalker," the employee said in a screenshot of what appeared to be an exchange with the woman he met on Tinder. The screenshot was tweeted by Jackie Stokes, a security consultant who first made public the alleged incident.

On April 20, the woman approached a friend who worked for Ms. Stokes' company, **Spyglass Security Consulting** LLC, saying she was "terrified" following an interaction with someone she had been messaging with on Tinder, Ms. Stokes said.

The concerned woman, a software engineer, was unnerved by the "professional stalker" comment and by the fact that he had uncovered details about her online, including the name of a coding project she'd stored on the GitHub software-sharing website.

Ms. Stokes doesn't know whether the Facebook employee accessed the victim's Facebook account. "I do not believe that Facebook would have had a knee-jerk reaction and fired an employee without cause," Ms. Stokes said.

Even before this incident, lawmakers and users of Facebook have been voicing increasing concern and frustration about the company's sometimes lax policies for controlling the vast stores of informa-

Please see FIRING page B2

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

INDEX TO PEOPLE

TESLA

Continued from page B1

business from financing activities on leased vehicle and solar products."

Analysts surveyed by FactSet on average predicted a negative free cash flow of $889 million during the first quarter. The company averaged a negative free cash burn of $900 million a quarter last year. These totals don't include payments for solar energy systems.

Tesla finished the first quarter with $2.7 billion in cash on hand, compared with $3.4 billion at the end of last year. Customer deposits, for vehicles such as the Model 3 and Roadster, rose about 15% to $985 million from the end of last year.

The cash levels put Tesla "in good shape providing they do start generating cash later this year," said David Whiston, an analyst for Morningstar Research Services LLC.

Tesla said it was cutting back on capital expenditures this year to "slightly" less than $3 billion from $3.4 billion last year.

"We have significantly cut back our capex projections by focusing on the critical near-term needs that benefit us primarily in the next couple of years," Mr. Musk wrote in a letter to shareholders on Wednesday.

Tesla's total vehicle deliveries, announced last month, rose 20% to 29,997, including 8,812 Model 3 vehicles.

Deliveries of the higher-priced Model S sedan and Model X sport-utility vehicle, however, fell about 13% combined compared with a year ago. Revenue rose about 26% to $3.41 billion, beating analyst expectations of $3.28 billion.

Tesla made 9,766 Model 3s during the first quarter and fell short of its goal of making 2,500 in a single week. It had a rate of 2,000 in a seven-day period that included two days of the second quarter.

Mr. Musk had once suggested the company could make as many as 200,000 Model 3s in the second half of last year.

While he had warned in July that the Model 3 ramp-up would be hard, Mr. Musk has said it has been worse than expected. He has retaken control of production and said earlier this year that he was sleeping sometimes at the factory.

He has directed the factory to work 24 hours, seven days a week and aims to make as many 4,000 Model 3s in a single week this month followed by some additional upgrades to the factory so they can make as many 6,000 a week by the end of June.

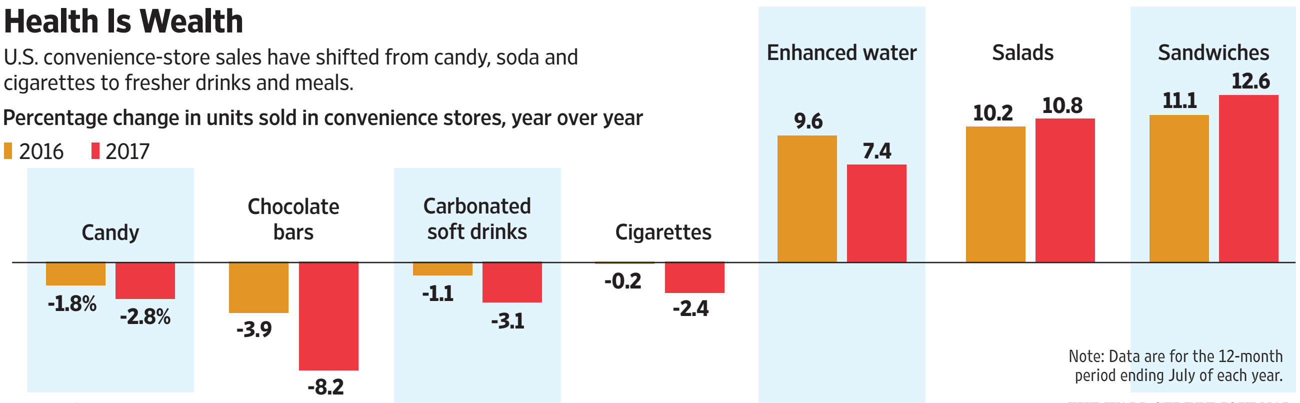
He set the goal of making 5,000 a week by the end of the second quarter, a milestone that has twice been delayed. Mr. Musk recently told "CBS This Morning" that he finally sees a way through the challenges.

BUSINESS & FINANCE

Health Is Wealth

U.S. convenience-store sales have shifted from candy, soda and cigarettes to fresher drinks and meals.

Percentage change in units sold in convenience stores, year over year



Note: Data are for the 12-month period ending July of each year.

Source:Nielsen

THE WALL STREET JOURNAL.

For 7-Eleven, Time to Freshen Up

By Annie Gasparro and Heather Haddon

For 7-Eleven, Big Gulps and Slurpees are no longer enough.

The convenience-store pioneer is falling behind rivals that are gleaning more sales from healthier snacks and freshly cooked meals.

The 155,000 convenience stores in the U.S. sold $53.3 billion worth of prepared food and drinks, like hot dogs and slushies, last year, a 31% increase from four years ago, according to the National Association of Convenience Stores. Over that stretch, 7-Eleven said its sales of those items rose 20%.

The company's executives said they are working to come up with better foods to sell in their 9,700 North American stores.

"Simply being open longer than the competitor ... is not enough," said Raj Kapoor, referring to the stores' extended hours. Mr. Kapoor, a 23-year veteran of 7-Eleven, is head of fresh food and proprietary beverages.

Some 7-Eleven stores are selling freshly made chicken wraps and cold-pressed juices, and some have tested delivery by drone.

Chief Merchandising Officer Jesus Delgado-Jenkins said 7-Eleven wants to introduce home delivery of goods, from deodorant and batteries to sandwiches, in more cities. The company, which is competing with Amazon.com Inc. and others for home delivery, says half of the people in the U.S. live within a mile of one of its red-and-green signs.

"In the next two years, we are going to make getting something delivered within minutes a reality," Mr. Delgado-Jenkins said. He said 7-Eleven is investing heavily in delivery, though he didn't say how much.

The effort to freshen up 7-Eleven's business has run into resistance from the chain's franchisees. Eight out of 10 7-Eleven stores are owned by franchisees, most of whom own fewer than five stores. Many say it is too expensive to maintain new equipment like ovens, and that 7-Eleven needs to pay to remodel their stores if they want them to sell more fresh and hot food.

"Our stores don't look like we are in the food business," said Hashim Sayed, who sold his store in Chicago back to 7-Eleven this week after 25 years as a franchisee. "I could barely make a profit ... I can't do that anymore."

The National Coalition of Associations of 7-Eleven Franchisees, an umbrella group representing store owners across the country, alleged in

The chain is falling behind rivals that are gleaning more sales from healthier snacks.

a lawsuit last year that 7-Eleven had increased their costs, hurt their profitability and made unfair demands for them to buy food from the parent company that eroded their status as independent contractors. Dozens of franchisees boycotted the company's corporate convention in Las Vegas in February.

7-Eleven, meanwhile, is suing the coalition for trademark infringement, arguing it has improperly used the company's logo for promotional material such as the group's website.

A judge dismissed the coalition's suit against 7-Eleven and ordered both sides to reach an agreement on the claims. A lawyer for the coalition said they plan to appeal. The trademark case is pending.

A 7-Eleven spokeswoman said its annual corporate convention attracted thousands of franchisees from across the country, and that the company is committed to helping independent owners increase their profitability.

Mr. Kapoor said 7-Eleven franchisees understand that the brand needs to evolve. He said 7-Eleven has local bakeries and commissaries that make food fresh daily for its stores and is testing ways to finish partially cooked food at its stores, but doesn't plan to install full kitchens. In St. Louis, 7-Eleven customers can order chicken wings doused in one of four sauces. In many stores, they can customize hot dogs, tater tots and nachos with toppings, such as cheese and jalapeños.

Kraft Heinz Profit Rises, but Sales Fall

By Annie Gasparro

Kraft Heinz Co. said sales are improving after a rocky first quarter.

The food-making conglomerate's global revenue fell slightly to $6.3 billion in the latest quarter, as sales of such brands as Planters nuts and Oscar Mayer cold-cut meats dropped in the U.S. But its profit rose 6% to 89 cents a share, when adjusted for merger costs and other one-time events, as it benefited from lower taxes.

"We are seeing ongoing improvement in consumption trends in most countries and in most of the key categories," like cheese, meals and ready-to-drink beverages, said Chief Executive Bernardo Hees.

He said Kraft Heinz is investing more in marketing and in new products, some of which are selling well. So far this year, the company introduced a microwavable breakfast scramble called Just Crack An Egg, Heinz mayonnaise and several new products through a partnership with the Food Network.

"We believe in the big brands," Mr. Hees said. "When you support them, when you give them the right relevancy...they do really well."

DANIEL ACKER FOR THE WALL STREET JOURNAL

A drop in U.S. sales of the company's Oscar Mayer cold-cut meats contributed to lower revenue.

In the latest quarter, Kraft Heinz's sales in the U.S., its largest market, fell 3.3% to $4.37 billion.

The maker of Kool-Aid drink mixes, Velveeta cheese products and Maxwell House coffee has been adjusting its product lines to spur sales amid increasing competition. But like its rivals, Kraft Heinz has lost sales to new brands of snacks and meals that are marketed as healthful and fresh.

Hershey Co., Mondelez International Inc. and General Mills Inc. have said in recent weeks that U.S. sales trends are improving. But they also are paying more for some ingredients and for transportation because of a trucking shortage, forcing them to raise prices or sacrifice profits.

Kraft Heinz's adjusted profit margin—before interest, taxes and depreciation—fell to 28.5% in the quarter from 29.2% a year ago, as it faced higher costs.

Stock analysts said Kraft Heinz's U.S. sales didn't deteriorate to the extent that some expected and that higher prices protected Kraft Heinz's profit margin. Its shares rose 4% after hours, though they were down 30% this year through Wednesday's market close.

Wells Fargo analyst John Baumgartner said the results were "far better than feared...and commendable international margins suggest that cost-savings benefits persist."

JOSH EDELSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

The Facebook employee bragged about his access to user data.

FIRING

Continued from the prior page

tion it collects on people. Facebook in 2016 allowed a data analytics firm with ties to the Trump campaign to view information on millions of Americans that they hadn't chosen to share.

Allegations that Facebook's employees are cavalier with Facebook's data could raise pressure on the social network to put in place more safeguards that prevent employees from accessing users' information in the future.

Mr. Stamos said that Facebook has strict policy controls and that employees can only access the data they need to do their jobs—for example to fix bugs, manage customer-support issues or respond to legal requests. "Employees who abuse these controls will be fired," Mr. Stamos said.

Facebook's Chief Executive Mark Zuckerberg said in early April that he made a "huge mistake" in not focusing more on potential abuse of user information.

COIN

Continued from the prior page

gram, that would operate on the platform. Cryptocurrencies are essentially digital money in which supply and demand are influenced by technology and algorithms rather than by governments or other central authorities.

Telegram has argued that established virtual currencies such as bitcoin and ether haven't reached the mass market due to a variety of structural flaws. With its large user base, Telegram says it will be able to connect its technology to a broader market.

A two-page document circulated late last year and reviewed by The Wall Street Journal showed Telegram expected to raise about $1.2 billion, split evenly between a private and a public round of fundraising. The document indicated in several places that a public sale would take place in March 2018.

Instead, Telegram reported in a February Securities and Exchange Commission filing that it raised $850 million from 81 investors in a private deal. In March, the company said it raised another $850 million from 94 investors in a second private deal. The offerings were open only to accredited investors, which meant participants needed to exceed income requirements or have net worth of at least $1 million.

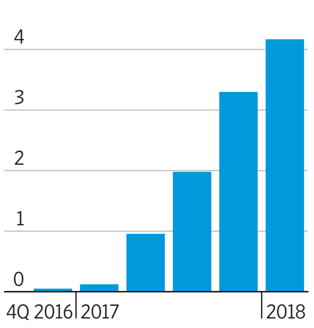
Telegram's latest filing, on March 29, suggested fundraising could be ongoing, but the person briefed on the matter said Telegram is no longer considering a public deal open to retail investors.

It isn't clear what drove the change in plans. One factor might have been that Telegram felt it had raised enough money to avoid a public deal. One person familiar with the company said another reason is that the regulatory environment has changed since the company started planning the offering.

A deal open to any investors, rather than just wealthier, accredited ones, could open up the company's executives to more scrutiny, a timely concern given the SEC's recent focus on

Rising Tide

Proceeds raised in initial coin offerings, quarterly



Source: Token Report

THE WALL STREET JOURNAL.

initial coin offerings. Telegram is represented by the law firm **Skadden, Arps, Slate, Meagher & Flom** LLP, which couldn't be reached for comment.

Pavel Durov, 33 years old, is the face of Telegram. Well-known in his native Russia, he created VKontakte, a Facebook-like social-media website known as VK, that is the 17th-most-trafficked website in the world, according to Amazon.com's Alexa web rankings.

In 2013, he sold VK and used the proceeds to start Telegram. The firm's encrypted text-messaging service is popular with users, though it remains controversial with some governments.

Telegram's website describes how the firm's executives fled Russia "due to local IT regulations" and then moved to Berlin, Singapore and London before settling in Dubai.

Last month, Russia, where some 7% of Telegram users live, blocked access to 18 million IP addresses in an attempt to block Telegram in the country, after Mr. Durov refused to provide the government with a way around the site's encryption.

That, in a way, only bolstered the site's popularity and Mr. Durov's renown. In a post on his own Telegram channel, Mr. Durov said most Russians are getting around the ban by turning to virtual private networks and other proxies.

On April 22, he boasted that the ban hadn't worked and encouraged his followers to show support by throwing paper airplanes—the company's logo—out of their windows.

Sprint Shuffles Executive Positions

BY DREW FITZGERALD AND AUSTEN HUFFORD

Sprint Corp.'s chief executive officer said he would step back from the wireless company's day-to-day management to take a senior role at its Japanese parent company as he leads the carrier's campaign for regulatory approval of a $26 billion merger with rival **T-Mobile US** Inc.

Marcelo Claure will become executive chairman of Sprint and chief operating officer of **SoftBank Group** Corp., its controlling shareholder. Sprint finance chief Michel Combes, who joined Sprint in January, will move into the CEO job.

Sprint said the moves would take effect by the end of May and that it is looking for a new chief financial officer to succeed Mr. Combes, who previously led French telecom company Altice NV.

Sprint also announced results for its fiscal fourth quarter and year, saying the company recorded its highest-ever annual profit, boosted by the new U.S. tax law.

The company ended the quarter with 54.6 million subscribers, including about 13.5 million through wholesale and affiliate brands.

The company posted an overall profit of $69 million, or two cents a share, compared with a loss of $283 million, or seven cents a share, in the same year-earlier period.

Revenue in the quarter fell 5.3% to $8.08 billion, above Wall Street estimates of $8 billion, as polled by Thomson Reuters. For the year, the company posted net income of $7.38 billion, driven by a $7.1 billion one-time benefit from the tax law.

Japanese Bet on Sedans Goes Bad

Toyota, Nissan, Honda feel sting as drivers in the U.S. shift to SUVs; discounting takes hold

BY SEAN MCLAIN

SHANNON STAPLETON/REUTERS

Japanese auto makers put marketing muscle last year into redesigns of their flagship sedans, like Toyota's Camry.

TOKYO—A bet by Japanese auto makers that Americans still want sedans is turning out to be expensive.

April sales in the U.S. from Japan's big three auto makers—**Toyota Motor** Corp., **Nissan Motor** Co. and **Honda Motor** Co.—were down, with Nissan suffering a double-digit percentage drop.

The big culprit was the sedan, the bread-and-butter car for the Japanese auto makers since they entered the U.S. decades ago. As Americans' taste shifts toward sport-utility vehicles, Nissan's U.S. sedan sales fell almost 35% in April from a year earlier, driving an overall decline of 28%. Honda's overall sales fell 9.2% while Toyota's dropped 4.7%.

It isn't that the Japanese companies have ignored the U.S. trend; they all make pickups, SUVs and crossover SUVs, and they have been ramping up production as quickly as they can, sometimes by exporting from Japanese plants that have more capacity. Toyota's best-selling vehicle last year was the RAV4 crossover sport-utility vehicle.

Yet the tug of past success remains. Toyota and Honda put engineering and marketing muscle last year into redesigns of their flagship sedans, the Camry for Toyota and the Accord for Honda. Nissan is set to do the same this year with its Altima sedan. The companies are slashing weight and increasing horsepower in an effort to highlight the vehicles' performance edge over more top-heavy SUVs.

Toyota President Akio Toyoda personally unveiled the new Camry at the Detroit auto show in January 2017. "We view this as an opportunity to reignite the midsize sedan market," Mr. Toyoda said then. "I mean, why should SUVs get all the glory?"

Better performance, fresh design and long-trusted brand names haven't done the trick, though. Toyota has resorted to deep discounting, managing to raise Camry sales slightly this year. The company sold nearly 30,000 Camrys in the U.S. last month with an average incentive of $2,483, according to analysis by Jefferies. That is a big bite for a car whose manufacturer's suggested retail price starts at $23,495.

Nissan's experience shows what happens when manufacturers get stingier—a punishing sales drop. Nissan cut Altima incentives to $3,445 in April from $3,804 in March, according to Jefferies. Sales of the vehicle fell 49%, partly because some customers were likely waiting for a new model.

Nissan's sales decline, which also hit the company's trucks and SUVs, in part stemmed from a reduction in fleet sales, such as to rental-car agencies that buy many vehicles at a discount.

Honda maintains that its Accord, which was named North American Car of the Year in January, still can recover although sales fell by nearly one-fifth in April.

Henio Arcangeli, the company's U.S. sales chief, said "growth opportunities still exist within the passenger-car side of our business" because "not all customers in the market want a truck or SUV."

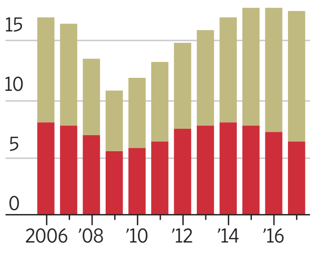
Even if they aren't selling well, sedans are still valuable as a hedge against higher gasoline prices, as Japanese executives see it. Trucks and SUVs accounted for a majority of the U.S. market in the early 2000s, but the pendulum swung the other way after the 2008 global financial crisis and an increase in fuel prices.

Gas prices are now rising again, averaging more than $2.80 a gallon. If they continue to climb, Americans might show renewed interest in sedans—in particular fuel-sipping models such as Toyota's hybrid Prius.

However, today's oversize people haulers aren't the gas guzzlers they once were.

Trucks, SUVs Are Rolling

The U.S. sport-utility-vehicle market is booming thanks to cheap gasoline and improved fuel efficiency.



Source: Bureau of Economic Analysis, U.S. Department of Commerce

THE WALL STREET JOURNAL.

Fujifilm Hits Reset on Xerox Deal, but Some Wonder Why

BY MAYUMI NEGISHI

TOKYO—Beaten back in its bid for control of **Xerox** Corp., **Fujifilm Holdings** Corp. now must decide whether it wants to keep trying to double down on copiers—plus potentially pay more to do so.

Xerox on Tuesday said it might scrap its agreement to be taken over by Fujifilm, as it handed board control to Xerox shareholders who have criticized the Japanese company's dealings.

Meanwhile, many Fujifilm investors keep asking why the company—which has spent years trying to lower its dependence on the declining copier business—wants to own Xerox.

When Fujifilm said during Tokyo trading hours on Wednesday that it would fight to preserve the deal, its stock price fell 5.5%.

"I don't know why Fujifilm wants this deal so badly," said Mitsushige Akino, senior executive officer at Ichiyoshi Asset Management Co.

Xerox's shares also took a hit Wednesday, falling 9% to below where they were trading when The Wall Street Journal first reported on the possibility of a deal in January.

Fujifilm owns 75% of a joint venture with Xerox to sell copiers in the Asia-Pacific region. At the same time, the Tokyo-based company has aggressively diversified into faster-growing fields such as endoscopes, pharmaceuticals and cosmetics.

Fujifilm's chief executive, Shigetaka Komori, seemed to have found a balance between old and new in the January deal, under which Fujifilm in effect traded its 75% joint-venture stake for just over 50% of all of Xerox. The deal would have given Xerox shareholders a special dividend totaling $2.5 billion.

Fujifilm said the deal would allow it to take control of Xerox without spending a single yen—highlighting Mr. Komori's concern about putting more cash into the troubled copier business at the expense of funding further diversification.

The deal, however, ran into trouble. A judge sided with one of Xerox's biggest investors, Darwin Deason, in a lawsuit that alleged Xerox CEO Jeff Jacobson was conflicted in his negotiations with Fujifilm and hurried to sign a deal to save his job. The judge also said Fujifilm might be liable for aiding and abetting Mr. Jacobson.

On Tuesday, Xerox's board caved. It said Mr. Jacobson would resign as well as the board members who supported him. In their place will be a CEO and board backed by Mr. Deason and his ally, top Xerox shareholder Carl Icahn.

Mr. Icahn, who has criticized Fujifilm's takeover offer as undervaluing Xerox, lashed out at the Japanese company, alleging in a news release that its "conduct over the last year is more unbelievable than what you see on fictional TV shows like 'House of Cards.'"

Fujifilm quickly struck back, saying, "We believe the record shows our good faith and arm's-length negotiations for the benefit of all shareholders."

The company said the new Xerox board had an obligation to honor the January agreement, and it said it would challenge the settlement under which the Xerox board surrendered to Mr. Icahn.

Grain-Trading Firms Are on the Rebound

BY JACOB BUNGE

Grain-trading firms are making more money again after struggling for years against a global oversupply of crops.

Poor weather in South America, changing trade policies and cost cuts are improving profitability for the world's largest crop traders and processors after lean years that spurred deal talks and a reckoning with the consequences of bigger harvests around the world.

Archer Daniels Midland Co. and **Bunge** Ltd. reported better-than-expected earnings this week, building on analyst projections that tighter commodity supplies could drive crop trading and processing profits higher this year. Privately owned **Cargill** Inc. last month said those forces are lifting its business, too.

REUTERS

A soybean-processing plant in Argentina. Dry weather has dented the harvest by nearly one-third.

The grain giants buy crops from farmers, trade them to food manufacturers and process them into animal feed, vegetable oil and other products.

"Agribusiness is back, strong as ever," Bunge Chief Executive Soren Schroder said in an interview. "All the dark clouds that converged at the same time are far behind us now."

Bunge, the world's largest oilseed processor, boosted its crop-processing profit forecast to between $800 million and $1 billion for the year. ADM projects annual profits from its oilseed division could reach $1 billion or more in 2018, up from $832 million last year.

"We're seeing the results in our bottom line as headwinds turn to tailwinds," said ADM CEO Juan Luciano on a conference call with analysts. He added that new expectations for scarcity of some farm goods has lured buyers of animal feed and other ingredients back to the bargaining table to lock in longer-term supply deals.

Dry weather has dented Argentina's soybean harvest by nearly one-third since December, according to U.S. Department of Agriculture estimates. A smaller-than-expected crop in one of the world's most productive countries helped drive soybean prices higher and whittled down soybean meal stockpiles, an ingredient in animal feed. Reduced export taxes on Argentine soybeans also trimmed oilseed supplies, all of which has lifted soybean-processing profit margins.

Weather trends in the U.S. could also push up crop prices this year. A cold, wet spring has delayed planting across some of the biggest grain-producing states. That could diminish yields if farmers can't get crops like corn in the ground over the next several weeks. Farmers already intend to plant fewer acres with corn and soybeans this year than last, according to Agriculture Department projections, shifting some fields toward wheat and cotton instead.

In recent years, bumper harvests had led farmers to hoard grain rather than sell it at low rates, while buyers shifted toward short-term supply deals. Agricultural companies responded by cutting hundreds of millions of dollars in costs, selling off assets and revamping logistics operations in places like Brazil.

They also explored deals. Bunge and ADM discussed a combination earlier this year, though the talks stalled over regulatory concerns, The Wall Street Journal reported in March.

Starbucks Settles With Two Black Men

BY SCOTT CALVERT

Starbucks Corp. and the city of Philadelphia on Wednesday announced separate settlements with two black men whose arrest at a downtown Starbucks in April sparked protests and prompted an apology from the Seattle-based company.

Starbucks said it would pay Rashon Nelson and Donte Robinson an unspecified sum. It said the agreement, reached earlier this week, will also include "continued listening and dialogue between the parties and specific action and opportunity." The company said further details will come in "a mutually agreed public statement."

Philadelphia, meanwhile, will pay each man $1 and fund a $200,000 grant aimed at helping local students who aspire to be entrepreneurs.

A lawyer for the men didn't respond to a request for comment.

On April 12, a Starbucks manager called police when Messrs. Nelson and Robinson allegedly refused to leave the cafe after they were denied use of the restroom because they hadn't made a purchase. They have said they were waiting for a business meeting. A video of the men being handcuffed by police went viral.

The men weren't charged with any crimes.

"I want to thank Donte and Rashon for their willingness to reconcile," Starbucks Chief Executive Kevin Johnson said in a statement. "Starbucks will continue to take actions that stem from this incident to repair and reaffirm our values."

The incident sparked protests outside the Center City cafe and calls for a company boycott. The manager who called police no longer works there, Starbucks has said. Later this month, the chain plans to close all of its more than 8,000 U.S. company-owned stores for an afternoon to provide employees with antiracial-bias education.

Philadelphia officials said Messrs. Nelson and Robinson approached the city about the $200,000 grant and agreed not to sue the city in return for the $1 payments.

"I am pleased to have resolved the potential claims against the city in this productive manner," Philadelphia Mayor Jim Kenney said in a statement. "This was an incident that evoked a lot of pain in our city, pain that would've resurfaced over and over again in protracted litigation."

The mayor's spokesman said the grant "for a pilot program for city public high-school students with aspirations of becoming entrepreneurs." He said Messrs. Nelson and Robinson won't receive any money from the grant.

Grab Tracks $10 Billion Valuation

Ride-hailing company looks to add $1 billion in funding to expand in Southeast Asia

By Julie Steinberg and Liza Lin

BRENT LEWIN/BLOOMBERG NEWS

Singapore-based Grab recently acquired Uber's Southeast Asian business, which included a food-delivery service in Thailand.

One of Southeast Asia's most valuable startups is making another grab for new money.

Ride-hailing company **Grab** Inc., which recently acquired the Southeast Asian business of Uber Technologies Inc., is in talks to raise up to $1 billion in additional capital, according to people familiar with the matter.

The latest equity-raising round, which would be Grab's eighth since its 2012 founding, could value the Singapore-based company at about $10 billion, the people said. With a newly solidified position in the Southeast Asian market, Grab is hoping to use the funds to expand in the region, according to a person familiar with its strategy. A spokesman for Grab declined to comment.

The fundraising discussions are in early stages, some of the people said. Both the plans and the valuation may change, one of them added.

Grab, which operates ride-hailing services in eight countries including Malaysia, Indonesia and the Philippines, also has a mobile financial services division and offers food delivery in some markets. The company counts Japan's SoftBank Group Corp. and Chinese ride-hailing company Didi Chuxing Technology Co. among its investors. Uber also took a 27.5% stake in Grab after merging its Southeast Asia operations with the company.

For the past two years, Uber and Grab were locked in an intense battle for market share. Both companies spent heavily on incentives to attract customers and drivers, and repeatedly tapped private investors for capital.

Grab was valued at about $9 billion after the Uber merger, according to people familiar with the company's financials. That is up from more than $6 billion last July after a $2.5 billion round of fundraising. Didi and SoftBank led that round, the company said at the time.

A valuation of $10 billion in a new round would keep Grab ahead of what is now its main regional competitor, motorcycle-hailing startup PT Go-Jek Indonesia. That company was valued at $4.5 billion earlier this year, according to Dow Jones VentureSource data.

Grab President Ming Maa last month called the deal with Uber "transformational" for the company and the region. Speaking at The Wall Street Journal's D.Live conference in Hong Kong, Mr. Maa said the acquisition "demonstrates the ability for us to compete against global companies world-wide."

The merger, however, has drawn scrutiny from regulators in Singapore, Malaysia and the Philippines, which are concerned the transaction could create a monopoly detrimental to ride-hailing customers.

Grab is trying to expand its presence in a region that is home to about 600 million consumers. It is planning to bring food-delivery services to additional markets in Southeast Asia and offer more of its users financial services such as microloans and online payments. The company also recently added shared bicycles to its platform.

Grab's regional battles are reflective of ride-hailing wars globally. Didi Chuxing, which dominates China's market, has been establishing operations around the world and talking to banks about a prospective initial public offering later this year, The Wall Street Journal has reported.

Didi is trying to fend off emerging competitor Meituan-Dianping, a large Chinese online services platform that recently began offering ride-sharing services and is also working toward an IPO.

Bloomberg Introduces Paywall For Site

By Benjamin Mullin

For more than a decade, Bloomberg has allowed readers to devour journalism on its consumer-facing website at no charge, in the hopes of burnishing its brand, generating advertising dollars and complementing its core terminal business. Now that strategy is changing.

The global financial-news company announced Wednesday the start of a metered paywall that charges users for access to Bloomberg.com and the company's consumer news apps.

The paywall has two tiers. For $34.99 a month, users will get access to Bloomberg.com, the company's mobile and tablet apps and a live stream of Bloomberg TV, as well as podcasts and subscriber-only daily newsletters. The other option, at $39.99 a month, includes the first-tier products along with a print and digital subscription to Bloomberg Businessweek and access to some BloombergLIVE events.

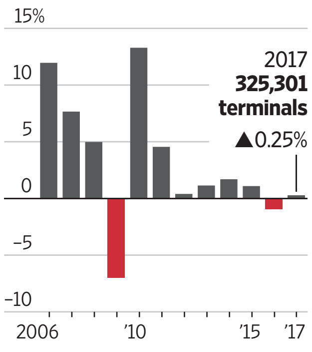
Users will be able to read 10 articles a month and stream 30 minutes of Bloomberg TV a day free before the paywall kicks in, an enticement to subscribe for readers sampling the company's journalism.

Bloomberg News has long had to calibrate getting wide recognition and more direct revenue for its news efforts while not cannibalizing **Bloomberg** LP's true cash cow, its multibillion-dollar terminal business that offers news in addition to financial data, messaging and trading tools.

Terminal sales helped the company notch more than 36 years of consecutive annual revenue growth and build a global newsroom of 2,700 journalists and analysts. But following the financial crisis, growth began to slow for the terminals, which cost more than $20,000 a year.

Core Issue

Bloomberg terminals, annual sales growth



Source: Burton-Taylor International Consulting

THE WALL STREET JOURNAL.

Other major national news brands have paywalls in place. The Wall Street Journal, for example, costs $36.99 for digital access each month after an introductory period.

In a world where consumers are flocking to subscription services such as Netflix and Spotify, executives at Bloomberg believe users are willing to pay for news and information that helps them get ahead, said John Micklethwait, the editor in chief of Bloomberg News.

"We know there is a big market out there of clever people who have more money than time, and they live in a knowledge economy where ideas, news and information are incredibly important," Mr. Micklethwait said.

Bloomberg joins a raft of media companies erecting paywalls to diversify their revenue and establish a more direct relationship with readers as **Alphabet** Inc.'s Google and **Facebook** Inc. continue to suck up the lion's share of digital ad spending and insert themselves between publishers and their audiences.

Bloomberg Media's chief executive, Justin Smith, said the decision to start a paywall comes as readership and digital advertising are growing quickly. From 2014 through 2017, the division's digital-ad revenue grew more than 54%, with a 26% gain in 2017 alone, Mr. Smith said.

Snap's Lynton, Others Fund Books Startup

By Jeffrey A. Trachtenberg

CAITLIN OCHS FOR THE WALL STREET JOURNAL

David Steinberger, former CEO of Perseus Books, oversees the new venture's publishing business.

Snap Inc. Chairman Michael Lynton and several other prominent business executives are pouring funds into what they say is an attractive investment category others have overlooked: books.

The group, led by Mr. Lynton and his sister, businesswoman Lili Lynton, is investing in a company that is being assembled by publishing veteran David Steinberger, former chief executive of the Perseus Books Group.

The investors bought closely held **Arcadia Publishing** Inc. for an undisclosed price Tuesday, completing the first in what they say will be a series of acquisitions.

Arcadia, in Charleston, S.C., describes itself as the country's largest publisher of regional content guides and local history books.

"The book business is misunderstood by the investor community," said Mr. Lynton, who served as chief executive of **Pearson** PLC's Penguin Group from 1996 to 2000. Earlier this year, Mr. Lynton joined Pearson's board as an independent director. He is also the former CEO of Sony Corp.'s Sony Entertainment.

Mr. Steinberger said the publishing business is typically stable in good economic times and bad and has shown modest growth in recent years. Unit sales of print books increased 1.9% to 687 million in 2017, according to book tracker NPD BookScan.

The fact that e-books haven't completely disrupted print sales, coupled with the recent growth in the number of independent bookstores, suggests that publishing is a healthier business than many believe, he said.

"A lot of people put books in the same category of other traditional media that are in decline, but that's not the case here," Mr. Steinberger said. "We intend to make other acquisitions, and that will give us scale. If you can find the right publishers and bring them together, you can create a lot of value, because certain costs don't rise proportionately with revenue."

The challenge, he added, will be finding the right opportunities to enable his company to perform at a higher level than the rest of the industry. The publishing landscape is increasingly competitive, particularly as Amazon.com Inc. has become even more dominant, with its own brick-and-mortar bookstores and 15 publishing imprints in addition to its online book sales.

Mr. Steinberger said Arcadia's offerings resonate with readers, giving the publishing house a competitive edge: Many feature old photographs of places readers are connected to through family history or personal experience.

Arcadia's books are aimed at readers interested in learning more about the town where they were born or where they went to school, or local institutions such as Chicago's once-grand Riverview Park amusement park. The titles are sold in more than 10,000 retail locations, including chain bookstores, supermarkets and hardware stores.

When Mr. Steinberger led Perseus, it sold its publishing arm to Lagardere SCA's Hachette Book Group in 2016 for an estimated $100 million, according to people familiar with the sale.

Mr. Steinberger later began to explore other career opportunities and eventually opened negotiations with Arcadia. Mr. Steinberger, who is chairman of the National Book Foundation, which oversees the National Book Awards, last December met with Mr. Lynton to ask him to consider joining the foundation's board.

It soon became clear that the two shared similar publishing philosophies, and Mr. Lynton and his sister became lead investors in the new venture, starting with Arcadia. Mr. Steinberger will oversee the publishing business as chief executive, and Mr. Lynton will serve as nonexecutive chairman, providing strategic guidance. The holding company is called **Lezen Acquisition** LLC.

Investors include billionaire Len Blavatnik; Ellis Jones, chairman of investment firm **Wasserstein** & Co.; Glenn Dubin, founder of quantitative-trading firm **Engineers Gate Manager** LP; and Tony Ressler, co-founder and executive chairman of Los Angeles-based investment firm **Ares Management** LP and the principal owner of the National Basketball Association's Atlanta Hawks.

Arcadia publishes 500 new books a year and has a catalog with 14,000 titles across two separate imprints.

SPOTIFY

Continued from page B1

view that as a long-term opportunity, not a threat."

It isn't unusual for tech companies to disappoint in their first earnings reports after going public. Facebook Inc., Twitter Inc. and, most recently, Snap Inc. all struggled to meet investor expectations initially.

Spotify, which has reported net losses every year since it launched in 2008, narrowed its first-quarter loss to €169 million ($202 million), or €1.01 a share, from €173 million, or €1.15 a share, a year earlier. Analysts polled by Thomson Reuters expected a loss of 36 Euro-pean cents.

Revenue grew 26% to €1.1 billion, in line with the company's and analysts' guidance.

The company has said it is prioritizing growth over profit—a strategy executives believe will make the business more valuable long term. None of Spotify's streaming competitors has ever reported a profit.

Free cash flow—a measure of the cash a company generates that many investors view as a proxy for performance—was €74 million in the quarter, up from €64 million a year earlier.

For the second quarter, Spotify said it expects monthly active users to reach 175 million to 180 million and to have 79 million to 83 million premium subscribers. It forecast that revenue will be in a range of €1.1 billion to €1.3 billion.

Spotify backed its previous guidance for the year that revenue would increase by as much as 30% and premium subscribers would increase by as much as 36% year over year.

Xiaomi Decides On Hong Kong

HONG KONG—**Xiaomi** Corp., one of China's top smartphone makers, said it would launch its initial public offering in Hong Kong, bringing to the city what is expected to be one of the biggest IPOs of the year.

The Thursday exchange filing didn't disclose details about the size of its planned offering or a projected valuation, but the company is seeking to raise at least $10 billion, which could value the company at around $100 billion, according to people familiar with the matter.

In the filing with Hong Kong's stock exchange, Xiaomi reported financial details for the first time. The company reported a net loss of 43.89 billion yuan ($6.9 billion) for last year. Excluding one-time charges, it said profit was 5.36 billion yuan. Revenue rose 67% to 114.6 billion yuan last year, the company said.

Xiaomi's highly anticipated offering is expected to be among the biggest in a clutch of Chinese tech IPOs this year. It would be the first to take advantage of new rules at the Hong Kong exchange that allow companies with more than one class of shares to list.

Xiaomi's Hong Kong listing is expected to be followed shortly after by a Chinese mainland listing, according to people familiar with the matter. Xiaomi would be among the first companies to use Chinese depositary receipts to list. Such receipts represent interests in the shares of foreign-listed companies.

Xiaomi is domiciled in the Cayman Islands and therefore needs a depositary receipt structure to list.

Xiaomi's smartphone shipments more than doubled to 27 million in the first quarter, making it the fourth-largest vendor of smartphones world-wide, according to Counterpoint Research. It trails Samsung Electronics Co., Apple Inc. and Huawei Technologies Co.

Smartphones are still Xiaomi's biggest source of revenue, but the company also sells internet-connected devices like rice cookers and fitness bands and makes money from internet services like video streaming and financial services.

—Dan Strumpf and Julie Steinberg

Wind, Solar College Degrees Gain Steam

Schools offer renewable-energy programs as demand from companies rises in the small-but-growing industry

BY ERIN AILWORTH

BUSINESS EDUCATION

Jazirae Duncan always wanted to go to Texas Tech University and major in something related to science and technology.

But when she graduates this month, it won't be with a degree in petroleum engineering or any of the majors traditionally offered by this springboard school to the energy industry—it will be with a bachelor's in wind power.

"It's going to be the future," said Ms. Duncan, 21 years old. "Companies are really starting to promote renewables."

Across the U.S., universities that have long offered degrees related to the fossil-fuels industry are starting to offer degrees and concentrations in wind and solar technologies. Companies such as **Tesla** Inc. are seeking recruits with specialized skills in renewable energy, even as some oil-and-natural-gas companies pull back on hiring graduates in fields such as geology as they automate more tasks.

Majoring in green energy poses risks: The jobs usually don't pay as well as starting positions with oil-and-gas companies, and it remains a small, albeit growing, industry. Curricula vary, but the programs tend to be interdisciplinary, focusing on giving students technical know-how—such as how to design a wind turbine—in addition to learning about fast-changing government policies.

Texas Tech began offering a bachelor of science in wind energy in 2011, a few years after being awarded a grant by the Texas Workforce Commission. Today, Texas leads the nation in wind-power capacity, with more than 20 gigawatts installed. Oklahoma, in the No. 2 spot, has 7.5 gigawatts, while No. 3 Iowa has 7.3 gigawatts.

"Industry people are telling us, 'We need people now,' " said Andrew Swift, associate director of education for the National Wind Institute at Texas Tech.

The University of Texas at Austin offers a graduate program in energy and earth resources. More often, students are interested in renewable-energy jobs over higher-paying positions in oil and gas, said Michael Webber, deputy director of UT-Austin's Energy Institute.

"They get a job offer from an oil-and-gas major for $85,000, they will say no and take a $50,000 job offer from a progressive utility with a clean-energy program," said Mr. Webber.

While more UT-Austin students are interested in renewable energy, Richard Chuchla, director of the energy and earth resources program, said students still benefit from a well-rounded "all-of-the-above" energy education that includes oil and gas. Some graduates have gone on to jobs in the solar industry, he said, while others have become energy consultants, government researchers or corporate sustainability officers.

The University of California, Davis last fall launched its Energy Graduate Group, in which students work toward a master's or doctoral degree with energy specialties, after repeatedly hearing from potential employers looking for people who know how to design and work with renewable-energy systems.

"They're always coming to us asking us, 'Give us a student, a good student,' " said Benjamin Finkelor, executive director of the school's Energy and Efficiency Institute.

Employers are taking notice, including Tesla, which has sent recruiters to such schools, and hired from them. "As the demand increases, it has been cool to see schools rally and the students coming up," said Cindy Nicola, Tesla's global head of recruiting.

The programs remain relatively small—UC Davis's inaugural class is just 16 students, for instance—but educators say more will be needed as renewables as a source of electricity increasingly challenge fossil fuels.

While natural gas is currently the top fuel for making power in the U.S., accounting for 32% of electric generation last year, electricity from wind turbines and solar panels is on the rise. The two technologies combined accounted for 8.3% of power generation in the U.S. in 2017, up from 5.1% in 2014, federal data show.

Christian Böhm, managing director of UKA North America LLC, the U.S. arm of a German wind developer, said his company has its eye on several students at Texas Tech and has already hired one: graduating senior Chance Zajicek.

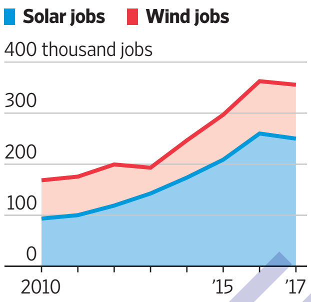
Mr. Zajicek, 23, grew up just south of Fort Worth, Texas, where it was common to know people working for **Exxon Mobil** Corp. When he decided to pursue an energy career, though, he saw more opportunity in renewables. "It's still a young industry, so that means there's a lot of room to grow professionally and as a person," he said.

DYLAN COLE FOR THE WALL STREET JOURNAL

Texas Tech student Jazirae Duncan at the school's wind tunnel. She is to graduate with a bachelor's degree in wind power this month.

Naturally

The wind- and solar-energy industries together accounted for some 355,000 jobs last year.



Note: Solar jobs include some part-time positions.

Source: American Wind Energy Association (wind jobs); Solar Foundation (solar jobs)

THE WALL STREET JOURNAL.

BUSINESS WATCH

CVS HEALTH

Rise in Prescriptions Helps Buoy Results

CVS Health Corp.'s revenue rose as it filled more prescriptions and its earnings benefited from a lower effective tax rate.

The drugstore chain said Wednesday its first-quarter revenue increased 2.6% from a year ago to $45.7 billion, up from $44.5 billion a year ago.

CVS said it is still on track to close its $69 billion deal to buy health insurer **Aetna** Inc. in the second half of the year.

Overall for the quarter, CVS reported a profit of $998 million, or 98 cents a share. Including adjustments such as a net interest expense on financing associated with the proposed Aetna deal, the company earned $1.48 a share. That is more than the adjusted earnings per share of $1.41 analysts expected.

—Cara Lombardo

REMINGTON OUTDOOR

Judge Clears Plan For Reorganization

Remington Outdoor Co. saw its bankruptcy process move swiftly toward an end Wednesday when a judge said he would approve the firearms maker's reorganization plan, which will place the company under the ownership of its creditors.

Judge Brendan Shannon of the U.S. Bankruptcy Court in Wilmington, Del., indicated he would sign off on the plan, subject to changes, despite attorneys for the U.S. trustee and Securities and Exchange Commission arguing against the broad protections offered to third parties that could shield them from future litigation.

The gun maker sought chapter 11 protection in March as it struggled with nearly $1 billion in debt, declining sales and lawsuits tied to the Sandy Hook school shooting. Ownership will shift to prebankruptcy creditors including **Franklin Resources** Inc. and **JPMorgan Chase** & Co.'s asset management arm.

Judge Shannon's green light will bring to an end private-equity firm **Cerberus Capital Management** LP's tumultuous ownership of the firearms maker.

—Lillian Rizzo

FITBIT

Smartwatch Likely To Propel Revenue

Fitbit Inc. said it expects its smartwatch products to drive more than half of its revenue in the second half of the year, tilting the balance away from its tracker devices.

On a call with analysts, executives said the Versa, which was released in February, had the strongest sales launch compared with previous products and that the company would increase manufacturing capacity for the smartwatch.

—Yoree Koh

CF INDUSTRIES

Bad Weather Crimps Fertilizer Business

Cold, wet weather across the U.S. Farm Belt hampered fertilizer sales for Illinois-based **CF Industries Holdings** Inc., according to the company's first-quarter earnings report.

Sales for the fertilizer giant totaled $957 million, down nearly 8% from the same time last year, thanks to rain and chilly temperatures in the Midwest and southern Plains, delaying corn planting and spring fertilizer applications, the company said.

CF posted earnings of $63 million, compared with a $23 million loss last year. Earnings per share came in at 27 cents. Analysts surveyed by Thomson Reuters had expected earnings of 26 cents a share on $1.05 billion in revenue.

—Jesse Newman

Dividend Changes

Dividend announcements from May 2.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
Apple	AAPL	1.7	.73 / .63	Q	May17 / May14
Federal Signal	FSS	1.5	.08 / .07	Q	May29 / May15
Paccar	PCAR	1.8	.28 / .25	Q	Jun05 / May15
PepsiCo	PEP	3.8	.9275 / .805	Q	Jun29 / Jun01
Sotherly Hotels	SOHO	7.2	.12 / .115	Q	Jul11 / Jun15
VSE	VSEC	0.6	.08 / .07	Q	Aug01 / Jul18
Reduced					
Carlyle Group	CG	5.3	.27 / .33	Q	May17 / May11

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Foreign					
BP ADR	BP	5.4	.60	Q	Jun22 / May11
Encana	ECA	0.5	.015	Q	Jun29 / Jun15
North Amer Construction	NOA	0.9	.01554	Q	Jul06 / May31
Suncor Energy	SU	2.9	.27967	Q	Jun25 / Jun04
Telecom Italia ADR	TI.A	3.7	.32997	A	Jun27 / Jun19

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

23924.98 ▼174.07, or 0.72%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.69	20.46
P/E estimate*	16.17	17.83
Dividend yield	2.23	2.33
All-time high	26616.71, 01/26/18	

Current divisor 0.14523396877348

Bars measure the point change from session's open

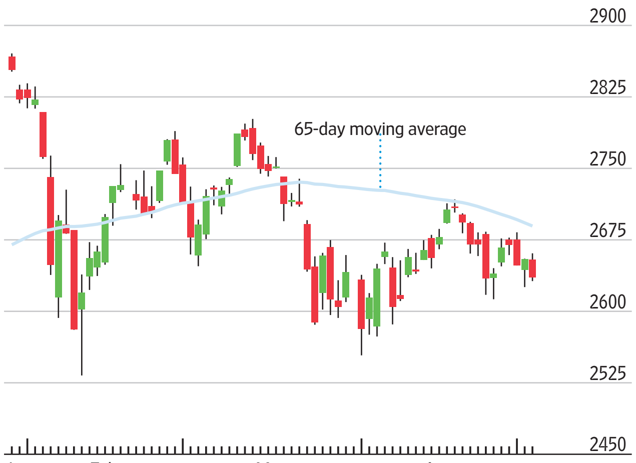
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2635.67 ▼19.13, or 0.72%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio*	24.09	24.17
P/E estimate*	16.99	18.42
Dividend yield	1.95	1.97
All-time high	2872.87, 01/26/18	

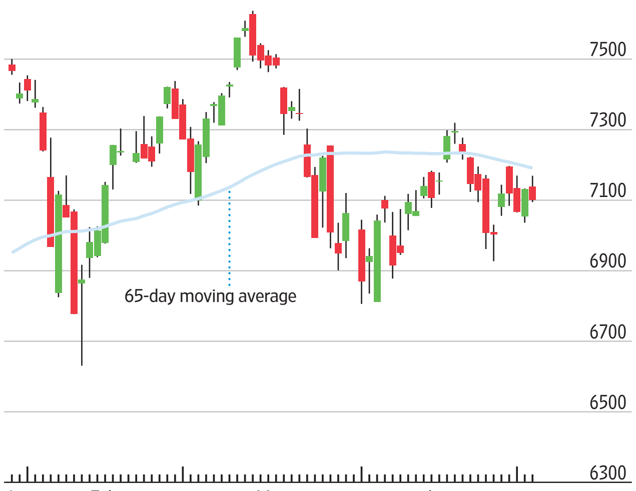


Nasdaq Composite Index

7100.90 ▼29.81, or 0.42%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio*	25.01	26.04
P/E estimate*	19.97	20.75
Dividend yield	1.04	1.09
All-time high:	7588.32, 03/12/18	



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg	YTD % chg	3-yr. ann. % chg
Dow Jones										
Industrial Average	24185.52	23886.30	23924.98	-174.07	-0.72	26616.71	20606.93	14.2	-3.2	9.9
Transportation Avg	10409.65	10264.76	10285.91	-102.48	-0.99	11373.38	8783.74	12.6	-3.1	5.6
Utility Average	707.06	701.27	703.59	-1.64	-0.23	774.47	647.90	0.9	-2.7	6.0
Total Stock Market	27612.53	27325.18	27361.36	-165.47	-0.60	29630.47	24391.29	10.6	-1.1	7.5
Barron's 400	715.22	709.28	709.90	-1.39	-0.20	757.37	624.99	11.4	-0.1	7.4
Nasdaq Stock Market										
Nasdaq Composite	7169.46	7094.72	7100.90	-29.81	-0.42	7588.32	6011.24	16.9	2.9	12.4
Nasdaq 100	6715.96	6637.96	6644.48	-37.48	-0.56	7131.12	5580.55	18.1	3.9	14.0
S&P										
500 Index	2660.87	2631.70	2635.67	-19.13	-0.72	2872.87	2357.03	10.4	-1.4	7.7
MidCap 400	1890.58	1874.27	1875.83	-3.74	-0.20	1995.23	1691.67	8.6	-1.3	7.4
SmallCap 600	959.48	949.91	953.41	1.53	0.16	979.57	817.25	12.6	1.8	10.5
Other Indexes										
Russell 2000	1565.37	1548.92	1554.92	4.57	0.29	1610.71	1355.89	11.8	1.3	8.2
NYSE Composite	12521.65	12402.28	12418.07	-74.95	-0.60	13637.02	11423.53	7.7	-3.1	3.7
Value Line	552.51	548.00	548.41	-1.16	-0.21	589.69	503.24	5.2	-2.5	2.3
NYSE Arca Biotech	4518.53	4462.65	4465.52	-54.29	-1.20	4939.86	3507.64	22.7	5.8	4.7
NYSE Arca Pharma	524.15	516.76	517.71	-6.77	-1.29	593.12	514.07	0.7	-5.0	-3.9
KBW Bank	107.64	106.11	106.23	-0.88	-0.82	116.52	88.87	14.6	-0.5	12.8
PHLX§ Gold/Silver	83.22	81.52	81.92	0.50	0.61	93.26	76.42	1.7	-3.9	3.8
PHLX§ Oil Service	156.66	153.23	155.03	1.23	0.80	165.78	117.79	3.5	3.7	-11.3
PHLX§ Semiconductor	1270.41	1254.61	1259.42	-6.52	-0.51	1445.90	1006.83	24.9	0.5	21.3
Cboe Volatility	15.97	14.75	15.97	0.48	3.10	37.32	9.14	49.5	44.7	7.9

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	14,760.2	262.76	-0.44	-0.17	265.08	262.35
Snap	SNAP	11,772.7	11.08	0.05	0.45	11.26	11.00
General Electric	GE	3,511.6	14.16	-0.02	-0.14	14.23	14.05
Yamana Gold	AUY	2,860.1	2.92	-0.04	-1.35	3.05	2.88
PwrShrs QQQ Tr Series 1	QQQ	2,798.8	161.61	-0.21	-0.13	163.15	161.32
iShares MSCI Emg Markets	EEM	2,646.0	46.23	-0.09	-0.19	46.52	46.23
SunRun	RUN	2,627.7	9.08	0.02	0.22	9.08	9.05
Square Cl A	SQ	2,479.1	45.85	-2.81	-5.77	49.80	45.00

Percentage gainers…

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Caesars Entertainment	CZR	997.2	12.25	0.75	6.52	12.50	11.45
Tableau Software	DATA	106.4	90.18	5.00	5.87	91.50	84.80
Brighthouse Financial	BHF	71.0	50.88	2.68	5.56	50.88	48.18
Exelixis	EXEL	140.0	21.75	1.13	5.48	22.50	20.62
Waddell Reed Financial	WDR	70.2	18.51	0.55	3.06	18.51	17.96

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Achaogen	AKAO	335.3	10.35	-4.35	-29.59	14.70	8.90
Pacific Biosciences CA	PACB	135.8	2.17	-0.51	-19.03	2.68	2.12
Spotify Technology	SPOT	904.7	156.75	-13.25	-7.79	170.60	153.00
Cirrus Logic	CRUS	131.5	35.55	-2.79	-7.28	38.45	33.33
NMI Holdings Cl A	NMIH	98.3	14.60	-1.00	-6.41	15.60	14.60

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	913,994,152	9,523,418
Adv. volume*	346,085,740	5,570,238
Decl. volume*	546,097,711	3,390,117
Issues traded	3,074	319
Advances	1,406	163
Declines	1,519	128
Unchanged	149	28
New highs	75	6
New lows	65	4
Closing tick	70	27
Closing Arms†	1.42	0.73
Block trades*	6,806	104

	Nasdaq	NYSE Arca
Total volume*	2,111,993,609	240,832,684
Adv. volume*	965,240,241	64,650,592
Decl. volume*	1,081,364,898	164,838,535
Issues traded	2,969	1,309
Advances	1,504	556
Declines	1,282	730
Unchanged	183	23
New highs	83	3
New lows	51	46
Closing tick	333	89
Closing Arms†	1.31	1.78
Block trades*	9,234	1,153

*Primary market NYSE, NYSE American NYSE Arca only.

†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	3032.90	-17.13	-0.56	-1.7
	DJ Global Index	392.79	-1.46	-0.37	-1.1
	DJ Global ex U.S.	264.20	-0.23	-0.09	-1.0
Americas	DJ Americas	632.86	-4.09	-0.64	-1.5
Brazil	Sao Paulo Bovespa	84547.09	-1568.41	-1.82	10.7
Canada	S&P/TSX Comp	15627.93	9.00	0.06	-3.6
Mexico	S&P/BMV IPC	47809.98	-548.18	-1.13	-3.1
Chile	Santiago IPSA	4269.56	-12.70	-0.30	1.4
EMEA	Stoxx Europe 600	387.44	2.41	0.63	-0.4
Eurozone	Euro Stoxx	393.05	2.63	0.67	2.0
Belgium	Bel-20	3920.90	10.60	0.27	-1.4
Denmark	OMX Copenhagen	909.89	18.56	2.08	-1.4
France	CAC 40	5529.22	8.72	0.16	4.1
Germany	DAX	12802.25	190.14	1.51	-0.9
Israel	Tel Aviv	1476.20	12.37	0.85	-2.2
Italy	FTSE MIB	24265.61	286.24	1.19	11.0
Netherlands	AEX	555.86	0.13	0.02	2.1
Russia	RTS Index	1136.56	-17.40	-1.51	-1.5
South Africa	FTSE/JSE All-Share	58450.44	198.32	0.34	-1.8
Spain	IBEX 35	10088.90	108.30	1.09	0.4
Sweden	OMX Stockholm	582.65	5.21	0.90	2.4
Switzerland	Swiss Market	8896.28	10.02	0.11	-5.2
Turkey	BIST 100	104725.74	442.96	0.42	-9.2
U.K.	FTSE 100	7543.20	22.84	0.30	-1.9
U.K.	FTSE 250	20506.27	157.95	0.78	-1.1
Asia-Pacific					
Australia	S&P/ASX 200	6050.20	35.00	0.58	-0.2
China	Shanghai Composite	3081.18	-1.05	-0.03	-6.8
Hong Kong	Hang Seng	30723.88	-84.57	-0.27	2.7
India	S&P BSE Sensex	35176.42	16.06	0.05	3.3
Japan	Nikkei Stock Avg	22472.78	-35.25	-0.16	-1.3
Singapore	Straits Times	3615.28	1.35	0.04	6.2
South Korea	Kospi	2505.61	-9.77	-0.39	1.5
Taiwan	TAIEX	10618.81	-39.07	-0.37	-0.2
Thailand	SET	1791.13	11.02	0.62	2.1

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Close	Net chg	Latest Session % chg	52-Week High	Low	% chg
Integrated Media Tech	IMTE	21.95	19.95	997.50	41.26	1.85	...
Boxlight Cl A	BOXL	7.42	3.62	95.09	13.91	3.00	...
InVivo Therapeutics Hldgs	NVIV	13.49	5.59	70.76	96.25	6.25	-84.4
HC2 Holdings	HCHC	6.96	1.79	34.62	7.79	4.30	23.6
Nanometrics	NANO	34.05	7.66	29.03	34.55	22.08	24.2
Community Health Systems	CYH	5.09	1.12	28.21	10.45	3.69	-47.0
Frontier Communications	FTR	10.38	2.23	27.36	26.85	6.08	-57.0
Professional Diversity	IPDN	3.57	0.72	25.26	9.95	2.45	-56.4
Aqua Metals	AQMS	3.87	0.71	22.47	18.70	1.42	-77.2
Malibu Boats Cl A	MBUU	40.36	6.85	20.44	41.33	21.94	79.9
Essendant	ESND	9.00	1.39	18.27	18.30	7.20	-46.4
LS Starrett	SCX	7.25	1.10	17.89	9.90	5.80	-24.9
Stein Mart	SMRT	2.40	0.36	17.65	2.45	0.48	10.6
MACOM Tech Solutions	MTSI	20.61	3.09	17.64	65.99	15.46	-54.9
Littelfuse	LFUS	218.90	32.31	17.32	226.33	157.26	31.6

Percentage Losers

Company	Symbol	Close	Net chg	Latest Session % chg	52-Week High	Low	% chg
Heat Biologics	HTBX	2.48	-1.69	-40.53	7.89	1.09	-66.9
Esperion Therapeutics	ESPR	45.75	-24.75	-35.11	82.68	30.95	21.0
TC PipeLines	TCP	25.14	-10.41	-29.28	61.74	24.71	-58.2
Command Security	MOC	2.11	-0.76	-26.48	3.55	2.03	-23.8
Snap	SNAP	11.03	-3.10	-21.94	23.57	10.96	-49.5
Capital Senior	CSU	9.53	-2.20	-18.76	16.72	9.15	-33.2
Insignia Systems	ISIG	1.73	-0.38	-18.01	2.40	0.90	47.9
Unum Group	UNM	39.78	-8.12	-16.95	58.73	39.60	-14.5
J Bean Tech	JBT	90.40	-18.35	-16.87	122.65	82.45	1.1
Diebold Nixdorf	DBD	12.90	-2.50	-16.23	29.80	12.60	-54.4
Euroseas	ESEA	2.03	-0.37	-15.42	2.73	1.13	46.0
Molson Coors B	TAP	60.64	-11.04	-15.40	97.50	60.19	-33.3
Nemaura Medical	NMRD	3.34	-0.59	-15.01	9.60	2.50	11.3
Akorn	AKRX	12.55	-2.21	-14.97	33.95	12.34	-62.1
Essa Pharma	EPIX	4.06	-0.68	-14.35	51.00	2.00	-90.1

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Close	Latest Session % chg	52-Week High	Low
Snap	SNAP	147,327	412.9	11.03	-21.94	23.57	10.96
Neovasc	NVCN	121,228	76.0	0.05	14.94	1.89	0.03
SPDR S&P 500	SPY	71,468	-39.5	263.20	-0.67	286.63	235.43
Bank of America	BAC	66,035	-12.5	29.58	-1.24	33.05	22.07
Apple	AAPL	65,609	71.2	176.57	4.42	183.50	142.20
iShares MSCI Emg Markets	EEM	64,179	-16.2	46.32	-0.79	52.08	39.79
McDermott International	MDR	51,970	339.6	6.57	-2.81	9.07	5.38
Sprint Corp.	S	50,672	208.1	5.17	-4.61	9.02	4.81
General Electric	GE	48,149	-40.1	14.18	0.93	29.47	12.73
Chesapeake Energy	CHK	46,900	27.1	2.93	-1.68	5.87	2.53

* 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	Close	Latest Session % chg	52-Week High	Low
InVivo Therapeutics Hldgs	NVIV	3,058	10321	13.49	70.76	96.25	6.25
ALPS Emg Dividend Dogs	EDOG	324	2472	23.53	-0.72	27.38	23.18
Esperion Therapeutics	ESPR	14,577	2332	45.75	-35.11	82.68	30.95
HC2 Holdings	HCHC	3,633	2112	6.96	34.62	7.79	4.30
TC PipeLines	TCP	5,876	1628	25.14	-29.28	61.74	24.71
Kayne Anderson Acqn Cl A	KAAC	997	1440	9.80	0.20	10.08	9.64
J Bean Tech	JBT	2,024	1202	90.40	-16.87	122.65	82.45
Xtrackers MSCI Eurozone	DBEZ	152	1162	31.46	1.13	31.97	28.70
Nanometrics	NANO	2,211	1079	34.05	29.03	34.55	22.08
Sit Rising Rate ETF	RISE	111	930	24.88	-0.17	24.97	22.59

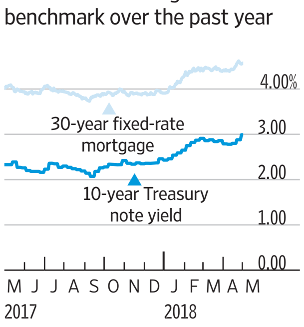
* Common stocks priced at $3 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

30-year mortgage, Rate

Bankrate.com avg†:	4.57%
BankPlus, Belzoni, MS	4.00% 800-881-7587
Florence Savings Bank, Florence, MA	4.25% 800-644-8261
Carolina Equity Services, Inc., Apex, NC	4.38% 919-467-6192
Claremont Savings Bank, Claremont, NH	4.38% 800-992-0316
El Dorado Savings Bank, South Lake Tahoe, CA	4.38% 800-874-9779

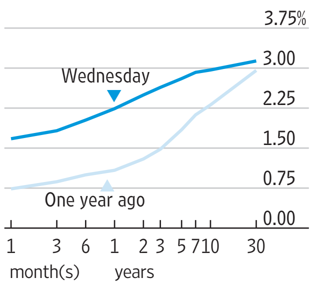
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	1.50-1.75	1.50-1.75	0.75	1.50	1.50
Prime rate*	4.75	4.75	4.00	4.75	1.50
Libor, 3-month	2.36	2.37	1.17	2.37	2.08
Money market, annual yield	0.41	0.36	0.25	0.41	0.06
Five-year CD, annual yield	1.68	1.67	1.29	1.69	0.22
30-year mortgage, fixed†	4.57	4.59	3.73	4.62	0.67
15-year mortgage, fixed†	4.03	4.05	2.99	4.07	0.91
Jumbo mortgages, $424,100-plus†	4.85	4.86	4.13	4.96	0.67
Five-year adj mortgage (ARM)†	4.70	4.61	3.22	4.70	1.42
New-car loan, 48-month	4.27	4.27	2.85	4.27	1.36

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

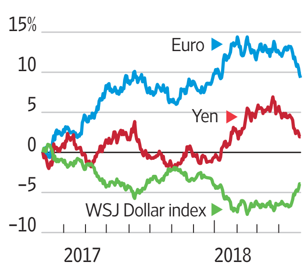
Treasury yield curve

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	1423.919	2.826	2.863	2.863	1.818	-1.452	0.351
10-yr Treasury, Ryan ALM	1661.903	2.964	3.026	3.026	2.058	-3.380	-0.537
DJ Corporate	367.862	3.906	3.899	3.914	2.879	-0.084	2.172
Aggregate, Barclays Capital	1897.840	3.320	3.340	3.340	2.380	-0.468	1.117
High Yield 100, Merrill Lynch	2848.123	6.006	6.104	6.319	4.948	2.275	3.223
Fixed-Rate MBS, Barclays	1952.000	3.470	3.510	3.510	2.660	-0.490	0.951
Muni Master, Merrill	515.201	2.626	2.652	2.653	1.736	1.062	1.947
EMBI Global, J.P. Morgan	775.582	6.407	6.258	6.407	5.279	-0.867	4.061

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Wed in US$	Wed per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0472	21.1830	13.9
Brazil real	.2815	3.5523	7.2
Canada dollar	.7762	1.2884	2.5
Chile peso	.001620	617.40	0.3
Ecuador US dollar	1	1	unch
Mexico peso	.0524	19.0862	-3.0
Uruguay peso	.03495	28.6100	-0.7
Venezuela b. fuerte	.000015689	63741.0000	6622.8
Asia-Pacific			
Australian dollar	.7491	1.3349	4.2
China yuan	.1572	6.3625	-2.2
Hong Kong dollar	.1274	7.8498	0.5
India rupee	.01497	66.805	4.6
Indonesia rupiah	.0000717	13945	3.4
Japan yen	.009104	109.84	-2.5
Kazakhstan tenge	.003025	330.57	-0.6
Macau pataca	.1237	8.0848	0.5
Malaysia ringgit	.2542	3.9340	-3.1
New Zealand dollar	.6995	1.4296	1.4
Pakistan rupee	.00864	115.780	4.6
Philippines peso	.0193	51.916	3.9
Singapore dollar	.7483	1.3364	-0.1
South Korea won	.0009261	1079.85	1.2
Sri Lanka rupee	.0063460	157.58	2.7
Taiwan dollar	.03357	29.791	0.4
Thailand baht	.03148	31.770	-2.5
Vietnam dong	.00004393	22761	0.2
Europe			
Czech Rep. koruna	.04666	21.432	0.7
Denmark krone	.1604	6.2337	0.5
Euro area euro	1.1950	.8369	0.4
Hungary forint	.003798	263.28	1.7
Iceland krona	.009777	102.28	-1.2
Norway krone	.1231	8.1212	-1.0
Poland zloty	.2800	3.5717	2.7
Russia ruble	.01561	64.054	11.1
Sweden krona	.1122	8.9158	8.9
Switzerland franc	1.0007	.9993	2.6
Turkey lira	.2394	4.1771	10.1
Ukraine hryvnia	.0381	26.2645	-6.7
UK pound	1.3572	.7368	-0.4
Middle East/Africa			
Bahrain dinar	2.6523	.3770	-0.02
Egypt pound	.0567	17.6520	-0.7
Israel shekel	.2760	3.6236	4.1
Kuwait dinar	3.3184	.3014	-0.03
Oman sul rial	2.5974	.3850	0.01
Qatar rial	.2743	3.645	-0.1
Saudi Arabia riyal	.2666	3.7507	0.01
South Africa rand	.0787	12.7062	2.8

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	86.35	0.23	0.27	0.44

Sources: Tullett Prebon, WSJ Market Data Group

Commodities

	Close	Wednesday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	650.05	0.72	0.11	658.32	532.01	16.52	3.95
TR/CC CRB Index	201.60	0.35	0.17	202.97	166.50	11.75	3.99
Crude oil, $ per barrel	67.93	0.68	1.01	68.64	42.53	42.05	12.43
Natural gas, $/MMBtu	2.754	-0.048	-1.71	3.63	2.55	-14.68	-6.74
Gold, $ per troy oz.	1302.60	-1.20	-0.09	1362.40	1208.60	4.51	-0.28

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COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
May	3.0325	3.0585		3.0280	**3.0475**	0.0325	4,109
July	3.0510	3.0880		3.0475	**3.0685**	0.0310	134,292
Gold (CMX)-100 troy oz.; $ per troy oz.							
May	1309.00	1309.30		1303.70	**1302.60**	−1.20	368
June	1304.40	1314.90		1304.30	**1305.60**	−1.20	345,652
Aug	1310.60	1320.90		1310.60	**1311.80**	−1.20	77,329
Oct	1319.90	1326.10		1317.60	**1318.00**	−1.10	9,268
Dec	1323.80	1333.10		1323.50	**1324.40**	−1.20	60,628
June'19	1348.50	1349.50		1344.50	**1343.80**	−1.10	3,338
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
June	940.40	966.60		938.65	**960.15**	23.90	17,281
Sept	936.95	962.35		936.95	**956.20**	23.70	5,616
Dec	926.10	964.00	▼	926.00	**952.95**	24.95	250
Platinum (NYM)-50 troy oz.; $ per troy oz.							
June	897.80	899.00		897.80	**891.40**	−0.40	45
July	895.50	902.20	▼	893.10	**893.80**	−0.40	75,454
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
May	16.190	16.450		16.190	**16.291**	0.252	1,882
July	16.190	16.565		16.175	**16.375**	0.248	142,881
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
June	67.44	68.14		66.92	**67.93**	0.68	519,550
July	67.31	67.96		66.80	**67.77**	0.64	284,639
Sept	66.47	66.98		65.99	**66.82**	0.47	242,210
Dec	64.90	65.34		64.39	**65.18**	0.42	290,206
June'19	61.67	61.96		61.18	**61.80**	0.29	146,394
Dec	58.95	59.17		58.51	**58.93**	0.17	157,291
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
June	2.1065	2.1253		2.0915	**2.1215**	.0218	149,841
July	2.1021	2.1175		2.0877	**2.1140**	.0175	89,187
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
June	2.0856	2.0921		2.0564	**2.0798**	−.0078	168,043
July	2.0844	2.0903		2.0573	**2.0803**	−.0054	84,223
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
June	2.804	2.811		2.745	**2.754**	−.048	263,436
July	2.842	2.845		2.783	**2.791**	−.046	193,268
Sept	2.824	2.830		2.776	**2.781**	−.042	134,937
Oct	2.840	2.840		2.789	**2.793**	−.042	122,418
March'19	2.923	2.923		2.884	**2.890**	−.029	88,357
April	2.608	2.609		2.584	**2.598**	−.008	89,464

Agriculture Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
May	396.25	397.25	▲	395.00	**396.00**	−.75	5,562
July	405.00	406.25	▲	403.75	**405.00**	−.75	830,311
Oats (CBT)-5,000 bu.; cents per bu.							
May	226.00	226.00		226.00	**225.50**	−2.25	21
July	238.00	238.50		234.00	**236.00**	−1.75	4,885
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	1041.25	1041.25		1029.25	**1032.75**	−9.75	5,751
July	1053.25	1054.75		1039.25	**1043.00**	−10.25	436,034
Soybean Meal (CBT)-100 tons; $ per ton.							
May	402.00	404.90	▲	398.60	**400.00**	−3.00	3,650
July	403.70	406.50	▲	399.10	**400.70**	−3.70	263,363
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	30.24	30.41		30.24	**30.37**	.29	1,721
July	30.33	30.80		30.33	**30.60**	.27	273,467
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
May	1268.50	1268.50		1267.00	**1275.50**	12.00	2
July	1292.00	1308.00		1289.00	**1303.00**	14.50	6,574
Wheat (CBT)-5,000 bu.; cents per bu.							
May	525.00	533.25	▲	522.50	**525.75**	−4.00	559
July	529.00	534.50	▲	521.00	**526.75**	−2.50	246,935
Wheat (KC)-5,000 bu.; cents per bu.							
May	535.00	536.25		531.25	**535.75**	3.50	861
July	553.00	563.00		547.00	**555.25**	2.25	134,244
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	630.00	631.00		629.00	**630.75**	3.50	64
July	622.50	626.00		620.00	**624.50**	1.00	32,319
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
May	138.300	138.950		137.300	**138.625**	.725	6,910
Aug	143.750	145.025		143.025	**144.450**	.975	23,067
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
June	106.200	106.825		104.350	**104.850**	−.975	138,709
Aug	104.450	105.150		103.525	**103.975**	−.100	98,014
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
May	67.775	68.000		66.800	**66.900**	−.550	2,992
June	74.100	74.725		73.175	**73.500**	−.400	97,286
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
May	595.10	601.80	▲	590.00	**595.00**	3.20	1,159
July	575.00	581.00	▲	570.50	**575.10**	3.00	4,565
Milk (CME)-200,000 lbs., cents per lb.							
May	15.25	15.30		15.21	**15.23**	...	3,905
June	15.70	15.75		15.64	**15.68**	−.01	3,560
Cocoa (ICE-US)-10 metric tons; $ per ton.							
May	2,855	2,880		2,839	**2,835**	−79	75
July	2,900	2,904		2,806	**2,813**	−81	140,054
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
May	122.75	122.75		122.75	**121.60**	−1.00	149
July	124.35	125.95		123.60	**123.75**	−1.05	144,657
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
June	...	...	▲	...	**11.75**	.06	
July	11.50	11.89		11.29	**11.75**	.06	530,239
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
July	24.82	24.82		24.80	**24.81**	.01	2,806
Sept	25.37	25.37		25.37	**25.37**	.01	1,506
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
May	85.33	85.38		84.65	**85.01**	−.11	18
July	84.55	85.10		84.13	**84.68**	.20	137,180
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
May	160.00	160.10	▲	160.00	**159.95**	2.40	381
July	157.90	160.60	▲	157.70	**160.25**	2.25	10,018

Interest Rate Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
June	143-100	143-180		142-220	**143-080**	3.0	830,054
Sept	142-150	142-230		141-290	**142-130**	3.0	8,748
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	119-145	119-180		119-080	**119-165**	4.5	3,663,933
Sept	119-040	119-070		118-290	**119-050**	4.0	27,667
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	113-127	113-150		113-097	**113-140**	2.7	3,652,786
Sept	113-025	113-042		113-002	**113-042**	2.7	32,879
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
June	106-000	106-007		105-307	**106-005**	1.2	1,986,816
Sept	105-245	105-250		105-245	**105-257**	1.5	10,932
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
May	98.295	98.298		98.293	**98.295**	...	209,606
July	98.060	98.065	▼	98.060	**98.060**	...	322,879
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
June	92.813	93.094		92.750	**93.047**	.031	29,201
1 Month Libor (CME)-$3,000,000; pts of 100%							
May	98.0800	98.0800		98.0800	**98.0775**	−.0050	1,533
Eurodollar (CME)-$1,000,000; pts of 100%							
May	97.6600	97.6625		97.6450	**97.6450**	−.0125	389,429
June	97.6350	97.6400		97.6200	**97.6250**	−.0100	1,684,963
Dec	97.3500	97.3500	▼	97.3300	**97.3450**	...	2,050,067
Dec'19	97.0050	97.0100	▼	96.9750	**97.0050**	.0100	1,988,853

Currency Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
May	.9107	.9120	▼	.9093	**.9117**	.0003	197
June	.9126	.9149		.9112	**.9136**	.0002	157,993
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
May	.7785	.7804		.7772	**.7783**	−.0002	266
June	.7792	.7818		.7766	**.7787**	−.0003	113,919
British Pound (CME)-£62,500; $ per £							
May	1.3672	1.3672	▼	1.3602	**1.3611**	−.0014	1,081
June	1.3639	1.3694		1.3582	**1.3631**	−.0015	189,077
Swiss Franc (CME)-CHF 125,000; $ per CHF							
June	1.0070	1.0102	▼	1.0036	**1.0067**	−.0006	84,023
Sept	1.0167	1.0183	▼	1.0124	**1.0151**	−.0005	150
Australian Dollar (CME)-AUD 100,000; $ per AUD							
May	.7513	.7530		.7484	**.7510**	.0019	1,039
June	.7487	.7538		.7476	**.7510**	.0019	142,323
July	.7520	.7532		.7486	**.7512**	.0019	523
Aug	.7503	.7534		.7488	**.7513**	.0019	149
Sept	.7493	.7538		.7483	**.7516**	.0019	1,234
Dec	.7543	.7543		.7543	**.7522**	.0018	416
Mexican Peso (CME)-MXN 500,000; $ per MXN							
June	.05236	.05262		.05169	**.05211**	−.00032	215,320
Sept	.05128	.05187	▼	.05098	**.05138**	−.00032	1,585
Euro (CME)-€125,000; $ per €							
May	1.2004	1.2037	▼	1.1948	**1.1996**	−.0010	1,571
June	1.2034	1.2071	▼	1.1977	**1.2025**	−.0011	497,411

Index Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
June	24092	24136		23839	**23825**	−246	101,223
Sept	24101	24139		23848	**23837**	−247	2,308
S&P 500 Index (CME)-$250 x index							
June	2645.10	2658.20		2627.00	**2627.40**	−24.80	72,574
Sept		2661.60		2633.60	**2631.70**	−24.90	9,027
Mini S&P 500 (CME)-$50 x index							
June	2655.50	2658.50		2624.25	**2627.50**	−24.75	2,860,955
Sept	2659.75	2662.75		2628.75	**2631.75**	−24.75	90,865
Mini S&P Midcap 400 (CME)-$100 x index							
June	1881.20	1891.30		1869.90	**1875.80**	−3.20	75,894
Mini Nasdaq 100 (CME)-$20 x index							
June	6715.5	6729.5		6627.0	**6633.5**	−58.5	228,152
Sept	6741.3	6750.8		6651.0	**6657.3**	−58.0	10,968
Mini Russell 2000 (ICE-US)-$100 x index							
June	1553.30	1568.10		1546.50	**1552.20**	−.40	9,978
Mini Russell 1000 (ICE-US)-$100 x index							
June	1462.40	1462.70		1460.00	**1461.20**	−10.20	63
U.S. Dollar Index (ICE-US)-$1,000 x index							
June	92.30	92.67	▲	92.04	**92.34**	.08	33,408
Sept	91.82	92.18	▲	91.60	**91.88**	.08	1,449

Source: SIX Financial Information

Cash Prices

Wednesday, May 02, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Wednesday
Energy	
Propane,tet,Mont Belvieu-g	0.9002
Butane,normal,Mont Belvieu-g	1.0061
NaturalGas,HenryHub-i	2.730
NaturalGas,TranscoZone3-i	2.700
NaturalGas,TranscoZone6NY-i	2.760
NaturalGas,PanhandleEast-i	1.880
NaturalGas,Opal-i	1.830
NaturalGas,MarcellusNE PA-i	1.690
NaturalGas,HaynesvilleN.LA-i	2.630
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	60.400
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	12.450
Metals	
Gold, per troy oz	
Engelhard industrial	1309.87
Engelhard fabricated	1408.11
Handy & Harman base	1304.20
Handy & Harman fabricated	1447.66
LBMA Gold Price AM	*1309.20
LBMA Gold Price PM	*1307.10
Krugerrand,wholesale-e	1357.20
Maple Leaf-e	1370.25
American Eagle-e	1370.25
Mexican peso-e	1581.44
Austria crown-e	1282.16
Austria phil-e	1370.25
Silver, troy oz.	
Engelhard industrial	16.4500
Engelhard fabricated	19.7400
Handy & Harman base	16.4250
Handy & Harman fabricated	20.5310
LBMA spot price	*£11.8700
(U.S.$ equivalent)	*16.2500
Coins,wholesale $1,000 face-a	12108
Other metals	
LBMA Platinum Price PM	*899.0
Platinum,Engelhard industrial	900.0
Platinum,Engelhard fabricated	1000.0
Palladium,Engelhard industrial	973.0
Palladium,Engelhard fabricated	1073.0
Aluminum, LME, $ per metric ton	*2258.0
Copper,Comex spot	3.0475
Iron Ore, 62% Fe CFR China-s	66.8
Shredded Scrap, US Midwest-s,m	381
Steel, HRC USA, FOB Midwest Mill-s	880
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5900
Cotton,1 1/16 std lw-mdMphs-u	0.8368
Cotlook 'A' Index-t	*93.00
Hides,hvy native steers piece fob-u	62.000
Wool,64s,staple,Terr del-u,w	6.30
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	115
Corn,No. 2 yellow,Cent IL-bp,u	3.7550
Corn gluten feed,Midwest-u,w	136.2
Corn gluten meal,Midwest-u,w	517.5
Cottonseed meal-u,w	268
Hominy feed,Cent IL-u,w	108
Meat-bonemeal,50% pro Mnpls-u,w	315
Oats,No.2 milling,Mnpls-u	2.8350
Rice, Long Grain Milled, No. 2 AR-u,w	25.75
Sorghum,(Milo) No.2 Gulf-u	7.0925
SoybeanMeal,Cent IL,rail,ton48%-u	407.70
Soybeans,No.1 yllw IL-bp,u	10.0000
Wheat,Spring14%-pro Mnpls-u	7.7450
Wheat,No.2 soft red,St.Louis-bp,u	5.2300
Wheat - Hard - KC (USDA) $ per bu-u	5.3625
Wheat,No.1soft white,Portld,OR-u	5.8988
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	201.31
select 1-3,600-900 lbs.-u	184.53
Broilers, National comp wghtd-u,w	1.0906
Butter,AA Chicago	2.3475
Cheddar cheese,bbl,Chicago	160.25
Cheddar cheese,blk,Chicago	166.50
Milk,Nonfat dry,Chicago lb.	82.00
Cocoa,Ivory Coast-w	3066
Coffee,Brazilian,Comp	1.2396
Coffee,Colombian, NY	1.4442
Eggs,large white,Chicago-u	1.1650
Flour,hard winter KC	16.55
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	62.35
Pork bellies,12-14 lb MidUS-u	1.0307
Pork loins,13-19 lb MidUS-u	0.9089
Steers,Tex.-Okla. Choice-u	n.a.
Steers,feeder,Okla. City-u,w	168.88
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	29.5000
Grease,choice white,Chicago-h	0.2300
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u	0.2872
Tallow,bleach;Chicago-h	0.2375
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 5/1

Source: WSJ Market Data Group

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended April 27. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import Natural-gas import and demand data are available monthly only.

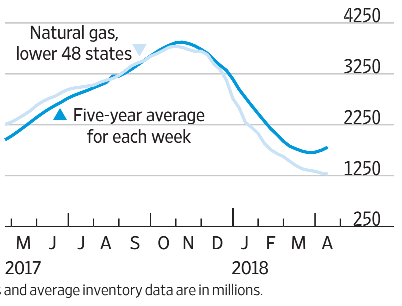
	Inventories, 000s barrels						Imports, 000s barrels per day					
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Crude oil and petroleum prod	1,187,725	...	1,182	1,339	1,186	1,228	10,779	...	10,520	10,297	10,406	9,600
Crude oil excluding SPR	435,955	700	430	528	430	468	8,549	...	8,469	8,264	8,400	7,381
Gasoline	237,978	...	237	241	237	228	923	...	896	693	795	811
Finished gasoline	23,750	-1,000	23	21	24	30	10	...	7	51	18	45
Reformulated	42	...	0	0	0	0	0	...	0	0	0	0
Conventional	23,708	...	23	21	24	30	10	...	7	51	18	45
Blend. components	214,228	...	214	220	214	198	913	...	889	642	777	767
Natural gas (bcf)	1,281	...	1	2	1	2	...	...	...	...	...	...
Kerosene-type jet fuel	39,753	...	39	43	40	41	205	...	60	173	113	131
Distillates	118,829	-1,100	123	150	124	133	76	...	123	112	107	145
Heating oil	9,476	...	10	9	10	12	7	...	2	66	13	41
Diesel	109,354	...	113	141	114	121	69	...	121	46	94	104
Residual fuel oil	32,888	...	33	39	33	39	61	...	183	211	126	178
Other oils	263,810	...	263	274	263	247	838	...	664	759	732	865
Net crude, petroleum products, incl. SPR	1,851,991	...	1,847	2,028	1,851	1,920	3,621	...	2,188	5,022	3,295	5,755

Weekly Demand, 000s barrels per day

	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg
Total petroleum product	20,164	...	19,000	19,894	20,103	19,822
Finished motor gasoline	9,090	...	9,083	9,156	9,326	9,160
Kerosene-type jet fuel	1,773	...	1,553	1,899	1,687	1,533
Distillates	4,485	...	3,749	4,256	4,190	4,105
Residual fuel oil	163	...	402	322	337	272
Propane/propylene	1,012	...	884	1,090	1,112	...
Other oils	3,641	...	3,329	3,171	3,452	...

Natural gas storage

Billions of cubic feet; weekly totals



Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions.

Sources: SIX Financial Information via WSJ Market Data Group; U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Wednesday, May 2, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	10.05	**−1.18**	−6.9
CnsmrDiscSelSector	XLY	103.13	**−0.68**	4.5
CnsStapleSelSector	XLP	49.03	**−1.96**	−13.8
EnSelectSectorSPDR	XLE	73.66	**0.41**	1.9
FinSelSectorSPDR	XLF	27.15	**−1.13**	−2.7
FT DJ Internet	FDN	124.32	**−0.19**	13.1
HealthCareSelSect	XLV	81.09	**−1.37**	−1.9
IndSelSectorSPDR	XLI	71.26	**−0.88**	−5.8
iSh1-3YCreditBond	CSJ	103.56	**0.05**	−0.9
iSh3-7YTreasuryBd	IEI	119.26	**0.07**	−2.4
iShCoreMSCIEAFE	IEFA	66.49	**−0.06**	0.6
iShCoreMSCIEmgMk	IEMG	56.13	**−0.81**	−1.4
iShCoreMSCITotInt	IXUS	63.07	**−0.19**	−0.0
iShCoreS&P500	IVV	264.97	**−0.70**	−1.4
iShCoreS&P MC	IJH	187.34	**−0.18**	−1.3
iShCoreS&P SC	IJR	78.35	**0.24**	2.0
iShS&PTotlUSStkMkt	ITOT	60.45	**−0.56**	−1.1
iShCoreUSAggBd	AGG	105.67	**...**	−3.3
iShSelectDividend	DVY	95.63	**−0.26**	−3.0
iShEdgeMSCIMinEAFE	EFAV	73.68	**−0.30**	1.0
iShEdgeMSCIMinUSA	USMV	51.45	**−0.98**	−2.5
iShEdgeMSCIUSAMom	MTUM	106.16	**−0.89**	2.9
iShFloatingRateBd	FLOT	50.95	**0.02**	0.3
iShGoldTr	IAU	12.53	**...**	0.2
iShiBoxx$InvGrCpBd	LQD	114.49	**−0.08**	−5.8
iShiBoxx$HYCpBd	HYG	85.37	**−0.04**	−2.2
iShJPMUSDEmgBd	EMB	108.66	**−0.79**	−6.4
iShMBSETF	MBB	103.54	**0.08**	−2.9
iShMSCI ACWI	ACWI	71.61	**−0.42**	−0.7
iShMSCIBrazil	EWZ	41.08	**−1.65**	1.6
iShMSCI EAFE	EFA	70.46	**−0.04**	0.2
iShMSCI EAFE SC	SCZ	65.57	**0.14**	1.7
iShMSCIEmgMarkets	EEM	46.32	**−0.79**	−1.7
iShMSCIEurozone	EZU	44.31	**0.25**	2.1
iShMSCIJapan	EWJ	60.23	**−0.59**	0.5
iShNasdaqBiotech	IBB	102.68	**−1.32**	−3.8
iShNatlMuniBd	MUB	107.95	**0.15**	−2.5
iShRussell1000Gwth	IWF	136.59	**−0.49**	1.4
iShRussell1000	IWB	146.63	**−0.64**	−1.3
iShRussell1000Val	IWD	119.08	**−0.85**	−4.2
iShRussell2000Gwth	IWO	192.99	**0.47**	3.4
iShRussell2000	IWM	154.65	**0.38**	1.4
iShRussell2000Val	IWN	124.94	**0.33**	−0.6
iShRussell3000	IWV	156.39	**−0.57**	−1.1
iShRussellMid-Cap	IWR	205.09	**−0.58**	−1.5
iShRussellMCValue	IWS	86.31	**−0.48**	−3.2
iShS&PMC400Growth	IJK	216.12	**−0.39**	0.1
iShS&P500Growth	IVW	155.66	**−0.52**	1.9
iShS&P500Value	IVE	108.56	**−0.90**	−5.0
iShUSPfdStk	PFF	36.93	**−0.11**	−3.0
iShShortTreaBd	SHV	110.25	**0.00**	0.0
iShTIPSBondETF	TIP	111.93	**0.13**	−1.9
iSh1-3YTreasuryBd	SHY	83.16	**0.04**	−0.8
iSh7-10YTreasuryBd	IEF	101.37	**0.02**	−4.0
iSh20+YTreasuryBd	TLT	118.28	**−0.11**	−6.8
iShRussellMCGrowth	IWP	121.36	**−0.68**	0.6
PIMCOEnhShMaturity	MINT	101.43	**0.01**	−0.1
PwrShQQQ 1	QQQ	161.82	**−0.59**	3.9
PwrShS&P500EW	RSP	99.06	**−0.83**	−1.9
PwrShSrLoanPtf	BKLN	23.10	**−0.04**	0.3
SPDR BlmBarcHYBd	JNK	35.70	**...**	−2.8
SPDR Gold	GLD	123.65	**−0.05**	...
SchwabIntEquity	SCHF	34.06	**−0.12**	−0.0
SchwabUS BrdMkt	SCHB	63.84	**−0.56**	−1.1
SchwabUS Div	SCHD	47.73	**−1.02**	−6.7
SchwabUS LC	SCHX	63.00	**−0.66**	−1.2
SchwabUS SC	SCHA	69.99	**0.19**	0.4
SPDR DJIA Tr	DIA	239.11	**−0.69**	−3.3
SPDR S&PMdCpTr	MDY	341.08	**−0.18**	−1.3
SPDR S&P 500	SPY	263.20	**−0.67**	−1.4
SPDR S&P Div	SDY	90.19	**−0.79**	−4.5
TechSelectSector	XLK	66.21	**−0.11**	3.5
VanEckGoldMiner	GDX	22.38	**0.31**	−3.7
VangdInfoTech	VGT	173.07	**0.03**	5.1
VangdSC Val	VBR	130.15	**0.05**	−2.0
VangdSC Grwth	VBK	165.17	**−0.02**	2.7
VangdDivApp	VIG	98.76	**−0.95**	−3.2
VangdFTSEDevMk	VEA	44.71	**−0.13**	−0.3
VangdFTSE EM	VWO	45.12	**−0.66**	−1.7
VangdFTSE Europe	VGK	59.11	**0.07**	−0.1
VangdFinls	VFH	68.60	**−1.00**	−2.1
VangdFTSEAWxUS	VEU	54.37	**−0.20**	−0.6
VangdGrowth	VUG	142.68	**−0.37**	1.4
VangdHiDiv	VYM	81.65	**−0.96**	−4.6
VangdIntermBd	BIV	80.45	**0.07**	−4.0
VangdIntrCorpBd	VCIT	83.33	**0.04**	−4.6
VangdLC	VV	120.99	**−0.69**	−1.3
VangdMC	VO	153.11	**−0.60**	−1.1
VangdMC Val	VOE	108.88	**−0.64**	−2.4
VangdRealEst	VNQ	76.50	**−0.36**	−7.8
VangdS&P500	VOO	241.78	**−0.68**	−1.4
VangdST Bond	BSV	78.02	**0.06**	−1.4
VangdSTCpBd	VCSH	77.98	**0.05**	−1.7
VangdSC	VB	147.91	**0.01**	0.1
VangdTotalBd	BND	78.76	**0.01**	−3.4
VangdTotIntlBd	BNDX	54.54	**−0.07**	0.3
VangdTotIntlStk	VXUS	56.53	**−0.26**	−0.5
VangdTotalStk	VTI	135.75	**−0.58**	−1.1
VangdTotlWrld	VT	73.62	**−0.38**	−0.9
VangdValue	VTV	102.38	**−1.01**	−3.7

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1897.84	-2.4	U.S. Aggregate	3.320	2.380	3.340
U.S. Corporate Indexes Bloomberg Barclays					
2699.31	-3.5	U.S. Corporate	3.970	3.030	3.970
2565.87	-2.0	Intermediate	3.660	2.530	3.670
3674.29	-6.6	Long term	4.630	3.990	4.640
552.49	-2.7	Double-A-rated	3.410	2.470	3.430
696.39	-3.4	Triple-B-rated	4.250	3.340	4.250
High Yield Bonds Merrill Lynch					
416.47	-0.3	High Yield Constrained	6.295	5.373	6.417
427.67	1.8	Triple-C-rated	9.826	9.607	11.091
2848.12	-0.5	High Yield 100	6.006	4.948	6.319
377.31	-0.4	Global High Yield Constrained	5.742	4.934	5.755
306.81	0.2	Europe High Yield Constrained	2.860	1.897	2.957
U.S Agency Bloomberg Barclays					
1617.89	-1.2	U.S Agency	2.780	1.690	2.800
1452.21	-0.7	10-20 years	2.670	1.510	2.690
3247.72	-4.1	20-plus years	3.410	2.730	3.460
2403.47	-2.4	Yankee	3.630	2.610	3.640
Mortgage-Backed Bloomberg Barclays					
1952.00	-1.8	Mortgage-Backed	3.470	2.660	3.510
1918.50	-1.8	Ginnie Mae (GNMA)	3.440	2.630	3.480
1144.59	-1.8	Fannie mae (FNMA)	3.470	2.670	3.520
1762.81	-1.9	Freddie Mac (FHLMC)	3.490	2.680	3.530
515.20	-1.4	Muni Master	2.626	1.736	2.653
358.51	-1.9	7-12 year	2.666	1.744	2.702
405.15	-1.7	12-22 year	2.958	2.213	3.004
392.66	-1.9	22-plus year	3.348	2.716	3.411
Global Government J.P. Morgan†					
540.99	-0.6	Global Government	1.590	1.300	1.650
748.41	-0.9	Canada	2.320	1.570	2.340
374.21	1.0	EMU§	1.109	0.956	1.311
712.00	0.2	France	0.900	0.690	1.040
505.62	-0.3	Germany	0.600	0.330	0.740
290.26	0.5	Japan	0.370	0.350	0.460
558.93	-0.3	Netherlands	0.690	0.460	0.830
918.87	-1.3	U.K.	1.670	1.340	1.830
775.58	-4.0	Emerging Markets **	6.407	5.279	6.407

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds

** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.375	**U.S.** 2	2.492 ▼	2.508	2.242	1.262			
2.750	10	2.966 ▼	2.967	2.731	2.281			
4.500	**Australia** 2	2.059 ▲	2.052	2.024	1.681	-43.4	-45.6	41.9
2.250	10	2.807 ▲	2.768	2.608	2.610	-15.9	-19.9	32.9
0.000	**France** 2	-0.491 ▲	-0.498	-0.499	-0.454	-298.3	-300.6	-171.6
0.750	10	0.804 ▲	0.789	0.721	0.817	-216.2	-217.8	-146.3
0.000	**Germany** 2	-0.577 ▲	-0.590	-0.610	-0.721	-307.0	-309.9	-198.3
0.500	10	0.583 ▲	0.561	0.498	0.330	-238.3	-240.6	-195.0
0.050	**Italy** 2	-0.307 ▲	-0.311	-0.326	-0.083	-279.9	-281.9	-134.5
2.000	10	1.788 ▲	1.782	1.792	2.299	-117	-118.5	1.8
0.100	**Japan** 2	-0.134 ▲	-0.142	-0.135	-0.201	-262.7	-265.0	-146.3
0.100	10	0.046 ▲	0.040	0.046	0.020	-292.0	-292.7	-226.1
1.400	**Spain** 2	-0.348 ▲	-0.350	-0.350	-0.273	-284.0	-285.9	-153.5
1.400	10	1.296 ▲	1.278	1.163	1.646	-167.0	-168.9	-63.4
2.000	**U.K.** 2	0.830 ▲	0.788	0.822	0.081	-166.3	-172.0	-118.1
4.250	10	1.459 ▲	1.406	1.353	1.091	-150.	-156.0	-118.9

Source: Tullett Prebon

Corporate Debt

in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Berkshire Hathaway	BRK	2.750	March 15, '23	30	−24	53	...	...
Microsoft	MSFT	2.375	May 1, '23	16	−23	n.a.	93.51	−1.57
AstraZeneca	AZN	2.375	Nov. 16, '20	42	−22	62	35.54	−1.66
Apple	AAPL	2.000	May 6, '20	11	−10	25	176.57	4.42
Bank of America	BAC	4.183	Nov. 25, '27	150	−10	159	29.58	−1.24
Metropolitan Life Global Funding I	MET	2.400	Jan. 8, '21	48	−10	57	...	...
National Australia Bank	NAB	2.500	Jan. 12, '21	57	−10	53	...	...
Wells Fargo	WFC	3.300	Sept. 9, '24	114	−10	114	52.19	−0.70

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Bank of America	BAC	2.625	Oct. 19, '20	57	17	57	29.58	−1.24
Citigroup	C	6.300	May 15, '49	255	17	245	67.99	−0.38
Athene Global Funding	ATHGLO	4.000	Jan. 25, '22	111	14	n.a.	...	...
GlaxoSmithKline Capital	GSK	2.850	May 8, '22	49	13	48	...	...
Morgan Stanley	MS	5.750	Jan. 25, '21	70	12	74	51.70	−0.21
Molson Coors Brewing	TAP	5.000	May 1, '42	178	11	n.a.	60.64	−15.40
Credit Suisse AG	CS	7.500	Dec. 11, '49	260	8	249	16.61	−0.42
Corning	GLW	4.375	Nov. 15, '57	197	8	n.a.	26.70	−0.45

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
Frontier Communications	FTR	7.625	April 15, '24	70.000	4.00	65.250	10.38	27.36
B&G Foods	BGS	5.250	April 1, '25	93.977	2.73	91.750	22.15	−3.70
Ultra Resources	UPL	6.875	April 15, '22	74.000	2.50	75.250	2.57	4.47
CHS/Community Health Systems	CYH	8.000	Nov. 15, '19	94.500	2.25	91.250	...	...
Fresh Market	TFM	9.750	May 1, '23	62.250	2.25	58.500	...	...
Intelsat Luxembourg S.A.	INTEL	7.750	June 1, '21	70.750	2.19	68.500	...	...
McDermott Escrow 1	MDR	10.625	May 1, '24	103.000	2.01	100.000	...	...
Genworth Financial	GNW	7.625	Sept. 24, '21	96.063	1.81	93.220	2.97	4.58

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
CHS/Community Health Systems	CYH	6.875	Feb. 1, '22	54.250	−1.75	55.000	...	...
Tenet Healthcare	THC	6.875	Nov. 15, '31	92.460	−1.74	n.a.	31.29	9.71
Diebold Nixdorf	DBD	8.500	April 15, '24	100.250	−1.50	n.a.	12.90	−16.23
Jonah Energy	JONAHE	7.250	Oct. 15, '25	75.250	−1.25	80.250	...	...
TreeHouse Foods	THS	6.000	Feb. 15, '24	98.000	−1.25	99.750	36.62	−4.66
Match	MTCH	6.375	June 1, '24	104.125	−1.13	106.125	34.58	−5.80
Intelsat Luxembourg S.A.	INTEL	8.125	June 1, '23	65.000	−1.00	63.500	...	...
TransDigm	TDG	6.375	June 15, '26	99.000	−1.00	100.625	318.97	1.47

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.

Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; WSJ Market Data Group

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.
The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
▲-New 52-week high.
▼-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-First day of trading.
h-Does not meet continued listing standards
lf-Late filing
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy
v-Trading halted on primary market.
vj-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, May 2, 2018

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **% CHG**-Daily percentage change from the previous trading session.

Wednesday, May 2, 2018

Highs

Lows

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

May 2, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	March index level	Chg From (%) Feb. '18	March '17
U.S. consumer price index			
All items	**249.554**	0.23	2.4
Core	**256.610**	0.32	2.1

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	**4.75**	4.75	4.75	4.00
Canada	**3.45**	3.45	3.45	2.70
Japan	**1.475**	1.475	1.475	1.475
Policy Rates				
Euro zone	**0.00**	0.00	0.00	0.00
Switzerland	**0.50**	0.50	0.50	0.50
Britain	**0.50**	0.50	0.50	0.25
Australia	**1.50**	1.50	1.50	1.50
Overnight repurchase				
U.S.	**1.82**	1.79	2.18	0.76

U.S. government rates

	Latest	Week ago	52-Week High	52-Week Low
Discount	**2.25**	2.25	2.25	1.50
Federal funds				
Effective rate	**1.7200**	1.7200	1.7200	0.8600
High	**1.9500**	1.9000	1.9500	1.0625
Low	**1.6500**	1.6500	1.7100	0.7000
Bid	**1.6800**	1.6800	1.7000	0.8200
Offer	**1.7100**	1.7100	1.7200	0.8300

	Latest	Week ago	52-WEEK High	52-WEEK Low
Treasury bill auction				
4 weeks	**1.650**	1.680	1.720	0.695
13 weeks	**1.835**	1.830	1.835	0.845
26 weeks	**1.990**	1.985	1.990	0.975

Secondary market

	Latest	Week ago	52-WEEK High	52-WEEK Low
Fannie Mae 30-year mortgage yields				
30 days	**4.227**	4.275	4.275	3.253
60 days	**4.256**	4.304	4.304	3.281

Other short-term rates

	Latest	Week ago	52-Week high	52-Week low
Call money	**3.50**	3.50	3.50	2.75
Commercial paper (AA financial)				
90 days	**2.01**	2.26	2.31	1.03
Libor				
One month	**1.91713**	1.89988	1.91713	0.98856
Three month	**2.36294**	2.36561	2.36561	1.17122
Six month	**2.51269**	2.51925	2.52175	1.39906
One year	**2.77685**	2.77188	2.78031	1.69511
Euro Libor				
One month	**-0.401**	-0.402	-0.397	-0.420
Three month	**-0.356**	-0.364	-0.356	-0.389
Six month	**-0.316**	-0.321	-0.265	-0.339
One year	**-0.244**	-0.244	-0.138	-0.263
Euro interbank offered rate (Euribor)				
One month	**-0.371**	-0.371	-0.366	-0.374
Three month	**-0.329**	-0.328	-0.325	-0.332
Six month	**-0.269**	-0.270	-0.248	-0.279
One year	**-0.189**	-0.189	-0.123	-0.194

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	**1.789**	35.900	2.068	0.791
MBS	**1.804**	127.050	1.971	0.794

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury May	**98.200**	unch.	1043	1.800
Treasury Jun	**98.050**	-0.005	675	1.950
Treasury Jly	**97.940**	0.005	439	2.060

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 March 22, 2018. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective March 22, 2018. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-Ex-distribution. **f**-Previous day's quotation. **g**-Footnotes x and s apply. **j**-Footnotes e and s apply. **k**-Recalculated by Lipper, using updated data. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **s**-Stock split or dividend. **t**-Footnotes p and r apply. **v**-Footnotes x and e apply. **x**-Ex-dividend. **z**-Footnote x, e and s apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Wednesday, May 2, 2018

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Wed's close ($)	% Chg From Offer price	% Chg From 1st-day close
PermRock Royalty Trust **PRT** May 2/$17.00	15.50	**–8.8**	...
Docusign **DOCU** April 27/$29.00	39.32	**35.6**	–1.0
Goosehead Insurance **GSHD** April 27/$10.00	14.95	**49.5**	–5.1
Smartsheet **SMAR** April 27/$15.00	19.51	**30.1**	0.1
Ceridian HCM Holding **CDAY** April 26/$22.00	32.75	**48.9**	4.9
nLight **LASR** April 26/$16.00	29.08	**81.8**	7.9
Level One Bancorp **LEVL** April 20/$28.00	28.99	**3.5**	–0.9
Pivotal Software **PVTL** April 20/$15.00	18.20	**21.3**	15.7
GrafTech Intl **EAF** April 19/$15.00	16.20	**8.0**	12.1
Surface Oncology **SURF** April 19/$15.00	15.06	**0.4**	13.0

Sources: WSJ Market Data Group; FactSet Research Systems

AIG Results Miss Wall Street Estimates

Core business remains sluggish; competitors MetLife, Prudential beat analyst views

BY LESLIE SCISM

American International Group Inc. posted lower-than-expected first-quarter results as the company's core business of selling property-casualty insurance to businesses remains a challenge to turn around.

The global insurance conglomerate, which also has one of the largest life-insurance and retirement-services businesses in the U.S., posted a 21% decline in net income. Its closely watched adjusted income, which strips out items judged nonrecurring, fell nearly 30%.

AIG's declining profit came as two of its rivals posted results above Wall Street expectations.

Big life insurer **MetLife** Inc. posted double-digit gains in net income and adjusted income, exceeding expectations. The solid results followed a rocky stretch of several months as its management struggled to close the door on an embarrassing misstep in which the company acknowledged flawed efforts in years past to find thousands of people due benefits in its retirement-services business.

Prudential Financial Inc.'s first-quarter net profit declined slightly to $1.363 billion, though the company's individual annuities gross sales of $1.7 billion represented a 20% jump from a year earlier. The company's per-share adjusted profit of $3.08 beat analysts' expectations for a $2.99 profit, according to a survey of seven analysts by Zacks Investment Research.

Many of AIG's challenges with its core property-casualty unit date to its years as a government ward. Following its near collapse in 2008, a taxpayer bailout helped it survive, but the company sold large amounts of liability coverage that has emerged over the years as badly underpriced, industry analysts and executives say.

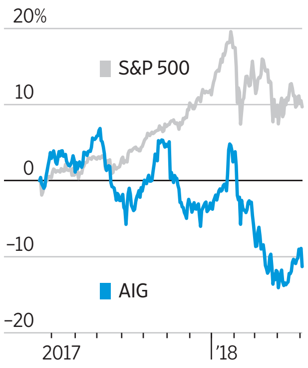
The company has booked billions of dollars in charges in recent years to bolster its reserves to reflect the higher cost it now expects to incur in claims on those older policies. In the latest quarter, the company released a modest amount of reserves, indicating that it may have turned the corner on the reserve issue.

But the company's expense ratio increased, pointing to cost cutting that AIG will need to accomplish as it seeks to close the gap between its results and the higher profit margins that some of its peers routinely report. The rise in the expense ratio was partly related to the cost of reinsurance, the company said, which it has taken on to protect itself from further losses.

AIG Chief Executive Brian Duperreault, who is approaching his first anniversary in the job, said the first-quarter results showed "progress towards delivering consistent results with net favorable reserve development," among other positives.

Underperforming

Share-price and index performance since AIG named Brian Duperreault as CEO



Source: WSJ Market Data Group
THE WALL STREET JOURNAL.

Adjusted after-tax profit was $963 million, or $1.04 a share, for the quarter, compared with $1.4 billion, or $1.36 a share, in the prior-year quarter. The consensus estimate compiled by FactSet was $1.26 a share. Net income was $938 million, down from $1.19 billion.

Adjusted profit in the core property-casualty unit was down 52% to $510 million. The decline was caused partly by catastrophe losses for California mudslides, U.S. winter storms and an earthquake in Papua New Guinea.

At MetLife, net income was $1.25 billion, up 44% from the year-earlier period. Closely watched adjusted earnings rose 8% to $1.42 billion, and 13% on a per-share basis to $1.36, handily beating analysts' expectation of $1.17 a share.

Among strong performances were MetLife's core group-benefits unit and its Asian operations. "MetLife had a very good first quarter driven by favorable underwriting, volume growth, and the effects of tax reform," said MetLife Chief Executive Steven A. Kandarian.

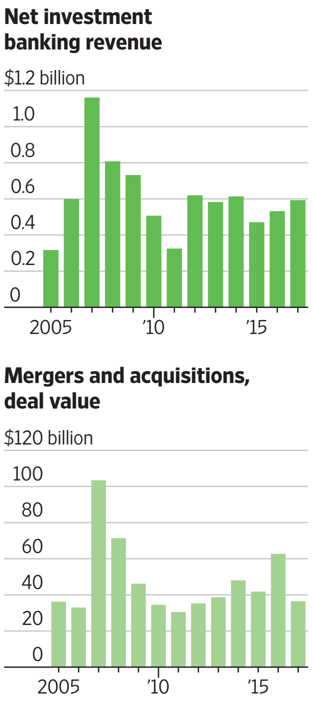
MetLife's chief financial officer stepped down from his post Tuesday and is expected to stay on as a senior adviser until September, in the latest fallout from the pension-payments snafu. The company's treasurer was named to succeed him.

During the fourth quarter of 2017, MetLife boosted reserves in its pension-risk-transfer business to reflect wrongly reducing those reserves in years past when it couldn't quickly find people owed benefits. MetLife has acknowledged lackluster efforts to track down an estimated 13,500 people who were owed benefits, some from as far back as the 1990s. MetLife said sales were down in the pension-risk-transfer business during the first quarter, but the unit housing the business, Retirement and Income Solutions, had a 24% increase in adjusted income.

—Aaron Back contributed to this article.

Fallback Position

Investment banking in the Persian Gulf* has plateaued after falling from its heights before the financial crisis.



*For the Gulf Cooperation Council states, which include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

Source: Dealogic
THE WALL STREET JOURNAL.

GABRIELA MAJ/BLOOMBERG

Dueling bond offerings by Saudi Arabia and Qatar in early April were a dramatic example of the pressure on bankers in the region.

Bankers Get Drawn Into Qatar-Saudi Feud

BY NICOLAS PARASIE

DUBAI—Bankers have tried to stay neutral in the diplomatic fight between Qatar and its neighbors, Saudi Arabia and the United Arab Emirates. Now, they are being forced to choose sides.

In early April, **JPMorgan Chase** & Co. and **HSBC Holdings** PLC executives informally told Qatar officials that their banks couldn't work on the emirate's coming bond issuance, according to two people familiar with the matter. The reason: It could jeopardize their relationship with the Saudi Arabian government, which was arranging its own bond sale, the people said.

In turn, Qatar has refused to do business with some bankers and consultants in Dubai, the U.A.E.'s largest city and the region's financial hub, forcing some Western institutions to do business with Doha through their London offices, bankers say. JPMorgan, one of the most active banks in the region, relocated Ghali Laraki, an executive director focusing on Qatari clients, to London, say two people familiar with the matter. Mr. Laraki didn't respond to a request for comment.

Most of the international banks continue to have operations in Qatar, Saudi Arabia and the U.A.E., but they have tended to move more heavily into one country or the other. JPMorgan and HSBC were featured among the top five banks in Qatar in terms of revenue for nearly a decade, but this year they don't make the top 10, according to data provider Dealogic.

Saudi Arabia, the U.A.E., Egypt and Bahrain abruptly cut off ties last June with Qatar, accusing their former ally of supporting Islamic extremism, cultivating close ties to Iran and meddling in its neighbors' affairs. Qatar has denied the allegations and lobbied in Washington and London to keep the West on its side.

Many financiers have found it impossible to stay on the sidelines in a fight that until recently focused on trade in goods, squabbles over airspace and ports and diplomatic barbs.

At least one financial-services executive and an investment banker in two separate incidents were detained for hours in Abu Dhabi's airport for having a Qatari visa in their passport, say people who worked with them. Asked about the incidents, a government spokeswoman said: "This is not in line with our procedures."

> *Many financiers have found it impossible to stay on the sidelines in the political fight.*

"The financial sector as a whole is being affected," said May Nasrallah, a former Morgan Stanley executive in the Middle East who founded and has led Dubai-based advisory firm deNovo Corporate Advisors since 2010. "The cause may be political, but the resulting day-to-day impact has certainly been economic."

U.S. Secretary of State Mike Pompeo used his first official foreign trip last weekend to press Saudi Arabia to patch things up with Qatar and focus on deterring Iran. "They're gonna figure this out," Mr. Pompeo told reporters. "I think they would all agree that it's in everyone's best interests that the Gulf states all figure out how to be together."

A spokesman for Qatar's finance ministry said his country hasn't shunned international entities that may be based in the U.A.E. "While blockading countries have gone to extremes in their isolation efforts, we continue to welcome their citizens and businesses," he said.

U.A.E. officials and Saudi Arabia's ministry of finance didn't respond to questions about the effect of the diplomatic rift on financial services.

The most dramatic example was dueling bond offerings by Saudi Arabia and Qatar in early April. The Saudis went ahead with their bond issuance on April 10 just as the Qataris were drumming up interest in their own bonds, complicating Doha's plans to raise money from foreign investors.

Deutsche Bank AG, **Barclays** PLC and **Credit Suisse Group** AG, which have large Qatari shareholders, helped arrange Doha's $12 billion bond issuance. HSBC and JPMorgan, which are investing heavily in Saudi Arabia, worked instead on the Saudis' $11 billion bond. Bankers involved in these sales said the banks didn't have the bandwidth to work on two deals in the same week.

Higher Spending Benefits Mastercard

BY ANNAMARIA ANDRIOTIS AND IMANI MOISE

Mastercard Inc. reported higher-than-expected profit and revenue for the first quarter due to increased consumer spending and confidence.

The second-largest U.S. card network increased guidance for its 2018 revenue, a sign it believes the healthy economic environment will continue. It also increased a key expense-growth projection as the company accelerates investments in several areas, including security.

Profit totaled $1.49 billion, or $1.41 a share, up from $1.08 billion, or $1 a share, a year earlier. On an adjusted basis, earnings rose 49% from a year earlier to $1.50 a share. Analysts surveyed by Thomson Reuters had expected $1.25.

Gross dollar volume, or the total value of all transactions on credit, debit and prepaid cards processed by the company, rose 14% to $1.4 trillion.

The payment giant said revenue jumped 31% to $3.58 billion, topping the $3.25 billion forecast by analysts. The company's top line was helped by acquisitions and an increase in cardholders using their cards outside of the country they are issued in. Cross-border volume fee revenue increased 26% from a year prior. The company also increased its organic net-revenue growth guidance to a midteens percentage for the year, up slightly from the previous guidance.

The company is benefiting from a strong credit-card market as consumers shift more of their spending to cards. Most large U.S. banks that issue credit cards reported increases in credit-card purchase volume for the first quarter.

Mastercard's finance chief, Martina Hund-Mejean, said on the earnings call that cross-border volumes in April, through April 28, grew by 19% globally. That was down from the 21% cross-border volume growth in the first quarter, in part due to the drop-off of issuers allowing cryptocurrency wallet funding. Large U.S. issuers, including **Citigroup** Inc, **Bank of America** Corp., and **Capital One Financial** Corp., said during the first quarter that they would no longer allow consumers to buy bitcoin with their credit cards.

Mastercard's operating expenses totaled $1.64 billion, up 35% from a year prior, excluding items relating to litigation provisions. General and administrative expenses, which make up the majority of the company's expenses, increased 36%. Advertising and marketing expenses rose 32% to $224 million. Mastercard also increased its organic expense growth guidance to a high-single digit percentage from the mid-single digits previously.

Mastercard shares rose 3% Wednesday to $185.82.

Deutsche Bank, Ex-Executive Settle Dispute Over Bonuses

BY JENNY STRASBURG

Deutsche Bank AG agreed to pay former executive Colin Fan roughly $6 million to settle a lawsuit he filed over bonuses he said the bank improperly withheld from him, according to people familiar with the settlement.

The agreement is a partial victory for Mr. Fan, who argued that Deutsche Bank unfairly withheld bonuses he had earned while he worked there. He left the bank in 2015.

The trades, first reported by The Wall Street Journal in 2016, started in 2009. They were designed to remove risk Deutsche Bank took when it made a deal to invest roughly $750 million on behalf of an insurance-company client, the Journal reported, citing people familiar with the transactions.

REUTERS

Colin Fan once served as the bank's global head of credit trading.

Members of Mr. Fan's team helped arrange the series of derivative trades, in partnership with a small Monaco-based hedge fund. The trades inherently carried little risk of loss but produced price swings Deutsche Bank didn't want on its books.

Mr. Fan, who in 2009 was Deutsche Bank's global head of credit trading, and five other bank employees put their own money into a structure to offset the price-fluctuation risks. Deutsche Bank lent the investors roughly $30 for every $1 invested, amplifying the trades' steady returns over a period ending in 2017.

Internal bank auditors concluded that Mr. Fan received about $9 million on a roughly $1 million personal investment, the Journal reported. The bank's investigation found Mr. Fan had violated bank policies and codes of conduct, and the bank in late 2016 froze scheduled share allocations he had received in deferred bonuses before he left Deutsche Bank. Last year, Mr. Fan sued Deutsche Bank, seeking at least $13 million for unpaid compensation and legal costs.

The legal battle between Mr. Fan and Deutsche Bank centered in part on a 2009 compliance review of the trading structure, people briefed on it said.

Mr. Fan argued that he and his team had disclosed plans adequately and that the bank signed off, though some of the bank's lawyers and managers argued the structure improperly paid an inflated share of profits and fees to the employees and the hedge fund while locking Deutsche Bank into fixed costs it could have avoided with proper disclosure.

Both sides agreed not to disclose terms of the lawsuit's settlement, one person said. A Deutsche Bank spokeswoman declined to comment. Mr. Fan didn't respond to requests to comment.

Mr. Fan last year joined **SoftBank Group** Corp. and is a managing partner with SoftBank Investment Adviser.

Central Banks Still Hold Strings

Meticulous messaging by policy makers has the effect of keeping bond yields in check

By Jon Sindreu

Ten-year Treasury yields' rise above 3% for the first time in four years last week confirmed the end of a decade of unprecedented monetary stimulus. But central banks' vast power over markets might not be over.

A big chunk of this command has stemmed from how central banks have painstakingly communicated their every intention to investors, analysts say. There are few signs of this approach changing.

For investors, this suggests bond yields might not rise sharply even as monetary policy returns to normal. And stocks, which are less attractive to investors when bond returns increase, could withstand the blow much better.

Over the past year, the Federal Reserve has nudged interest rates up three times and yields on 10-year U.S. government notes have followed, rising to 3% from 2.4%. The Fed, which kept rates steady Wednesday—a widely expected move that sparked little market reaction—is also selling back part of its $4.5 trillion bond portfolio, just as economists expect a larger U.S. budget deficit to increase debt issuance. But despite a greater supply of bonds, the extra return that investors demand to hold 10-year Treasurys instead of cash remains negative and hasn't edged up, Fed estimates show, suggesting yields are still being carefully steered by messages from the central bank. A similar thing has happened in Europe: German bonds of up to three years of maturity remain below the European Central Bank's minus 0.4% policy rate.

Yields usually move to track expectations of where officials will set rates—because government debt is broadly seen as interchangeable for money printed by the central bank—but don't match exactly. This difference is what analysts dub the "term premium," which can reflect factors such as supply and demand for bonds in the market.

A term premium that is close to zero, however, suggests that supply and demand have less influence over bonds than policy makers' carefully engineered messages.

It also means yields are less likely to increase much more as easy money ends, said Emiel van den Heiligenberg, head of asset allocation at Legal & General Investment Management, "because central banks will control the narrative tightly."

Many investors feared that term premiums could surge once central banks stopped buying bonds.

By making their policies predictable, central bankers have reduced the risk of bond prices suddenly moving against their holders' interests, bringing the term premium close to zero, analysts say. On top of that, hunger by pension funds and sovereign-wealth managers to park their cash in safe assets has likely pushed the premium they demand over the edge, turning it negative, investors said.

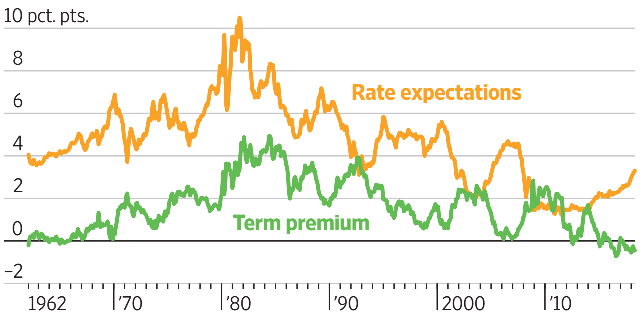
To be sure, officials might not always be able to keep expectations controlled, especially if inflation suddenly snaps back after years of being subdued. But history suggests that central banks will at least try.

In 2008, the Fed aped other central banks in adopting a "corridor system" that keeps rates extremely rangebound. After the crisis, rate setters around the world have guided long-term rates as well.

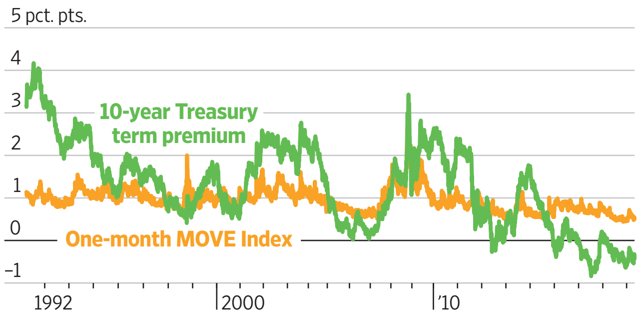
By publishing "dot plots," which display individual policy makers' forecasts of the range of future rates, the Fed now micromanages market expectations and has clearly signaled that borrowing costs will increase twice more this year and three times in 2019.

Fed Narrative

Bond yields are rising as centrals banks raise rates, but the extra return, or term premium, that investors demand to hold 10-year Treasurys instead of cash hasn't edged up.



Term premiums tend to fall when bond volatility diminishes.



Sources: Federal Reserve (term premium, rate expectations) Bank of America Merrill Lynch via FactSet (volatility)

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U.S. Plans To Raise Size of Debt Sales

By Daniel Kruger And Ben Leubsdorf

CREDIT MARKETS

WASHINGTON—The Treasury Department is slowly ramping up its debt auctions to meet the federal government's growing need for borrowed money.

Changes will result in $27 billion of new issuance over the coming quarter, the department said, driven by the Federal Reserve's balance-sheet policies as well as the fiscal outlook. Last quarter, the Treasury announced $42 billion in additional issuance.

The benchmark 10-year Treasury yield surpassed 3% last month for first time since January 2014, signaling to some investors the potential for yields to rise further. This is important because the note serves as a reference rate to help set borrowing costs throughout the economy for mortgages, auto loans and other consumer and company debt.

Prices of U.S. government bonds inched higher Wednesday after the Treasury outlined its auction plans and the Federal Reserve left interest rates unchanged at the end of its latest policy meeting. The yield on the benchmark 10-year Treasury note settled at 2.964%, down from 2.976% Tuesday. Yields fall as bond prices rise.

Fed Chairman Jerome Powell didn't hold a press conference after the meeting. But analysts looked through the Fed's policy statement to glean clues as to the central bank's stance on inflation and the path of interest rates, with some expressing relief that officials didn't suggest they would have to pick up their pace of rate increases.

The more modest pace of growth in the Treasury's borrowing reflects the government's desire to raise auction sizes as slowly as possible to minimize the impact of the additional debt on financial markets. The government is able to make smaller boosts to auction sizes because its cash position is better following the mid-April tax deadline, analysts said.

"The Treasury debt market is the deepest, most liquid market in the world, and we see robust demand across the curve," said Clay Berry, the Treasury's deputy assistant secretary for financial markets.

The agency plans to boost its two- and three-year note auctions by $1 billion a month over the next three months. It plans $1 billion increases for each of its May auctions of two-year floating-rate notes, five-year notes, seven-year notes, 10-year notes and 30-year bonds. Auction sizes will remain unchanged for Treasury inflation-protected securities, or TIPS.

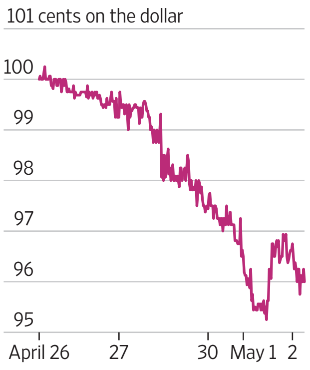
The Treasury said it plans to introduce a new two-month bill later in 2018 and is evaluating whether to add a second new five-year TIPS note to its annual calendar.

Federal borrowing is expected to increase as budget deficits widen, in part because of the tax cuts enacted in December that are expected to reduce revenue and the recent spending legislation that is set to boost outlays in coming years.

—Akane Otani contributed to this article.

Stumbling

WeWork 7.875% bonds have declined since issuance.



Source: MarketAxess

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WeWork Bonds Fall; Startups Challenged

By Sam Goldfarb And Eliot Brown

WeWork Cos.'s first bonds have dropped sharply in price since they were issued last week, raising concerns about the willingness of debt investors to support cash-burning startups.

A New York City-based office-space provider that is privately valued at $20 billion, WeWork scored a victory on April 25 when it raised $702 million by selling seven-year bonds at par with a 7.875% coupon. Those bonds, however, started falling in the secondary market almost as soon as they were issued, suggesting that demand for the debt was thinner than lead underwriter JPMorgan Chase & Co. had anticipated.

The bonds, which mature in 2025, traded at 96 cents on the dollar on Wednesday, according to MarketAxess, translating to a yield of around 8.6%.

Regardless of what the bonds do in the secondary market, WeWork will only have to pay a 7.875% interest rate. Still, their performance to date suggests it could be costlier for the company to issue debt in the future.

WeWork isn't the only fast-growing young company to recently issue bonds that have fallen after issuance. Electric-car maker Tesla Inc. brought a similar story to investors last August when it sold $1.8 billion of bonds at a 5.3% interest rate.

Like WeWork, Tesla has been burning cash as it tries to become a giant in its industry. That normally would put off bond investors who reap limited rewards if businesses realize their ambitions but face significant downside if they can't make interest payments.

A big selling point for Tesla and WeWork is their eye-popping valuations, which suggest stock investors are prepared to help companies through growing pains. Yet, many bond investors note that the market value of companies can change quickly.

ANNIE SAKKAB/BLOOMBERG NEWS

Geopolitical tensions and OPEC-led output cuts have led analysts to raise their price forecast for oil for a seventh month in a row.

Oil Prices Expected to Stay High

By Christopher Alessi

COMMODITIES

LONDON—Banks raised their forecasts for oil prices for the seventh month in a row in April on the back of heightened geopolitical risks and OPEC-led production cuts.

The price of Brent crude, the global benchmark, has risen roughly 50% over the past year, bolstered by the Organization of the Petroleum Exporting Countries' deal to cut production and tensions in the Middle East that could threaten supply.

Brent is now expected to average over $64 a barrel this year, according to a poll of 14 investment banks surveyed by The Wall Street Journal. West Texas Intermediate, the U.S. standard, should average just above $60 a barrel, the poll showed. Both estimates are a rise of more than $1 on the forecast from March's survey.

"OPEC has done a better job than expected" in its efforts to curb crude output, said Warren Patterson, commodity strategist at ING Bank. "The market is likely to remain well supported."

$64

Brent oil's average cost is seen exceeding this level this year.

On Wednesday, Brent for July delivery rose 0.3%, to settle at $73.36 a barrel on ICE Futures Europe. West Texas Intermediate for June delivery gained 1%, to $67.93 a barrel, on the New York Mercantile Exchange. OPEC and 10 producers outside the group, including Russia, have been holding back their crude output by 1.8 million barrels a day, or roughly 2% of global supply, since the start of last year.

Over the past month, Brent has risen sharply, temporarily breaching the $75-a-barrel threshold.

Helping drive gains in oil is a consensus in the market that President Donald Trump will pull the U.S. out of the 2015 international agreement to rein in Iran's nuclear program.

If Mr. Trump were to do so by a self-imposed May 12 deadline, it would result in the reimposition of some U.S. sanctions on the Islamic Republic that would reduce output from the OPEC member. The sanctions could result in a reduction of up to 500,000 barrels a day of Iranian crude, according to ING's Mr. Patterson.

At the same time, commercial petroleum inventories in the Organization for Economic Cooperation and Development, a group of industrialized, oil-consuming nations that includes the U.S., have been consistently coming down. At 2.84 billion barrels, OECD oil stocks at the end of February stood just 30 million barrels above OPEC's target of the last five-year average, according to the International Energy Agency's latest monthly oil market report.

Still, looking ahead to 2019, banks see oil prices falling, as the OPEC deal unwinds and the U.S. ramps up shale-oil production.

Brent should average just over $62 a barrel, while WTI should average about $58 a barrel in 2019, according to the Journal poll.

Stocks Decline After Fed Holds Steady on Interest Rates

By Amrith Ramkumar And David Hodari

WEDNESDAY'S MARKETS

U.S. stocks edged lower Wednesday after the Federal Reserve left interest rates unchanged but reiterated plans to continue raising them gradually in response to firming inflation.

Worries about the possibility of the Fed raising rates faster than expected have contributed to the shakiness in markets in recent weeks.

Some analysts fear higher borrowing costs for companies could threaten profits, while higher Treasury yields make stocks less attractive to some investors. A recent rise in Treasury yields has also started boosting the dollar, which could make products from large multinational firms less competitive abroad.

Wednesday's statement gave no indication that the Fed would change its pace and offered nothing to dispel market expectations that it will deliver its second rate increase of the year when policy makers meet in June. Some analysts said the statement could ease some short-term concerns, but the threat of higher rates moving forward remains in focus.

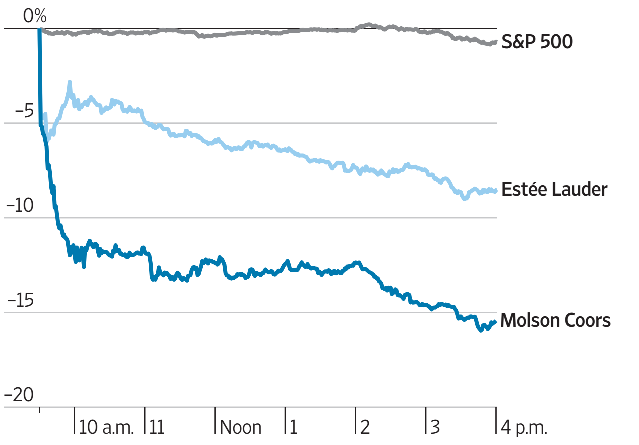
The Dow Jones Industrial Average closed down 174.07 points, or 0.7%, at 23924.98, in a fourth straight session of losses. The S&P 500 declined 19.13 points, or 0.7%, to 2635.67, and the Nasdaq Composite fell 29.81 points, or 0.4%, to 7100.90. All three indexes closed near their session lows.

A recent bout of turbulence for the consumer-staples sector, which is down 14% this year, continued. The S&P 500 grouping dropped 1.9%, with **Molson Coors Brewing** and **Estée Lauder** among the biggest laggards following earnings.

Elsewhere, the Stoxx Europe 600 closed up 0.6%. Early Thursday, Hong Kong's Hang Seng Index was down 1.5%. Japanese markets are closed for a holiday the rest of the week.

Consumer Crunch

Shares of companies in the consumer staples sector such as Molson Coors and Estée Lauder fell Wednesday, dragging down the S&P 500.



Source: FactSet

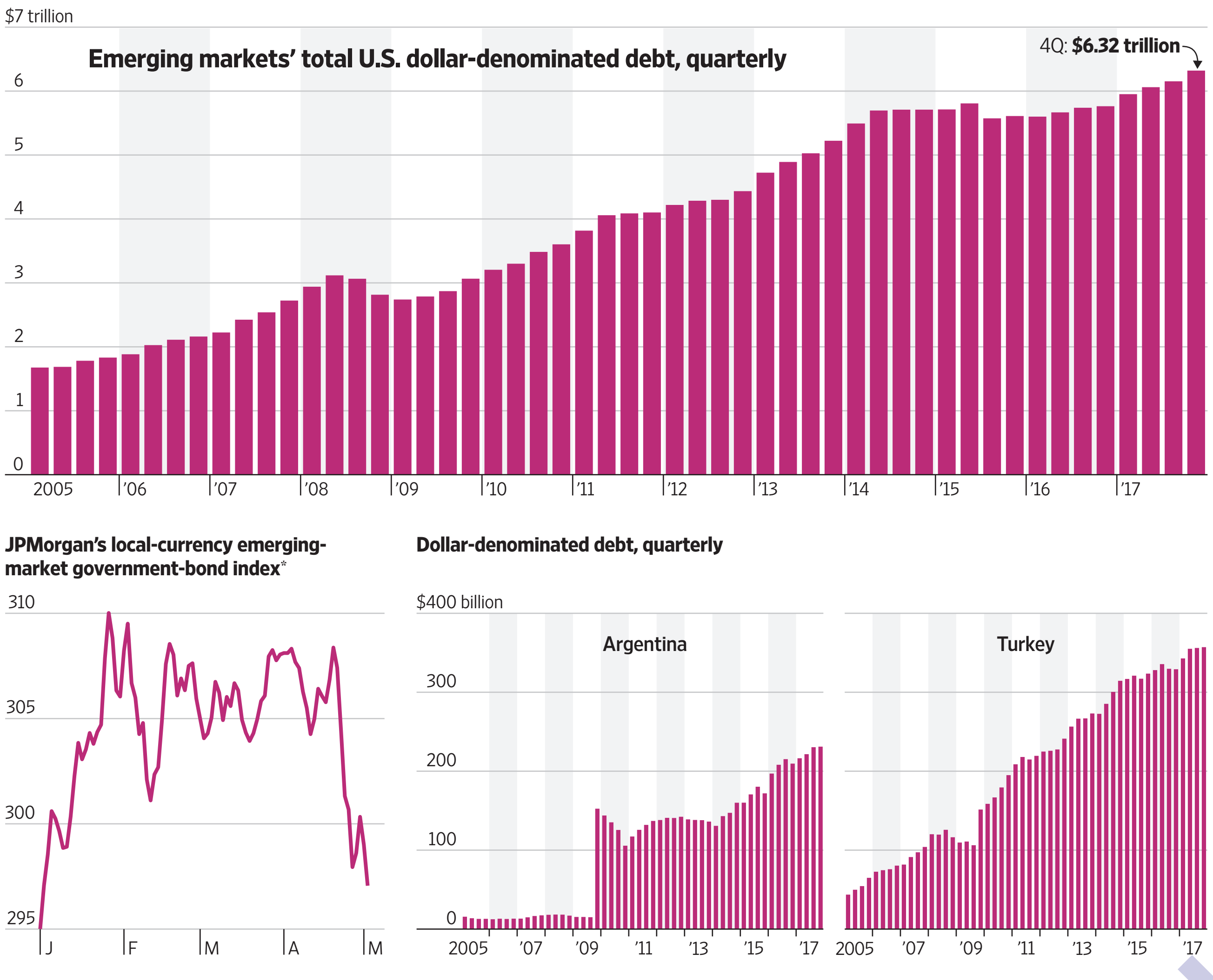
THE WALL STREET JOURNAL.

MARKETS

Rising Dollar Batters Emerging Markets

Higher interest rates expected in the U.S., uncertainty on global growth worry investors

By Chelsey Dulaney
And Ira Iosebashvili



*JPMorgan GBI-EM Global Diversified. Data are through Tuesday.
Sources: Institute of International Finance (dollar-denominated debt); JPMorgan (index)
THE WALL STREET JOURNAL.

The U.S. dollar's resurgence is rippling through emerging markets, sparking steep falls in stocks, bonds and currencies that investors had flocked to in recent years in search of bigger returns.

The Turkish lira has fallen 5.3% over the past month to an all-time low against the dollar, a factor in an unexpected downgrade Tuesday from Standard & Poor's Global Ratings. Argentina's peso has also fallen 5% over that period, even as the central bank has lifted interest rates and intervened in the foreign-exchange market to stem the decline. The MSCI Emerging Markets Index, which measures stock performance, is down 1.5%, while a JPMorgan index that tracks emerging-market government bonds issued in local currencies has fallen 3.6% over the past month through Tuesday.

The declines illustrate the increasingly uncertain outlook for emerging-market assets. Those markets surged in 2017 and held up throughout the volatility of February and March, as investors remained confident in global growth and the benefits of a weak U.S. dollar. Investors are now facing new risks, from rising expectations for U.S. interest-rate increases to questions over the path for global growth.

The selling threatens to inject fresh volatility into global markets, which have been rocky in recent months as investors parsed rising trade tensions, the climb in global interest rates and questions over regulation of the technology sector. Emerging-market assets are often seen as a barometer of risk appetite, and big declines in those markets can sway broader sentiment and expectations about global growth.

"There was a lot of confidence, verging on complacency, going into the year," said Sonja Gibbs, senior director of global capital markets at the Institute of International Finance. "If you have investors getting spooked and pulling money out abruptly, that can have ripple effects."

Analysts stress that the dollar's rally could quickly reverse. And while the The Wall Street Journal Dollar Index gained 2.2% in April, its best month since November 2016, the dollar remains about 4% below where it was a year ago.

Still, one of the biggest risks for emerging markets is the rising cost of servicing their dollar-denominated debt, which increases when the greenback surges against their local currencies. IIF estimates that emerging markets held a record $6.3 trillion in dollar-denominated debt at the end of last year. Among the most vulnerable to the dollar's rise are Turkey, which has $357 billion in dollar debt, and Argentina, which holds about $231 billion, IIF data show.

The rising dollar has also helped cool a rally in prices for oil, copper and other raw materials that are key exports of many emerging-market economies.

S&P on Tuesday cut Turkey's sovereign-debt rating further into junk, citing the country's debt, rising inflation and volatile currency. Turkey's main stock market has fallen 2.7% this week, while its currency has declined 3.2%.

Rising U.S. rates can encourage investors to take money out of emerging-market assets—which typically offer higher yields but are perceived as riskier—to invest in safer U.S. Treasury bonds. The IIF estimates that investors have pulled roughly $8.4 billion from emerging-market assets since mid-April.

That comes as investors grow increasingly confident that the Federal Reserve will pick up the pace of rate increases. The Fed on Wednesday held interest rates unchanged at the close of its latest meeting but acknowledged accelerating inflation and strong hiring.

Further currency weakness for emerging markets could send inflation higher, as those countries have to shell out more in local currency to pay for imports. That could force their central banks to raise interest rates at the expense of economic growth.

In an early sign of the mounting pressure on emerging markets, Argentina last Friday lifted its benchmark interest rates to 30.25% to prop up the peso, after its interventions in the foreign-exchange market failed to stem its slide.

Analysts also warn that the strengthening dollar could reignite pressure on China, which has struggled to contain declines in the yuan and outflows from the country during recent periods of dollar strength. On Wednesday, the yuan fell 0.5% against the dollar.

Some investors aren't giving up on emerging markets yet, citing still-strong economic growth and, compared with past periods of stress, lower ratios of foreign-currency debt to gross domestic product.

Anthony Chan, chief economist at Chase, a division of JPMorgan, is still bullish on Brazilian and Mexican stocks. He believes diminishing trade tensions will provide further support for emerging-market assets.

"If we get good news on the trade front, emerging markets in general will start to recover their recent losses," he said. "What we've gone through so far this year provides even further support for our long-term view that equities and fixed-income in emerging markets are the way to go."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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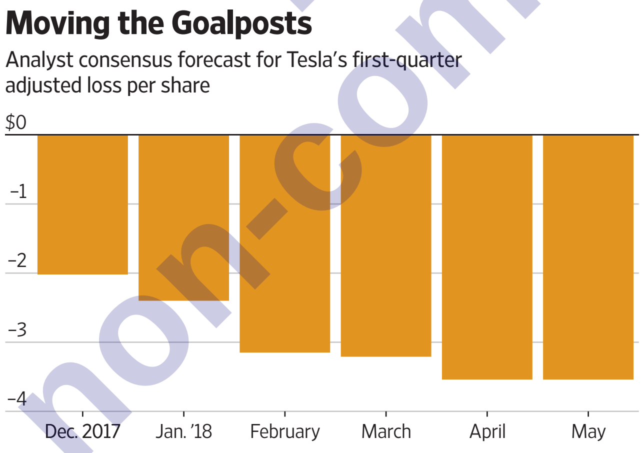
Tesla Can't Shake Cash Worries

First-quarter results from **Tesla** weren't as bad as Wall Street feared. That should be of minimal consolation to its shareholders.

The electric-vehicle giant reported sales of $3.4 billion and an adjusted loss of $3.35 a share.

Analysts had predicted an adjusted loss of $3.54 a share. That is hardly a cause for celebration; the loss was much worse than the $2.02 a share they predicted when the quarter began.

More important, Tesla burned about $1.1 billion in free cash in the quarter. Investors reading the earnings release may not have noticed, since Tesla removed it from the spot where it usually appears. Tesla ended the quarter with about $2.7 billion in cash on its books. That cash balance barely covers the portion of its long-term debt and capital leases due this year.



Source: FactSet
THE WALL STREET JOURNAL.

Meanwhile, as has become all too typical, Tesla hedged on its more ambitious targets. It still expects to reach its production milestone of 5,000 Model 3 sedans a week "in about two months." That forecast comes with a caveat: "our prior experience has demonstrated the difficulty of accurately forecasting specific production rates at specific points in time." Another slip in timing would mark the fourth time this forecast has been delayed since last summer.

There are certainly steps Tesla can take to rebuild its cash balance. For one thing, Tesla says it expects to turn a profit in the third and fourth quarters of this year. But there is simply no reason to take their projections about the future seriously. It could raise fresh capital, which CEO Elon Musk has claimed isn't necessary.

The company is trying to conserve cash. Tesla said it now expects to reduce its capital spending to less than $3 billion this year, down from an expected $3.4 billion. Accounts payable jumped to $2.6 billion, an increase of more than $200 million from the end of last year.

Tesla's shares are flat this year despite mounting problems. Dreams can't support Tesla's $50 billion market value forever.

—Charley Grant

Universal Music Could Exceed Spotify's Value

Investors may soon be able to add **Universal Music** to their public-listing playlist. The world's largest music group would offer a less risky way to tune into the industry's revival than **Spotify**.

Universal Music's owner, French media group **Vivendi**, said after markets closed Tuesday that its board would present the "initial findings" of a report into a potential initial public offering at May's board meeting.

Vivendi Chief Executive Arnaud de Puyfontaine unleashed IPO speculation a year ago when he told The Wall Street Journal the company could float a minority stake.

At this April's annual general meeting, he mentioned the IPO project, but investors didn't take much notice amid more arresting news: Vivendi's Vincent Bolloré stepped down as chairman to make way for his son; The elder Mr. Bolloré was then detained by police following allegations of graft.

Spotify's IPO has demonstrated investors' appetite for the resurgent music business. And Universal Music looks more attractive than Spotify, at least outside the Silicon Valley bubble. It took in just shy of 30% of music-industry revenues in 2017, according to MIDiA Research. This dominance—the result of a vast portfolio of music rights—gives it substantial bargaining power with streaming platforms even as they revive industry growth.

While Spotify lost money last year, Universal Music had an operating margin of 13.4%.

For now, investors don't seem to care about this imbalance, but if both companies are public, the structural pressures on Spotify could grow more apparent.

Brokers have been competing to publish bullish valuations of Universal Music. JPMorgan may be in the lead with an estimate of $40 billion—more than Vivendi's entire market value including debt, even though the company also owns a French cable-TV channel and a 24% stake in Italy's largest telecom company.

Some may risk buying the parent company at this discount, but caution is warranted. With the Bollorés in charge, the company's governance is troubling. Better to wait for the IPO, if it comes.

—Stephen Wilmot

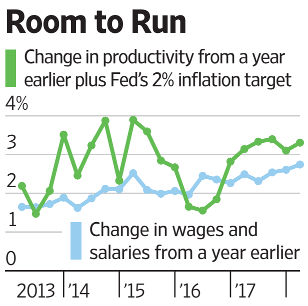
Wages Could Upset the Fed's Routine

The Federal Reserve's course seems set, with steady, modest rate increases persisting through this year into next. The factor that could upset its plans is wage pressures, which are starting to flow through the economy.

The Fed wrapped up its two-day policy meeting on Wednesday by leaving rates on hold while signaling that it is still on a tightening path.

Coming after March's rate increase, this didn't count as a surprise. The central bank has fallen into a pattern of only raising rates ever other meeting.

That path higher reflects an economy that has reached a sweet spot. At the same time, inflation has, as the Fed acknowledged on Wednesday, moved close to the central bank's 2% target. Wage growth still isn't high enough to push inflation significantly higher.



Note: 1Q 2018 productivity estimated
Source: Labor Department

As former Fed Chairwoman Janet Yellen has pointed out, wages should be able to grow as fast as labor productivity plus 2 percentage points—the Fed's inflation target—without driving inflation above 2%. That is because the more productive workers are, the less their wage costs drive overall costs higher.

Economists' forecasts for Thursday's first-quarter productivity report from the Labor Department put output per hour at 1.3% above its year-earlier level. That is pretty low, but still suggests the economy could handle 3.3% wage growth.

Last week the Labor Department reported that its comprehensive gauge of wages and salaries was up by 2.7% in the first quarter from a year earlier.

Still, that 2.7% increase represented the largest gain since 2008. More important, companies are talking more about wage pressures.

Diversified manufacturer **Carlisle** said wages are increasing across its businesses, for example, while **Chipotle Mexican Grill** said its wage inflation was running at 5%.

Temporary-staffing firm **Robert Half International** said hidden labor-market slack, such as discouraged workers not counted in the unemployment rate, has begun to tighten, and that wage inflation is picking up as result.

None of which means wage growth is going to pick up to the point that the Fed needs to break its every-other-meeting pattern.

But it would make sense for the Fed to signal that the pattern could be broken, both to give it the option of raising rates more frequently and to prepare financial markets for what might happen.

—Justin Lahart

OVERHEARD

Will employees of **Alliance-Bernstein** be whistling Dixie or singing the blues?

The New York-based money manager shocked everyone this week with the announcement that it will be relocating from Manhattan to Nashville, Tenn.

Music City may not be to everyone's liking, but bottom-line focused executives probably wonder what took so long. Recently ousted AllianceBernstein Chief Executive **Peter Kraus**, who had total compensation of around $60 million in the six years through 2016, according to Morningstar, could have bought the most expensive home sold in the area last year for just $5 million. He would have saved that much in taxes alone.

As for high earners' weekend plans, the Hamptons are probably out, but Dollywood is lovely in the summer.