THE WALL STREET JOURNAL.

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Last week: DJIA 24262.51 ▼ 48.68 0.2% NASDAQ 7209.62 ▲ 1.3% STOXX 600 387.03 ▲ 0.6% 10-YR. TREASURY ▲ 4/32, yield 2.946% OIL $69.72 ▲ $1.62 EURO $1.1963 YEN 109.12

What's News

Business & Finance

U.S. stocks and bonds are treading water, reflecting conflicting feelings about a strong economy set against concern about rising interest rates and fears of inflation. A1

◆ **Oil-price forecasts** have missed their mark as crude neared $75 a barrel, posing challenges for planners in industry and government. B1

◆ **Fidelity fired** or allowed to resign more than 200 employees for allegedly misusing workplace-benefits programs. B1

◆ **Buffett sought** to reassure shareholders about Berkshire's future after he departs and had a retort for Tesla's Musk. B1, B2

◆ **China is pursuing** leadership in editing plant genes, potentially shifting the focus of the technology toward the East. B4

◆ **Mondelez is nearing** a deal to buy cookie maker Tate's Bake Shop as the food giant seeks to address changing consumer tastes. B3

◆ **U.S. cheese makers** are renaming their products sold abroad after being denied the use of some longtime but protected identifiers. B5

World-Wide

◆ **Trump's lawyers** took a more-combative tone with special counsel Mueller, suggesting the president decline to cooperate with any subpoena requiring him to appear. A1

◆ **States are reporting** higher tax revenue and brighter fiscal outlooks thanks to economic expansion and job growth. A1

◆ **Lava and toxic gases** continued to spew from Hawaii's Kilauea volcano as 1,800 people were ordered out of the area. A3

◆ **Lebanese voted** to choose a new government in what has become a proxy contest between Saudi Arabia and Iran. A7

◆ **Democrats on the** House Intelligence Committee are preparing to release 3,000 Russia-linked Facebook ads. A4

◆ **Russian activist** Alexei Navalny and many supporters were held amid protests against the start of President Putin's fourth term. A7

◆ **Republicans** in three states will choose Senate nominees who have used their primary campaigns to promote their loyalty to President Trump. A4

Journal Report

A stock-market pattern ahead of midterm elections

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Hawaii Reveals Its Volcanic Side, Forcing Residents to Evacuate

BRUCE OMORI/PARADISE HELICOPTERS/EPA/SHUTTERSTOCK

ON ALERT: A state of emergency was declared after the Kilauea volcano erupted near residential areas, forcing mandatory evacuation of about 1,800 people from their homes. A fissure eruption sent a massive flow into the Leilani Estates subdivision near Pahoa, Hawaii, on Sunday. A3

Revenue Surge Boosts State Coffers

By Jon Kamp And Joseph De Avila

State budget officials from Utah to Connecticut are reporting higher tax revenue and a brighter fiscal outlook, thanks to an improved national economy and robust job growth.

"Unlike last year, we're seeing broad-based strength," said Matthew Knittel, who directs Pennsylvania's state Independent Fiscal Office. Taxes on income and sales are both coming in higher than expected, reflecting factors such as rising employment, he said.

The effects of the new federal tax law also boosted state revenue, though analysts caution it will prove temporary for many states that are benefiting from sped-up tax payments. But state officials say they see evidence of underlying improvement too.

In Pennsylvania, this marks a turnabout from 2017, when state lawmakers struggled through a lengthy showdown over a $2.3 billion budget gap that spanned two fiscal years. Estimates are still preliminary, but Mr. Knittel said the current shortfall is much smaller.

The National Association of State Budget Officers chronicled widespread problems in the past two years from revenue falling short of estimates due to a variety of factors. All but four states end their fiscal years on June 30, and 33 of them have to write new budgets in time for the next fiscal year.

This fiscal year, "we're not seeing retrenchment" in state spending figures, said John Hicks, the group's executive director. "We're either seeing them left alone or slightly bumped up."

States reporting stronger-than-expected revenue include Minnesota and Utah, where officials say strong economies have fattened government coffers. Minnesota is on pace to have a

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Argentina's Peso Swoons

Stocks in Buenos Aires have tumbled along with the peso. B9

How many Argentine pesos one dollar buys

*Scale inverted to show weakening peso.
Source: Tullet Prebon
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Labor Unrest Erupts Anew In Iran, Pressuring Leadership

Economy could struggle to withstand reimposition of sanctions

By Asa Fitch

Teachers went on strike in central Iran's city of Yazd. Steelworkers and hospital staff walked off the job in the southwest city of Ahvaz. Railway employees protested near Tabriz. And a bus drivers union in Tehran battled the private companies that control many city routes.

These were among the hundreds of recent outbreaks of labor unrest in Iran, an indication of deepening discord over the nation's economic troubles. Workers are turning not only against their employers but also Iran's government, piling pressure on leaders who promised but failed to deliver better times in the two years since economic sanctions were lifted in the nuclear deal.

The strain would likely only worsen if President Donald Trump decides to pull the U.S. out of the deal. He has said he would announce a decision by Saturday, and such a move would return sanctions to an Iranian economy already on the ropes.

Prices of eggs, meat and bread are rising more than 10% a year, compounding consumer woes. Unemployment is about 12%, and the Iranian rial has fallen sharply against the dollar, raising prices on imported

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Fan Homage to a Favored VW Has One Glaring Flaw: Speed

* * *

'Herbie' nuts with replica Beetles face incessant challenges from powerful cars

By Spencer Jakab

Herbie the VW Beetle vanquished the Ferraris and Corvettes that he raced in the 1968 film "The Love Bug."

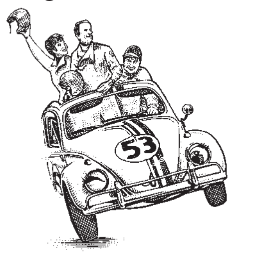
So it's Gabriel Nathan's lot in life to face drag-racing challenges from the likes of the Mercedes AMG that pulled alongside him at a red light a few months ago, engine revving.

Mr. Nathan drives a near-perfect Herbie replica, a customized 1963 Volkswagen. "Be serious, will you?" He told his Mercedes challenger, echoing a line from Herbie's on-screen driver when youngsters in a hot rod want to race him.

In the Disney film, the anthropomorphic car defies his driver and blows past the hot rod.

In real life? "He totally smoked me," says Mr. Nathan, a 37-year-old editor of a mental-health magazine from Philadelphia.

Love Bug fans have put scores of faux Herbies on America's roads after restoring old Beetles, painting them the correct pearl white and sticking on



It goes fast in the film

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INVISION/AP

BUFFETT REASSURES ON SUCCESSORS

BUSINESS & FINANCE, B1

Markets Run Fast Only to Stay in Place

By Akane Otani And Michael Wursthorn

U.S. stocks and bonds appear deadlocked despite a positive response to Friday's "Goldilocks" jobs report, reflecting the conflicting impulses of a strong economy faced with rising interest rates and creeping fears about inflation.

Lingering concerns over the durability of global growth and the likelihood of tightening monetary policy have left many investors in a rut, neither inspired to pour money into the market nor convinced they should bail out just yet.

The markets' inability to get a meaningful boost from the glut of strong corporate earnings reports over the past few weeks has further sapped investor confidence. Other events that likely would have spurred the markets last year, such as the unemployment rate falling to its lowest level in nearly two decades and Apple Inc. announcing an additional $100 billion in share buybacks, failed to spark a sustained rally.

That has some investors saying they expect to see more volatility and weakness in the weeks ahead.

"People are in a bit of a holding pattern," said Jonathan Golub, chief U.S. equity strategist at Credit Suisse, adding that investors, from big institutional money managers to mom-and-pop shareholders, are finding it difficult to pick industries to buy into in this environment.

The stock market has fluctuated

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◆ Harriet Torry: Fed's challenge is striking fabled balance... A2
◆ Forecasters fall far short of predicting oil's rise... B1

Trump's Lawyers Harden Tone on Mueller

Giuliani says president may not comply with any subpoena in the Russia investigation

WASHINGTON—President Donald Trump's legal team is striking a more combative tone with Robert Mueller, suggesting publicly that the president may decline to cooperate with the special counsel's prosecutors.

By Aruna Viswanatha, Erica Orden and Byron Tau

That tougher stance comes as the Mueller probe already faces a time crunch because of the approaching midterm elections.

Rudy Giuliani, the former New York City mayor who recently joined the president's defense team, said Sunday he was reluctant to have Mr. Trump agree to an interview with the prosecutors or testify before a grand jury for fear of what he called a "trap" that could lead the president to commit perjury under oath.

A decision to not comply with a grand jury subpoena likely would set off a legal battle that would be decided by the Supreme Court.

"We don't have to," Mr. Giuliani said about complying with a subpoena, speaking Sunday on ABC's "This Week." "I'm gonna walk him into a prosecution for perjury, like Martha Stewart did?"

Mr. Giuliani also left open the possibility the president could invoke his Fifth Amendment right to refuse to testify.

Mr. Giuliani is one of several lawyers to join Mr. Trump's team in recent weeks. With those attorneys still reviewing documents, no decision is imminent on whether to have the president sit for an interview with Mr. Mueller, said a person familiar with the legal team's deliberations.

For Mr. Mueller, the clock is ticking. With six months until November's midterm elections, the investigation into Russian meddling in the 2016 campaign will soon run into a dead

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◆ GOP Senate primaries put Trump at the center... A4

U.S. NEWS

THE OUTLOOK | By Harriet Torry

Fed Faces a Goldilocks Conundrum

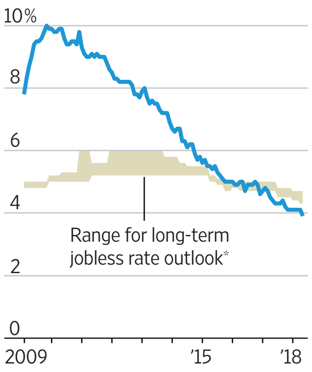
Stable inflation and low unemployment suggest the U.S. economy is enjoying a Goldilocks moment, running neither too hot nor too cold to cause much hardship for households. But how low can joblessness fall, and for how long, before a boon for the economy turns into a burden for everyone?

Since the end of the most recent recession, U.S. unemployment has fallen from nearly 10% to 3.9% in April. If unemployment runs too low for too long, inflation or dangerous financial bubbles could build. The last three times the jobless rate has moved below 4%—in the 1950s, 1960s and late 1990s—the U.S. got one of those outcomes and recession eventually followed.

Economists and central bankers have long tried to put numbers to the Goldilocks fable. They pay close attention to a theoretical threshold at which the economy is in balance and inflation pressures are neither rising nor falling, called the "nonaccelerating inflation rate of unemployment," or

How Low Can It Go?

The jobless rate has dropped below levels Fed officials see as likely in the long run.



*Long-run sustainable levels are based on quarterly estimates of Federal Reserve officials.

Source: Federal Reserve; Labor Department

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Nairu. Go much above or below Nairu, the theory holds, and you've got trouble.

The difficulty officials face in assessing Nairu is that it's a moving target. In 2000, the jobless rate went below 4% for just five months before problems ensued—a tech bubble burst that led to recession. In the late 1960s, on the other hand, it stayed below 4% for nearly four years, leading to inflation and a decade of economic malaise.

Ryan Sweet, an economist at Moody's Analytics, says Nairu is the economics profession's Loch Ness monster: You might think you've seen it, but it's always hard to know.

Over the past seven decades, Nairu has ranged from about 4.6% to just over 6%, according to the Congressional Budget Office's economic projections.

Complicating matters, Nairu estimates rely on a contentious theory that falling unemployment pushes up prices and wages. That relationship appears to have broken down in recent years, when inflation remained below the Federal Reserve's 2% target even as the jobless rate steadily declined.

There are several explanations for why. Nairu itself might not be a useful guide. Or the U.S. might not be at full employment yet. The White House's chief economist, Kevin Hassett, said last month that full employment "could be in the threes now."

A broader measure of unemployment that includes workers stuck in part-time jobs or too discouraged to search for work remains high, suggesting slack remains in the labor market. The measure fell to 7.8% in April from 8% in March, whereas in December 2000 it stood at 6.9%.

Former Fed Vice Chairman Alan Blinder points to his "traumatized worker" theory. "Workers still remember the bad old days and they're more interested in job security than they are in seeking out a raise," he said.

This time around, some economists worry that low inflation, low unemployment and historically low short-term interest rates could be a recipe for a different problem, potentially disastrous financial bubbles. The past two recessions were ushered in by a rise and subsequent collapse in asset prices. In both cases, the unemployment rate dropped to low levels as asset prices soared, hitting 3.8% in April 2000 and 4.4% in October 2006.

Signs of financial excess are building now. Net wealth of American households—driven by their stock, bond and real-estate investments—was nearly seven times their income in the fourth quarter of 2017, above levels seen during the Nasdaq bubble and the housing boom.

The Federal Reserve pushes interest rates down when it wants to spur economic growth by encouraging businesses and households to invest and spend more. It pushes rates up when it wants to cool investing, spending and growth.

The Fed's rough estimate for Nairu is now around 4.5%. Officials project the actual jobless rate will drop to 3.8% by end of 2018 and reach 3.6% in 2019 and 2020. That suggests the Fed is prepared to let unemployment fall to a level not seen since the late 1960s before considering more aggressive rate moves.

One big risk faced by the Fed: Once it lets the economy go too far in one direction, it is hard to turn it around. When the unemployment rate gets very low and then starts rising, it tends to rise a lot.

The Fed expects it will raise short-term interest rates two more times this year, in quarter-percentage-point increments. If the unemployment rate steams lower, the Fed might find itself moving more aggressively than planned.

—Eric Morath contributed to this article.

ECONOMIC CALENDAR

TUESDAY: China's **trade balance**, which posted a surprising deficit in March, likely returned to a sizable surplus in April. Economists expect **exports** grew 7.5% in April year-to-year, reversing a 2.7% drop in March; they project **imports** to rise 15.5% versus March's 14.4% growth. That would lead to a trade surplus of about $27.5 billion, compared with March's deficit of nearly $5 billion.

WEDNESDAY: The **U.S. Labor Department** releases the **producer-price index** for April after the index grew more than expected in March. Both core and headline prices have risen in recent reports, signs inflation pressures may be building in the economy. Economists expect to see a 0.2% rise in the headline PPI in Wednesday's report.

THURSDAY: The Labor Department releases the **consumer-price index** for April. March's report suggests inflation, after being dormant much of last year, is again rising steadily toward the **Federal Reserve**'s goal. Economists expect the gauge to rise 0.3% in April.

Economists expect China's inflation to remain largely steady in April. The **consumer-price index** likely rose 1.9% on year, compared with March's 2.1%. The **producer-price index** probably climbed 3.4%, accelerating from March's 3.1%. (Release time is Wednesday evening in the U.S.)

U.S. WATCH

OHIO

Officials Investigate A Police Shooting

Authorities are reviewing a suburban Ohio community's second fatal police shooting in a year's time after an officer killed a suspect who a 911 caller described as attacking a woman.

Kettering Police Chief Christopher Protsman said the "violent confrontation" at an apartment in the suburb of Dayton was reported to police just after 11 p.m. Saturday. The officer entered alone and both the suspect and officer discharged their firearms, he said.

The suspect, who died at the scene, was Mitchell Simmons, 24 years old, the Montgomery County Coroner's Office said. The officer wasn't injured, and his name wasn't released.

The fatal shooting comes less than nine months after Kettering Officer Jonathon McCoy fatally shot Jason Hoops, 33, in what began as a traffic stop. A grand jury declined to indict Mr. McCoy in the Aug. 27 shooting.

—Associated Press

FIRST LADY

Melania Trump To Unveil Platform

Melania Trump said she will announce her initiatives as first lady Monday. "Tomorrow is the day! Very excited to announce my initiatives," she tweeted Sunday.

Her spokeswoman, Stephanie Grisham, said the focus would be on the overall well-being of children, which Mrs. Trump has spoken about since becoming first lady in 2017. She will concentrate on the range of issues children face growing up and won't tailor the initiative to a single topic, Ms. Grisham added.

Mrs. Trump has a 12-year-old son, Barron, and has expressed her interest in children through visits to hospitals and schools.

—Associated Press

ILLINOIS

County Sanctuaries Set for Gun Owners

Several rural Illinois counties have taken a stand for gun rights by co-opting a word that conservatives associate with a liberal policy to skirt the law: sanctuary.

At least five counties recently passed resolutions declaring themselves sanctuary counties for gun owners—a reference to so-called sanctuary cities such as Chicago that don't cooperate with aspects of federal-immigration enforcement. The resolutions are meant to put the Democratic-controlled Legislature on notice that if it passes a host of gun bills, including new age restrictions for certain weapons, the counties might bar their employees from enforcing the new laws.

"With all these sanctuary cities, we just decided to turn it around to protect our Second Amendment rights," said David Campbell, vice chairman of the Effingham County Board.

—Associated Press

Fort Lauderdale Air Show Takes Flight

MIKE STOCKER/SUN SENTINEL/ZUMA PRESS

WRITTEN IN THE WIND: The Geico Skytypers performed at the two-day Fort Lauderdale Air Show in Florida on Saturday.

STATES

Continued from Page One

$329 million surplus for the current fiscal year and the year ending June 2019 combined, while Utah is projected to pull in $500 million in additional cash for the year ending June 2019, up from a combined $184 million for the current and last fiscal years.

"Good job growth, good wage growth" drove the state's favorable tax-revenue figures, said Phil Dean, Utah's budget director. Minnesota budget officials expect the state's income and job growth will continue through 2019, further padding tax revenue.

In general, the new federal tax code limited some tax breaks but didn't touch state tax rates. As a result, existing state taxes on personal and corporate income in many cases are being applied to a broader tax base and thus yielding more money. That is because most state tax systems start with federal definitions of income, so when deductions on that are limited, existing state tax rates apply to more income.

Some of those state revenue increases are temporary and some states have moved to give back at least some of that revenue to their residents.

JOHN WOIKE/HARTFORD COURANT/ASSOCIATED PRESS

Connecticut Gov. Dannel Malloy, left, has seen tax revenue surge.

For example, Georgia reduced its top individual and corporate income-tax rates to 5.75% from 6%. Idaho also lowered its individual and corporate rates.

In Connecticut, which has been dogged by fiscal weakness for years, state budget officials in late April projected a $1.34 billion income-tax revenue surge above what was originally expected.

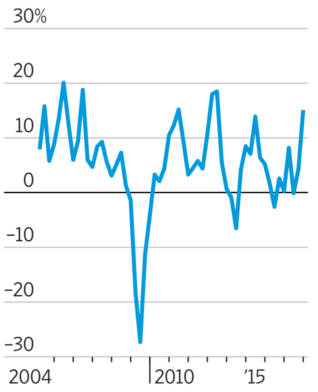
The windfall in Connecticut, home to many hedge funds, comes with caveats: about half is coming from one-time payments from hedge-fund managers racing to beat a federal tax deadline on some past offshore earnings, said Ben Barnes, the state's budget chief. The numbers also could have been boosted by residents cashing in stock in late 2017 to pay taxes on capital gains to take full advantage of the state and local tax deduction, which the new federal tax law capped, he said.

Connecticut has been repeatedly burned by overly optimistic revenue predictions that fueled prolonged budget fights, but this time may be different.

"I firmly believe there are some underlying tailwinds here, and that there are well-off folks who are doing well because they are making money and they are paying taxes on the money they are making," Mr. Barnes said.

Revenue Bump

States' quarterly income tax revenue, change from a year earlier



Source: Census Bureau

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The sped-up tax payments seemed to boost state revenue numbers far beyond Connecticut. In a report last week, the Rockefeller Institute of Government found that states' personal income-tax revenue rose 15.1% during the fourth quarter of 2017 compared with the same period a year earlier.

The states' windfall "should be treated with caution, and they shouldn't count on the windfall revenues next year," said Lucy Dadayan, a senior research scientist at Rockefeller.

Standard & Poor's raised other caution flags, noting that market volatility raises threats for states, and that widening federal deficits could weaken the federal government's ability to aid states during the next recession. The ratings firm forecasts that economic growth will decelerate in 2019 and beyond.

In the short run, the states' improved outlooks should make for a "more timely and less acrimonious" budget-making process for the coming fiscal year, the ratings firm said. Many states endured long budget battles last year.

A smooth budget process has been elusive for Louisiana, which is dealing with a unique problem: the expiration of about $1 billion in temporary tax measures on June 30. Lawmakers there have yet to find a fix that would stave off steep budget cuts.

The federal tax law helps, since Louisiana is among a small number of states where state-level deductions shrink when taxpayers pay less in federal income taxes. The state's Legislative Fiscal Office estimates a $44 million benefit in the current fiscal year, and about $300 million next year.

—Richard Rubin contributed to this article.

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Congress Tackles Opioids Versus Crack

Few can agree on why legislative responses to the two epidemics have been so different

BY KRISTINA PETERSON AND STEPHANIE ARMOUR

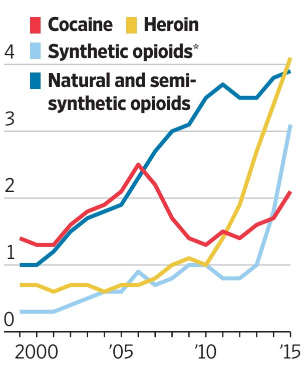
In the 1980s, Congress passed a series of laws that aimed to counter the widespread use of crack cocaine with tougher sentencing guidelines.

Three decades later, lawmakers are once again considering legislation aimed at curbing a drug crisis: opioid abuse. This time, the emphasis is on funding research into a public-health crisis and enabling states to deal with its consequences.

Lawmakers and experts haven't reached a consensus on why the federal government's response to opioids is so different from the crack epidemic that preceded it. Nor has the dynamic entirely changed on Capitol Hill. Although there is nearly universal support for a robust response to opioid abuse, a bipartisan push to revise the sentencing guidelines set during the crack era faces a more uncertain legislative future.

Deadly Trend

Rate per 100,000 of drug overdose deaths



*Excludes methadone

Source: Centers for Disease Control and Prevention

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To some, the current approach to combating opioids demonstrates a broader shift in societal attitudes toward drugs. They see a change in public sentiment toward addiction that views it as a treatable disease, not a moral failing.

"The attitude of the country when crack cocaine became a political issue was different than attitudes toward drugs are today," said Rep. Joe Barton (R., Texas), vice chairman of the House Energy and Commerce Committee, which is working on opioid legislation.

Some experts also point to a difference in scope. In 1988, there were 2,252 deaths associated with cocaine, according to the Drug Abuse Warning Network, a now-closed national public-health surveillance system. In the 12 months to Jan. 31, 2017, there were 20,145 overdose deaths from fentanyl and other synthetic opioids, according to the Centers for Disease Control and Prevention.

To others, the contrast is rife with racial undertones, given that the crack epidemic disproportionately affected the black community while the opioid epidemic predominantly affects whites. The opioid crisis isn't "ravaging solely the African-American community like crack was doing," said Rep. Cedric Richmond (D., La.), chairman of the Congressional Black Caucus.

In 2016, white victims made up almost 80% of the deaths from opioid overdoses, with black victims comprising 10% of deaths and Hispanic victims 8%, according to the nonprofit Henry J. Kaiser Family Foundation. In contrast, in 2000, 84% of crack cocaine offenders were black, compared with 6% white, according to the U.S. Sentencing Commission, a bipartisan, independent agency created by Congress to reduce sentencing disparities.

Cocaine-related overdose deaths among black men and women were on par with heroin and prescription opioid-related deaths among white men and women between 2000 and 2015, according to a study in the Annals of Internal Medicine.

Many lawmakers say it is time for the sentencing guidelines established during the crack epidemic to be further revised. "I think it's fair to revisit mandatory minimums," said Mr. Barton, who noted that he supported them at the time.

Some lawmakers are frustrated that federal help to combat the opioid addiction faces fewer political hurdles than overhauling laws passed during the crack era.

"We learned from how bad that approach was, so now we're treating it as a mental-health and a substance-abuse problem—which it is—for opioids. But it was for crack, too, and we still won't go back and fix it," Mr. Richmond said.

Legislation aimed at rethinking sentencing was recently approved by the Senate Judiciary Committee. The effort, spearheaded by committee chairman Chuck Grassley (R., Iowa) and Sen. Dick Durbin (D., Ill.), contains provisions that would both allow for some shorter federal sentences for certain drug defendants, as well as measures seeking to reduce the number of people who return to prison. Under a concept known as "prison reform," some inmates could be eligible to serve out the last part of their sentence in a halfway house or home confinement.

Mr. Grassley said he doesn't expect Senate Majority Leader Mitch McConnell (R., Ky.) to bring the bill to the floor unless the political climate changes. He said Republicans who support sentencing changes are combating a perception that their legislation would go easy on criminals.

FREDERIC J. BROWN/AGENCE FRANCE-PRESSE/GETTY IMAGES

Evacuees in Hawaii filled out forms before being allowed to make brief returns to their Leilani Estates homes to gather belongings.

Volcano Evacuees Hope to Go Home

BY NOUR MALAS AND JENNIFER LEVITZ

Lava and toxic gases continued to spew in neighborhoods from Hawaii's Kilauea volcano on Sunday, with 21 homes destroyed since the eruption began on Thursday and authorities ordering evacuations of 1,800 people.

A tweet on Sunday from the U.S. Geological Survey showed a lava fountain shooting 230 feet into the air in the Leilani Estates subdivision in the island's east.

Authorities warned people to be on alert for elevated levels of sulfur dioxide and continued volcanic eruption.

The two rural areas ordered for evacuation, Leilani Estates and Lanipuna Gardens, sit at the eastern base of the volcano, which erupted Thursday, belching lava, damaging buildings and forcing residents to flee their homes.

Hundreds of quakes had shaken the island for days when a magnitude-6.9 earthquake hit on Friday, Hawaii's largest in more than four decades.

On Sunday, officials were planning to let Leilani Estates residents pass a checkpoint to briefly return home to finish evacuating pets and retrieving medicine and vital documents. But authorities warned that could change if conditions worsen.

"We want them to be safe," said Janet Snyder, a spokeswoman for the county of Hawaii's Mayor's Office. "We're not going to let them in if we're not sure they're going to be safe."

Residents of Lanipuna Gardens, however, were being kept away from their neighborhood because of dangerous volcanic gases, officials said.

After a few hours of calm on Saturday, two more cracks emerged Saturday night, according to the Hawaiian Volcano Observatory, bringing the total of massive fissures in the ground to nine by Sunday morning.

Over 200 people were in shelters as of Sunday morning.

Ms. Snyder said the number of people in Red Cross-run shelters likely wasn't an accurate reflection of the total number of people affected because many who fled the lava flows were staying with friends or family, or sleeping in cars. Some ordered to evacuate hadn't done so.

Hawaii Gov. David Ige, who visited two evacuation shelters on Friday, said in a written statement it was a "frightening and unpredictable time."

"I met many people who are frightened and deeply concerned about losing everything they've worked for all their lives," he said. "I've heard from people who have already lost their home."

Tax Bill Pitched As Asset for GOP

BY JANET HOOK

The U.S. Chamber of Commerce is stepping up efforts to make the 2017 tax law a central issue in the 2018 midterm elections, trying to cut through Trump administration controversies that distract from economic issues GOP strategists say could help their party's candidates.

The business group Monday will begin airing ads in support of four endangered House Republicans—including one in a contested GOP primary. "Our feeling is the growth story needs to be better told," said Scott Reed, the chamber's political strategist "If this midterm election is just a referendum on Trump, it will be a challenge."

Other groups, such as the Business Roundtable, have also invested money in advertising to promote the benefits of the tax law, and the Chamber's efforts could at times overlap with the efforts of the Congressional Leadership Fund, a super PAC allied with the House GOP leadership.

Democrats are campaigning against the tax law, saying it provided far more benefit for the wealthy and corporations than for the middle class. A Tax Day video by the Democratic Congressional Campaign Committee depicts corporate chiefs discussing what they did with their tax cuts, naming luxury items, while a support staffer says she got no tax cut.

Measured as a percentage of after-tax income, the biggest tax cuts in 2018 are going to households in the 95th to 99th percentile of the income distribution, according to the Tax Policy Center, a group run by a former Obama administration official. The corporate tax-rate cut doesn't expire, while many individual tax cuts are slated to lapse after 2025. However, most middle-income households are getting tax cuts in 2018.

The latest Wall Street Journal/NBC News poll found that one-third of respondents didn't have an opinion about the tax law. Among those with an opinion, more thought it was a bad idea than a good one, by a 36%-27% margin.

The Chamber's ads, the first installment of a series in support of more than a dozen Republicans, will run in the districts of Rep. Barbara Comstock of Virginia, one of the party's most vulnerable incumbents; Don Bacon of Nebraska, who was first elected in 2016 in a close race; and Erik Paulsen of Minnesota, in a district that Democrat Hillary Clinton won in 2016.

A fourth ad is in defense of Rep. Martha Roby of Alabama, who in 2016 criticized Mr. Trump after videotape surfaced of him speaking crudely about groping women. The ad includes a voter wearing a red "Make America Great" cap saying: "Martha voted for President Trump's tax cuts."

—Richard Rubin contributed to this article.

Lawmakers to Push $867 Billion Farm Bill

House Republicans this week will try to see if they can pass a five-year farm bill on their own, with the bill already facing opposition from both Democrats and some conservatives.

By Kristina Peterson, Jesse Newman and Heather Haddon

The proposed legislation, estimated to cost $867 billion over a decade, is a priority for many lawmakers in agricultural states. It couples federal support for farmers with food-stamp benefits for the poor, elderly and disabled.

The farm bill, which is generally renewed every five years, has long been broadly popular among legislators of both parties. Its farm programs appeal to rural legislators, and its food-stamp provisions win support from urban lawmakers.

But in recent years its passage has been made treacherous by partisan fights over the size and restrictions of the food-stamp program. Five years ago, a coalition of Democrats and conservative Republicans sank an early version of the last farm bill on the House floor over its spending levels and cuts to the food-stamp program. This year, Democrats broadly oppose the bill because it tightens work requirements for food-stamp recipients.

DANIEL ACKER/BLOOMBERG NEWS

Farm legislation generally is renewed every five years.

In other business before Congress this week, the White House is expected to send to the House on Tuesday a proposal to cut roughly $11 billion in spending through a method known as rescissions, according to GOP aides. The proposed cuts aren't expected to come from the most recent $1.3 trillion spending bill, aides said, after lawmakers from both parties objected, but from funding that was previously authorized but never spent.

And nomination battles are expected to continue dominating the Senate, where Gina Haspel's nomination to lead the Central Intelligence Agency is set for Wednesday. Both Democrats and some Republicans have questioned her role in an interrogation program after the Sept. 11, 2001, terrorist attacks critics say amounted to torture.

To pass the farm bill over Democratic opposition, GOP leaders would have to rustle up most of the votes for passage from their own side of the aisle, given the Republicans have a 235-193 seat majority. But GOP House leaders have had trouble selling a bill simultaneously generous enough for struggling farmers and conservative enough for fiscal hawks.

Many conservative advocacy groups and lawmakers have balked at the cost of the federal safety net for farmers. The Republican Study Committee, a group of more than 150 conservative House Republicans, has called for cutting many commodity subsidies and shrinking taxpayer support for farmers' crop-insurance premiums in the group's budget.

In recent years, bumper crops in the U.S. and abroad have swollen global grain supplies, driving down prices for corn, wheat and other farm commodities, and sparking the deepest farm slump since the 1980s. Crop prices have improved this year, but federal officials in February projected that U.S. net farm income would hit the lowest since 2006, totaling less than half of the record $124 billion farmers earned in 2013.

"We probably have the most conservative safety net as is practicable or possible for farm country," said Rep. Kevin Cramer (R., N.D.), who supports the bill. "We're securing a food supply in this country and it's a bargain at this point."

Under the current farm bill, which expires Sept. 30, key commodity programs are projected to cost taxpayers about $61 billion over a decade, while crop insurance comes with a $78 billion price tag.

The proposed bill is roughly budget neutral, cutting the federal deficit by $7 million over 10 years, according to estimates from the Congressional Budget Office

GOP Primaries Put Trump at the Center

Candidates to oppose Senate Democrats in three states promote loyalty to the president

By Janet Hook
And Reid J. Epstein

Republicans in three states this week will choose Senate nominees who have each used their contentious primary campaigns to promote their loyalty to President Donald Trump.

In Indiana, West Virginia and Ohio—all 2018 Senate battlegrounds that Mr. Trump won two years ago—GOP voters will pick candidates fighting over the president's base while incumbent Democrats have portrayed themselves as independent problem solvers.

Tuesday's contests are the beginning of a consequential period of the 2018 Senate primary season. The political environment is working against Republicans, as is the case historically for a president's party in midterm elections. They are facing the risk of losing their majority in the House and, less likely, the Senate. Their prospects will be affected by who wins their primaries this week.

In West Virginia, Republicans have set their sights on defeating Democratic Sen. Joe Manchin, but party leaders worry their chances will be undercut if former coal baron Don Blankenship becomes their nominee. Mr. Blankenship, who served a year in prison after being convicted of violating mine-safety standards after 29 miners were killed in a 2010 disaster, is running an outsider campaign against two more conventional Republicans—U.S. Rep. Evan Jenkins and state Attorney General Patrick Morrisey.

In Ohio, where Democratic Sen. Sherrod Brown is seeking a third term, Mr. Trump endorsed Rep. Jim Renacci to be the party's nominee. The White House pushed Mr. Renacci, who had been running for governor, to switch to the Senate race after the party's presumptive nominee, state Treasurer Josh Mandel, ended his long-planned campaign to care for his ailing wife.

Mr. Renacci is favored to win over Mike Gibbons, a self-funded investment banker who is portraying himself as an outsider in the Trump mold.

In Cleveland on Saturday, Mr. Trump urged voters to support Mr. Renacci, while attacking Mr. Brown at an official event intended to promote the Republican tax package approved last year.

"We need your vote, we need your help, so go out and help Jim," Mr. Trump said. "Get it done."

In Indiana, the three-way GOP Senate contest between businessman Mike Braun and U.S. Reps. Todd Rokita and Luke Messer has left all three men bruised in what has become one of the most bitterly contested primaries in the country. The Republicans are vying for a chance to unseat Democratic Sen. Joe Donnelly.

Each of the three candidates is airing a barrage of television ads slamming the other two as insufficiently devoted to Mr. Trump.

Mr. Rokita dons the president's signature "Make America Great Again" hat in his ads, but the congressman was rebuked by the Trump campaign for claiming the president's endorsement on his campaign yard signs.

Meanwhile Mr. Braun has dubbed Mr. Rokita "Todd the Fraud." Both Messrs. Rokita and Messer have accused Mr. Braun of being a closet Democrat because he voted in that party's 2008 presidential primary.

"It's slowly but surely descended into Dante's Inferno of character assassination," said John Hammond, a Republican National Committee member from Indiana who backs Mr. Messer.

In southwest Indiana, Republicans will choose between Greg Pence, the brother of Vice President Mike Pence, and economist Jonathan Lamb in a congressional primary to replace Mr. Messer. Greg Pence is campaigning as a stout supporter of the White House, while Mr. Lamb is campaigning against Mr. Trump's tariff policy.

"People don't understand trade; they think foreigners are coming to steal their jobs and that's not the case," Mr. Lamb said.

The most significant Democratic contest Tuesday is the primary for Ohio governor, which pits former Consumer Financial Protection Bureau chief Richard Cordray against Dennis Kucinich, the former congressman who has long operated on the party's far-left wing.

The primary has divided the party's progressives, with Sen. Elizabeth Warren of Massachusetts stumping for Mr. Cordray, while Our Revolution, the political arm formed by supporters of Vermont Sen. Bernie Sanders, backs Mr. Kucinich. Mr. Sanders himself hasn't made an endorsement in the race.

In the GOP primary for Ohio governor, state Attorney General Mike DeWine is expected to defeat Lt. Gov. Mary Taylor.

The other closely watched House contest in Ohio on Tuesday takes place in the Columbus suburbs, where the conservative House Freedom Caucus has backed Melanie Leneghan, a Liberty Township trustee, in the 10-way primary to succeed Pat Tiberi, who resigned in January to lead the Ohio Business Roundtable.

GOP officials in Washington have privately fretted in recent weeks that they are more likely to lose the seat to a Democrat if Ms. Leneghan wins the primary.

—Michael C. Bender contributed to this article.

MANUEL BALCE CENETA/ASSOCIATED PRESS

President Donald Trump appeared with Rep. Jim Renacci, right, in Cleveland on Saturday, ahead of Tuesday's Republican primary to choose who will face Democratic Sen. Sherrod Brown in November.

Democrats to Release Russia-Linked Facebook Ads

By Deepa Seetharaman
and Byron Tau

Democrats on the House Intelligence Committee are preparing to release 3,000 Russia-linked Facebook ads, according to people familiar with the matter, in what would offer the broadest picture yet of how the social network was manipulated during and after the 2016 U.S. presidential election.

The ads, which **Facebook** Inc. identified as bought by the pro-Kremlin Internet Research Agency, could be released as early as this week, some of the people said. But the timing could slip to next week or later as Facebook and Democrats haggle over how much information about users who liked, shared and commented on the ads should be redacted, the people said.

The cache will show the images of the ads, which groups the ads targeted, how much they cost and how many Facebook users viewed them, the people said.

The discussions to release the ads comes weeks after Republicans on the committee ended their probe into Russia's activity during the 2016 election. The report concluded that there were no signs of collusion between the Trump campaign and the Russians, angering Democrats who said the investigation was far from over.

In September, Facebook identified 470 accounts linked to the Internet Research Agency that bought the 3,000 ads during a two-year period intended to amplify social and political tensions during and after the 2016 presidential election. The disclosure triggered public outrage, forcing representatives from Facebook, Twitter Inc. and Alphabet Inc.'s Google to appear in front of Congress on Oct. 31 and Nov. 1 for three hearings on Russian manipulation of social media.

Data released by lawmakers during the hearings show many of the ads served to recruit new followers to Facebook pages of fake organizations or encourage them to attend politically charged events, and targeted Facebook users by race, religion and interests.

The company didn't make the ads public at the time. Instead, Facebook handed the ads over to Congress, which made fewer than 50 of the ads available to the public. At the time, some lawmakers vowed to release all 3,000 to make Americans more aware of the Russian manipulation.

Facebook has said that many of the ads didn't mention either candidate and instead targeted users who liked pages affiliated with gun ownership, the Confederate flag and Ivanka Trump's jewelry line.

One of the Russia-backed pages, "Back the Badge," ran an ad meant to reach law-enforcement personnel and their spouses, as well as pages memorializing officers who had been killed. The ad, which ran in October 2016, was seen more than 1.3 million times.

Another page, "Woke Blacks," targeted people who are interested in "African-American culture" and the civil-rights movement. The ad promoting the "Woke Blacks" page was seen more than 750,000 times, according to data released last fall. Facebook has said about 25% of the ads were never shown to any users.

Rep. Adam Schiff of California, the top Democrat on the panel, is leading the negotiations with Facebook over the ad release, people familiar with the discussions said. Mr. Schiff has sought to make public all the ads the committee was given but has said the release of such information raised privacy considerations.

"The American people deserve to see the ways that the Russian intelligence services manipulated and took advantage of online platforms to stoke and amplify social and political tensions, which remains a tactic we see the Russian government rely on today," Mr. Schiff said in October.

"We have been in ongoing discussions with Facebook and hope to have the final redacted ads in our possession within a matter of days," Mr. Schiff said through a spokesman Sunday. "As soon as we receive them, it is our intention to share them with the public."

Releasing the ads would be the latest move by the Democrats on the committee who said the panel's report, made public in April, was inadequate.

They have vowed to continue the investigation on their own and have pushed the committee's Republican leadership to release all the transcripts of witness interviews, without success so far.

SHAWN THEW/EPA/SHUTTERSTOCK

Graphics of Russia-linked Facebook pages are displayed during a House committee hearing last year on Russia and social media.

TRUMP

Continued from Page One

zone of sorts, in which former prosecutors say they expect Mr. Mueller either to wrap up or lie low and take no visible steps until after November.

Though Mr. Mueller doesn't face any specific legal deadline, the fall midterms amount to a political one, according to experts and prosecutors. He will reach a point this summer when Justice Department habits dictate he would have to go dark so he doesn't appear to be trying to sway voters' decisions, which would be at odds with Justice Department guidelines for prosecutors.

Many Democrats said then-Federal Bureau of Investigation Director James Comey didn't properly observe those guidelines when he disclosed less than two weeks before the 2016 election of a reopened investigation into then-Democratic presidential candidate Hillary Clinton's email use.

Any action by Mr. Mueller that implicates or exonerates Mr. Trump and his associates in working with Russia or obstructing justice could play into whether Democrats take control of one or both houses of Congress.

Democrats have promised extra scrutiny of the Trump administration if voters pull the lever for their party in November, while Republican candidates have largely sided with Mr. Trump, and some have echoed the president's message that the prosecution is a "witch hunt."

Mr. Mueller has a lot still to do—prepare several reports, bring expected charges against alleged Russian hackers behind the breach of the Democratic National Committee and make decisions on whether to prosecute other cases. Perhaps the most politically sensitive issue he has yet to resolve is whether the special counsel's office will demand an interview with Mr. Trump.

If he can't get all those things done in the next few months, his probe is likely to stretch into 2019.

On Friday, Mr. Trump said he wants to agree to an interview with Mr. Mueller but that his lawyers have counseled him otherwise.

Agreeing to a voluntary interview would allow Mr. Trump's lawyers to set conditions, including the length of the talk, the topics raised and whether Mr. Trump could be accompanied by counsel. If he refused and was subpoenaed, the interview conditions would be much less favorable to Mr. Trump.

"When you volunteer, at least maybe you can constrain the questions. When you're subpoenaed, a subpoena is broad. Your lawyer isn't present. This is a tough decision for the president's team to make," Harvard law professor Alan Dershowitz, who has defended Mr. Trump in television appearances, said Sunday on NBC's "Meet the Press."

Mr. Mueller raised the possibility of issuing a grand jury subpoena in a March interview with the president's previous attorneys, The Wall Street Journal has reported.

The probe to date has produced five public guilty pleas—largely for lying to investigators or for conduct unrelated to the 2016 campaign. A sixth defendant, former Trump campaign chairman Paul Manafort, is scheduled to face trial on bank and tax-fraud charges stemming from alleged misconduct that largely predated the presidential election. Mr. Mueller has also charged 13 Russians with election interference.

Mr. Mueller raised the prospect of issuing a grand jury subpoena in March.

But Mr. Mueller has begun to refer some new matters to other U.S. attorneys' offices, including the investigation into the president's lawyer, Michael Cohen, suggesting the special counsel's office is trying to avoid taking on new matters that could prolong its primary investigation.

According to the handbook for federal prosecutors, the U.S. Attorneys' Manual, Justice Department employees are barred from using their official authority "to interfere with or affect the result of an election."

The rules aren't explicit, but a March 2012 memo from then-Attorney General Eric Holder also instructed Justice Department employees to be "particularly sensitive to safeguarding the Department's reputation for fairness, neutrality, and nonpartisanship." Specifically, he told law-enforcement officers and prosecutors to never time investigative steps or criminal charges "for the purpose of affecting any election" or to give "an advantage or disadvantage to any candidate or political party."

Preet Bharara, the former U.S. attorney in Manhattan, said if an investigation becomes public during a politically sensitive time, prosecutors should seek to resolve it as quickly as they responsibly can.

"I think it is the obligation of every reasonable prosecutor to minimize the duration of that cloud or cause lightning to strike as quickly as possible," Mr. Bharara said.

Mr. Comey weighed those considerations and opted to alert Congress 11 days before the 2016 election about the bureau's look at newly discovered Clinton emails. Two days before polls closed, Mr. Comey told Congress the agency had reviewed the new evidence and found no reason to change its earlier recommendation that Mrs. Clinton face no charges related to her email practices, but many Democrats blamed Mr. Comey's initial disclosure for Mrs. Clinton's loss.

In a recent onstage interview with the website Axios, Mr. Comey was asked about whether he would have any advice to Mr. Mueller about "coming out and saying something."

"It's worked well for me," Mr. Comey deadpanned.

"There aren't any rules around how we act in the run-up to an election...there's a norm, you avoid any action in the run-up to an election that might have an impact, if you can," Mr. Comey said, adding that he was "sure" Mr. Mueller would "operate with that norm in mind."

—Gabriel T. Rubin and Michael C. Bender contributed to this article.


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Korean Peace Hopes Spark Troop Debate

Idea of drawing down U.S. forces in South gets attention ahead of Trump-Kim summit

By Jonathan Cheng And Andrew Jeong

A U.S. soldier at a base in South Korea in 2016, above; below, North Korea's Kim Jong Un and the South's Moon Jae-in met on April 27.

FROM TOP: KIM HONG-JI/REUTERS; KOREA SUMMIT PRESS POOL

SEOUL—Powerful voices in Washington and Seoul have given a burst of energy to a question long relegated to the margins of public debate: If a peace deal can be struck with Pyongyang, would there be any need for U.S. forces on the Korean Peninsula?

The suggestion, once taboo in Washington and Seoul, comes ahead of a planned summit between North Korean leader Kim Jong Un and President Donald Trump, where some North Korea watchers expect Mr. Kim to raise the idea with the U.S. president.

A fringe minority of peace activists in South Korea for decades has called for the removal of the 28,500 U.S. troops in South Korea, calling them an affront to the country's sovereignty and an obstacle to peace. That is largely in line with North Korea's consistent position in calling for their removal.

Generally in South Korea and the U.S., however, the idea of withdrawal or troop reduction has been regarded as a nonstarter. Both the White House and South Korea's left-leaning Moon Jae-in administration have been careful to underscore the importance of the U.S.-South Korea military alliance for maintaining stability in the region.

On Friday, national security adviser John Bolton joined the Pentagon and South Korea's presidential office in denying a New York Times report that Mr. Trump had ordered the Pentagon to look into drawing down troops in South Korea.

Even so, the debate has picked up steam in the past week as top advisers and officials in the U.S. and South Korean governments express an openness to the idea.

Recently, Moon Chung-in, a professor and senior adviser to South Korea's president, caused a stir by suggesting in an essay that the U.S. military presence in South Korea would likely have to change if a peace treaty were to be signed to formally end the 1950-53 Korean War.

"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," Prof. Moon wrote in an article for Foreign Affairs.

His commentary came after the two Koreas agreed last week at a summit to pursue a peace treaty.

While the North didn't call during the inter-Korean summit for a removal of U.S. troops, it did late last year call on the South to "open up the road of peace and reunification" by dismantling the joint U.S.-South Korean command that controls the two countries' forces and for the U.S. to withdraw.

Prof. Moon earned an unusual public rebuke from South Korea's presidential Blue House for the article, although he later told reporters that he has "never argued for the removal of U.S. troops" from the peninsula.

In response to the uproar over Prof. Moon's article, Choo Mi-ae, the leader of the ruling Democratic Party, said last week that "even under a peace treaty, the stationing of U.S. troops in South Korea is necessary."

The flap over Prof. Moon's essay came just days after U.S. Secretary of Defense Jim Mattis appeared to leave the door open on whether a peace treaty would remove the need for U.S. troops on the Korean Peninsula.

Asked by a reporter just hours after the inter-Korean summit last month whether U.S. troops needed to stay in South Korea, Mr. Mattis said the U.S. military presence would be "part of the issues that we'll be discussing in the negotiations with our allies first and, of course, with North Korea."

Some U.S. and South Korean observers and politicians expressed concern about the possibility of a reduced American presence.

"There are worrying signs that the withdrawal of U.S. troops from South Korea could be used as a bargaining chip in negotiations with North Korea," said the Chosun Ilbo, a conservative newspaper that is South Korea's largest, in an editorial on Thursday. The South Korean leader "must clearly tell Trump that the issue should not be up for negotiation with Kim."

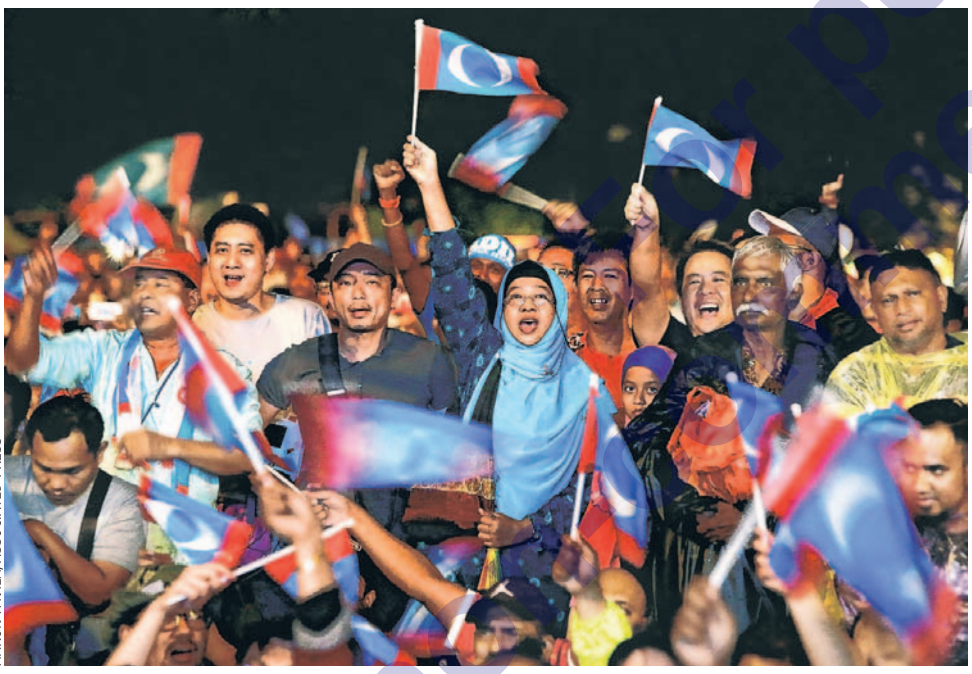
Raising the possibility of U.S. troop reductions "will exacerbate ongoing allied fears both in South Korea and Japan about the U.S.'s commitment and resolve to defend them," says Bruce Klingner, a former Central Intelligence Agency deputy division chief for Korea, now at the Heritage Foundation, a conservative Washington think tank. "It's a worrisome development."

Mr. Trump has argued that the U.S. gets "practically nothing" for the roughly $1.2 billion a year it spends to station forces in South Korea. The president told a rally in Missouri in March that South Korea was "making a fortune" from trade with the U.S., even as the U.S. protected the country.

South Korea pays a little less than half the cost of stationing U.S. troops in the country, by some calculations. Other Korea watchers have argued U.S. forces support regional stability by countering China's expansion.

Chung Dong-young, a lawmaker with the left-leaning Party for Democracy and Peace and a former unification minister during the previous liberal administration, said that he believed North Korea's Mr. Kim understood the importance of U.S. forces in South Korea for maintaining stability in the region. Mr. Chung cited Kim Jong Il, the father of the current leader, who said that the U.S. military could balance the arms race in Northeast Asia and serve as a stabilizing force.

—Yun-hwan Chae contributed to this article.



AARON FAVILA/ASSOCIATED PRESS

Backers of Mahathir Mohamad, who is leading an opposition coalition, rallied Sunday in Kuala Lumpur.

Malaysia's Ruling Party Hit By High-Level Defections

By Yantoultra Ngui

KUALA LUMPUR, Malaysia—Malaysia's ruling party expelled two of its best-known members and began investigating a third for backing the opposition coalition in Wednesday's national election, a sign that Prime Minister Najib Razak might face a tougher-than-expected battle to stay in power.

The two politicians expelled Saturday from the United Malays National Organization or UMNO, Daim Zainuddin and Rafidah Aziz, as well as Rais Yatim, who is under investigation, are closely associated with Mahathir Mohamad. The former prime minister came out of retirement to lead an opposition coalition that aims to unseat Mr. Najib, his former protégé.

Now 92 years old, Dr. Mahathir has criticized Mr. Najib for his management of the country, particularly his handling of state investment fund 1Malaysia Development Bhd, or 1MDB. Dr. Mahathir and many others accuse Mr. Najib of skimming hundreds of millions of dollars from the debt-laden fund, which is the subject of several international investigations. Mr. Najib and 1MDB deny any wrongdoing.

Dr. Mahathir's emergence at the head of the opposition has reinvigorated that movement and put UMNO on the defensive. Opinion polls suggest, however, that the party will be able to form a government, even if it loses the popular vote, as it did in 2013.

Mr. Daim, Ms. Rafidah and Mr. Rais, all former ministers, have been openly critical of Mr. Najib in the election run-up and joined Dr. Mahathir at a huge rally Friday. Ms. Rafidah, who was Malaysia's emblematic trade minister under Dr. Mahathir's long premiership, urged the crowd to give him a "new contract." She and Messrs. Daim and Rais didn't respond to requests for comment.

Prime Minister Najib Razak is fighting to stay in power in Wednesday's election.

UMNO officials said Saturday that they would take action against members breaking ranks, but the defections underscore divisions in the party that feed into uncertainty in formerly rock-solid strongholds. The developments come at a time of increasing authoritarianism in Southeast Asia amid challenges on trade and security as the U.S. and China contest for influence in the strategically important region.

UMNO has been at the center of every government since 1957, but it lost the popular vote in 2013 to a resurgent opposition. As the 1MDB scandal gained steam in recent years, Mr. Najib purged challengers and opponents.

James Chin, who heads the Asia Institute at the University of Tasmania, said the most recent defection of former UMNO ministers who served under Dr. Mahathir showed that "more and more senior UMNO people are willing to challenge Najib at the polls."

"On the other hand, the fact that all these people were in Mahathir's cabinet gives the impression that May 9 is a fight between the old UMNO elite and the new UMNO elite," Mr. Chin said.

—James Hookway contributed to this article.

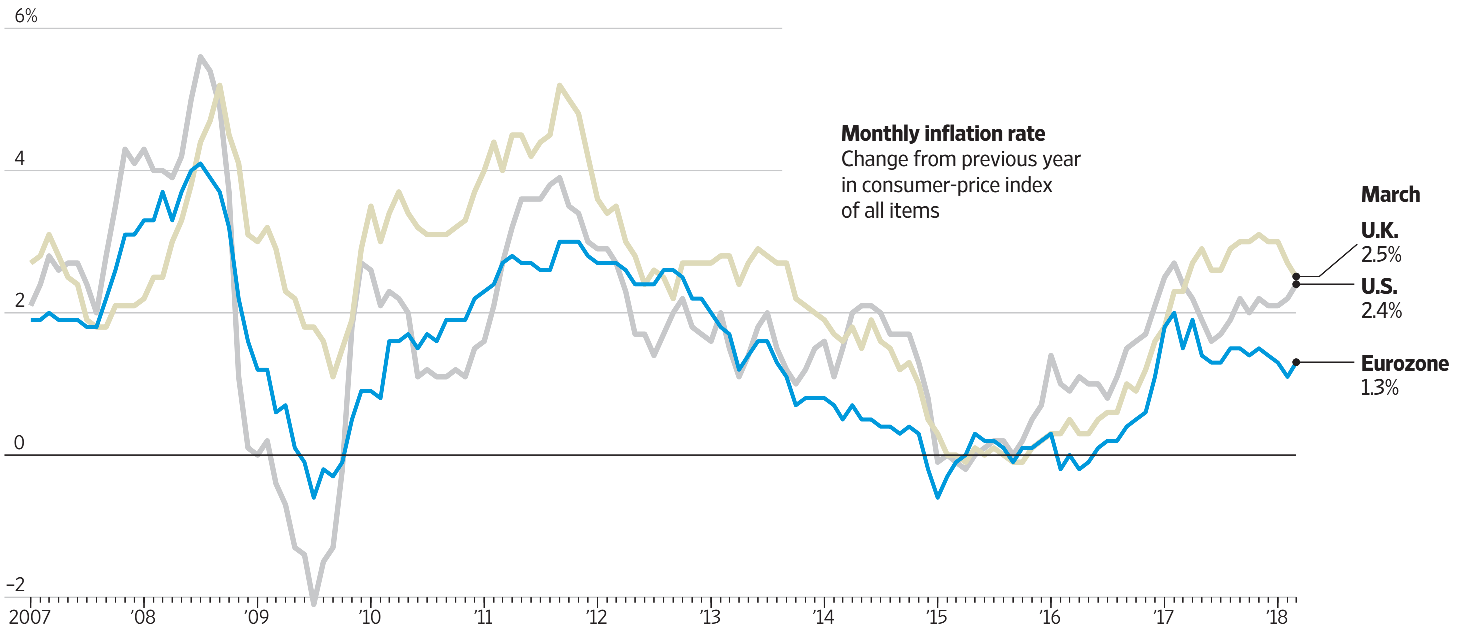
The Riddle of the Eurozone's Missing Inflation

The financial crisis still casts a long shadow over the region

Unlike the U.S. and U.K., where inflation has started to pick up, consumer-price growth in the 19-nation eurozone remains stubbornly low despite years of strong economic expansion.

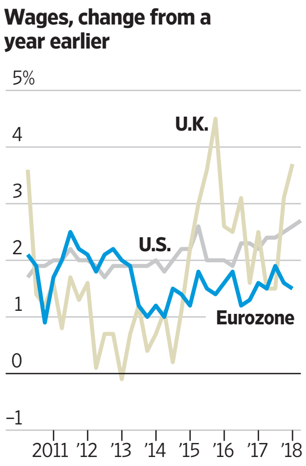
That is a problem for the European Central Bank, which has spent €2.4 trillion ($2.9 trillion) buying eurozone bonds since early 2015 in a bid to drive inflation toward its target rate of 2%. Despite that giant stimulus, underlying inflation—which excludes volatile food and energy prices—hasn't changed at all over the period, coming in at 0.7% in April. Unless inflation picks up soon, the ECB will struggle to raise interest rates to more normal levels in time for the next downturn, when it likely would need maneuvering room to lower rates to support the economy.

—Tom Fairless



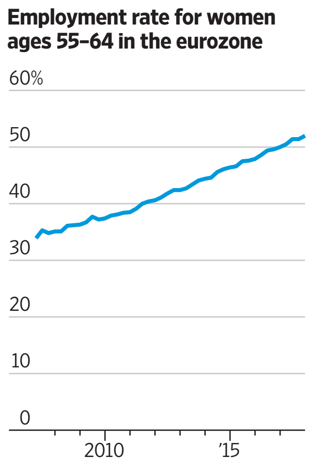
Cautious Employers

What distinguishes the eurozone is poor wage growth. Eurozone wages are rising by about 1.5% per year, roughly half the rate in the U.S. and Britain. Normally, businesses would be expected to bid up wages as unemployment falls to attract scarce workers. That should push up consumer prices as business owners raise prices to protect their profits. The eurozone has created 7.5 million jobs over the past five years, fully erasing the job losses recorded during the crisis. And yet both wage growth and inflation remain relatively weak.



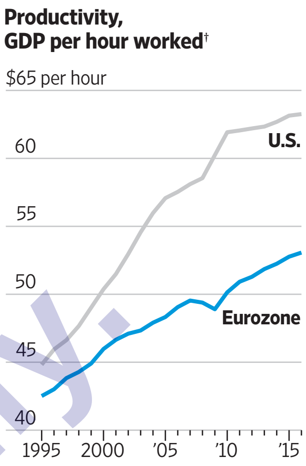
A Changing Workforce

New entrants—particularly older people and women—are joining the eurozone workforce, which increases the supply of labor and keeps a lid on wage inflation. Three-quarters of job growth over the recovery has come from older workers and more than half from women, partly due to recent labor-market reforms, such as increasing the age at which workers qualify for pensions, according to ECB President Mario Draghi.



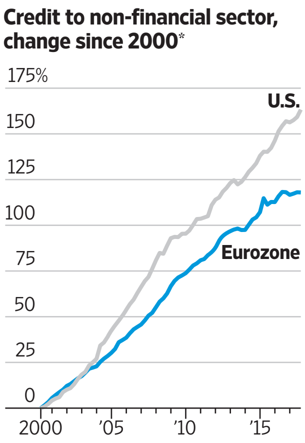
Past Performance

Workers and unions take into account recent inflation rates when deciding how much compensation to demand. Inflation's near-absence in recent years therefore has weighed on wage growth. Increases in productivity—another reason to demand higher wages—also have been weak. Since the early 1990s, the euro area has gone from being one of the regions of fastest-growing labor productivity, to one of the slowest, the data show.



Postcrisis Shadow

The lowest of the financial crisis had a lingering impact on animal spirits. Unlike other regions, the currency union sank into a second recession in 2011-13 triggered by over-indebted governments. Eurozone companies and households are still much more reluctant to take on new loans today than they were before the 2008 crisis. That reduces the demand for goods and services and restricts price growth.

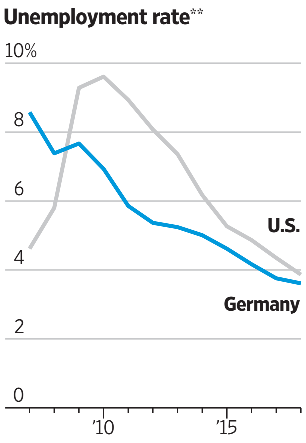


More Free Time

Today's workers don't just want more money. Especially in Germany, which has the region's lowest unemployment rate, unions are focusing on non-wage perks, such as more leisure time, or the funding of corporate pension plans. German metal workers in February pushed through the introduction of a 28-hour workweek.

The German Enigma

Low inflation is particularly mysterious in Germany, which accounts for about 30% of the eurozone economy. German joblessness has fallen to a 38-year low of 3.6%, and there are a record 1.2 million job openings. But Germany's inflation rate is hovering around 1.5%, compared with 2.4% in the U.S., where unemployment is higher.



*From all sectors, market value using domestic currency †Constant 2010 dollars, at purchasing power parity **Data as of March 2018

Sources: OECD (inflation, hours worked, productivity); Eurostat (eurozone wages, eurozone employment); Office for National Statistics (U.K. wages); Labor Department (U.S. wages); Bank for International Settlements (credit); IMF (unemployment)

THE WALL STREET JOURNAL.

WORLD WATCH

FELIPE DANA/ASSOCIATED PRESS

ADRIFT AT SEA: Aid group Proactiva Open Arms rescuing migrants from Bangladesh, Egypt, Libya, Nigeria and other countries near Libya on Sunday. The migrants were found in a motorless rubber boat.

AFGHANISTAN

Mosque Explosion Kills at Least 14

A bomb blast inside a mosque in eastern Afghanistan that was being used as a voter registration center killed at least 14 people and wounded more than 30, officials said.

A provincial government spokesman said the bomb exploded in the city of Khost while some people were praying in one part of the mosque and others were picking up their voter registration cards in another part of the building.

Afghanistan is scheduled to hold elections in October, the first since 2014.

Both the Taliban and a local affiliate of the Islamic State group reject democratic elections and have targeted them before.

A Taliban spokesman said that the group wasn't responsible for the latest attack.

Islamic State isn't known to have a presence in Khost, but has expanded its footprint into other areas in recent years.

Last month, an Islamic State suicide bomber attacked a voter registration center in Kabul, killing 60 people and wounding at least 130.

The Taliban and Islamic State have carried out a wave of attacks since the start of the year, killing scores of civilians in the capital, Kabul, and elsewhere.

—Associated Press

PAKISTAN

Interior Minister Is Wounded in Attack

A gunman shot and wounded Pakistan's interior minister after a public meeting in his constituency, officials said.

Interior Minister Ahsan Iqbal was returning to his car after a meeting in Narowal district when he came under attack. A police official said the attacker was arrested, and the minister's wounds weren't life threatening.

A government spokesman said. Mr. Iqbal was visiting Narowal to mobilize support for his re-election in a parliamentary vote scheduled for mid-July.

—Associated Press

FROM PAGE ONE

INVEST

Continued from Page One

ated in a relatively narrow range for much of the past month—neither breaking out to fresh records nor slumping to the lows it hit in February, when major indexes fell more than 10% from their all-time highs. After hitting records to start the year, the Dow Jones Industrial Average has gone 68 trading days since its last high, the longest drought since the 288 days spanning May 2015 to July 2016.

Government bond yields, meanwhile, surged to start the year but appeared to stall when the yield on the 10-year note approached 3% for the first time since 2014. It topped that mark in late April before pulling back again.

"There's a lot of positive signs, but there's not that one big sign that says, 'This is how we're going to get to the next stage of gains and growth,'" said Tom Stringfellow, chief investment officer at Frost Investment Advisors.

The Dow ended Friday's session at 24262.51, down 1.8% for 2018 and 8.8% from its Jan. 26 high, while the yield on the 10-year U.S. Treasury note settled at 2.946%, down from April 25's high of 3.026%.

To many, the market's lethargy reflects investor wariness over cracks that have begun to appear in the global economic expansion, which had helped power stocks, bonds and commodities last year. The pace of growth across most of the U.S. economy slowed in April, as did growth in the eurozone, data last week showed.

April's U.S. employment report on Friday left investors with mixed messages: The economy added fewer jobs than expected for the second month in a row, even as the jobless rate fell to its lowest level in nearly 18 years.

Still, few believe the economy has topped out. First-quarter corporate earnings were impressive, with a record share of S&P 500 companies posting stronger-than-expected results, thanks in part to federal tax cuts, according to FactSet data going back to 2008.

Yet strong earnings have done little to lift markets, something analysts say reflects questions over whether the gains were already largely priced in by investors—as well as fears that earnings growth could be close to peaking.

Caterpillar Inc. shares tumbled 6.2% on April 24 after executives warned on an earnings call that first-quarter results could constitute the "high-water mark for the year," while industrial giant 3M Co. shed 6.8% after trimming the top of its earnings guidance for the year, pointing to higher costs.

Others have been disappointed by the pace of business investment and wage growth, which many expected would accelerate due to the U.S. tax cuts.

Instead, wage growth has largely extended a sluggish stretch, while companies have said uncertainty over global trade policies has made it more difficult to plan investments.

Meantime, stock valuations remain at levels that some investors consider stretched, with the S&P 500 trading at 16 times expected profit for the next 12 months, according to FactSet, in line with its five-year average of 16.1 but above its 10-year average of 14.3.

Another risk for stocks is the strengthening dollar. The currency notched its biggest monthly gain since 2016 in April and has continued climbing in May. Those gains could pressure earnings of U.S. multinationals.

The dollar's resurgence is upending stocks, bonds and currencies of some emerging-market countries, including Turkey, Argentina and South Africa. The MSCI Emerging Markets Index, which measures stock performance in those countries, is down 2.4% so far in May and is on pace for its biggest decline since February. Those countries risk paying a higher cost to service their dollar-denominated debt.

Emerging-market assets are usually seen as a barometer of risk appetite. Big declines can affect investor sentiment and even damp expectations for global growth, analysts say.

Yet even those who remain optimistic about the economy find it hard to envision what could break the market's lull.

"When people say it can't get any better than this, of course it can't," said Credit Suisse's Mr. Golub. "It's part of the reason why the market is struggling."

—Daniel Kruger and Ira Iosebashvili contributed to this article.

Stalling

Dow Jones Industrial Average

Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

Regional Strife Runs Through Lebanon Vote

BY NAZIH OSSEIRAN AND SUNE ENGEL RASMUSSEN


JAMAL SAID/REUTERS
Prime Minister Saad Hariri after casting his vote on Sunday in Beirut. The legislative election has been postponed several times.

BEIRUT—Lebanese voted Sunday to choose a new government in the country's first election in nearly a decade, one that has become a proxy contest between regional rivals Saudi Arabia and Iran.

The capital was flooded with campaign posters and slogans, and security forces patrolled across the city amid heightened security measures. Supporters of Future Movement and Hezbollah, the two main parties, clashed in fistfights and threw bottles and rocks at each other in some parts of Beirut.

The Ministry of Interior reported a turnout of about 47% at 6 p.m. local time, an hour before the polls closed. It had earlier in the day rejected a request from Hezbollah for an extension of the voting period.

With the election unfolding in the shadow of a war in neighboring Syria, regional tensions have eclipsed debate about policy in Lebanon. The main candidates have cast themselves as loyal to either Riyadh or Tehran, which are vying for greater influence in the region.

Saudi Arabia supports the incumbent prime minister, Saad Hariri, and his Future Movement party, while Iran backs Hezbollah, a political group that also fights in Syria in the form of a militia. The Future Movement and Hezbollah are part of Lebanon's current coalition government that was formed after years of political impasse.

Western countries, which see the rare Arab democracy as a bastion against Iranian power, have pledged billions of dollars in soft loans to Mr. Hariri's government in recent weeks to provide a counterbalance to Hezbollah.

"Let me be clear: Beirut will not become Damascus, or San'a or Baghdad," Interior Minister Nouhad Machnouk, a member of Mr. Hariri's party, said when meeting voters in the capital last week, referring to regional capitals under the influence of Iran.

Hezbollah chief Hassan Nasrallah, meanwhile, urged his supporters to vote, "because the Saudi crown prince is ready to spend billions of dollars to formulate sedition against [Hezbollah]," he said Tuesday in a televised speech from a bunker. Mr. Nasrallah rarely appears in public to avoid potential assassination attempts.

The legislative election has been postponed several times due to concerns about security and a dispute over a new electoral law. But while highly anticipated, Sunday's vote—the first since 2009—is unlikely to bring about significant change.

Lebanon's political system is based on power sharing, with parliament split evenly between Christians and Muslims. Most voters cast their ballots along sectarian lines, hampering outsiders from competing.

Across the country, parties formed alliances for election day. For instance, in some Shiite-majority neighborhoods south of Beirut, Hezbollah and Amal—the two main Shiite parties—coordinated campaigning and backed each other's candidate to effectively prevent other lists from making inroads.

The makeup of the current government is a fragile compromise, brokered in 2016 after a lengthy government paralysis. Both Mr. Hariri's Sunni-dominated Future Movement party and Shiite Hezbollah form part of the government, with the prime minister and the Christian president appointed with tacit agreement from Tehran and Riyadh.

Most Lebanese are eager for change. Years of corruption and nepotism have squandered public funds and damaged the country's infrastructure. Lebanon continues to suffer from inadequate garbage collection and haphazard electricity supply.

The Lebanese economy is growing at around 2% annually, while its fiscal deficit stands at 10% of gross domestic product and public debt amounts to about 150% of GDP—one of the world's highest.

Cow-Milking Robots Help Japan Do More With Less

National push for automation reaches farms, as human workforce heads out to pasture

BY PETER LANDERS

OBIHIRO, Japan—It's milking time at the Kato farm, but when a Holstein ambles into the pen, nobody is there. A robot shoots out four arms and attaches a suction tube to each teat while the cow enjoys a tasty treat. Within 10 minutes, it is the next cow's turn.

The Kato family invested about $2 million to build a shed that relies on a pair of $230,000 robots to milk some 90 cows and an $18,000 robot to help feed them. Here on the northern island of Hokkaido, whose flat farmlands laid out in neat grids resemble Wisconsin more than Japan's main island, hundreds of the robots have been enlisted in recent years because human help is hard to find.

"We have to change the way we live and the way we work," said Kenichi Kato, 67 years old, who started his farm with three cows more than 40 years ago. "Some people may say that doesn't apply to dairy farms, but we'll never get anywhere that way. Young people won't come."

Getting robots to milk Elsie-san is the kind of investment that just might rescue Japan. The country is struggling to deal with its declining population, and there is a problem even with those who are still working: They are only about two-thirds as productive as Americans, on average, says the Organization for Economic Cooperation and Development.

Agriculture is at the bottom of the heap, with the average American farmer producing 40 times as much as the average Japanese farmer, according to Toyo University economist Miho Takizawa.

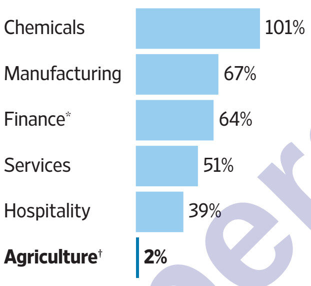
Scale is a big reason. The average rice farm in Japan is just a few acres, whereas a U.S. corn or wheat farmer can till thousands of acres with high-efficiency combines.

Now a labor crunch is forcing Japanese businesses of all sizes to step up capital spending on robots and other information technology to speed everyday tasks such as delivering packages and taking sushi orders at conveyer-belt restaurants.

If you ask Japanese companies what they are investing in, "it's all IT capex—replacing humans with machines," said Goldman Sachs strategist Kathy Matsui.

Room to Grow

Japan's productivity relative to the U.S., selected sectors



*Includes insurance; †Includes fisheries
Sources: Miho Takizawa, Toyo University
THE WALL STREET JOURNAL.

The Bank of Japan says labor productivity is improving thanks in part to companies' software investment, which has risen the past two years and is expected to rise 8.1% in the current fiscal year.

Dairy farmers have long relied on milking machines, but even that requires a lot of work by hand.

Fully robotic milkers first took hold in Europe in the 1990s. The number of robots used in Japan has doubled in the past two or three years to more than 500, according to Masao Nishimura of Hokkaido's Cornes Ag. Corp., which imports the machine used by Mr. Kato, made by Dutch manufacturer **Lely International** NV.


KARAN DEEP SINGH/THE WALL STREET JOURNAL
A milking robot on the job. 'We were able to decrease the work force and drastically increase productivity,' Kenichi Kato says.

Farmers who are trying to get bigger and more efficient can tap government funds for up to half the price of a robot milker.

The milking robot is the size of a small truck. Before milking, a unit extends under the cow and cleans her udder; tubes carry the milk to a refrigerator. The machine also checks the cow's identity from tags on her ears and stores data on each cow's production.

The Katos also bought an R2-D2-size robot that rolls up and down the shed every two hours pushing feed closer to the cows' enclosure so they can keep munching.

The family now has about twice as many cows producing milk without having to add any people.

Mr. Kato's son Masaharu said he was working from 4 a.m. to 9 p.m. every day before introducing the robot shed four years ago. Now the cows in the robot shed require only about three or four hours a day of care, and he can head home around 6:30 or 7 p.m., giving him more time at night with his five children.

Robot labor has also enabled the family to branch out beyond milk. Masaharu's younger sister, Yoshie, makes cheese sold under the Kato name at a handful of shops in Hokkaido, including at the Sapporo airport.

She works in a cheese-making plant rented from the city, but in a year she hopes to open her own factory on the Kato homestead where she can produce cheese, butter and other dairy products with milk from the Katos' cows.

"We want to automate whatever we can in the new factory," she said. Still, for final quality control, "it has to be a human who tastes it and smells it and looks at it."

—Miho Inada contributed to this article.

Opposition Protests Erupt Across Russia

BY THOMAS GROVE


MAXIM ZMEYEV/AGENCE FRANCE-PRESSE/GETTY IMAGES
Officers detained a protester Saturday during a rally against President Vladimir Putin in Moscow.

MOSCOW—Russian opposition activist Alexei Navalny was detained with many of his supporters in nationwide protests against the start of President Vladimir Putin's fourth term in office.

The demonstrations, marked by uncharacteristic violence in Moscow, were an attempt by critics of Mr. Putin to spark momentum surrounding their movement, which had faded somewhat since the March presidential election. Mr. Putin's presidential inauguration is planned for Monday.

Police carried the opposition leader away from a central Moscow square by his arms and legs within minutes of his arrival Saturday. Scuffles broke out and riot police in armored vests used batons against protesters. Pro-Putin street activists beat and harassed the demonstrators, Russian media said.

Mr. Navalny's supporters held protests in 60 cities across the country. Close to 2,000 turned out for the rally in Moscow and continued demonstrating after Mr. Navalny's detention despite attempts by police to cordon off the square near the Kremlin. Mr. Navalny was released from detention early Sunday morning.

"Go out onto the streets, it's the right thing to do for an honest person," Mr. Navalny tweeted to supporters before the protest on Moscow's main street leading to the Kremlin.

Crowds of mostly young people had gathered in the square named after Russian writer Alexander Pushkin, bearing placards criticizing Mr. Putin's almost 20-year rule and mocking him as a czar. Other protesters borrowed a Soviet-era epithet, calling Mr. Putin "an enemy of the people."

The Kremlin is sensitive to the optics around Mr. Putin's inauguration. Mr. Putin's last inauguration in 2012 was marred by a mass protest on the eve of the ceremony that turned bloody and ended with the detention of nearly 500 people.

City officials hadn't sanctioned Saturday's protest and had suggested a different location further from the city center.

The human rights monitoring group OVD Info said more than 1,600 protesters were detained across the country, with more than 700, including Russian journalists, taken into custody in Moscow alone. At least one man was hospitalized in Moscow, the monitor said.

Mr. Navalny, an anticorruption blogger and opposition politician who has been detained amid protests several times before, was barred from running in the presidential election this year due to a criminal conviction for embezzlement that he has called politically motivated.

He rose to prominence during the protests of 2011-12, when tens of thousands of Muscovites protested the beginning of Mr. Putin's third term as president. Thousands of people have participated in protests that Mr. Navalny has organized over the past year.

Wells Fargo Retail Bank compensation plan eliminates product sales goals

Wells Fargo has put in place a new compensation program for retail bank team members to focus on the customer experience within its branches. The new compensation program took effect on Jan. 1, 2017, and applies to all branch team members, including managers, tellers, and personal bankers.

Wells Fargo eliminated product sales goals in its branches on Oct. 1, 2016, following settlements with regulators and the city of Los Angeles related to improper sales practices. The company pledged to make things right for customers as well as identify and fix operational and cultural problems that may have contributed to these practices.

"This plan is another step in our journey to restore trust with our team members and our customers, and makes delivering a great customer experience our highest priority," said Mary Mack, who runs the Community Bank. "Our future success depends most of all on our ability to make the changes that will restore that trust, and this new plan is an important one of those changes."

The plan was designed by an integrated team of Wells Fargo leaders with input from front-line branch team members from around the country. The compensation team engaged independent expert Mercer Consulting to provide advice and perspective on the plan design. Mack gathered input on the design during a listening tour that included visits to more than 20 cities and meetings with about 3,000 Community Bank team members. Front-line retail bankers expressed their desire for a compensation plan that creates the type of positive environment they can go into every day to serve their customers.

"The charge to the design team was to create a plan that puts the focus squarely on customer experience, includes greater oversight and controls than ever before, and helps foster an engaging environment for team members where they can succeed," said Steve Bond of Corporate Compensation, who leads compensation planning and implementation for the Community Bank.

"The team was passionate about achieving those goals, and we have a very strong plan. We will spend time throughout 2017 coaching the team to ensure we successfully achieve the objectives of the plan."

Wells Fargo raising its minimum hourly pay rate

Effective Jan. 8, Wells Fargo is increasing its minimum hourly pay rate, as part of its commitment to competitive compensation for U.S.-based employees to $13.50 – $17.00 an hour, depending on factors such as experience and geography.

This is a 12 percent increase from the company's current minimum hourly rate. As a reference point, the federal minimum wage is $7.25.

"At Wells Fargo, we know that our team members are our greatest assets," said Michael Branca, head of Wells Fargo Compensation. "That's why an important part of our compensation philosophy is to combine market-competitive pay with a broad array of benefits and career development opportunities for team members. As part of this, we consistently monitor trends in compensation and make adjustments to ensure that our team members are earning a competitive wage."

Team members are Wells Fargo's core strength and most valuable resource — because of this, competitive compensation for all employees is a key focus. It enables the company to attract and retain the best talent, and it is just one of the ways Wells Fargo shows how much it values and supports its employees. Wells Fargo invests in its employees in a number of other ways in addition to market-competitive pay:

- Average annual investment in benefits programs is $12,000 per employee.
- 99 percent of U.S.-based employees are benefits-eligible.
- For U.S. employees, on average, Wells Fargo pays 75 percent of the medical premium.
- Wells Fargo's health care benefits cover more than 515,000 lives (including team members and their dependents).
- 82 percent of the U.S. benefits-eligible population participates in the company's 401(k) plan.

Wells Fargo will continue to monitor pay rates and adjust them to maintain competitive compensation.

Wells Fargo names new independent Board of Directors

The Wells Fargo Board of Directors has named six new directors in 2017 and a total of eight new independent directors since 2015. On Jan. 1, 2018, the average tenure of the board's directors will fall to slightly less than five years from 8.4 years at the company's 2017 annual meeting of shareholders. The three new directors, each of whom will join the board on Jan. 1, 2018, are:

- Celeste A. Clark, former chief sustainability officer and global public policy and external relations officer of Kellogg Company, where she led Kellogg's global Corporate Communications, Public Affairs, Sustainability and Philanthropy functions.
- Theodore F. Craver, Jr., former chairman, president, and chief executive officer of Edison International, one of the nation's largest electric utilities. Prior to joining Edison, Craver spent 23 years in banking and was corporate treasurer of First Interstate Bancorp, a Wells Fargo predecessor company.
- Maria R. Morris, who most recently was interim head of the U.S. Business and head of the Global Employee Benefits business of MetLife, Inc., where she previously was head of Technology and Operations.

"The board's composition has changed significantly as it remains focused on being responsive to shareholders, enhancing oversight and creating value for shareholders," said Elizabeth A. "Betsy" Duke, vice chair, who becomes chair on Jan. 1, 2018.

"Through a thoughtful and deliberate process that was informed by the board's annual self-evaluation conducted earlier this year and feedback from shareholders and other stakeholders, Wells Fargo's board has enhanced its overall capabilities and expertise and at the same time maintained an appropriate mix of tenure, experience and diversity," Duke said.

The board's new directors include distinguished leaders with relevant experience in financial services, risk management, technology, consumer, retail, finance, accounting, human capital management, public policy and marketing as well as environmental, social and governance matters. Among the six new directors named in 2017, three are women and two are ethnically diverse.

Re-inventing how we serve you

2000 new risk managers hired in the last 2 years at Wells Fargo

Applying key learnings from our investigation into sales practices, Wells Fargo has made significant changes to the way management escalates risk issues and reports them to the board. The company has focused on examining business practices across the company by using third-party experts to conduct independent reviews of business and risk practices. In addition, where we identify an issue, management is conducting a root cause analysis, holding individuals accountable when appropriate, changing processes (and in some cases, changing business models), and most important, assessing and remediating customer harm. The board has set clear expectations that, as issues are identified, they will be reported promptly to the board and our regulators. With greater oversight of risk, we have created more consistency and have a better enterprise view of how we are managing risk. As we refine and build upon this work, we are expanding our efforts in 2018 with a focus on compliance and operational risk management, consistent with the Federal Reserve consent order. We want to ensure we have a fully integrated, cohesive, and companywide approach to risk management.

The bank is building a strong, industry-leading compliance program within the Corporate Risk organization and have welcomed Mike Roemer, who has 27 years of financial services industry experience, as our new chief compliance officer. The enhancement of our compliance program will positively affect many other areas. We also welcomed Mark D'Arcy as chief operational risk officer and Sarah Dahlgren to the newly created role of head of regulatory relations. More than 2,000 external team members have been hired to risk roles to strengthen our capabilities during the past two years.

Female Chair at Wells Fargo, a first for a top U.S. bank

Wells Fargo Chair Betsy Duke has forged a career of firsts, culminating with being named the first female chair of a major U.S. bank. The 65-year-old native of the Virginia Beach, Virginia, area said she has drawn from that and other experiences in taking on the job of Wells Fargo's independent board chair. On Jan. 1, roughly three years after joining the board, Duke succeeded the retiring Stephen Sanger — and became the first woman to chair one of the largest banks in the country.

Duke is stepping into her new role at a key juncture for Wells Fargo, as it navigates one of the most challenging eras in its history and enters the second full year of rebuilding trust amid sales practices issues.

The new role also marks the latest in a career of firsts for Duke: She was the first woman to head the Virginia Bankers Association (1999) and the American Bankers Association (2004). In 2008, she was appointed to the Federal Reserve Board of Governors, joining the Fed as the financial crisis exploded and the stock market crashed. She was the seventh of nine women to have ever been appointed to the Fed in its history.

Duke's expertise and decision-making influence at the Fed during that extraordinary and controversial period helped establish her credentials on a national scale, drawing praise from some top leaders in the financial services industry.

Duke said being a veteran of crises has equipped her well for leading Wells Fargo's board during this period. She promised heightened oversight of the company, but also gave a vote of confidence in its commitment to address its problems, implement solutions, work to compensate customers, and rally team members.

After only a month on the job, however, Duke faced some new challenges for Wells Fargo as it agreed to a cap on asset growth as part of an enforcement action by the Federal Reserve Board.

Amid the latest developments, Duke said the company must redouble its efforts to fix the problems, while not allowing them to overshadow the real progress Wells Fargo is making in dealing with mistakes of the past and building a better bank for now and the future.

"There should be no doubt about the commitment of our board and company leaders to meet the highest expectations of regulators, shareholders, customers, team members, and the community,"she said. "Every change we've made to date is geared to reflect that commitment."

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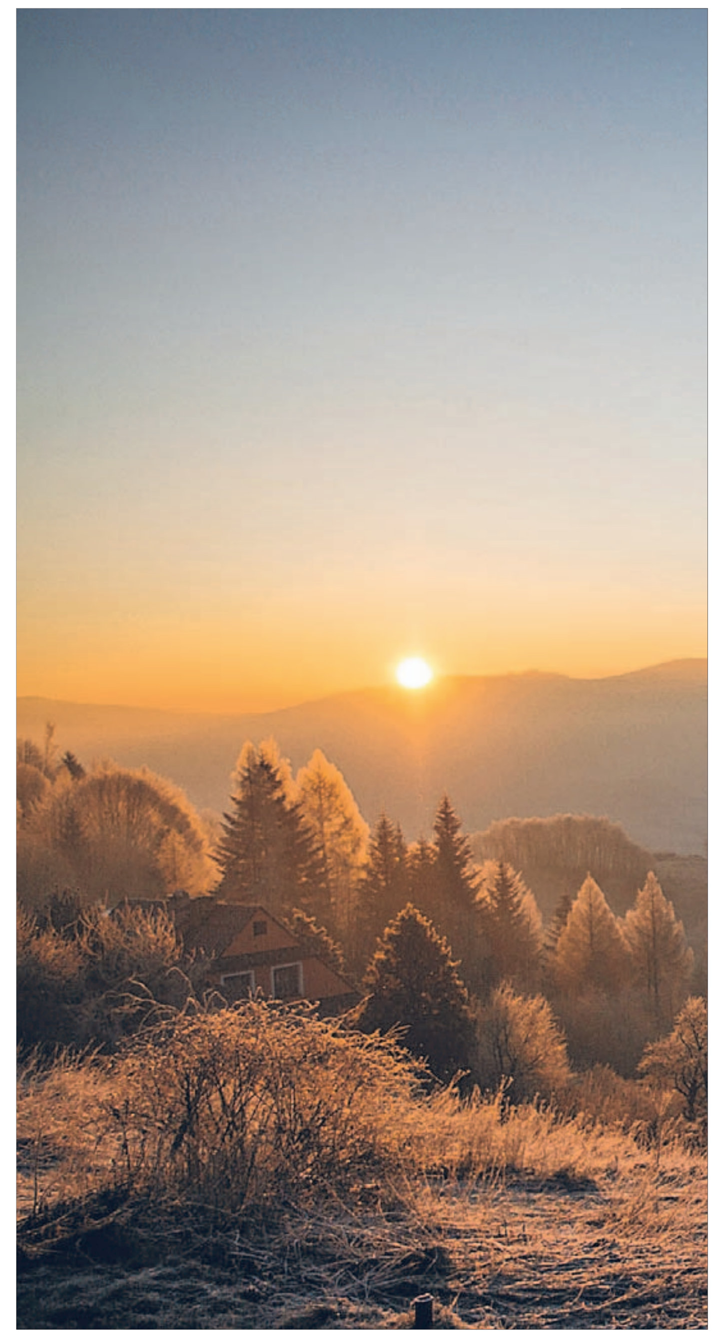
WELLS FARGO

New Wells Fargo structure focuses on customer experience "Change for the Better"

After a successful pilot in select locations across the U.S., Wells Fargo branches have rolled out the first phase of changes designed to transform the customer and team member experiences.

One of those changes is to put in place a new compensation program for retail bank team members to focus on the customer experience and the strengthening of risk management and oversight within its branches. The changes have also simplified complicated processes, replaced required questions with tips and suggestions relevant to customers, eliminated sales pressure, and allowed bankers and tellers to simply talk to their customers, ask questions, listen, and meet their financial needs by offering the right products and services or referring them to the right partners.



Year of transformation at Wells Fargo

In a letter published in the 2017 Wells Fargo Annual Report, CEO Tim Sloan had this to say about the past year:

"This was a year of transformation at Wells Fargo. We achieved a great deal in 2017 and look forward to building on our momentum in the months ahead. Our top priority remains rebuilding the trust of our customers, team members, communities, regulators, and shareholders. We have made foundational changes to identify and fix problems so they do not happen again and achieved significant progress in our commitment to make things right for our customers and build a better bank. Our transformation is grounded in our vision of satisfying our customers' financial needs and helping them succeed financially. While we have more work to do, I assure you that the Operating Committee and I are fully committed to building on our accomplishments. In addition, we take very seriously the consent order we entered into with the Board of Governors of the Federal Reserve System in February 2018, and we will work diligently, yet swiftly, to meet the requirements. In response to feedback from our team, we introduced a streamlined Vision, Values & Goals of Wells Fargo in late 2017 — replacing what previously was a 37-page expression of our culture. Today the wallet-sized booklet focuses exclusively on our guiding principles and goals, clearly expressing the beliefs that guide every team member as we work together to build the best Wells Fargo possible:

- Our consistent vision of helping customers succeed financially.
- Our five values, which articulate what's most important to us: what's right for customers, people as a competitive advantage, ethics, diversity and inclusion, and leadership.
- Our six goals: becoming the financial services leader in customer service and advice, team member engagement, innovation, risk management, corporate citizenship, and shareholder value. Our Operating Committee is committed to ensuring that our Vision, Values & Goals are embedded in everything we do and in every decision we make, and more than 260,000 team members bring it all to life.

During the past year, I have been asked many times, "Tim, why are you so optimistic?" My answer is, "How can I not be?" Wells Fargo is a strong company with a rich, 166-year history. We have overcome challenges many times during our history. We have a solid foundation, exceptional businesses, and an outstanding team. Our more than 260,000 team members are dedicated, talented, and committed — and, without a doubt, they are our most important resource. We are working every day to rebuild trust with our stakeholders, and I am confident that we will achieve our six goals. Thank you for placing your trust in Wells Fargo and for your support. Our commitment to you is unwavering as we continue our transformation into a better, stronger company.


ASSOCIATED PRESS

Protests in December and January spread among university students and workers, swelling into Iran's largest demonstrations since 2009. Recent outbreaks of labor unrest reflect broad economic discord.

IRAN

Continued from Page One

goods and prompting a central bank intervention in April. Oil prices have risen, bringing a moment of relief, but consumers say they've yet to see the benefits.

Meanwhile, hundreds of millions of dollars in proceeds from the nuclear agreement have gone to Iran's military involvement in Syria and support of Lebanon's Hezbollah rather than the national economy, critics of the deal say.

Labor protesters said they were asking only for their due. Standing on a wooden box outside Iran's Haft Tapeh sugar plant, Esmail Bakhshi, armed with a microphone, exhorted a crowd of striking workers to take over the operation if they weren't paid several months of back wages. The company which employs about 5,000, grows sugar cane and makes granulated sugar.

"They say they have no money," he said to applause. "We have no money either. But the difference is that we are experts in sugar cane processing, and we will manage the operations ourselves."

That January night, masked men assaulted Mr. Bakhshi as he left the factory before bystanders helped him, union activists said. After four days of strikes at Haft Tapeh in February, authorities arrested more than 30 people, including Mr. Bakhshi. He was arrested again in April. Mr. Bakhshi, who couldn't be reached for comment, was again freed and back at work, according to co-workers.

Iran's labor disputes are extending a panoply of protests in the Islamic Republic that stem from social, economic and political strains. In December and January, people poured onto the streets for two weeks of demonstrations, touched off by deposits lost through failed financial institutions. The protests, Iran's largest in nearly a decade, were quashed by authorities.

Since then, women have posted videos that show them removing mandatory headscarves, a criminal offense. Defrauded depositors still air grievances, and workers have kept up demands.

The simmering anger, as voiced by protesters, is stoked by the belief that a corrupt and politically empowered elite is siphoning off Iran's wealth.

"The social gap is about to explode," said Alireza Saghafi-Khorasani, the secretary of a labor-rights group in Iran. "There is no economic plan."

The government, led by President Hassan Rouhani but presided over by Supreme Leader Ayatollah Ali Khamenei, has had to confront the many grievances. In the sugar industry, imports of the commodity have been periodically banned.

Mr. Khamenei in February said Iran's enemies—a watchword for the U.S. and Israel, as well as Iranian dissident groups—had provoked the labor unrest.

Labor troubles have proven dangerous to the status quo in the past. By organizing oil strikes before the 1979 Iranian Revolution that slowed energy production to a trickle, Iran's workers swept away economic supports of the ruling shah and helped ensure the success of the uprising.

Leaders of the new Islamic Republic hobbled the rise of independent labor unions, which were viewed as a potential threat. While Iran has state-sanctioned Islamic labor councils, international labor groups don't view them as independent of the state. Some leaders of independent unions face arrest.

One evening in March, security forces in Ahvaz showed up at the homes of more than a dozen striking steelworkers and arrested them, according to Radio Farda, a U.S.-funded service that broadcasts Iran news from Prague.

The financial situation of blue-collar Iranians haven't improved much in the nearly four decades since the revolution. Urban family incomes average around $800 a month, with a minimum wage of around $200 a month.

"Where in the world is a worker whose wage is four times below the poverty line forced by the police to work?" activist Jafar Azimzadeh said in a video posted on the messaging app Telegram. "This is a crime. This is slavery."

Monthly cash payments for consumers were cut in response to lower oil revenues before the parliament restored them in February, in the wake of protests. Many with jobs, however, remain unpaid.

"We borrow money during times when there is no payment," said Reza Rakhshan, a union organizer and the head of Haft Tapeh's sugar cane irrigation department. "My colleagues suffer from diabetes and heart problems and they can't afford the treatments."

Strikes have hit firms that, under financial strains, have stopped paying wages and pensions. Some walkouts have been organized against formerly state-run firms that have languished in the hands of private owners. Many company owners are connected with the political and religious establishment, including the Islamic Revolutionary Guard Corps, a military force with a large stakes in the national economy.

The Haft Tapeh factory, which was privatized in 2015, has been unprofitable since sugar import tariffs were cut to around 20% from above 140% in 2005. The new owners said they were working to stabilize the business after facing $100 million in accumulated losses when they took over.

With independent labor union activity banned, workers struggle to agree on demands and the tactics to achieve them. At Haft Tapeh, workers allied with Mr. Rakhshan, the union organizer, accuse Mr. Bakhshi, the arrested worker, of a confrontational, politicized approach that draws security forces instead of solving underlying problems

"He went head on and then his tire got flat," Mr. Rakhshan said of Mr. Bakhshi, suggesting that too strong a confrontation can backfire.

The worker arrests typically trigger more protests and strikes, with additional demands for the release of jailed workers.

"In other countries workers have paid a high price for their rights—they didn't come free and easy," Mr. Rakhshan said. "We will continue to fight, too, using strikes, protests, petitions, social networks and the internet."

Workers at Haft Tapeh declined to protest on May Day last week because they didn't want to jeopardize their demands for back pay. Iranian media reported six people were arrested at gatherings across the country after the authorities, in a break from tradition, refused to give permits required for May Day demonstrations.

'They say they have no money,' said one unpaid worker. 'We have no money either.'

The sugar company's financial problems were straining workers, said Omid Asadbeigi, whose family owns the operation, but there was little he could do.

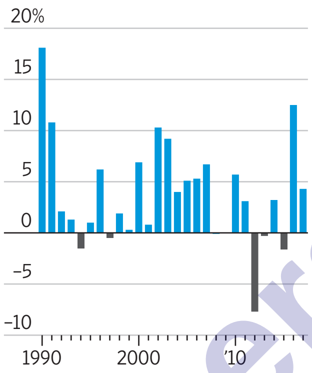
"I can't pay them 40 million rials [$952] instead of 10 million rials [$238] and keep the company running," Mr. Asadbeigi said. "I am also under pressure."

Pictures of Qasem Soleimani, who leads the elite Quds Force of the Iranian Revolutionary Guard, were displayed on a table and a book shelf in Mr. Asadbeigi's office. He said the military group wasn't involved in the business. He had the pictures, he said, because he was a fan of the military commander.

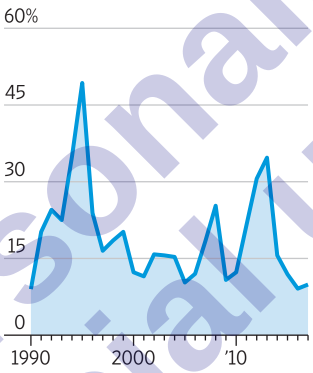
Iran's Workplace Troubles

The removal of sanctions in the 2015 nuclear deal helped Iran's economy. But slowed growth, inflation, high unemployment and a weak currency have fueled worker discontent this year.

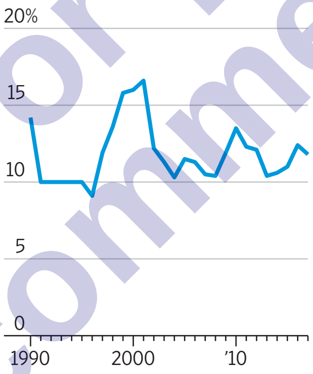
Gross domestic product
Change from a year earlier



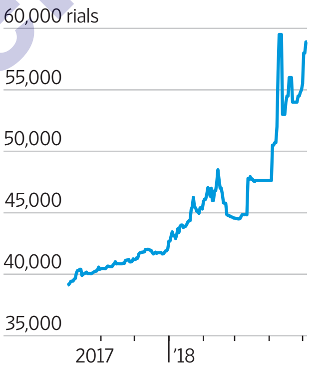
Inflation
Annual change in consumer prices



Unemployment rate



Currency exchange rate
How many rials $1 buys on the black market*



*Considered more accurate than the official central bank exchange rate, which was set at 42,000 rials to the dollar on April 9

Sources: International Monetary Fund (GDP, inflation, unemployment); Bonbast.com (currency)

THE WALL STREET JOURNAL.

HERBIE

Continued from Page One

Herbie's number "53" race decals. They display cultlike devotion to details such as knob locations.

They can't recreate that hidden Herbie mojo with the tiny stock engines, though—something other drivers just don't seem to get.

"People instinctively hit the accelerator to try and show they're faster," says Greg Carr, 56, a writing coach from Brandon, Fla., and the unofficial godfather of the Herbie-replica community. "I don't know if they feel threatened, jealous, or if it's a quirk of human nature, but they somehow feel they must demonstrate that their car is superior."

The original Herbie was a 1963 Beetle, which in stock form sported a 1,200-cubic-centimeter engine, smaller than many on today's motorcycles.

In the movie, a down-on-his-luck race driver played by actor Dean Jones defends a Beetle from a conniving car dealer who is treating it abusively. It follows him home, and he is forced to buy it. The Bug wills itself into going much faster than seems possible, taking on challengers and making his driver the toast of the racing circuit.

Ersatz-Herbie driver David Evans, 50, hasn't bothered to accept challenges at red lights over the years. He is more concerned about simply keeping up with larger, more powerful vehicles—just about every other car on the road these days.

Mr. Evans, founder of Herbiemania.com, a site for Love Bug enthusiasts, drives an unmodified 40-horsepower ragtop 1963 VW that struggles to navigate freeway ramps.

"That's the beauty of the movie," says Rick Rorie, 64, a semiretired photographer and replica-Herbie owner. "They're going race-car speeds in a car that, if you go over 70, you're extremely uncomfortable."

This year is a big one for Herbies everywhere, the original's 50th anniversary. There were four more theatrical films in the Disney series, with many young fans knowing it from the Lindsay Lohan 2005 reboot, "Herbie: Fully Loaded," loathed by some purists who don't consider it part of the canon.


EVERETT COLLECTION

It went fast in 'Herbie Rides Again,' but replica owners today find themselves, well, underpowered.

Christopher Cook of Seminole, Fla., age 19, is 36 years younger than his Herbie, which he speaks about as a living person, as do nearly all Herbie owners. People pull alongside and rev their motors, which he considers a compliment, he says, but "I don't race Herbie."

Mike Dyer took the bait once. The 29-year-old, who works at a classic-auto dealership in Wentzville, Mo., was driving his Herbie down the interstate near home when a car pulled alongside, and the driver indicated he wanted a duel.

Egged on by his passenger, Mr. Dyer accepted the challenge from what looked to be a nearly 20-year-old Chevy Cavalier—not the speediest of cars.

His Herbie sped up and stayed ahead until the next exit. "I just went to pass him and never let off the throttle."

The Cavalier's driver then followed him off the highway and chased him through local streets, approaching when he stopped. He feared a confrontation. The man wanted to look under the Herbie's engine cover to figure out the secret.

Mr. Dyer had souped up his Beetle with a 1,600-cc engine many Herbie fans favor. Today, his replica sports 1,915 cubic centimeters, he says, with several times the horsepower of the original. His Herbie mimics the sportier-looking version from the 1977 film "Herbie Goes to Monte Carlo."

Mr. Dyer figures improvements to his Herbie, which he has owned for 13 years, make it about as speedy as a modern Honda Civic. He says he subscribes to a theory popularized by TV talk-show host and car buff Jay Leno: It's more fun to go quickly in a slow car than blazingly fast in a powerful one.

Aside from the typical Love Bug's pace, getting anywhere in one can be an ordeal because of the attention. "There are photos basically every trip and people want to talk to you at gas stations" says Brian Uiga, 35, a designer of movie robots from Mission Viejo, Calif., who estimates he has seen the films 175 times and is on his second Herbie.

"I can't go out for groceries," says Mr. Nathan, who declined the Mercedes challenge. "A trip that would take 10 minutes in my Subaru is an hour in my Herbie."

Mr. Nathan made a short documentary film about the joy his Herbie engenders. "He's so sweet and innocent looking."

Taking a Herbie out in public can depend on whether the car feels up to it. "It's 60-year-old technology, so driving them is a bit different" says Mr. Rorie, the semiretired photographer, who only uses his fragile Herbie a couple of times a month, never in the rain.

GREATER NEW YORK

Trinity Church Is Set to Begin Two-Year Renovation

KATHY WILLENS/ASSOCIATED PRESS

MAJOR PROJECT: The 19th century neo-Gothic church in lower Manhattan will be partially closed to visitors during a $98 million upgrade.

Columbia Program in Turmoil

Some MFA students seek tuition refunds, citing the disrepair of 109-year-old building

By Melissa Korn

When 27 budding artists took their coveted spots at Columbia University's visual arts MFA program in each of the last two years, they expected to spend hours honing their skills and contemplating the meaning of art.

Unexpectedly, their supplies melted from excessive heat, they were flooded out of their studios, and they lived in fear of plaster falling from the ceiling.

Tim Roseborough, who is graduating later this month, said he didn't have it as bad as some classmates. Still, he had to keep a pair of sandals and shorts in his assigned studio in the middle of winter.

"The temperature was, at times, not synchronous with what the weather was," he said.

Nearly all of the 54 current students signed a statement expressing disappointment with the conditions and how the school has responded to prior concerns, with many explicitly asking for their money back.

In meetings throughout the semester with Columbia's provost and the dean of the Faculty of Arts and Sciences, they asked to be reimbursed for their tuition from the 2017-18 academic year—$58,728. The school said it wouldn't issue refunds.

The request comes as colleges and universities nationwide are grappling with crumbling buildings, rusty pipes and outdated electrical systems, as it is easier to raise money for a new building than it is for an upgraded HVAC system or roof repairs.

On more than one occasion, Columbia has paid to compensate students for damaged artwork or supplies, or if they experienced excessive heat in their studio spaces. A Columbia spokeswoman declined to comment on the payment amounts or how many students received them.

One student said she had been given upward of $10,000, and had friends and classmates who received even more.

In a statement provided to The Wall Street Journal on Friday, the group said it wanted administrators "to make the necessary investment in our program, to take responsibility for the chronic disrepair of our studio buildings and to make a real, public commitment to making this program more affordable."

Columbia has for years dealt with problems in Prentis Hall, the building where most visual arts MFA students have studios. After a portion of the ceiling plaster fell in one room in late 2016, maintenance workers installed nets underneath to catch any other falling debris.

The Columbia Daily Spectator, the student newspaper, also reported that in 2015 a burst pipe and leaking water

Please see ARTS page A10B

Rabbi Is Killed As Plane Crashes With Two Aboard

By Mike Vilensky

The president of Hebrew Union College-Jewish Institute of Religion, a leading Jewish seminary, died in a small-plane crash Saturday, the institute said.

Rabbi Aaron Panken was 53 years old and the 12th president in the school's 143-year history. He was widely known as a leader in Reform Judaism and headed the Jewish Institute's four campuses.

Rabbi Panken was one of two people on the plane. The condition of the second person couldn't be determined.

The Federal Aviation Administration said an Aeronca 7AC aircraft crashed shortly after takeoff from Randall Airport in Middletown, N.Y. It wasn't clear what caused the crash. The agency said it would investigate the incident with the National Transportation Safety Board.

Hebrew Union College spokeswoman Jean Rosensaft confirmed Rabbi Panken was aboard. In an interview Sunday, Ms. Rosensaft remembered Rabbi Panken as "deeply committed to educating students to take on leadership roles in Jewish institutes and synagogues to ensure the continuity of Jewish values."

Rabbi Panken had served as president of the Hebrew Union College since 2014. The school has campuses in Cincinnati, Jerusalem, Los Angeles and New York.

Rabbi Panken was a New York City native and graduate of Johns Hopkins University, the school said in a statement. He earned his doctorate in Hebrew and Judaic Studies from New York University and served as rabbi of the Congregation Rodeph Sholom in New York City. He also was a certified pilot and sailor, the school said.

HEBREW UNION COLLEGE

Rabbi Aaron Panken's aircraft went down in Middletown, N.Y.

Ms. Rosensaft said she didn't know if Rabbi Panken was flying the plane. The FAA declined to disclose the names of either of the two people aboard.

Rabbi Panken presided over graduation ceremonies in New York City last Thursday. In his remarks, he said the world is "particularly challenging and painful" at this time but, "the Jewish people...have seen this before, and we have lived through it and thrived and built again and again and again."

Rabbi Panken was remembered by Jewish leaders around the country Sunday.

Dani Dayan, the Consul General of Israel in New York, said in an email: "I was truly impressed by his ability to disagree with civility, argue on important matters but with kindness. This is unfortunately a quality that is scarce today."

Deutsche Bank Joins Midtown Move

By Keiko Morris And Peter Grant

Deutsche Bank AG is relocating its North American headquarters from Wall Street to Columbus Circle, becoming the latest big name in the banking and securities industry to leave New York City's traditional financial district for Midtown.

After a 16-month search, the bank decided to move from its current location at 60 Wall St. to the Time Warner Center. The plan was announced to bank employees Friday afternoon in a memo from Tom Patrick, who became the bank's Americas chief executive last year.

PROPERTY

Deutsche Bank has cut a deal to lease 1.1 million square feet in the office portion of Time Warner Center, a mixed-use complex that overlooks Columbus Circle and the southwest corner of Central Park. Time Warner Inc., which currently occupies the space, is planning to move to a new office tower being developed as part of the sprawling Hudson Yards project.

Deutsche Bank expects to begin relocating to Columbus Circle in the third quarter of 2021 and complete the move by 2022, according to a person familiar with the matter. The firm also had on its "short list" two other downtown options: the World Trade Center complex and staying in place, the person said.

The Wall Street area used to be the headquarters of most U.S. financial-services firms as well as the main U.S. offices of major global institutions. But over the decades many of the big names have decamped for Midtown.

1.1M

Square feet that Deutsche Bank will lease in Time Warner Center.

"The new location will result in closer proximity to key clients, consolidate New York activities and provide employees with access to modern, state-of-the-art facilities, technology and amenities," Mr. Patrick said in his memo to employees.

Deutsche Bank's move marks another coup for Related Cos., which developed both Time Warner Center and Hudson Yards. To lure Time Warner to Hudson Yards in 2014, a venture led by Related purchased the media giant's space at Columbus Circle for $1.3 billion.

Now the Related venture—which includes the Abu Dhabi Investment Authority and Singapore sovereign-wealth fund GIC—has leased that space as well.

But the news, previously reported by Bloomberg News, is mixed for the Manhattan office market. While the deal is keeping Deutsche Bank's regional headquarters in the city, the firm is taking about 30% less space than the 1.6 million square feet it is currently leasing at 60 Wall St., according to Mr. Patrick's memo.

Deutsche Bank has about 6,000 to 6,500 employees in the city, roughly the same head count that it has had for several years. The firm's plan to move to the Columbus Circle area comes as many businesses are using space more efficiently.

MICAH B. RUBIN FOR THE WALL STREET JOURNAL

Deutsche Bank's current North American headquarters at 60 Wall St. The move to Columbus Circle 'will result in closer proximity to key clients,' the bank's Americas CEO said in a memo to staff.

GREATER NEW YORK

Magnolia Stirs Up Expansion Plan

By Charles Passy


BETH J. HARPAZ/ASSOCIATED PRESS

Magnolia Bakery intends to start franchising across the U.S. Above, the shop in Greenwich Village.

Two decades after Magnolia Bakery became a New York City sensation and helped ignite a national cupcake boom thanks to its role in the hit HBO series "Sex and the City," it is branching out.

The purveyor of pastries and other delectables is looking to open as many as 200 franchises across the U.S. over the next five years.

Magnolia Chief Executive Steve Abrams said the company plans to go into about 50 of the top markets in the country, with at least three locations in each. Magnolia hasn't yet set franchise fees or worked out other financial details for potential franchisees, he said.

Magnolia has already been on an expansion drive with its company-owned stores. The bakery, which started in 1996 at a spot in Greenwich Village, has grown to encompass six stores in New York, plus ones in Boston, Chicago and Los Angeles. It has an international franchising program, with 17 stores spread across seven countries.

Last year, the privately held company's annual revenue was $45 million, company officials said. Mr. Abrams said Magnolia plans to continue opening company-owned stores.

Magnolia could face challenges as it looks to franchise nationally, said experts in the restaurant and franchising world. They note that the cupcake craze is long past its peak, and point to the demise of Crumbs Bake Shop, another prominent cupcake retailer.

Mr. Abrams makes the point that Magnolia has moved well beyond cupcakes in its offerings and has touted its banana pudding of late. He added that cupcakes now account for just a third of the company's sales.

At the same time, he said, cupcakes will always be key to the brand's identity, particularly as it establishes itself nationally.

"We're still the big name" in that category, he said. "That's always going to carry weight."

Magnolia's move into franchising comes at a time when other New York-based restaurant chains are expanding in similar fashion. Among those that have recently started franchising programs are Hummus & Pita Co., Mamoun's Falafel, and the Halal Guys, the food-cart business-turned-restaurant operator.

GREATER NEW YORK WATCH

HARTFORD

Legislature Moves to Pool Electoral Votes

Connecticut's General Assembly voted Saturday to join a group of states that want to pool their Electoral College votes for the presidential candidate who wins the popular vote, the first state legislature to do so since the 2016 election.

If Democratic Gov. Dannel Malloy signs the legislation into law, as expected, Connecticut will be the 12th jurisdiction—a combination of 11 states and the District of Columbia—to enter the National Popular Vote Interstate Compact.

—*Associated Press*

NEW JERSEY

Body Found in Back Of Car in Paterson

An unattended car belonging to a New Jersey woman feared abducted in December has been found with a body in the back seat, authorities said.

The Passaic County prosecutor's office said the car was located Sunday morning in the parking lot of a garden apartment complex in Paterson.

Prosecutor Camelia Valdes said the medical examiner hasn't yet identified the body in the car, which was found less than a mile from where 24-year-old Shanaya Coley was last seen on Dec. 5.

—*Associated Press*

ARTS

Continued from page A10A

tank caused $250,000 in damage. A school spokeswoman declined to comment on that incident.

She called the 109-year-old building's problems "regrettable," and said the school is "working aggressively to address them," including replacing the roof in 2016 to minimize the prospect of leaks, and adding temperature sensors to resolve overheating issues.

Columbia is looking to relocate students to another building, though the spokeswoman declined to provide details on that timeline.

Matthew Buckingham, an associate professor of art and chairman of the visual-arts program, called the facilities situation "increasingly unstable," and said he and colleagues are "very proud of the way the students have organized to improve the program."

Katharine Marais, a first-year student who has studio space in another campus building, said she doesn't support the request for reimbursement, calling it wrong to ask for a refund while still attending the school and using its resources. However, she signed onto the collective statement expressing concern about the state of the school.

"This community is a valuable and beautiful garden that should be nurtured, not neglected," Ms. Marais said.

LIFE & ARTS

FASHION

A Designer Debuts at the Met Gala

Sies Marjan's founder nervously faces his first time dressing a supermodel for the annual fashion event

BY RAY A. SMITH

FOR UP AND COMING fashion designers, the Met Gala sparks both fear of missing out—and just plain fear.

Sander Lak, the 34-year-old founder of the high-end Sies Marjan label will find out how much on Monday night. For the first time, Mr. Lak will walk the red carpet in the museum on New York's Fifth Avenue, alongside supermodel Doutzen Kroes in a dress he created for the evening.

Mr. Lak can imagine a host of worse-case scenarios: "People might completely hate the dress or the dress might fall apart. I'm gonna trip on Doutzen and she's gonna fall on her face. I might have a huge pimple on my forehead."

At the Met Gala, a dramatic entrance or ensemble can turbocharge a career in fashion. Guo Pei was a relatively unknown designer until Rihanna wore her canary-yellow fur-trimmed gown to the 2015 bash.

The dress—and its 16-foot train—sparked ecstatic reviews and memes that went viral. The designer was profiled in the New Yorker and a new documentary. Online, her ensemble also was assailed as reminiscent of Big Bird and an omelette. The Telegraph called it a "gown-o-rama so massive and so vulgar, it actually turned the red carpet yellow."

Mr. Lak is risking such ridicule as well as accolades out of "a combination of the fear of missing out, obligation and fun." In his New York studio just days before the May 7 party, the head of Sies Marjan (pronounced "sees MAR-jahn") tended to last-minute details on Ms. Kroes's dress.

The gala is "such a big event for the industry I'm in," he said. "You want to be a part of it. It's a huge deal." What's more, "you also go to make sure that people who don't know about Sies Marjan will see this exposure of it."

The annual gala, which started out as a fundraiser for the Metropolitan Museum of Art's Costume Institute, has morphed into a star-studded extravaganza under Anna Wintour, editor in chief of Vogue and artistic director of Condé Nast. Ms. Wintour has been chairwoman of the event since 1995; her co-chairs this year are Rihanna and Amal Clooney as well as Donatella Versace.

An individual ticket costs $30,000 while a table goes for about $275,000. Established designers and fashion houses typically buy a table and often compete to dress the biggest celebrities. Some designers, like Mr. Lak, buy individual tickets and escort a star date. Designers don't pay the entertainers, models and other stars they invite, but often cover expenses such as travel, hotels, hair and makeup—and a red-carpet outfit tailored to generate buzz.

The party is the Costume Institute's main source of annual funding. Last year's event, attended by 550 guests, raised more than $12 million. Ms. Wintour, who approves every single guest, sometimes bestows invitations on fledgling designers who can't afford a ticket. If a young designer is seeking a celebrity or model to dress for the evening, Ms. Wintour might help out in playing matchmaker.

The fundraiser draws its theme from the Costume Institute's spring exhibition. This year's show, "Heavenly Bodies: Fashion and the Catholic Imagination," is co-sponsored by Italian luxury house Versace and opens to the public May 10.

The gala's guest list is cherry-picked from the elite of Hollywood, music, fashion, Broadway and sports. Ms. Wintour mixes in politicians, philanthropists, business titans and, likely this year, religious figures.

"It's nerve-racking because it is the whole industry that's there, not only the whole fashion industry but the whole entertainment industry," Mr. Lak said. "Probably a lot of people that I really admire are going to be there. I'm quite bad with meeting people that I admire because I don't know how to stop myself. So I will probably make a big fool of myself in front of several people."

The Met Gala will be Mr. Lak's first time making a custom look for a red-carpet event. The designer, who is known for easy and elegant ensembles in vivid colors, founded his label three years ago and now has 30 employees. Chic young actors like Emma Stone and Millie Bobby Brown of "Stranger Things," have worn his clothes and in March, he received his second nomination for the Council of Fashion Designers of America's Swarovski award for emerging talent.

When Mr. Lak, who was raised partly in Holland, started thinking about the Met party, Ms. Kroes, a former Victoria's Secret angel, was at the top of his wishlist. They share Dutch heritage and he sees her as a model who "transcends just being a pretty person." After attending a Sies Marjan runway show last year, Ms. Kroes fell in love with Mr. Lak's designs—and his family.

Top, Mr. Lak's suit for the Gala, which is orchestrated by Anna Wintour, above left, at last year's event. Above right, a look from Mr. Lak's Sies Marjan show in February.

Sander Lak, above, in his New York studio, will attend the gala with Doutzen Kroes, left.

"I also met his mother...and she was so sweet!" Ms. Kroes wrote in an email.

The label's name combines the first names of Mr. Lak's mother, Marjan, and his father, Sies. Mr. Lak admires Ms. Kroes's emphasis on family, her work with a campaign to save elephants, and her ability to handle high-end projects as well as more commercial vehicles. She had a small role as an Amazon warrior in the 2017 blockbuster "Wonder Woman," at one point killing a man with a sword while riding horseback.

"I think it's important for models once they have become established, to support emerging designers," Ms. Kroes wrote. "Besides I LOVE wearing a designer that may not be that well known. It prevents you from being in the same thing as someone one else!"

On Monday, they are scheduled to arrive on the red carpet at 6 p.m. The designer is excited but philosophical. "If it goes really bad, I might do a little cry but then I'll move on," he said. "It's not the end of the world."

MUSIC

KANYE COMMENTS FOLLOW PATTERN

BY NEIL SHAH

AT A TIME WHEN it is harder than ever for artists to break through the clutter of social media, Kanye West has captured everyone's attention.

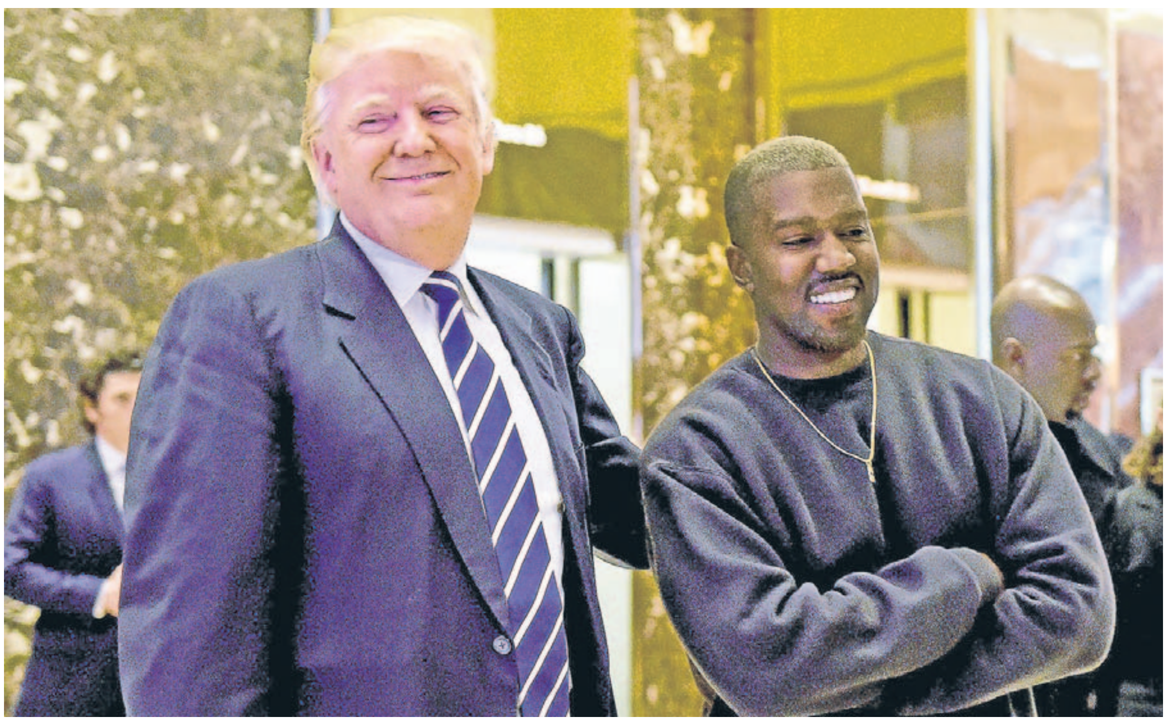
The 40-year-old rapper, producer and fashion designer riled fans over the past week by praising President Donald Trump on Twitter and describing slavery, during a TMZ interview, as "a choice."

Mr. West for years has been one of popular culture's most incendiary provocateurs, whether it is interrupting Taylor Swift's acceptance speech during the 2009 MTV Video Music Awards or saying in 2005 that President George W. Bush "doesn't care about black people."

Yet music-industry observers say Mr. West's actions, while seemingly off-the-cuff, are part of a public-relations strategy that kicks into high gear ahead of his most important projects—including his next album, slated for release on June 1.

Def Jam Recordings, Mr. West's record label, declined to comment on his remarks and the album's rollout.

Please see KANYE page A12



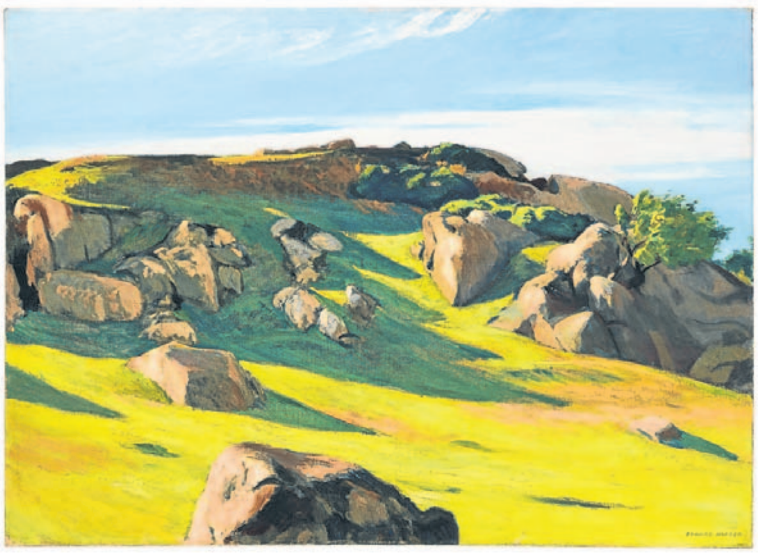
Some music experts say Kanye West's provocative actions are part of a PR strategy to promote his coming projects.

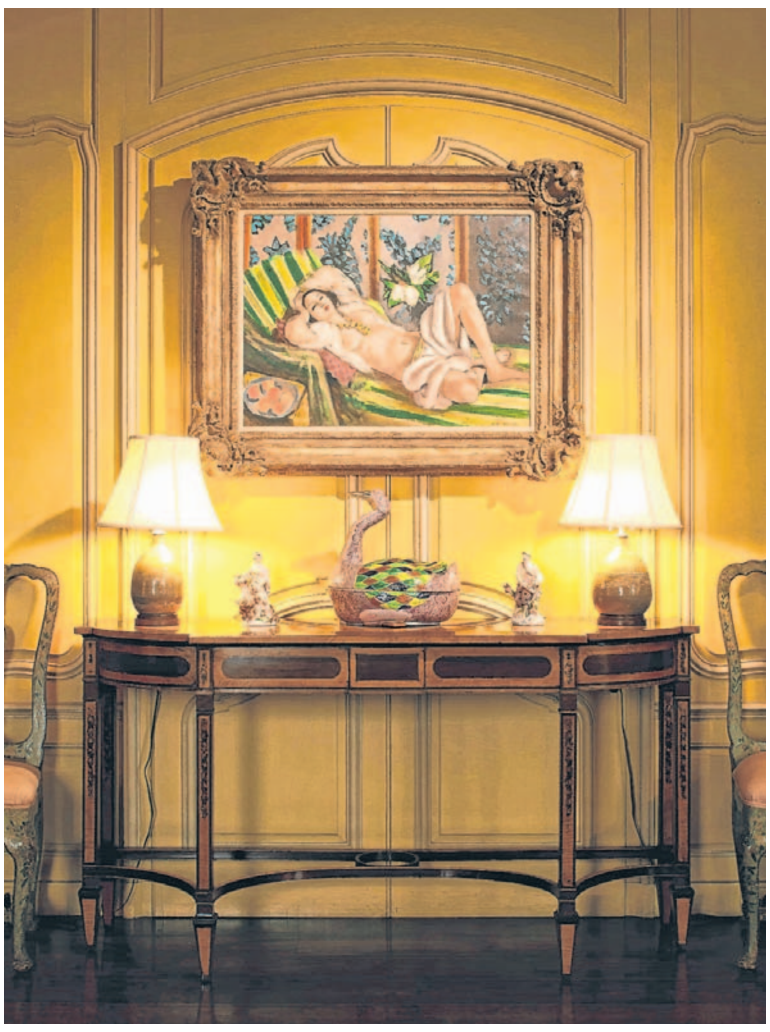
ART & AUCTIONS

Estate Sale Brings The Rockefeller Touch

As Christie's prepares to auction Peggy and David Rockefeller's sprawling collection, some in the art market predict it could fetch a record $1 billion

BY KELLY CROW





CHRISTIE'S IMAGES LTD (4); ARTHUR LAVINE (PEGGY AND DAVID ROCKEFELLER)

CHRISTIE'S on Tuesday launches its major auctions of the estate of David Rockefeller, former chairman and chief executive of Chase Manhattan Bank and the scion of one of the country's greatest Gilded Age fortunes—a sale some in the art market say could bring in a historic $1 billion.

The vast collection of trophy paintings, porcelain and antique furniture amassed by Mr. Rockefeller with his wife, Peggy, are estimated by Christie's to sell for at least $650 million. But dealers and collectors said the robust art market and the frenzy building over the couple's 1,562 lots of fine and decorative art could push the sale total far higher, past $1 billion, which would set a record for an estate auction.

Stakes are also high because the Rockefeller sales will play a part in setting the tone for the semiannual sales of impressionist and modern art May 14-18 at Christie's and the art market's other two major auction houses, Sotheby's and Phillips.

Mr. Rockefeller, who died a year ago at the age of 101, was the grandson of Standard Oil baron John D. Rockefeller, and carried on the family's well-heeled lifestyle. He inherited art but also filled his four homes from Maine to Manhattan with masterpieces suiting his own tastes, by Pablo Picasso, Henri Matisse, Claude Monet, Gilbert Stuart, Georgia O'Keeffe and Edward Hopper.

During his lifetime, Mr. Rockefeller gave away around $1.4 billion of his fortune, but his will stipulated charitable bequests of another $650 million, so he and advisers from Christie's agreed to sell off nearly everything in his personal estate after his death, with all proceeds to be donated—a charity auction to top them all. Mr. Rockefeller's wife of 56 years, Peggy, died in 1996.

"David could transfix people when he spoke about art," said New York collector Agnes Gund, who often visited museums with Mr. Rockefeller in his later years. "When we walked into any decorative-arts areas, he knew as much as the curators about every single thing," she said.

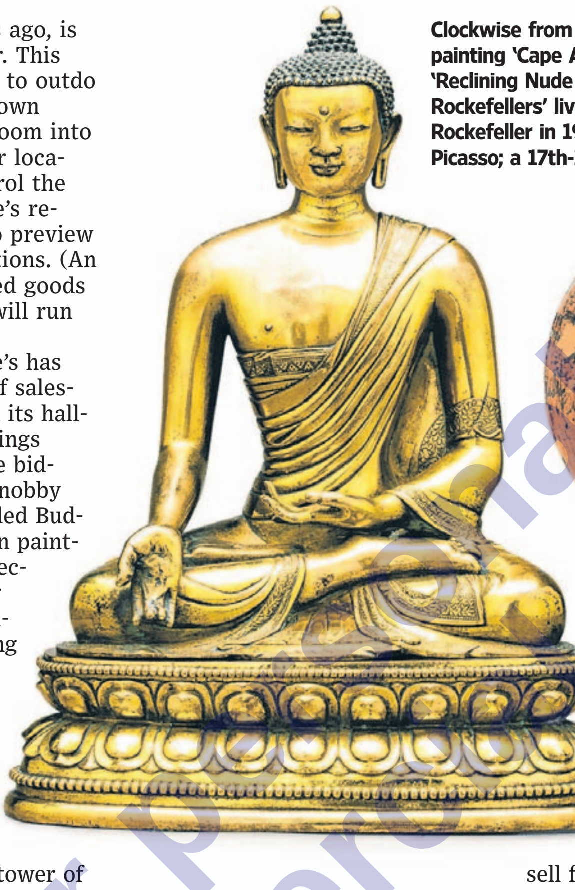
Designer Yves Saint Laurent's $484 million estate, sold off by Christie's at Paris's Grand Palais exhibition hall nine years ago, is the current record holder. This week, Christie's will seek to outdo that by transforming its own Rockefeller Center salesroom into a veritable shrine to their location's namesake. To control the expected crowds, Christie's requires those who want to preview the sale to make reservations. (An online sale of lower-priced goods started on Tuesday and will run until May 11.)

Since April 26, Christie's has devoted its three floors of salesrooms, galleries and even its hallways to previewing all things Rockefeller to prospective bidders—from the family's knobby English furniture and gilded Buddhist bronzes to American paintings and some of the collection's 67 porcelain dinner services. A third-floor gallery features an undulating row of duck decoys mounted on waist-high rods so that the brace can appear to bob on the water.

In another alcove, a tiered, tree-shaped shelf displays rows of pastel-colored plates, evoking a tower of macarons. The usually subdued main salesroom has been outfitted with boxwood topiaries and speakers that occasionally broadcast birdcalls, projecting an airy vibe to complement the display of porcelain birds and dishes adorned with animal designs.

Christie's has given pride of place—its ground-floor galleries—to the gems of the Rockefeller collection, a trove of more than 40 impressionist and modern artworks. These include Picasso's "Young Girl With a Flower Basket," a rose-period piece estimated to sell for at least $100 million.

Other highlights include a Georges Seurat sailboat scene expected to sell for at least $40 million, "The Port of Grandcamp." The painting debuted in an 1886 Paris show of neoimpressionist work alongside the artist's famed park scene, "A Sunday on La Grande Jatte," which now belongs to the Art Institute of Chicago.



Clockwise from top left: Edward Hopper's 1928 painting 'Cape Ann Granite'; Henri Matisse's 1923 'Reclining Nude With Magnolias' hung in the Rockefellers' living room; Peggy and David Rockefeller in 1973; a 1957 work by Pablo Picasso; a 17th-18th century Buddha from China.

Also on display at Christie's is Matisse's 1923 "Reclining Nude With Magnolias," a brightly patterned piece that once hung in the Rockefellers' living room at their Westchester County home. It's estimated to sell for at least $70 million.

Christie's marketing efforts hint at where it's expecting to draw the biggest bidders. The catalog for Tuesday evening's trophies-only sale of 19th- and 20th-century art was printed in Chinese as well as English, and the first two evening sales of the week will be live-streamed on Chinese mobile app WeChat, a nod to the increasing purchasing power wielded by Chinese collectors at the high end of the art market. Christie's also produced digital campaigns tailored for other regions, including the Gulf states, France, England, Japan and Germany, where collector interest has been particularly high.

That sale will be followed on Wednesday evening with an auction of American and Latin American art that includes Hopper's "Cape Ann Granite" landscape, estimated to sell for at least $6 million.

On Thursday, a sale will offer an eclectic mix of other items in the Rockefellers' collection, from the duck decoys to Asian art. Dealers said collectors will likely target pieces such as a 13th-century Syrian incense burner that was given to Mr. Rockefeller by his mother, Abby Aldrich Rockefeller. It sat on his desk at the bank for decades, and is expected to sell for at least $150,000.

KANYE

Continued from page A11

The question is: Did he go too far this time, or is he building his brand by attracting consumers who wouldn't otherwise pay him notice?

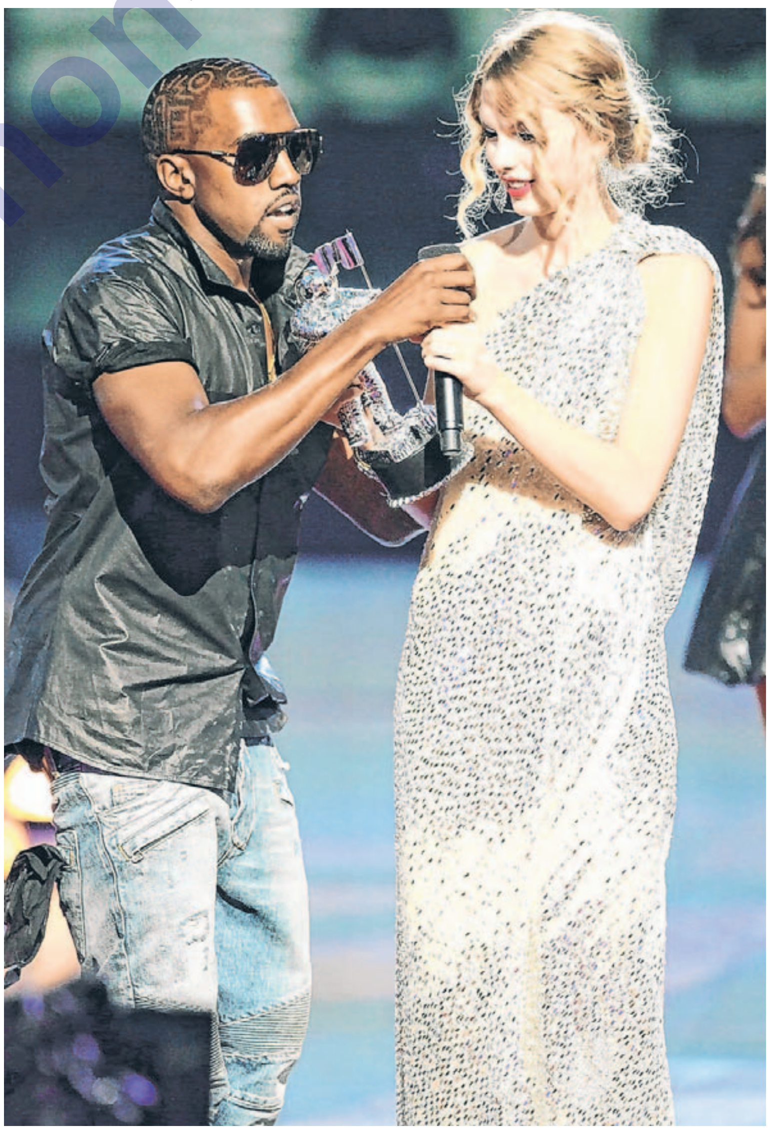
During the TMZ interview, which aired on Tuesday, Mr. West said, "When you hear about slavery for 400 years—for 400 years! That sounds like a choice." He added: "Like, you was there for 400 years and it's all of y'all? You know, like, it's like, we're mentally imprisoned...right now, we're choosing to be enslaved."

He later tweeted "of course I know that slaves did not get shackled and put on a boat by free will," though the tweet has since been deleted.

Mr. West's comments triggered a social-media backlash, as people, many of them saying they were fans, slammed him. Fellow celebrities such as Will.i.am criticized him or prodded him to change course. A petition is circulating asking sportswear maker Adidas, which markets the Yeezy sneakers Mr. West designed, to cut ties with him.

Adidas's chief executive, Kasper Rorsted, said in a Bloomberg TV interview on Thursday that "Kanye has been and is a very important part of our strategy" and declined to comment on his remarks. An Adidas spokeswoman declined to comment further.

Def Jam intends to stand by him, according to an executive at its parent company, Universal Music Group. "It's very important for artists to feel like they have a home," especially when they're dealing with controversies, the executive said.



GETTY IMAGES (2)

Mr. West, left, ignited controversy in 2009 when he interrupted Taylor Swift's acceptance speech at the MTV Video Music Awards. Above, Mr. West with his wife Kim Kardashian West.

If buzz is any indication, the firestorm has been a boon for Mr. West. He has been a heated topic of conversation on Twitter, where he now has 28.2 million followers. He jumped to No. 2 on Billboard's Social 50 for the week ended Saturday, which ranks the most popular artists across Facebook, Twitter, Instagram, YouTube, Wikipedia and Tumblr. He wasn't on the top 50 the previous week.

"Kanye is playing everybody," music-industry commentator Bob Lefsetz wrote in an email newsletter on Thursday. "We want to know what's going on, we want to watch the train wreck, and Kanye's laughing all the way to the bank."

Mr. Lefsetz compared Mr. West's antics to Mr. Trump's: "He who says the most outrageous things wins."

Even megastars like Mr. West are struggling to stand out in a fragmented, fast-moving music scene. In an interview last month with the radio personality Charlamagne Tha God, Mr. West expressed frustration that his last album, "The Life of Pablo," didn't explode on the radio.

But as a critically acclaimed artist who has become well-known for pushing boundaries, Mr. West has indicated at times that he doesn't have anything to lose. Asked by TMZ why he wore one of Mr. Trump's "Make America Great Again" hats, Mr. West said, "I felt a freedom in...doing something that everybody tells you not to do."

After the uproar over his pro-Trump tweets, Mr. West released two songs, "Lift Yourself" and "Ye vs. the People," that attempted to offer some further explanation.

At one point during "Ye vs. the People," he says: "Make America Great Again had a negative perception/I took it, wore it, rocked it, gave it a new direction."

ART REVIEW

A Family's Creative Currents

BY RICHARD B. WOODWARD

Philadelphia

JEAN RENOIR (1894-1979) had a long and productive life unburdened by the angst that afflicts so many children of world-famous fathers.

The director of more than 40 films, in English as well as French, including two—"Grand Illusion" (1937) and "The Rules of the Game" (1939)—that critics perennially rank among the greatest of all time, he happily wore the expectations that came from sharing a last name with perhaps the most beloved master of Impressionism, Pierre-Auguste Renoir.

Such apparent comity hasn't stopped film scholars from poking around their relationship. What sort of parental imprint, if any, guided the son's triumphs? Isn't the solitary discipline of painting totally unlike the collaborative nature of filmmaking? Was the affection expressed by Jean in his 1962 best-selling memoir, "Renoir, My Father," genuine? Or was it a nostalgic ode to France, written to raise his low spirits while living in America?

These questions are now being adjudicated on the walls (and, more pointedly, in the catalog) of a small, delightful exhibition, "Renoir: Father and Son/ Painting and Cinema." Co-sponsored by the Barnes Foundation and the Musée d'Orsay in Paris, it's been organized by Sylvie Patry, a curator affiliated with both institutions.

She has wisely turned it into a showcase for Jean. Video clips from more than a dozen of his films—from the silent era to the Technicolor '50s—are projected on walls in each of the eight rooms. Her choices are designed to illustrate traces, either thematically or technically, of the father's influence.

There are also movie posters; three voluminous dresses worn in "Madame Bovary" (1934); and photographs of the director, coaching actors on a Hollywood soundstage or relaxing at his home in Beverly Hills, Calif., where he surrounded himself with his father's work.

An unexpected bonus in the second room are a group of brightly glazed ceramics made by Jean in 1919-22, before he settled on filmmaking, and which Albert C. Barnes collected. (A selection of their correspondence is here as well.)

Paintings and drawings by Pierre-Auguste are interspersed throughout. He is not the star, however, and functions more as a remote, background figure—which he was, in fact, during most of the boy's traditional French upbringing. (Anyone who feels there aren't enough Renoir paintings here need only walk to the permanent galleries at the Barnes, which has the world's largest collection of them.)

In some cases, the impact of father's art on son's seems overt. "A Day in the Country" (shot in 1936 but released in 1946), which opens the show, has scenes that quote Impressionist motifs (couples in rowboats and kissing on the riverbank). The final images of the film, of an exultant woman on a swing, can't help but conjure up a popular 1876 painting by Pierre-Auguste.

"Picnic on the Grass" (1959), while drawing its title from another Impressionist's work, was an even more patent filial homage. Filmed in parts on the grounds of Les Collettes, his father's one-time home in the south of France, it has a vibrant color palette and an erotically charged atmosphere of swaying grasses. The co-star was Catherine Rouvel who, bursting out of her peasant blouse or bathing nude in a stream, is like a Renoir woman who has leapt off the canvas.

Ms. Patry also has had mischievous fun searching for arty references in Jean's canon. In the clip from one of his Hollywood films, "The Woman on the Beach" (1947), Charles Bickford plays a blind painter who goes mad, throwing his canvases into a fire despite the best efforts of his friend and wife (Robert Ryan and Joan Bennett) to save them.

Jean sold a number of his father's paintings after Pierre-Auguste died in 1919. As the critic Pascal Mérigeau notes dryly in his catalog essay, French producers in the 1920s were reluctant to bankroll his films because they suspected his inheritance had made him richer than they were.

The one painting of his father's that he never let go was the full-length teenage portrait, "Jean as a Huntsman" (1910), loaned by the Los Angeles County Museum of Art. It hangs here in the third room. In one of many touching photographs in the show, the actress Leslie Caron leans her head against the aging Jean, the painting visible on the wall of his home.

Father and son had several passions in common. Andrée Heuschling (nicknamed Dédée), Pierre-Auguste's last model during his final arthritic years, became Jean's first wife and starred in several of his early films under the stage name Catherine Hessling. A montage of clips here from "Whirlpool of Fate" (1926) and "Charleston Parade" (1926-27) demonstrates what a bewitching ingénue and cut-up she could be.

The humane realism found in the art of both men is no longer in critical favor. Jean's s films are on the slow side for younger audiences. Pierre-Auguste's adoration of women, as doting mothers and fleshy, compliant nudes, may be even harder for some to tolerate. That said, the chance here to ponder how a son's enduring work was shaped by his complex love for his father is well worth your time.

Renoir: Father and Son/ Painting and Cinema
Barnes Foundation, through Sept. 3

Mr. Woodward is an arts critic in New York.

Catherine Rouvel as Nénette in Jean Renoir's 1959 'Picnic on the Grass,' above; a bowl made by Jean Renoir (1919–22), below

CLOCKWISE FROM TOP RIGHT: STUDIOCANAL; ESTATE OF JEAN RENOIR/THE BARNES FOUNDATION; LACMA; HULTON ARCHIVE/GETTY IMAGES (2)

From top: Impressionist painter Pierre Auguste Renoir at home (c. 1915); film director Jean Renoir on set (c. 1945); 'Jean as a Huntsman' (1910), by Pierre-Auguste Renoir

SPORTS

HORSE RACING

JUSTIFY LOOKS TO PREAKNESS

BY JIM CHAIRUSMI

LOUISVILLE, Ky.—Trainer Bob Baffert brought Justify out to meet the crowd gathered outside Barn 33 at Churchill Downs on Sunday morning and gave his colt a warning.

"You better get used to this," Baffert said. "This is your new life."

Following a 2 ½-length Derby victory on Saturday, Justify became horse racing's newest star, with comparisons made to one of Baffert's best horses—2015 Triple Crown winner American Pharoah.

"He just put himself up there with the greats," Baffert said. "He's a superior horse."

With the win, Justify didn't just take the first leg of racing's Triple Crown, but also broke the 136-year Curse of Apollo, named after the last horse to win the Derby after not racing as a 2-year-old. Justify made his racing debut on Feb. 18 and improved his undefeated record to 4-for-4.

Baffert said Justify was "a handful" in the barn the morning after his Derby romp and will stay in Kentucky this week before heading to Baltimore for the May 19 Preakness Stakes.

Although 20 horses entered the starting gate for the Derby, a much smaller field is likely for the Preakness.

Of the Derby runners, only Bravazo, who finished sixth, appears headed for a rematch in the second leg of the Triple Crown. Good Magic, the second-place finisher, hasn't been ruled out by trainer Chad Brown. Trainer Todd Pletcher ran four horses in the Derby, but none are expected to challenge Justify in two weeks.

All of Baffert's previous four Derby winners went on to win the Preakness, including American Pharoah, War Emblem (2002), Real Quiet (1998) and Silver Charm (1997). Baffert has now won a total of 13 Triple Crown races in his Hall of Fame career.

ROB CARR/GETTY IMAGES

Kentucky Derby winner Justify

NHL | By Jason Gay

Ballad of the Hockey Licker

LeBron buzzer beater? Derby winner? Who cares! There was a wayward tongue on the loose.

The mature, responsible sports columnist within me—he exists, I swear, somewhere—knows that the proper subject for today's column is the NBA, especially the thrills of the surprising Boston-Philadelphia and LeBron-Toronto series.

But I don't want to be responsible right now. So boring!

I want to talk about the licking. The licking controversy that happened in hockey.

It's juvenile, I know. How can anyone devote space in this august newspaper to the filthy habit of licking? After all, we have LeBron James running the length of the court, and tossing up a glass-kissing, game-winning jumper with no time left!

(Quick aside: how does anyone besides James win the NBA's Most Valuable Player? At the playoffs' end, voters will likely bequeath the MVP upon Houston's James Harden—a wonderful player, but his MVP prize should come with a laugh track. LeBron James is the best player in the world, zero questions.)

I still want to talk about the licking.

YOU: *Licking? Really? What about the Derby winner, Justify? First horse in 136 years to win the Run for the Roses at Churchill Downs after not racing as a 2-year-old!*

ME: *Good for Justify! But you need to understand: THERE WAS A HOCKEY PLAYER IN TROUBLE WITH THE NHL FOR LICKING OPPOSING PLAYERS.*

You all know me by now. There's not a piece of low-hanging fruit I refuse to pluck. I cannot let sports licking go undiscussed.

A quick primer if you're not up on Lickygate: Brad Marchand, a player on the Boston Bruins—just ousted in a Stanley Cup playoff series with the Tampa Bay Lightning—made himself an NHL villain for his bizarre, pre-kindergarten habit of unleashing his tongue upon opponents.

That's right: in the midst of a game, Marchand was giving opposing players he was scruffing with a big, 'ol wet lick—like a slobbery Newfoundland greeting a homeowner at the door.

Marchand did it in Boston's opening playoff series with Toronto, licking Maple Leafs player Leo Komarov. He did it again in Game 4 versus Tampa Bay, rolling his tongue up the helmet visor of the Lightning's Ryan Callahan.

Reaction was universal: *Gross.*

"There is absolutely no place in our game for that. I don't get it," said Lightning coach Jon Cooper. "How would you feel if I walked over to you right now and gave you one big lick from the chin up?"

(L-R) GREGORY SHAMUS/GETTY IMAGES, CHARLES KRUPA/ASSOCIATED PRESS

LeBron James, left, hits a game winner against Toronto, while Brad Marchand, right, is escorted to the penalty box.

I would not like it, Coach! Still, there's something wildly amusing about the NHL needing to issue a No-More-Licking warning, as the league reportedly did to Marchand. There's something beautiful about a headline like this in USA Today:

BRAD MARCHAND'S REPEAT LICKING IS MAKING A MOCKERY OF THE NHL PLAYOFFS.

Chillax, USA Today! I love you, but I don't think Lickygate is the end of the world. It may be unsanitary, but as an optimist, I see potential positives. Doesn't hockey crave more mainstream attention? An Unrepentant Vigilante Licker may be just the kind of anti-hero who attracts casual fans to the sport.

Don't believe me? Try this out on a non-hockey watching fan:

YOU: *Hey, there's this player on Washington named Alex Ovechkin, a fantastic talent who may finally lead the Capitals to a Stanley Cup.*

THEM: *Hmm, interesting. Is there another Cavs game on?*

YOU: *Hey, there's this player on Boston who licks everybody.*

THEM: *Turn the TV on immediately.*

YOU: *The Bruins got eliminated. Sorry.*

I called my friend and Unofficial Journal Hockey Advisor Bryan "Bugsy" Watson—a hard-nosed defenseman from the NHL's Golden Era, who did stints in Montreal, Pittsburgh, and Washington, among others—to get his opinion.

"I have no idea what Marchand is doing," said Watson, who was admired for his defensive shadowing of stars like Bobby Hull. "It makes no sense to me."

Did Watson ever see a player lick an opponent across the visor?

"We didn't have *visors*," Watson reminded me. "Most of us didn't have helmets...I have no idea what [Marchand] is trying to prove."

I spoke to NBC hockey analyst Pierre McGuire, who told me he believes Marchand's wayward tongue may have been a form of gamesmanship.

"There's a lot of guys in the league looking for an edge," McGuire said. Licking, he said, may be "a different way to find that edge."

Have there been sports lickers in the past? A couple of years ago, the Indiana Pacers pest Lance Stephenson got attention for blowing gently into LeBron James's ear, but that's not the same deal. Pro wrestling, naturally, has had some lickers: a wrestler named Catrina has a submission move called "The Lick of Death," and a duo called The Bushwhackers notoriously licked everyone—including fans. (Eww.)

YOU: *I can't believe you're continuing with this absurd nonsense. Do you have an editor? Can the Journal find a real hockey writer? Why can't you write about the Sixers confetti technician? The Sixers fired off victory confetti—and then lost! What's crazier than that?*

Licking. Licking's crazier.

I had to go to the expert: my 5-year-old. A veteran of pre-kindergarten, he knows all about dirt, poop jokes, Monster Trucks...and he's seen some licking in his day. (And biting.)

I explained to him the situation: there was an adult hockey player, licking people in the face. Then I showed him the video of Marchand sweeping his tongue over Callahan's visor.

The child could not stop laughing. I don't think I've ever seen someone enjoy a sports highlight more.

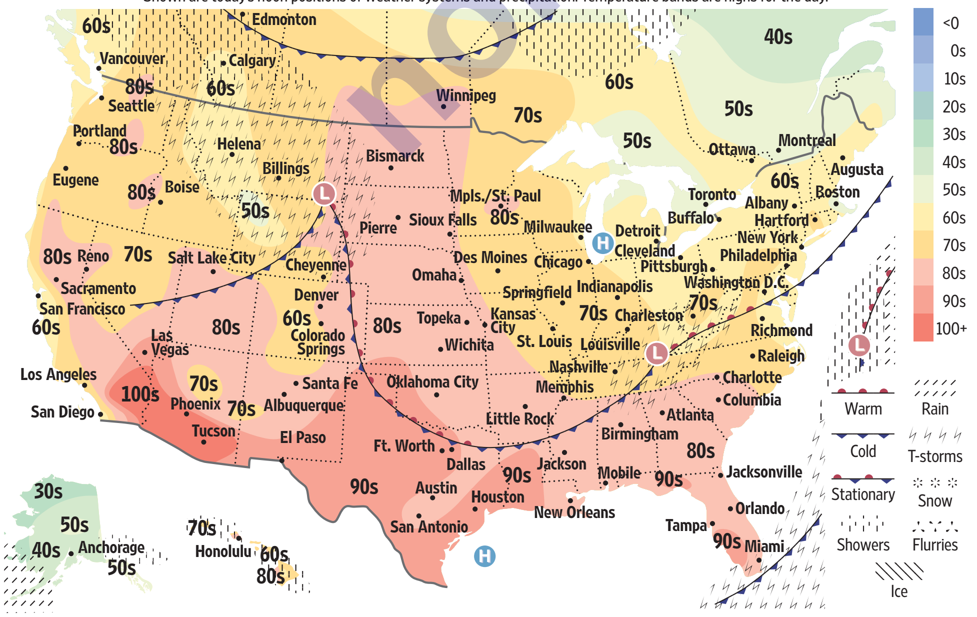
"Disgusting," he said, howling. "But funny."

Then I told him Marchand, his tongue and the Bruins were gone, and we both felt a little sad.

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

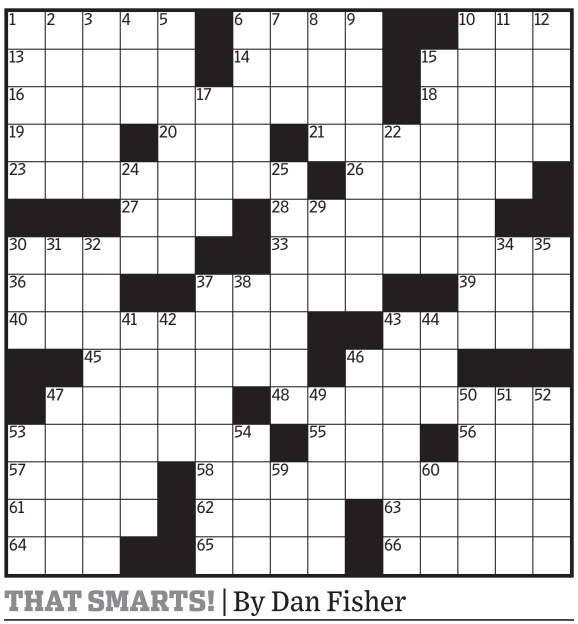
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	48	36	pc	53	42	c
Atlanta	81	59	s	80	63	pc
Austin	89	60	s	90	61	pc
Baltimore	68	51	pc	73	50	s
Boise	78	52	pc	84	60	s
Boston	58	45	pc	60	49	pc
Burlington	62	40	s	72	48	s
Charlotte	80	56	pc	77	57	pc
Chicago	70	47	s	74	55	s
Cleveland	60	44	s	66	51	s
Dallas	92	68	pc	93	67	c
Denver	81	54	c	77	48	s
Detroit	66	44	s	70	49	s
Honolulu	82	72	pc	82	72	pc
Houston	90	66	s	90	65	s
Indianapolis	71	46	pc	73	53	s
Kansas City	80	58	s	81	64	t
Las Vegas	99	72	s	100	75	s
Little Rock	86	59	pc	84	65	pc
Los Angeles	78	58	pc	78	60	pc
Miami	86	72	pc	86	72	sh
Milwaukee	64	48	s	70	52	s
Minneapolis	84	60	s	77	57	c
Nashville	77	54	pc	77	55	pc
New Orleans	89	69	s	90	69	s
New York City	68	50	pc	68	54	pc
Oklahoma City	89	65	pc	86	66	pc
Omaha	81	58	s	80	59	t
Orlando	88	63	pc	88	65	pc
Philadelphia	68	51	pc	72	50	s
Phoenix	102	73	s	104	74	s
Pittsburgh	66	50	pc	71	50	pc
Portland, Maine	62	40	pc	62	43	s
Portland, Ore.	77	54	pc	79	56	pc
Sacramento	85	53	s	83	55	s
St. Louis	77	52	s	78	60	s
Salt Lake City	81	55	pc	82	58	s
San Francisco	67	53	pc	67	56	pc
Santa Fe	84	55	c	85	50	pc
Seattle	71	52	pc	76	55	pc
Sioux Falls	81	56	pc	71	55	t
Wash., D.C.	69	55	pc	75	56	s

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	75	54	s	78	55	s
Athens	75	64	t	77	64	t
Baghdad	88	69	c	85	66	c
Bangkok	93	80	pc	93	80	pc
Beijing	81	50	pc	81	52	s
Berlin	74	52	s	76	57	s
Brussels	77	53	s	80	54	s
Buenos Aires	73	65	c	70	63	t
Dubai	97	81	s	100	85	s
Dublin	66	48	pc	59	44	r
Edinburgh	67	47	pc	62	44	r
Frankfurt	78	54	s	79	54	s
Geneva	74	54	t	74	56	t
Havana	84	65	pc	86	66	pc
Hong Kong	88	77	t	85	75	t
Istanbul	70	60	pc	71	60	sh
Jakarta	93	77	s	91	76	pc
Jerusalem	74	56	pc	65	53	pc
Johannesburg	73	43	s	71	47	s
London	80	54	s	78	50	pc
Madrid	77	54	t	80	54	t
Manila	96	81	s	97	81	pc
Melbourne	67	53	c	64	49	pc
Mexico City	73	52	pc	74	53	pc
Milan	73	58	pc	78	60	pc
Moscow	67	45	pc	72	46	pc
Mumbai	92	82	pc	91	82	pc
Paris	78	54	s	80	53	pc
Rio de Janeiro	80	71	sh	79	70	pc
Riyadh	103	82	c	107	84	s
Rome	71	59	t	69	57	t
San Juan	86	74	pc	85	75	sh
Seoul	76	55	pc	73	50	pc
Shanghai	75	61	t	77	58	pc
Singapore	92	81	pc	92	79	s
Sydney	76	59	s	77	60	pc
Taipei City	95	76	t	80	70	t
Tokyo	72	57	r	63	56	r
Toronto	59	42	s	66	46	s
Vancouver	64	48	pc	67	51	c
Warsaw	73	49	s	77	55	s
Zurich	75	49	t	77	51	pc

The WSJ Daily Crossword | Edited by Mike Shenk



THAT SMARTS! | By Dan Fisher

Across

1 Block, as a river
6 "What a pity!"
10 Explosive stuff
13 More than plump
14 "What ___ do for you?"
15 Moccasin or mule
16 Lawn-tending machine
18 Pupil setting
19 Eden exile
20 Lot buy
21 Crowning
23 Mao's domain
26 "Gladiator" star
27 Autographing need
28 Minute part
30 Spoil
33 Harry Potter's Hedwig, for one
36 Cattle call
37 Dirties
39 Pursue romantically
40 Backwater burgs
43 Brothers in cowls
45 Least narrow
46 Put a lid on
47 "The Importance of Being Earnest" playwright
48 Michigan State team
53 Has as a tenant
55 Painting, sculpture and the like
56 Brit's bathroom
57 Alan of "M*A*S*H"
58 Minutely detailed, as an account
61 Storyline
62 "A Death in the Family" author James
63 Employee's reward
64 Dir. opposite NNE
65 Place to employ a 16-Across
66 Spirited horse

Down

1 Steroids addict
2 Superior to
3 Made kittenish cries
4 Take advantage of
5 Roosted
6 Item in a squirrel's stash
7 Bar focus
8 Working without ___ (taking risks)
9 Hot Mediterranean winds
10 Hardcore hip-hop performance
11 Sleep preventer
12 Final, for one
15 Buying or selling of church offices
17 Primary
22 Front of a freighter
24 Expert in IRS rules
25 Lends a hand
29 In the mil. by choice
30 Maker of Yukons and Acadias
31 Tic-tac-toe win
32 Projecting architectural feature
34 Stir-frying vessel
35 ___ Angeles
37 Shrub with aromatic leaves
38 Clip-___ (some ties)
41 Attack with a lance
42 Racetrack numbers
43 They suffer for causes
44 Make a choice
46 Atkins Diet no-no
47 Water sources
49 Handled indelicately
50 TV oldie "Kate & ___"
51 Gallows sight
52 Planted
53 Emulates Cardi B
54 Gymnast Korbut
59 "___ the ramparts we..."
60 Club on a diamond

Previous Puzzle's Solution

The contest answer is HONE. Each of the four long Across answers contains an ordinal number (EIGHTH, SECOND, NINTH and TENTH). Taking the letters in corresponding positions in those Across answers, in order, yields the contest answer.

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

OPINION

George Soros and the 'Caravan'

AMERICAS
By Mary Anastasia O'Grady

The "caravan" of Central Americans at the southern U.S. border seeking asylum has some conservatives wringing their hands about a Hispanic invasion. They should instead be asking what's behind the destabilization of the countries these desperate migrants have fled.

Central American corruption, statism and crony capitalism have led to poverty and exclusion. The region's classical liberals understand this connection and have fought to strengthen the rule of law. But their efforts have been undermined by the drug trade financing criminal networks that overwhelm institutions.

Now there is substantial evidence that a U.S.-funded fix for the problem in Guatemala, using a United Nations prosecutor, has itself been corrupted by unscrupulous actors and left-wing U.N. ideology.

As I wrote last month, the U.N. body is the International Commission on Impunity in Guatemala, or CICIG by its Spanish initials. It was established in 2006 with the best intentions to investigate the crimes of underworld networks. But the U.S. Helsinki Commission hearing on Capitol Hill last week revealed vile human-rights abuses by CICIG prosecutors in a case involving a family of Russian migrants—the Bitkovs. The case raises questions about whether CICIG has gone rogue.

That is unless you are one of many nongovernmental organizations and media operations working in Guatemala that are funded by George Soros's Open Society Foundations and fellow travelers. In that case your instructions are to circle the wagons to defend CICIG prosecutor Iván Velásquez and destroy those who dare suggest that the case be judged on its merits.

This rush to dismiss flagrant violations of the law heightens concerns in Guatemala that CICIG has become a political tool of the NGO left. Americans are rightly asking why the U.S. finances this U.N. operation devoid of accountability and transparency.

The Helsinki Commission hearing on April 27 illuminated the case of Igor and Irina Bitkov and their daughter Anastasia. They fled persecution in Vladimir Putin's Russia and landed in Guatemala where they became victims of a human-trafficking scam. CICIG prosecuted the family as criminals, in cooperation with a Kremlin-owned bank, and put them in jail, flouting a constitutional court ruling.

Bitkov lawyer Victoria Sandoval recalled how CICIG and local prosecutors raided the family home with overwhelming force in January 2015. The three were detained in cages in the courthouse basement. Despite a 24-hour legal limit on such confinement, Irina and Anastasia spent five days there; Igor nine.

The couple named a guardian for their 3-year-old son, Vladimir. But officials instead sent him to an orphanage where he suffered physical and psychological abuse. Harold Augusto Flores Valenzuela, the government official in charge of child welfare at the time, told Igor later that a CICIG official had instructed him to do whatever necessary to put the child in the orphanage. Mr. Bitkov signed an affidavit swearing to this conversation with Mr. Flores and it was entered into the record at the Helsinki hearing.

Left-wing NGOs circle the wagons around a rogue U.N. commission.

CICIG, the Guatemalan prosecutor, and the Russian bank VTB took the family to court for using fake documents that the Bitkovs thought were real. Igor was sentenced to 19 years in jail; Irina and Anastasia 14 years each. A month later the same judge reviewing the same offenses by two members of the Salvadoran gang MS-13, handed down five-year suspended sentences and released the defendants.

CICIG's violations of civil liberties and its Russian collusion have been public for weeks. Yet an NGO letter-writing campaign aimed at defending the U.N. body at the Helsinki hearing refused to acknowledge the horror. The letters, posted on the commission's website—along with the Bitkov lawyers' testimony—are notable for their similarity and their callousness toward the Russian family, who are still in jail despite a constitutional court ruling 10 day ago to release them.

Such contradictions can only be explained by following the dollars spread around to so-called human-rights groups by those who share the politics of the unelected Mr. Velásquez. One goal of these moneyed elites was to end international adoptions, and he has used his authority to influence judicial rulings to do just that. His arbitrary rule with no oversight has put fear into the hearts of law-abiding Guatemalans; he has a reputation for pressuring judges, which has increased investor uncertainty in a country that already has trouble attracting capital. He has even tried to change the constitution.

In a statement made to the Helsinki Commission hearing, Sen. Mike Lee (R., Utah) noted that while CICIG was "created to root-out corruption and uphold the rule of law" it "has become an extrajudicial, partial and unfair arbiter." Its politicization, he wrote, is "unfair to all who seek a free and prosperous Guatemala." Something to think about as those busloads of refugees arrive at the border.

Write to O'Grady@wsj.com.

Columbus Discovers the Amazon

INSIDE VIEW
By Andy Kessler

Jeff Bezos is the world's richest person. Amazon is on a tear—sales grew 43% last quarter—and may soon pass Apple as the world's most valuable company. Amazon has ruptured retail, floated in the cloud, and even made superhero TV shows like "The Tick." But what makes Mr. Bezos tick?

Sure, he sells everything from books to the TubShroom drain protector/hair catcher. That's why Amazon owns close to half the American e-commerce market. And its 100 million Prime customers will shrug off the recently announced 20% fee hike. But retail is a low-margin business. That can't be Amazon's endgame. The prize is much bigger.

Like Warren Buffett, Mr. Bezos likes to write rambling annual shareholder letters. Most are about Amazon's fanatical devotion to the customer. This year he labels them "divinely discontent." Don't be fooled—his customer focus, referred to as the "Bezos Way," is only marketing fluff, not a strategy. And think about it: Mr. Bezos got us to read books on pieces of plastic and to query an imaginary woman residing in a cylindrical speaker. We weren't discontented. We were amazed.

Years ago, I took a stab at understanding Bill Gates's strategy for Microsoft. I likened him to James Monroe. As with the Monroe Doctrine, Mr. Gates defended to the death his hemisphere—that is, basically anything that touched his Windows operating system. His dominance of compression, word processors and spreadsheets forced others to play in markets away from Microsoft. But Mr. Gates fenced himself in. He was Microstuck as innovation happened in other worlds: the Palm Pilot organizer, Netscape browser, Google search, Apple iPhone.

Is there a Bezos Doctrine? I suspect he learned the Gates lesson well. Too well, as Mr. Bezos is now channeling pioneers, be they Columbus or James T. Kirk, exploring strange new worlds. His strategy is that he doesn't let business models get in his way while exploring on the edge. He started selling books with no real endgame in sight. He squeezed prices and didn't make much money. But Amazon shareholders gave Mr. Bezos a long runway, as they anticipated long-term riches. He was forced to create an infrastructure—digital clicks and analog bricks—to move merchandise. Amazon pops up distribution centers in new cities in mere months. With same-day delivery, it is a logistics beast. But making a ton of money wasn't immediately important.

Amazon's digital infrastructure was good enough that Mr. Bezos could rent it out to others—by the server, by the minute—including specialized artificial intelligence and machine-learning servers. Amazon Web Services, now a $22 billion business with fat margins, supports a huge chunk of Amazon's value. It's almost as if he built the world's largest nonprofit store just to perfect and then rent out his back office. Business model to come.

Jeff Bezos' approach: Explore strange new worlds—business model to come.

The same is true with other projects. The Kindle seems like an offshoot of selling books. But in the end, it was an excuse to explore devices. Amazon failed with its Fire phones, and the Fire tablets are mediocre. But the Amazon Echo personal assistant, which doesn't work without the cloud and machine learning to understand your voice, is piling into kitchens and living rooms. No one seems to care that Alexa is listening to everything we say! Business model to come.

Supermarkets are next through Whole Foods, also known as Whole Paycheck. Free-range quinoa home delivery experiment? Business model to come.

Amazon even has a secret health-care project named 1492. (Columbus, we get it!) It recently hired a top informatics guy from the Food and Drug Administration. Medical records? Prescription drugs? Prime same-day delivery of doctors? A recent health-care deal with J.P. Morgan and Berkshire Hathaway has wags guessing. Amazon knows what we eat, what junk food or vitamins we buy, our exercise preferences. There's a pony in there somewhere—and no guarantee of success—but unencumbered by near-term business models, Amazon can explore away.

I'm convinced the real secret to Mr. Bezos's success is that he hates PowerPoint slides. He insists instead on six-page narratives at meetings. Stories codify exploration. Here's one: Put Alexa in every doctor's office to listen and correctly fill in medical records automatically from the transcripts, freeing doctors to actually care for patients! Business model to come (but pretty obvious).

Mr. Bezos may want to own everything, but talk of breaking up Amazon is envy. He is creating the future while others, much like Bill Gates, defend the divinely discontent status quo. Amaze me or get out of the way.

Tax Reform Is Working, Sen. Rubio

By Erik Paulsen

Last Friday's upbeat jobs report was the latest sign that the Tax Cuts and Jobs Act has strengthened the American economy and helped working families. But this success hasn't satisfied all the skeptics. My friend and colleague, Florida Sen. Marco Rubio, argued in a recent interview that a different approach to tax reform, including a smaller corporate rate cut, would have more directly benefited workers. Based on all the evidence—including the analysis of the Joint Economic Committee, which I chair—I must respectfully disagree.

When House Republicans crafted the tax-reform law last year, our priority was to boost the economy so workers could thrive. Cutting the U.S. corporate tax rate from the highest in the developed world to a competitive 21% wasn't a luxury. It was a crucial step to prevent the loss of American headquarters and jobs to other nations.

For proof that the gains of tax reform are already flowing to American workers, Sen. Rubio need only ask the nonpartisan analysts who advise Congress on economic matters. The Bureau of Economic Analysis recently reported that real disposable income—workers' inflation-adjusted earnings, after taxes—rose 3.4% in the first quarter of this year. The bureau specifically credited tax reform for higher wages as well as lower taxes.

Real earnings after taxes are up 3.4%, thanks to corporate and personal rate cuts.

Even the Congressional Budget Office, which tends to play down the growth effects of tax relief, estimates the tax law will create nearly one million new jobs over the coming decade, along with higher wages and near-term annual growth of more than 3%. The Joint Committee on Taxation finds that cutting corporate taxes will generate long-term wage growth, and that tax reform will draw foreign investment to the U.S., producing strong benefits for workers.

The good news for workers keeps pouring in, as more than 530 companies have announced bonuses, pay raises and more-generous benefits for employees, as well as utility rate cuts for customers and corporate expansions. Americans for Tax Reform estimates more than four million workers have received bonuses.

In addition to benefits from the business side of tax reform, the tax savings on the personal side mean that a typical family of four earning $75,000 will pay $2,000 less in taxes this year than in 2017.

The Tax Cuts and Jobs Act wasn't perfect, and Congress should continue to improve the tax code by adding more individual tax relief and making the current cuts permanent. But no matter how you slice it, working families are benefiting from tax reform. And as the pro-growth effects of the tax cuts continue to work their way through the economy, the best is yet to come.

Sen. Rubio is right to want to ensure that America's economic policy favors working families—that's why I supported him during his presidential primary campaign. But as we continue to work on Americans' behalf, we should recognize the success tax reform has already achieved and use it as a foundation to go further.

Mr. Paulsen, a Republican, is U.S. representative from Minnesota's Third District and chairman of the Joint Economic Committee.

BOOKSHELF | By Naomi Schaefer Riley

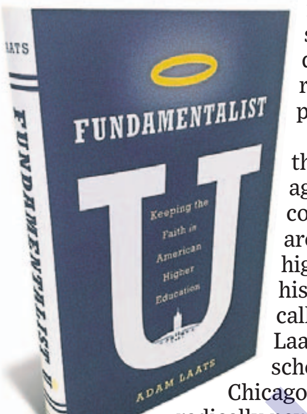
Believers In Higher Ed

Fundamentalist U

By Adam Laats
(Oxford, 348 pages, $29.95)

A year ago, when President Donald Trump gave the commencement address at Liberty University in Lynchburg, Va., he told the assembled faculty and students of the Christian school: "Relish the opportunity to be an outsider. . . . Embrace that label . . . because it's the outsiders who change the world and who make a real and lasting difference. The more that a broken system tells you that you're wrong, the more certain you should be that you must keep pushing ahead."

A great deal has been made of the absurdity of a thrice-married adulterer with a foul mouth being honored by a staunchly religious university. But in this part of his address, Mr. Trump hit on a personal theme that also meant something to his audience. As Adam Laats notes in "Fundamentalist U," nondenominational Christian schools like Liberty have often defined themselves less by their religious doctrines than by their position as outsiders.



The "system" in the view of these schools was broken long ago. By the early 20th century, conservative evangelicals looked around at the world of American higher education and saw what historian George Marsden has called an "empire in ruins." As Mr. Laats writes: "Once-evangelical schools such as Harvard, Yale, Chicago and Princeton had taken radically new directions. They had embraced modern notions of truth, knowledge and scientific inquiry. As a result, they had tossed out older structures for student life and study."

The reaction of fundamentalists—the branch of Protestant Christianity that grounds its beliefs in biblical literalism—to this development was not to "rebuild their old empire" but to "imitate its successful conquerors." Leaders of schools like Bob Jones University (in Greenville, S.C.), Biola University (in La Mirada, Calif.) and the Moody Bible Institute (in Chicago) "did not simply deny the value of modern knowledge, science and academic inquiry," Mr. Laats writes. "Rather, they insisted that their dissenting forms of science and knowledge represented better science, truer knowledge, and more modern inquiry."

The debates over evolution followed this pattern. Different strains of thought developed at different institutions. "Evangelical scholars themselves fought ferociously about their visions of proper creationism," Mr. Laats writes. "Did real Christian faith suggest that God had created life in different time periods, with long 'gaps' of time between creations? Or did the 'days' in Genesis really refer to long geological ages?" The methods of hashing out these disagreements paralleled the discussions at other universities, with dueling academic papers and public debates at conferences.

Nondenominational Christian colleges have often defined themselves less by their religious doctrine than by their position as outsiders.

The higher-education marketplace, which had expanded in the postwar period with the G.I. bill, required that even schools with sectarian missions maintain an air of academic respectability, Mr. Laats notes. The schools wanted students to see that they were committed to the pursuit of knowledge and ready to prepare them for careers. So their curriculums expanded to include not just religious studies to prepare students for evangelism or missionary work but also majors in liberal-arts fields. The schools offered four-year degrees and sought accreditation so that graduates could show future employers that their training was legitimate.

Mr. Laats, a professor of education and history at Binghamton University, takes a topic that could easily be treated with condescension and turns it into the occasion for a fascinating and careful history. His discussion of the racial policies of these schools is especially enlightening. Wheaton College, in Wheaton, Ill., "had the most dramatic past as a racially integrationist institution." Mr. Laats writes. "Unlike the newer crop of fundamentalist schools, [it] had been founded by radical abolitionists." By the 1930s, though, the administration had become, in the words of one historian, "none too eager" to admit African-American students. Then its policy changed again, though not out of a religious rationale. Rather, Mr. Laats says, the school's president "hoped to improve the reputation of fundamentalism by turning Wheaton into an impeccably respectable college." Ultimately, as Mr. Laats tells it, it was the desire for respectability that turned many of these schools back to racial inclusion, not to mention a desire for "diversity."

There are a few off-key observations in "Fundamentalist U." Mr. Laats suggests, for instance, that though Ronald Reagan ultimately didn't support Bob Jones University's segregationist policies and did support the IRS judgment denying the school tax-exempt status—a decision that was challenged in court—one can see BJU's influence in the fact that Reagan did "appoint William Rehnquist—the only Supreme Court justice to have voted in favor of BJU—to be chief justice of the Supreme Court." Surely there were many more powerful reasons for Rehnquist's appointment.

Ultimately, Mr. Laats is right about the big themes. "Fundamentalism" he writes, "was defined in practice, not on paper." The fundamentalists were pragmatists at heart. Their schools evolved with American higher education. When it came to addressing various debates and policies—from teaching evolution to deciding whether women should be allowed to wear trousers on campus—they sometimes followed the judgments of strong-willed leaders (e.g., Jerry Falwell) and sometimes of prominent figures beyond the campus, who, say, had heard a rumor that student life was not as chaste as families might want.

Indeed, the schools' lack of denominational affiliation—the absence of religious governing bodies of the kind that guide schools like Brigham Young and Baylor—has made things more variable and fluid. Caught between the vast changes in American higher education and the religious families they are supposed to serve, fundamentalist colleges have had to be especially attuned to which way the cultural winds are blowing. Which may occasionally get them some incongruous commencement speakers.

Ms. Riley, a visiting fellow at the American Enterprise Institute, is the author of "Be the Parent, Please," about the internet and child-rearing.

REVIEW & OUTLOOK

The Mystery of Michael Flynn's Plea

One of the stranger moments of Robert Mueller's special counsel probe is Michael Flynn's Dec. 1, 2017 guilty plea for lying to the Federal Bureau of Investigation. The former White House national security adviser pleaded guilty to a single count of making false statements, even though then FBI director James Comey had told Congress in March that the two FBI agents who interviewed Mr. Flynn believed he hadn't lied.

> He pleaded guilty to a crime FBI agents said he didn't commit.

These columns reported this Comey testimony based on sources at the time of Mr. Flynn's plea ("The Flynn Information," Dec. 1, 2017). Now comes confirmation from a less redacted version of the House Intelligence Committee's Russia report released late Friday.

On pages 53-54, the report notes that in March 2017 "Director Comey testified to the Committee that 'the agents . . . discerned no physical indications of deception. They didn't see any change in posture, in tone, in inflection, in eye contact. They saw nothing that indicated to them that he knew he was lying to them.'" The quotes are from the committee transcript of Mr. Comey's remarks.

The report goes on to say that then Deputy FBI Director Andrew McCabe "confirmed the interviewing agent's initial impression and stated that the 'conundrum that we faced on their return from the interview is that although [the agents] didn't detect deception in the statements that he made in the interview . . . the statements were inconsistent with our understanding of the conversation that he had actually had with the ambassador.'"

Recall that the inconsistency concerned whether Mr. Flynn had discussed U.S. sanctions against Russia with the Russian ambassador to the U.S. Vice President Mike Pence had said publicly that Mr. Flynn had not discussed sanctions, and once it came to light that he had, Mr. Flynn resigned.

But Mr. McCabe also nonetheless told the House Intelligence Committee that "'the two people who interviewed [Flynn] didn't think he was lying, [which] was not [a] great beginning of a false statement case.'"

All of this relates to the mystery of why Mr. Flynn pleaded guilty to making false statements. It made little sense for him to lie since as a seasoned intelligence officer he would know the U.S. eavesdrops on the Russian ambassador. He also willingly sat for the FBI interview with no legal counsel, suggesting he felt no risk in doing so.

Certainly the statements about the FBI agent's impression of Mr. Flynn would not have helped Mr. Mueller's case at trial had Mr. Flynn not pleaded guilty. The plea deal noted that Mr. Flynn's sentence would depend on his "assistance in the investigation," and perhaps Mr. Flynn felt he lacked the money to defend himself in court. He also may have wanted to spare his son, whom Mr. Mueller was also targeting.

In any case it is a dubious practice for a prosecutor to force a cooperating witness to plead guilty to a crime he didn't commit. Perhaps Mr. Flynn is supplying testimony behind the scenes that puts all of this in a better light, but the facts on the public record to date don't reflect well on Mr. Mueller's prosecutorial tactics toward Mr. Flynn.

The House report also reflects poorly on Mr. Comey's credibility. Despite the transcript of his testimony, Mr. Comey at least three times on his book tour has denied telling Congress that the FBI agents did not think Mr. Flynn was lying. "Did you tell lawmakers that FBI agents didn't believe former national security adviser Michael Flynn was lying intentionally to investigators?" Fox News' Bret Baier asked Mr. Comey on April 26.

"No," Mr. Comey replied, adding that "I didn't believe that and didn't say that." Asked a similar question by NBC's Chuck Todd, Mr. Comey responded, "Not true. And I don't know what people heard me say, if they're reporting it accurately, what they heard me say, they misunderstood. But that's not accurate."

Perhaps Mr. Comey's memory is faulty, as happens with human beings, though then he might commiserate with Mr. Flynn. On the other hand, Mr. Comey has jailed many Americans for false statements to the FBI, with no accommodation for mistakes of memory.

The latest House release also shows again the games that the Department of Justice and FBI are playing with redactions. The FBI has for weeks fought Intelligence Committee requests to declassify this portion of its report, though the only harm from public knowledge is to Mr. Comey's reputation and to the credibility of Mr. Mueller's prosecution.

The FBI has a conflict of interest in overseeing redactions given that the behavior of its leaders and agents are in question. This is one more reason for President Trump to use his authority to declassify all of the Russia 2016 files.

Good News in the Labor Market

Equity investors loved Friday morning's jobs report for April, lifting share prices sharply across the board. Job growth for the month fell below expectations, but maybe Mr. Market looked at the details and saw the broader reality of an increasingly tight labor market that suggests business confidence in continuing economic growth. A couple of key figures that haven't received much attention are worth noting.

> The black and Hispanic jobless rates are at record lows.

Republican politicians pointed to the decline in the overall jobless rate to 3.9% after six months of 4.1%. But this was achieved thanks to a 236,000 decline in the U.S. labor force. That decline balances what happened in February when the rate stayed at 4.1% despite more than 800,000 new entrants to the labor force. A better way to look at the health of the jobs market is the long-term trend, and over the last year there is some notable good news.

The black jobless rate has fallen a remarkable 1.3-percentage points to 6.6% since April 2017. That's still high compared to the 3.6% rate for whites, but it's lower than the 6.8% recorded in December, which was the previous low since the government began tracking the data in 1972. The black jobless rate has been below 7% for four of the last five months, which has never previously happened.

The jobless rate for Hispanics has fallen by 0.4-points in a year to 4.8%, matching its record low. The Hispanic rate has now been below 5% for five of the last seven months. Also encouraging is the 0.6-point decline in the jobless rate for workers age 25 or older without a high school diploma—to 5.9% despite a bump up in April. That rate has now been below 6% for five of the last six months.

These trends show that the economy's faster growth in the last year is luring even some of the least skilled workers back into the labor force. There's a debate about how many workers continue to sit on the sidelines given the still-low labor participation rate. But the best way to find out is to keep the economy growing and pass welfare reforms to improve the incentives to work.

Wages so far haven't risen as rapidly as you'd expect, but this may reflect that many new labor-market entrants are coming back at lower wage points. As they spend more time on the job, the pace of wage gains should accelerate. The overall news from April is that faster growth is paying off for all Americans.

The Costs of Corbyn—and May

Thursday's local elections in England proved as muddy as last year's parliamentary vote. You'd think that eventually one of Britain's two main parties would want to rack up an unambiguous win.

> Anti-Semitic sympathies cost Labour in British elections.

English voters elected the local councilors responsible for road maintenance, trash collection, some social-service provision and the like. Conservatives and Labour both won council seats from the pro-Brexit U.K. Independence Party, but neither major party swung control of a large number of councils or grabbed a large number of council seats from the other.

The embarrassment is most acute for Labour, which had expected a big win but failed to take several high-profile councils in metropolitan London. An ethnically diverse, cosmopolitan, left-leaning urban area with a charismatic Labour mayor, Sadiq Khan, ought to have been a prime stomping ground for a party that has marched further left under national leader Jeremy Corbyn.

Instead, Mr. Corbyn proved a liability—especially in Barnet, a borough in northern London that switched to Conservative control this time after the 2014 local election had denied any party a majority. The borough is home to a substantial Jewish minority, and this defeat is the price Labour pays for tolerating Mr. Corbyn's anti-Semitic sympathies and sympathizers.

Labour also failed to capture other Tory-led councils, such as Kensington and Chelsea, where Labour candidates performed better than expected in last year's parliamentary election. It's too soon to say, as some commentators have, that Britain has reached "peak Corbyn." But the limits to his appeal are becoming clearer the better voters get to know him and his agenda.

Which is why the Conservatives under Theresa May should be worried that they haven't made more of a dent in Labour's support. Some pollsters have estimated that if the number and geographic distribution of Thursday's local votes were transposed onto a map of parliamentary districts, the result would be another hung parliament.

A year after one of the most humiliating election outcomes in recent British history, Mrs. May's Tories remain divided by Brexit and are struggling to offer voters a compelling vision on such domestic anxieties as slow wage growth and regional economic divergence. As long as the Tories leave Labour to run unopposed on those issues, voters may still decide to take a risk on Mr. Corbyn in the future.

LETTERS TO THE EDITOR

Debating the Senate's Confirmation Breakdown

Peter J. Wallison's "Senators on the Verge of a Political Breakdown" (op-ed, April 27) omits an important point. Blocking Republican nominees has more impact than any retaliation in blocking Democratic nominees. The political tendencies of the federal bureaucracy lean heavily in favor of the Democrats. One can easily make the case that blocking Democratic nominees would have little impact on the ability of a future Democratic administration to make policy and govern.

Stephen D. Weeks
Houston

The U.S. has reached a dangerous point in our democracy because of the difficulty staffing executive branch leadership. But the Trump administration's personnel meltdown started when Donald Trump fired Chris Christie after the election and threw out his preparations for the transition. It continued with the incomplete vetting of Trump nominees, leading to unprecedented executive turnover due to scandals, nepotism and the leadership style of the president.

Even if the Senate turns blue in November, President Trump would have an opportunity to govern if he chooses a different mix of future appointees. President Obama, for example, nominated lifelong Republicans as his secretaries of defense, transportation and his second secretary of Veterans Affairs. Mr. Wallison points out that the Senate historically leans toward confirming competent, ethical nominees—and a little compromise helps. But the compromise club doesn't seem to be in the president's golf bag.

Despite Mr. Wallison's characterization, many of us who oppose the president aren't temporarily insane, but appalled, and we're reaching for the emergency brake. As a stockholder of a firm faced with this much chaos and turnover, I'd withdraw my support of the CEO and sell short.

Steve Schewe
Eden Prairie, Minn.

Is it the Constitution or Senate confirmation rules adopted by the Senate that stymie a president's agenda? Isn't it the latter?

Dennis M. Dohm
Oak Lawn, Ill.

Cuban Government Responds to an Editorial

Regarding your editorial "Cuba Gets a Castro Convertible" (April 23): The U.S. corporate press has always been predictable in its articles on Cuba and even more so when it comes to its editorials. Newspapers such as yours were against Cubans being free from Spanish power in the 19th century. Later on, they commended local corrupt politicians who supported the invasion—first militarily and then economically by American companies during the first half of the 20th century. Finally, those newspapers relentlessly demonized the Cuban Revolution since 1959.

However, I was caught off guard by the sordidness of the language used by your editorial board when referring to my country. It is the typical exercise of those who are left without arguments. There is still a financial, economic and commercial embargo imposed on Cuba intended to starve our population into submission. However, the information blockade has decreased. Americans massively travel to Cuba and 75% of them support a better relationship with our country.

Your renewed efforts to promote the business of the "dissidence" in Cuba will not have the slightest success. History is wise and has forgotten (and will forget) the names of the annexationists of Cuban origins, but any educated human being who inhabits the earth today will be able to tell you about Carlos Manuel de Céspedes, José Martí, Antonio Maceo, Julio Antonio Mella, Ernesto Guevara and Fidel Castro; those are the names of the pro-independence figures.

To maintain a part of the audience you still have, before criticizing Cuba again, or any other Latin American or Caribbean country for that matter, please start by looking at yourselves in the mirror.

José Ramón Cabañas Rodríguez
Ambassador of the Republic of Cuba
Washington

Many Good Internships Require Resources

As a former coordinator of internships at a state college in Massachusetts, in some future column extolling the benefits of unpaid internships I hope Andy Kessler will enlighten readers on how, as a college junior, he financed his journey "way across the country" to an unpaid internship in Cupertino, Calif. ("Three Cheers for Internships," Inside View, April 23).

How was he able to find an apartment so distant from where his journey began, and one that seemed to need no security deposit? How did he borrow a shopping cart to substitute for a dresser? How did he instantly establish a friendship so strong that someone lent him a bicycle with which he commuted to that fun job at Hewlett-Packard, never mind how he paid for his Friday beer?

Today's students are exploited enough without some silly mythology of how entry to the workforce is a snap that requires nothing but will. In a world where executives routinely pull down seven-figure compensation, to suggest that colleges and universities pick up the costs of an internship experience is immoral. How about, instead, Mr. Kessler, a call that organizations put out ads for jobs, real jobs, and tag them with that vanished phrase, "Will train"?

Em. Prof. Perry Glasser
Salem State University
Haverhill, Mass.

Consider the Incentives We Give Job Trainers

Your editorial "The Job Corps Failure" (April 23) advises the administration to "take a hard look" at its value. That hard look should first focus on the financial incentives for those who run the program.

I was a volunteer in an agency that offered classes to immigrants. With no experience in teaching, I asked (through an interpreter) what they wanted to learn in the English language. Unanimously, the answer was, "How to fill out a job application form and ask for the job." Day one/lesson one was a job application form. We studied what each line meant, how to fill in the blanks and role-played basic interviews. At the end of the school year, 80% of them landed jobs. Three men in suits arrived from Springfield to announce that our program had the highest success rate for job placement, after one year, in the state. The next best performer did 3%. They asked me to observe other programs for them, programs where teachers were paid. I found these other classes used grammar textbooks and didn't address job hunting until the end of year three.

I learned teachers were dedicated to their work, cared deeply about their students and were paid on a daily count of how many attended the class. As they justified the three-year wait, it was clear the teachers didn't recognize the perverse financial incentive against moving students into jobs as soon as possible.

Before scrapping the Job Corps, it would be worth the money to follow the money for a likely answer on why and how it went wrong.

Sylvia Aruffo
Highland Park, Ill.

Teachers' Input Vs. Output

Regarding "Teachers on Strike" (Notable & Quotable, April 25): Jason Riley uses New York as the poster child for high spending in education with only middling test scores. However, Massachusetts ranks third in teacher salaries and number one in student test scores. I prefer that correlation to prove that you get what you pay for.

Sara Stevenson
Austin, Texas

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Pepper ... And Salt

THE WALL STREET JOURNAL

"First day of retirement! You want to meet at eleven and go over some ideas for lunch?"

OPINION

Trump and the 'Chimerica' Crisis

By Niall Ferguson
And Xiang Xu

When the concept of "Chimerica" first appeared in these pages 11 years ago, it was intended to encapsulate a new economic world order—one based on Chinese export-led growth and American overconsumption. That put the U.S., the sole global superpower, in an unlikely financial relationship with its most likely future rival. Now, after the non-meeting of minds between American and Chinese trade negotiators last week in Beijing, is that marriage finally on the rocks?

The foundation of Chimerica came in the years after China joined the World Trade Organization in 2001, integrating its massive labor force and savings surplus into the world economy. That pushed up global returns on capital by reducing labor costs while depressing the cost of capital.

The countries' divergence began in 2015, as Beijing took defensive steps against financial risk.

For China, the payoffs have been huge. When it joined the WTO, its gross domestic product was only 13% of U.S. GDP on a current-dollar basis. By 2016 it was 60%, and by 2023 the International Monetary Fund projects it will hit 88%. For the U.S., Chimerica meant cheaper consumer goods and lower interest rates—a significant cause of the housing bubble in the mid 2000s.

The global financial crisis of 2008-09 looked like the beginning of the end for Chimerica. But 10 years later, it still exists. Chimerica makes up around 40% of world GDP. China accounts for half of the total U.S. trade deficit. Despite significant capital outflows in 2015, China has more than $3 trillion in foreign-exchange reserves, the bulk held in U.S. dollars. Far from being a chimera, Chimerica has become a seemingly stable symbiosis.

Yet today's Chimerica is significantly different from its 2007 antecedent. For one thing, China has changed.

CHAD CROWE

In many ways it increasingly resembles the U.S., with rising household consumption, higher wages, and a complex financial system that includes shadow banks, off-balance-sheet entities and a very large aggregate debt burden.

The bigger change, however, is in the U.S. Since the election of Donald Trump, America's leaders have taken an anti-Chinese turn. The new National Security Strategy, published in December, explicitly identified China as a "strategic competitor." On trade, the new White House has taken a combative approach, announcing a succession of tariffs on Chinese goods. Many commentators thus see President Trump as the source of the Chimerica crisis.

In fact, the direction of causation goes the other way. China and the U.S. began to diverge in 2015, when Beijing took several defensive steps to reduce the financial risk growing within its system. They included foreign-exchange policies designed to stabilize the yuan, as well as capital controls to prevent a massive decline in foreign-exchange reserves.

These measures had far-reaching global effects. The yuan's status as a managed currency made it less attractive for international investors, contributing to its depreciation against the U.S. dollar from 2014 to 2016. This, in turn, helped widen the U.S.-China trade deficit. At the same time, despite repeated predictions by Western experts of a coming "China crisis," the Chinese economy continued to grow significantly faster than that of the U.S.

That these trends played a role in the 2016 presidential election seems clear. Compelling evidence shows Mr. Trump's consistent "China bashing" in his tweets and speeches won him votes in the areas most affected by outsourcing to China. A county-level analysis published in December 2016 found that a 1-point increase in import competition from China was associated with a 2.9% increase in support for Mr. Trump relative to earlier Republicans.

The backlash against China was a more or less inevitable consequence of the evolution of Chimerica. It would have happened—though perhaps in a more subtle form—even without Donald Trump. Had Mr. Trump not won the GOP nomination, we believe another Republican president likely would be acting in a similar way today—witness Sen. Marco Rubio's increasingly hard-line stance toward China. Note, too, that this is one of the few issues on which Mr. Trump enjoys Democratic support.

Many Western commentators regard Mr. Trump's tariffs as dangerously misguided, and investors are worried about a full-blown trade war. We beg to differ. After simulating the effects of a trade war, we have concluded that it is the right way to force China to change its ways.

Depending on how a trade war evolved, it could cut China's total exports from between 1.2% in a month, in the mildest scenario, to more than 4% in a year. We estimate that a trade war could reduce China's GDP growth by up to 0.3% a year. The U.S. is much less vulnerable. American imports from China are equivalent to around 4% of China's GDP. American exports to China are less than 1% of U.S. GDP.

In the words of one Chinese official speaking on the eve of last week's negotiations: "This will be a testing year. If it goes in the right direction, it will be fine; if it goes in the wrong direction, it will be earthshaking." But what is the right direction? The standard response when a country is hit with new tariffs is to retaliate with its own tariffs. The standard approach to trade negotiations is to haggle over each product category. In the case of Chimerica, however, such approaches risk a downward spiral, with dangerous implications for global economic stability.

For that reason, Beijing's negotiators ought to abandon the pretense that the bilateral U.S.-China trade deficit has nothing to do with their country's policies. A great deal has changed since Chimerica became the fulcrum of the world economy after 2001. Back then China was merely a big emerging market. Today it is approaching economic parity—and open strategic rivalry—with the U.S. The marriage must be adjusted to take this into account.

What's required, in short, is a new balance. This can be achieved only if China gives ground and commits itself to reducing its bilateral trade deficit with the U.S. If that seems unpalatable to Beijing's negotiators, they should consider the alternative. A Chimerican divorce is unlikely to be amicable—and would hurt not only China and the U.S. but the entire world economy.

Messrs. Ferguson and Xu, both fellows at the Hoover Institution, are the authors of the new working paper "Making Chimerica Great Again."

Haspel's CIA Is Backed By Obama's Prosecutor

By Debra Burlingame

Gina Haspel is sure to face hostile questions this week about her role in the Central Intelligence Agency's post-9/11 enhanced-interrogation program, as senators consider her nomination to direct the CIA. Senators will almost certainly claim the program generated no actionable intelligence. That's false. Ask Preet Bharara.

Mr. Bharara, Manhattan's chief federal prosecutor from 2009-17, attested to the program's value in the 2009 trial of al Qaeda bomb maker Ahmed Ghailani for his role in the 1998 U.S. Embassy bombings in Kenya and Tanzania. In a 132-page brief, Mr. Bharara made the case that holding Mr. Ghailani for two years for enhanced interrogation hadn't violated his right to a speedy trial.

In a 2009 case, Preet Bharara attested to the value of the enhanced-interrogation program.

"The defendant was believed to have, and did have, actionable intelligence about al-Qaeda, by virtue of his longstanding position in al-Qaeda; his assistance to known al-Qaeda terrorists; and his close relationship to long-standing al-Qaeda leaders, including Usama Bin Laden," Mr. Bharara wrote.

Thus, the brief continues, the U.S. "justifiably treated the defendant as an intelligence asset—to obtain from him whatever information it could concerning terrorists and terrorist plots. This was done, simply put, to save lives. And when significant intelligence had been collected from the defendant, the U.S. made the decision to continue holding him as an alien enemy combatant pursuant to the laws of war."

The brief cited a 2004 decision by the Fourth U.S. Circuit Court of Appeals in the Zacarias Moussaoui case (he was charged for his role in the al Qaeda plan for a "second wave" of aviation attacks after 9/11): "The value of the detainees in the CIA's interrogation program 'can hardly be overstated.'" That was followed by pages of classified information elicited from Mr. Ghailani, further stating that, in Mr. Bharara's words, "the results of the CIA's efforts show that the defendant's value as an intelligence source was not just speculative."

When Judge Lewis A. Kaplan ruled in the government's favor, he stated that prosecutors had offered credible evidence not only that Mr. Ghailani had information essential to national security, but also that it "could not have been obtained except by putting him in that program."

Judge Kaplan also said the government provided credible evidence that Mr. Ghailani continued to provide valuable intelligence, which didn't diminish over time. This suggests the CIA repeatedly went back to him after he began cooperating, as new intelligence was acquired. In an effort to reduce his sentence, Mr. Ghailani's lead defense attorney described his client as a "hero" for providing so much valuable intelligence.

So the Obama Justice Department and two federal courts credited the work done at CIA black sites and the lifesaving intelligence gained in the process. Now we have U.S. senators condemning Ms. Haspel because she was a part of that process.

The record in the Ghailani case is an important rebuttal to the shameful slander of the men and women of the CIA as they scrambled to defend our country after the devastating attacks of Sept. 11. At great personal cost, they did everything their government asked of them. They followed the legal guidance of the Justice Department and invited members of Congress to help shape the program. Those members raised no objection at the time.

Ms. Haspel has accumulated an exemplary record of achievement in her 33 years with the agency. She answered the call on 9/11. How can Congress expect dedicated CIA officers to protect the country from future attacks, then seek to destroy them politically for doing just that? Senators must show that they respect, support and understand the mission of our defenders by voting to confirm Gina Haspel.

Ms. Burlingame, a former attorney, is the sister of Charles F. "Chic" Burlingame III, the pilot of American Airlines flight 77, which was crashed into the Pentagon on Sept. 11, 2001.

Leland Yeager, an Economist Who Could Write

By David R. Henderson

H.L. Mencken once called Henry Hazlitt "one of the few economists in human history who could really write." Another was Leland B. Yeager, who died April 23 at 93. A professor emeritus at both the University of Virginia and Auburn, Yeager passionately defended free trade, including in currencies. He defended economic freedom on the grounds that it was not only efficient but also ethical.

He challenged trade restrictions with devastating examples—such as this, from a 1954 monograph:

"Delays in customs sometimes cost importers dearly. Customs men held up some specially-designed stadium boots being imported for the Christmas market while trying to decide whether their 'component material of chief value' was the crepe-rubber sole, the leather upper, the wool lining, or the rayon sock lining. The decision finally came through in February! A shipment of women's coats from Holland was delayed three weeks while officials wondered whether to charge duty according to the wool or the buttons."

In the 1960s Yeager highlighted some of the consequences of government-imposed controls on currency values. Such controls were popular in Britain, Japan and other countries for a few decades after World War II but are now pretty much gone. Yeager pointed out the tremendous power such controls gave government officials over the lives of citizens—power they sometimes used in the service of their own prejudices.

In his 1966 book, "International Monetary Relations," Yeager wrote: "Sir Stafford Cripps, during his tenure at the British Exchequer, was once questioned in the House of Commons about the possibility of allowing imports of French cheese; he replied that only 'serious cheese' could be permitted."

What does that have to do with currency? The British government regulated the exchange rate between the pound and other moneys. By setting the pound's price too high relative to the French franc, the government caused a shortage of francs.

Fixed exchange rates, he explained, led the U.K. to favor 'serious cheese' over the French stuff.

Letting the exchange rate be determined in the free market would have alleviated the shortage. Instead, the British government chose which goods it would allow—and French cheese was not on the list.

Many governments in the 1940s and 1950s set the value of their currencies too high relative to the U.S. dollar. Another way of saying that is that they set the value of the dollar too low. The result was a shortage of dollars. Importers of American goods had trouble getting enough dollars to buy those goods.

When economists today see a shortage, they look for a price control behind it. That's what Yeager did. He argued that ending government control of exchange rates would alleviate the dollar shortage. By contrast, other economists writing at the time advocated further controls to reduce the demand for dollars. About these proposals, Yeager wrote: "Any simple explanation of the dollar shortage seemed too simple. See how many laws and regulations had been promulgated to deal with it, how many crises experienced, how many international conferences held, and how many loans arranged."

What Yeager was implying—but was too well-mannered to say explicitly—was that maybe his fellow economists realized that if exchange controls ended, so would their jobs as "solvers" of the dollar shortage.

He wrote with particular clarity about the much-discussed balance-of-payments deficit. After explaining the difference between the current account (the value of a country's annual exports minus the value of its annual imports) and the capital account (the value of foreign investments in a country minus the value of the country's annual investments elsewhere), Yeager wrote: "The balance of payments must balance." If in one year, for example, the U.S. imports more than it exports—as Americans currently do—then it also attracts more foreign investment than other countries attract U.S. investment. (I'm simplifying a little: Foreigners' holdings of dollars could also increase.) This is not rocket science, but what made Yeager rare was how clear his exposition was.

Just this March, Yeager pointed out that in a world of many nations, President Trump is mistaken to single out a gap between U.S. exports to China and Mexico and the larger U.S. imports from those two countries. Moreover, he called attention to Mr. Trump's ignorance in considering "a country's excess of imports over exports a measure of loss." It's actually a gain: The U.S. gets the goods.

Not to be missed in a summary of Yeager's contributions is his ethical defense of free markets. As his student in 1975—when I was working on my doctorate and he was a visiting professor at the University of California, Los Angeles—I saw Yeager do something unique: show profound respect for Ayn Rand's view that free markets needed an ethical defense and that such a defense was possible. That led some of us students to invite him to dinner after one class. He accepted, and we nerds were too dense to offer to pay for his meal.

I should also note Yeager's service in the U.S. Army during World War II. His love of foreign languages came in handy because, as a 19-year-old, he was a Japanese cryptanalytic translator—a codebreaker. In civilian life he was also a brilliant translator, of the sometimes abstruse language of economics into plain English.

Mr. Henderson is a research fellow with the Hoover Institution and the editor of the Concise Encyclopedia of Economics.

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Notable & Quotable: T.S. Ellis

From "Judge Offers Lesson In U.S. Citizenship" by Jerry Markon, Washington Post, June 12, 2008:

As U.S. District Judge T.S. Ellis III began to speak yesterday, American flags fluttered in the breeze and military aircraft zoomed overhead. . . . Ellis had moved his Alexandria [Va.] courtroom to Arlington National Cemetery to swear in immigrants from more than 30 countries as U.S. citizens, the first time a naturalization ceremony was held on the hallowed grounds in the cemetery's 144-year history. He wanted to impress upon the new citizens the sacrifices made for their freedom.

"This is truly a wonderful day," said Ellis, his voice cracking, as he gave an emotional tribute to the virtues of citizenship, U.S. history and the warriors buried around him. . . .

The judge's passion flowed from his past. Ellis, 68, is also an immigrant, born in Bogota, Colombia. . . . "I did it to honor our country's warriors and to give the new citizens a sense for what makes this country great," Ellis said. The judge, known for his thorough legal opinions and an occasionally irascible demeanor, said he "didn't want any politicians" attending the ceremony. After the immigrants took their oath, Ellis greeted each one personally, choking up as he hugged a new citizen wearing a U.S. Navy uniform.

He then told a woman from Iraq that he was "honored that you chose to be an American."

TECHNOLOGY: 5G RACE PITS FORD AND BMW AGAINST GM, TOYOTA B4

Last Week: S&P 2663.42 ▼0.24% S&P FIN ▼1.69% S&P IT ▲3.21% DJ TRANS ▼1.70% WSJ $ IDX ▲1.00% LIBOR 3M 2.369 NIKKEI 22472.78 ▲0.02% See more at WSJMarkets.com

Forecaster Fail: Missing Oil's Rise

A nearly 12% climb in crude this year has upended predictions on Wall Street

BY ALISON SIDER AND GEORGI KANTCHEV

No one is more surprised by $75 oil prices than Wall Street's oil experts.

The price of crude has climbed nearly 12% this year and has reached its highest levels since 2014—a rally that has caught most big banks flat-footed. Last December, analysts surveyed by The Wall Street Journal predicted that Brent crude, the international benchmark, would average around $57 a barrel in the first quarter. Instead, prices averaged $67. On Friday, Brent prices rose to $74.87 a barrel.

Analysts often get it wrong across financial markets. Last year, they wildly underestimated gains on the S&P 500. Gold hasn't followed the script of the almost yearly predictions for higher prices. And U.S. bond yields have persistently undershot the estimates of many large firms for years.

But oil is seen as particularly tricky given its sensitivity to hard-to-gauge geopolitics and the opaque workings of the Organization of Petroleum Exporting Countries.

Recent years have been particularly challenging. The rise of the U.S. shale industry confounded all expectations, OPEC shocked the market with its policy decisions and the rapid collapse of Venezuela and other geopolitical shifts have jolted prices.

"Predicting oil prices is a mug's game," said Craig Pirrong, a professor of finance at the University of Houston. "The inelasticity of supply and demand mean that the price is very sensitive to random shocks that are themselves hard to predict."

But those predictions are

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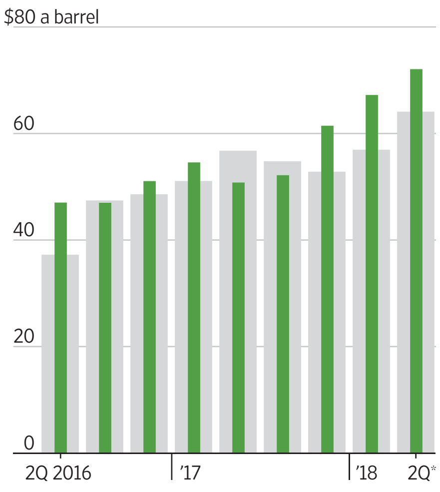
Coming Up Short

Analysts' forecasts of quarterly Brent oil prices in surveys taken prior to each quarter have undershot oil prices lately.

■ Actual average
■ Forecast average



*Through Friday

Source: WSJ Market Data Group (quarterly prices); WSJ survey (analyst forecasts)

THE WALL STREET JOURNAL.

Buffett Says Exit Won't Halt Successes

BY NICOLE FRIEDMAN

OMAHA, Neb.—Warren Buffett tried to reassure shareholders at the **Berkshire Hathaway** Inc. annual meeting Saturday that the company's success would continue once he is no longer at the helm.

Berkshire promoted Mr. Buffett's two potential successors, Greg Abel and Ajit Jain, to vice chairmen in January and gave them bigger responsibilities overseeing the company's business units. The managers of Berkshire's 60-plus business units now report to either Mr. Abel or Mr. Jain, rather than to Mr. Buffett.

Their ascensions, and Mr. Buffett's eventual exit from the company, have raised some concern about one of the hallmarks of Berkshire's success: its reputation as buyer of choice for well-run companies. Part of the appeal to those companies is Mr. Buffett's seal of approval, and some shareholders question whether Berkshire will have the same success acquiring businesses under Mr. Abel or Mr. Jain.

"The reputation belongs to Berkshire now," Mr. Buffett said. "For somebody that cares about a business, we absolutely are the first call and will continue to be the first call."

Mr. Buffett said repeatedly at the meeting that Berkshire's success in acquiring companies and finding attractive investments is because of the company's balance sheet and track record, not his personal fame.

While Mr. Buffett's lieutenants are well-known to followers of the company, Messrs. Jain and Abel rarely speak publicly.

As for the day-to-day of

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KEYWORDS

By Christopher Mims

Privacy Is Over; Here Are Next Steps

Short of living in a remote hut while forsaking cellphones, the internet and credit cards, there is no longer any way that you, as an individual, can prevent marketers, governments or malicious actors from gathering and using comprehensive, personally identifying information about you.

There are things you can do to reduce the amount of information you leak. You could, for example, ask **Facebook** to delete your browsing history, or perhaps one day you will be able to pay the company to not track you. But keeping up requires more time, sophistication and paranoia than most of us can muster. And it still isn't 100% effective.

There has been a sea change in how data about all of us is gathered and distributed. Those who want information about us no longer have to observe us directly. They can now collect our data from our friends, contacts—even people we don't know. Preserving privacy used to be about protecting ourselves and our devices. Now, the information is outside of our control, stored in address books of friends and latent in our social networks and family ties.

Genuine privacy or anonymity is over, if we ever had it, says Paul Francis, a researcher at the Max Planck

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U.S. Farm Belt Uneasy Over Research Shift to China

KIM KYUNG-HOON/REUTERS

QUESTIONS CROP UP: Syngenta, owned by China National Chemical Corp., is investing in plant gene-editing efforts in Beijing, potentially shifting the epicenter of the emerging agricultural technology toward the East. U.S. farmers are voicing concerns. B4

Fidelity Ousts 200 for Benefit Misuse

BY SARAH KROUSE AND ROB BARRY

Fidelity Investments has fired or allowed more than 200 employees to resign over alleged misuse of workplace-benefits programs, according to people familiar with the matter.

Behind the layoffs and resignations was a company audit of computer-buying and physical-fitness benefit programs over the past year. That review found misuse in offices across the country, the people said.

Regulatory records show a spike in terminations at Fidelity in the past year.

In one benefits program, Fidelity reimbursed staff for as much as 20% of the cost of computers and related equipment. In the second, the firm helped employees buy physical-fitness-related products such as FitBits.

In some instances, employees purchased equipment and immediately canceled their orders but still collected the company's reimbursement. In some of the cases, the company identified employees who had received reimbursements for as much as $2,000 for equipment they didn't keep, one of the people said.

A spokesman for Fidelity said no customers were involved or affected.

"Our employees have high standards and act in our customers' best interests," the spokesman said. "However, in the very small percentage of instances where we identify misconduct, we take appropriate action."

A Wall Street Journal review of Financial Industry Regulatory Authority data found at least 60 Fidelity employees registered with the body were terminated or allowed to resign since early 2017 over allegations related to the benefits programs. The company alleged in all of those cases that employees were "inappropriately paid" under the computer or fitness programs.

In some cases in California and New York, Fidelity told the regulator that employees submitted "altered receipts."

Fidelity is one of the largest financial firms in the world, with large money-management and brokerage businesses and a workplace-investing services operation. Founded by the Johnson family in 1946, it has more than 40,000 employees and $2.45 trillion in assets under management.

Still, it hasn't been immune from shifting consumer and institutional trends as investors have poured hundreds of billions of dollars into passive funds that typically charge lower fees and match the performance of indexes. That has put an increased focus on costs firmwide.

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INSIDE

EUROPE LABELS SQUEEZE U.S. CHEESE

BUSINESS NEWS, B5

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

MISUSE

Continued from the prior page

Early last year, Fidelity said it would offer voluntary buyouts to 3,000 of its longer-tenured workers, the first program of its kind for the Boston money manager.

The recent terminations or resignations didn't include employee severance, unlike the voluntary buyouts, the people said.

For brokers and employees in roles that are overseen by Finra, Fidelity put marks on their records about the reason for their departure from the firm. Those are visible to future clients, employers and the public and are difficult and costly to remove.

Several employees who have been fired by Fidelity since late last year said they were called to meet with human-resources and corporate-security representatives, questioned about their purchases and compliance with the firm's ethics policy, and in some cases shown receipts from vendors such as Apple Inc. or Best Buy Co. that proved that they had returned products. Those people say they were walked out of the building shortly after the meetings, placed on paid administrative leave and later fired.

Some say they were let go for what they describe as a simple mistake: They failed to update the company for items they purchased but later decided they didn't want or couldn't afford.

Tyler Konesky said he bought a laptop through the program in August 2016, around the time he was getting married. Because of his wedding expenses, he returned it but forgot to report that he had done so, Mr. Konesky said.

More than a year later in September 2017, Mr. Konesky was preparing to present a client webinar when he was called into a meeting room and questioned about the program. Days later, he was fired, he said. "Was it poor judgment on my part? Absolutely. Do I think I should have been fired for it? No," he said, adding that he did eventually buy a computer.

Fidelity employees who have been fired to date have worked in several roles across the company and were based in offices from Salt Lake City to Boston, including Westlake, Texas, and Merrimack, N.H., the filings show. The firings have continued as recently as last week in New York and Florida, current and former employees say.

The earliest terminations related to the computer-buying program that were reported to Finra took place in Jacksonville, Fla., regulatory records show. Fidelity alleged that four brokers there had being paid for items they "never actually owned."

That incident spurred the broader companywide review, the people familiar with the matter said.

—*Tom McGinty and Coulter Jones contributed to this article.*

BUSINESS & FINANCE

Glencore Scraps Rosneft Stake Sale

By Chip Cummins in London and James T. Areddy in Shanghai

Mining company **Glencore** PLC and Qatar said they scrapped plans to sell a roughly $9 billion stake in Russian state oil company PAO **Rosneft** to a once-highflying Chinese firm now embroiled in investigations by Beijing.

In a statement late Friday, Glencore and Qatar said they were terminating an agreement, reached in September, to sell most of their roughly one-fifth stake in Rosneft to **CEFC China Energy** Co. The deal was intended to provide CEFC with just over 14% of Rosneft and would have strengthened energy ties between Moscow and Beijing.

The agreement with the Chinese buyer was the latest in a series of moves undertaken by Glencore, the state-owned **Qatar Investment Authority** and the Kremlin over the stake. In late 2016, as low oil prices pressured Russian finances, Moscow agreed to sell a 19.5% stake to Glencore and the Gulf emirate's investment fund for about $11.3 billion.

The exact terms of that complex deal were never straightforward. It gave Glencore an actual equity stake in Rosneft of only about 0.5%, and Qatar just under 5%. The rest of the deal was financed by Russian banks and Italy's **Intesa Sanpaolo** SpA, which had planned to spread its risk by syndicating the loan to other banks.

The partners then struck a deal to unload their holdings with private energy-trading company CEFC, which appeared at the time to be a fast-growing investor with global ambitions and Beijing's backing. CEFC, founded in 2002 and based in Shanghai, has been expanding internationally in recent years.

Earlier this year, though, whatever official support CEFC enjoyed appeared to be crumbling. In March, The Wall Street Journal reported Ye Jianming, the company's leader, was under investigation in China. Mr. Ye, who made his early fortune as an oilman, was seen to have close ties to China's military and intelligence. It is unknown where Mr. Ye is now. Since his disappearance, banks have called in credit lines, and CEFC has sought to raise money in China. CEFC couldn't immediately be reached.

MEETING

Continued from the prior page

running Berkshire, the new leadership is so far status quo, Mr. Buffett said.

"Nothing's really changed that much," he said, joking that he has been semiretired for decades. Berkshire allows its managers to run their businesses relatively independently.

Mr. Buffett still oversees the firm's capital allocation. His portfolio managers, Ted Weschler and Todd Combs, manage about $25 billion in stock investments, and Mr. Buffett manages the rest of the company's stock and bondholdings, and its cash holdings.

Messrs. Combs and Weschler have arranged some deals for Berkshire, Mr. Buffett said, and the heads of Berkshire subsidiaries have long sought out "bolt-on acquisitions" on their own.

The succession questions were a key component Saturday as Mr. Buffett and his business partner, Berkshire Vice Chairman Charles Munger, answered questions from shareholders, analysts and journalists for hours.

The conglomerate runs a large insurance operation as well as a railroad, utilities, industrial manufacturers and retailers. Its holdings include Dairy Queen, Duracell, Fruit of the Loom, Geico and See's Candies.

Mr. Buffett again defended **Wells Fargo** & Co., one of Berkshire's largest equity holdings, despite a string of scandals at the bank. Some of Berkshire's best investments have experienced scandals in the past, including **American Express** Co. and car insurer Geico, he said.

"All the big banks have had troubles of one sort or another," he said. "And I see no reason why Wells Fargo as a company, from both an investor standpoint and a moral standpoint going forward, is in any way inferior to the other big banks with which it competes."

Berkshire said Saturday that it swung to a rare loss in the first quarter, hurt by the impact of an accounting rule change on unrealized investment losses. It was the firm's first quarterly net loss in nine years.

Berkshire reported a first-quarter net loss of $1.14 billion, or $692 a Class A share equivalent, from a $4.06 billion, or $2,469 a share, profit in the year-earlier period.

Operating earnings, which exclude some investment results, rose to $5.29 billion from $3.56 billion a year prior.

Mr. Buffett cautioned shareholders in his annual letter, which was released in February, that Berkshire's earnings would appear more volatile starting in 2018 because of the new accounting rule that companies include unrealized investment gains or losses in their net income. Berkshire reported a $6.2 billion drop in investment income in the first quarter.

Berkshire also holds large investments, especially in the stock market.

Mr. Buffett told CNBC on Thursday that Berkshire increased its large stake in **Apple** Inc. by 75 million shares in the first quarter.

Berkshire's class A shares closed Friday at $292,600, down 1.7% for the year.

The 87-year-old Mr. Buffett, whose shrewd investments have earned him the nickname "the Oracle of Omaha," still has plenty of cash on hand for future acquisitions as a way to drive profit.

Berkshire held $108.6 billion in cash at the end of the first quarter, down from $116 billion at the end of 2017.

Despite its burgeoning cash pile, Messrs. Buffett and Munger continued to argue against paying a dividend to shareholders. Berkshire hasn't paid a dividend in decades.

Mr. Buffett said even a one-time special dividend would be "very unlikely," but he noted that if the firm decided it couldn't use its capital effectively, it would figure out the best way to return it to shareholders.

Mr. Buffett also said that Berkshire's project with **Amazon.com** Inc. and **JPMorgan Chase** & Co. to lower health-care costs for their employees is making progress, and he hopes a chief executive will be announced within months.

RICK WILKING/REUTERS

Berkshire Hathaway's chief executive jokes that he has been semiretired for decades.

Musk, Buffett Trade Barbs Over Candy and Moats

Nobody gets the last word on Elon Musk. Not even Warren Buffett.

Mr. Buffett is famous for saying that good businesses have "moats," or strong brands that give competitors a high barrier to entry. But Mr. Musk last week attacked that idea in **Tesla** Inc.'s quarterly earnings call. "I think moats are lame. If your only defense against invading armies is a moat, you will not last long. What matters is the pace of innovation."

On Saturday, at the Berkshire annual meeting in Omaha, Neb., the Berkshire crew shot back. Berkshire Vice Chairman Charles Munger responded first: "Warren does not intend to build an actual moat."

Mr. Buffett agreed that the pace of innovation has accelerated, making more companies vulnerable to competition. But that doesn't mean it is time to kill the moat idea completely.

"Certainly you should be working at improving your own moat, defending your own moat, all of the time," Mr. Buffett said. "And Elon may turn things upside down in some areas. I don't think he'd want to take us on in candy."

Well, it sounds like that's exactly what Mr. Musk intends to do (if you take his Twitter feed seriously). It is worth noting, candy maker See's Candies is one of Berkshire's most well-known subsidiaries.

First, Mr. Musk tweeted the song "Can't Stop the Feeling" by Justin Timberlake.

That could be interpreted as a sign that Mr. Musk intends to keep feeling the way he does about moats.

Mr. Musk then elaborated that he is going to do exactly what Mr. Buffett said he shouldn't and start a candy company. The remark appeared to be sarcastic, but who knows. He did follow up that he is "super serious."

Mr. Musk's jabs at Mr. Buffett are among the several the Silicon Valley billionaire has thrown in recent weeks against those he feels have crossed him, including a top federal safety investigator, Wall Street analysts, the media and short sellers.

His promise to sell candy wouldn't be too out of character for Mr. Musk, who has sold hats and flamethrowers to fund his tunneling company dubbed The Boring Co.

Later Saturday night, Mr. Musk took it further. He said he was going to build a moat and fill it with candy, and that this candy moat would be kryptonite for Berkshire.

—*Geoffrey Rogow and Nicole Friedman*

BUSINESS WATCH

LOCKTON

NRA Sues Broker After New York Fine

The National Rifle Association sued insurance broker **Lockton** Cos., alleging the firm breached its contract to administer an insurance program for the firearms advocacy group.

The Friday suit comes days after Lockton agreed to pay a $7 million fine imposed by New York for violating state law. In the suit filed in federal court in northern Virginia, the NRA says the broker violated its obligations when it agreed to various provisions in its consent order with New York.

Lockton declined comment on the suit. It has said that it gave notice to the NRA to discontinue as administrator. A spokesman for the New York Department of Financial Services, which levied the fine, also declined to comment.

The NRA called the crackdown in New York "a politically motivated effort" sparked by Everytown for Gun Safety.

Everytown, which receives funding from former New York City mayor and philanthropist Michael Bloomberg, couldn't immediately be reached for comment. "We believe that selling insurance for people who shoot someone and later claim self-defense is a dangerous practice that may encourage a shoot first, ask questions later mentality," Everytown said earlier last week. —*Leslie Scism*

LUCAS JACKSON/REUTERS

The NRA convention in Dallas. The group called a New York regulatory effort 'politically motivated.'

TELECOM ITALIA

Elliott Wins Fight To Control Board

Elliott Management Corp., the American activist fund, has grabbed control of **Telecom Italia**'s board as the monthslong fight over Italy's dominant phone company reached a crescendo.

In a shareholder vote Friday over competing slates of directors, Elliott narrowly edged out French media conglomerate **Vivendi**. That gave Elliott the right to name 10 of Telecom Italia's 15 new board members with Vivendi naming the rest.

Elliott's victory is a stinging defeat for Vivendi, which owns almost a quarter of Telecom Italia and is the phone operator's biggest shareholder. Elliott owns 8.8% of Telecom Italia.

Elliott's aggressive moves, still relatively rare in Italy, shined a light on the country's record in corporate governance, where large companies can be controlled with minority stakes.

"Today's win…sends a powerful signal to Italy and beyond that engaged investors will not accept substandard corporate governance," Elliott said following the vote.

In a sign that the battle is far from over, Vivendi said it remained committed to Telecom Italia "and will take all measures necessary to preserve its value and avoid its dismantling."

Elliott won by the slimmest of margins, with its slate of directors gaining 49.8% of the votes among shareholders to Vivendi's 47.2%. About two-thirds of shares were voted, extremely high for an Italian shareholders' meeting.

—*Eric Sylvers*

ZTE

Chinese Telecom Asks U.S. for a Stay

ZTE Corp., the Chinese telecommunications firm in the crossfire of a U.S.-China trade fight, has asked the U.S. government for a stay of its order banning American companies from selling to the firm.

The Shenzhen-based company said that it formally submitted the request for the reprieve to the Commerce Department and that it has complied with the department's request for additional information in response to the ban. It disclosed the news in a filing Sunday with the Hong Kong stock exchange.

The Commerce Department didn't respond to a request for comment.

ZTE has been at the center of the trade dispute between the U.S. and China since it was hit with the sales ban last month for violating the terms of a settlement resolving evasion of U.S. sanctions against Iran and North Korea.

—*Dan Strumpf*

Mondelez Near Deal For Cookie Maker

By Dana Mattioli and Annie Gasparro

Food giant **Mondelez International** Inc. is adding another brand to its pantry.

The company is nearing a deal to buy cookie maker **Tate's Bake Shop** as it seeks to address changing consumer tastes, according to people familiar with the matter.

A deal could be announced as soon as Monday, the people said, and value Tate's at around $500 million.

Tate's is best known for its chocolate chip cookies with a green-and-white label on the bag. The Southampton, N.Y., company also makes gift baskets with items such as brownies, shortbread and macaroons.

Mondelez, which makes Oreo cookies and Ritz crackers, is the result of a breakup of food giant Kraft Foods Inc. In 2012, it spun off brands including Kraft and Oscar Mayer and kept its snack-food division, renaming the company Mondelez.

In November, its chief executive, Irene Rosenfeld, stepped down after more than a decade, handing the reins to Dirk Van de Put, who had been running a Canadian food company. This will be his first deal at Mondelez.

Mr. Van de Put has spent his first few months at Mondelez doing a strategic review of the company's global footprint that will be finished by the end of the summer.

Mondelez's presence in emerging markets has boosted sales, while its business in North America has lagged. In the latest quarter, Mondelez's total sales rose 5.5% to $6.77 billion, even though its sales in North America fell 1.3%.

Private-equity firm Riverside Co. invested in Tate's in 2014 at undisclosed terms.

China Trademark Requests Surge

Incentives help drive applications to U.S., including many filings with suspicious claims

By Jacob Gershman

QILAI SHEN/BLOOMBERG NEWS

Pedestrians last year in the city of Shenzhen, which pays companies and individuals as much as $800 for a U.S.-registered trademark.

Huge numbers of Chinese citizens are seeking trademarks in the U.S., flooding the U.S. Patent and Trademark Office with applications that officials say appear to be rife with false information.

The surge of filings from China has surprised the patent office. Officials say it could be fueled by cash subsidies that Chinese municipal governments are offering to citizens who register a trademark in a foreign country.

Trademark applications from China have grown more than 12-fold since 2013 and for fiscal 2017 totaled thousands more than the combined filings from Canada, Germany and the U.K. About one in every nine trademark applications reviewed by the U.S. agency is China-based, according to government data.

Patent and trademark officials say cash incentives could be a factor. As part of a national effort to ramp up intellectual-property ownership, China's provincial governments are paying citizens hundreds of dollars in Chinese currency for each trademark registered in the U.S.

Many Chinese applicants list addresses in the southeastern city of Shenzhen, often referred to as the Silicon Valley of China. Shenzhen pays companies and individuals as much as roughly $800 for a U.S. registered trademark, according to the city's intellectual-property bureau.

The U.S. officials say many China filings show a pattern of suspicious claims about the goods in question and the qualifications of the attorneys handling them.

"There's been a dramatic increase on Chinese filings. A lot of [them] seem to be not legitimate," the patent office's trademarks commissioner, Mary Boney Denison, said at a Trademark Public Advisory Committee meeting last fall, according to a transcript.

Josh Gerben, a Washington, D.C., trademark lawyer, said fraudulent trademarks could cause costly delays for other filers if their names are too similar, a grounds for a refusal. "The significant number of fraudulent trademark filings being made from China is disrupting our trademark system," he said.

The vast majority of the Chinese filers are tiny merchants hawking online goods, such as pocketbooks, binoculars, phone chargers and knit hats, under an array of sometimes vowel-less brand names.

To qualify for a federal trademark registration, a product or service must be "used in commerce." But unless another company is challenging the trademark, little evidence is required to back up the "in use" claim. There have been instances when a screenshot of a listing on Amazon or another e-commerce site is all an applicant needed to show market activity.

The Patent and Trademark Office has found instances of Chinese applicants asserting that a proposed trademark is used in commerce, while submitting nearly identical images of the same consumer product with a different word on the brand tag. FORLISEA, ENJOYSWEETY and GOOKET are some of the two dozen Chinese brands shown on an identically designed pair of zebra-print pants, for example.

The trademark subsidies are part of China's "planned economy for intellectual property," said Mark Cohen, an intellectual-property expert at Berkeley Law School and former senior counsel at the patent office. As with patents, China has a "numbers-oriented approach" to intellectual property, he said.

Having a trademark registered in the U.S. is crucial for sellers on Amazon, whose brand-registry program rewards officially trademarked products with more site visibility and a higher listing in search results.

A number of Chinese merchants appear to be represented by foreign attorneys who aren't licensed to practice law in the U.S., violating application rules. Over a dozen Chinese applicants entered the name "Wendy" into the entry box for the attorney name on the trademark application.

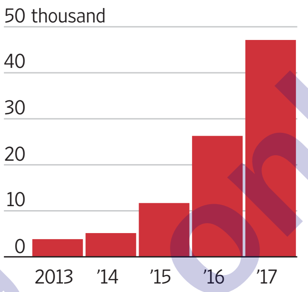
Hundreds of Chinese applicants are represented by an Atlanta trademark attorney, Amber Saunders. She said she developed her client pool after accidentally emailing a marketing message to a China-based intellectual-property company, which then started steering merchants her way.

Ms. Saunders said she took on only clients whose commercial activity seemed legitimate. The ones submitted by a lawyer named "Wendy" were among the red flags, Ms. Saunders said. "I wanted to know if they were making stuff up."

—Fanfan Wang contributed to this article.

Filing Fever

Trademark applications from China submitted to the U.S. Patent and Trademark Office.



Source: U.S. Patent and Trademark Office

THE WALL STREET JOURNAL.

Syngenta Pushes Plant Research in China

Seed, chemical firm builds up Beijing hub to foster technologies on ways to alter DNA

By Jacob Bunge And Lucy Craymer

KIM KYUNG-HOON/REUTERS

Advances by Syngenta have raised concerns that cutting-edge agricultural technology is shifting from the U.S. Farm Belt to China.

China is seeking a lead in editing plant genes, potentially shifting the epicenter of the emerging agricultural technology toward the East.

Syngenta AG, the seed and chemical giant now owned by state-owned **China National Chemical** Corp., is building up a Beijing hub for developing new gene-editing technologies like Crispr-Cas9, which enable new ways to alter DNA.

The company also intends to piggyback off research being pursued by Chinese universities and access a broader talent pool than rivals like **Monsanto** Co. and **DowDuPont** Inc. compete for in the U.S.

"The government is very supportive of this technology in China," said Erik Fyrwald, Syngenta's chief executive, who said the company is investing tens of millions of dollars to develop gene editing. "It's just natural for us to build it up there for China, and for the world."

That is helping to stoke long-running worries among U.S. farmers, academics and companies that the forefront of agricultural science could swing from the U.S. Farm Belt to China, where the government has encouraged the development of large-scale, Western-style farming operations to boost domestic food production and rely less on imports.

Over the long term, some say, that could increase U.S. producers' reliance on Chinese technology, and potentially limit their access to cutting-edge methods.

Crispr and other emerging technologies, such as Talen, offer crop scientists and seed companies new ways to tinker with plant genes. Those techniques, industry officials say, are faster and cheaper than the biotechnology practices that have put genetically engineered crops onto more than 90% of U.S. corn and soybean fields over the past two decades.

Previous forms of genetic engineering generally have involved adding genes from bacteria, viruses or other plant species to create crops that can withstand herbicides or repel insects. The newer gene-editing techniques let scientists make changes without adding any foreign DNA, potentially achieving similar effects with looser regulation, if no outside genes are added.

U.S. seed makers like Monsanto and DowDuPont are heavily investing in gene editing for big-money crops like corn and campaigning to win public acceptance for the foods it might yield. Skeptics say the new technology poses possible risks to human health and the environment.

While those companies focus most of their gene-editing efforts in the U.S., Syngenta is basing its efforts in Beijing, where about 50 employees research the technology.

To Bob Stallman, a Texas rice and cattle producer who previously led the American Farm Bureau Federation, Syngenta's move reflects the already-diminished U.S. investment in agricultural research.

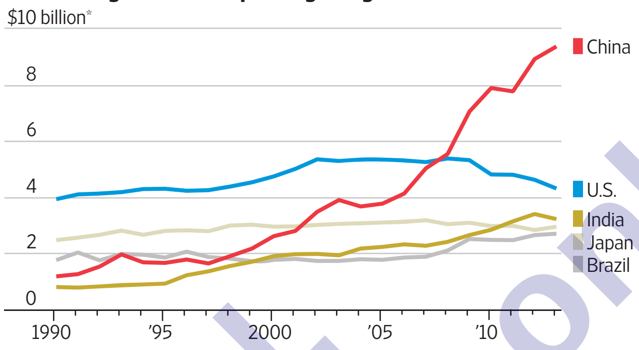
"My biggest concern is the fact that the U.S. is backing off public funding for research, while the Chinese are moving forward," said Mr. Stallman, who now sits on the board of the Foundation for Food and Agriculture Research, a Washington-based body created under the 2014 Farm Bill to join with private companies on research into areas like soil health and crop photosynthesis.

China's public-sector agricultural-research investment surpassed the U.S. total in 2008, climbing nearly eightfold between 1990 and 2013, according

Field Research

Over the past decade, China has taken the global lead in public-sector agricultural research spending.

Estimated government spending on agriculture research



*Purchasing-power parity, constant 2011 dollars

Sources: U.S. Agriculture Department (U.S., Japan); International Food Policy Research Institute (all others)

THE WALL STREET JOURNAL.

to a November 2016 analysis by the U.S. Department of Agriculture. By 2013 China spent more than twice the U.S. total on public-sector research, and U.S. industry officials believe the gap has widened since then.

Two separate Chinese academies of science have been using gene editing to create new varieties of rice, wheat, corn, cotton and soybeans. While China has largely barred earlier versions of genetically engineered crops from its farmers' fields, some experts expect gene editing to face lighter regulation there, because it doesn't require adding new genes to plants.

"I think it's going to be easier to get [plants developed with] Crispr technology approved than to get GMO crops approved," said Caixia Gao, principal investigator at the Chinese Academy of Science's Institute of Genetics and Developmental Biology.

While China historically has lagged behind other countries' agricultural research, "in Crispr, they could leapfrog," said Even Rogers Pay, agricultural analyst for Beijing-based research and advisory firm China Policy.

China also is seeking a lead in gene editing in human medicine and livestock, in some cases pursuing research with fewer regulatory restrictions than U.S. counterparts.

But U.S. agricultural officials say it isn't yet clear how closely China will guard any breakthroughs in agricultural research and development by government institutions, leading to questions about who will share in the fruits of that research.

"A company like Syngenta will be able to take advantage of those additional research dollars, but I'm not sure what the ownership rights will be as part of that process, and how available they will be to farmers around the world, and at what prices," said Dan Glickman, executive director of the Aspen Institute Congressional Program and a former U.S. agriculture secretary.

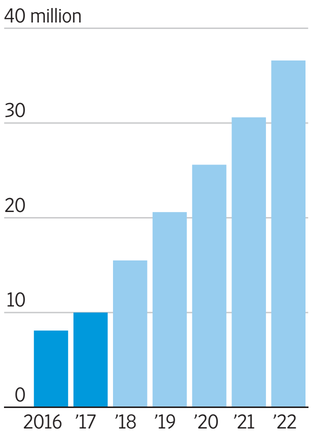
A Syngenta spokesman said the Switzerland-based company aims to globally market any crops developed in Beijing. To develop gene-edited crop seeds it hopes to sell, Syngenta has licensed Crispr-Cas9 from the Broad Institute, a partnership including Harvard University and the Massachusetts Institute of Technology that holds a patent on the gene-editing technology.

5G Race Pits Ford and BMW Against GM, Toyota

The Future Is Calling

The number of connected cars is expected to surge.

Global passenger cars shipped with factory-installed modems



Note: 2018-22 are forecasts

Source: Counterpoint Research

THE WALL STREET JOURNAL.

By Chester Dawson

Excitement around 5G is eclipsing the prospects for a competing technology that **General Motors** Co. and **Toyota Motor** Corp. are backing, potentially giving rivals a leg up in the race to introduce vehicles with state-of-the-art internet connectivity.

The U.S. government has invested hundreds of millions of dollars in Wi-Fi-based technology known as DSRC, or dedicated short-range communication, that allows cars to link to "smart" traffic lights designed to smooth congestion and provide warnings about accidents or weather conditions ahead.

GM and Toyota strongly support that technology. But **Ford Motor** Co., **BMW** AG and other auto makers are pressing the Trump administration to allow them to leapfrog that system by fast-tracking fifth-generation cellular broadband in automobiles. Known as 5G, it transmits data at as much as 10 times the speed of current broadband and improves reliability by potentially shrinking a self-driving car's ability to stop to one inch, from one yard with today's network.

The showdown between the Wi-Fi-based and cellular-based standards for connected cars echoes winner-take-all format wars in other industries, and is a sign of how software is emerging as a new battleground for auto makers. The stakes are high as U.S. motor-vehicle deaths have risen in recent years. Car makers say vehicle-to-vehicle communication will ease congestion and improve safety.

Speeding up adoption of new technology is a priority for an industry that has lagged behind mobile-phone makers when it comes to connecting devices to the internet. The global market for connected cars is forecast to grow nearly threefold by 2022 with more than 125 million new internet-connected cars shipped over that five-year period, according to Counterpoint Research.

Current broadband, known as 4G, has enabled Wi-Fi hot spots and streaming, allowing passengers to surf the internet or watch videos in cars. The next wave of cellular technology will usher in new entertainment and safety features, enabling cars to access cameras on other vehicles that could alert them to accidents, obstacles and driving conditions.

Ultimately, drivers might even be able to order a Starbucks drink from their dashboard or take a nap while artificial intelligence operates the vehicle. Companies such as BMW say faster data transmission through next-generation broadband is critical to accelerating this push.

"We are on a broader scale pushing the telecommunication companies to roll out 5G as quickly as they can," said BMW management board member Peter Schwarzenbauer.

GM and Toyota, meanwhile, have models already equipped with DSRC and are urging the Trump administration to support a 2016 proposal that would require auto makers to start phasing it into new cars as of 2021. The Transportation Department has yet to make a final ruling on that Obama-era proposal, even as auto makers are already well into the design phase of 2021 model-year vehicles.

"Getting the rest of the industry to follow has been tough sledding," said Steve Schwinke, director of GM's advanced development and connected services.

One issue with the technology backed by GM and Toyota is cost. Telecommunications companies plan to pay for upgraded cell towers and roadside antennas for 5G to service their existing networks. To fully deploy DSRC, billions of dollars in government-funded infrastructure is required, according to a U.S. Transportation Department estimate.

That short-range technology also would add about $300 to the price of a vehicle for dedicated equipment, the National Highway Traffic Safety Administration estimates. Most new vehicles come installed with cellular modems, so there would be little additional cost to drivers for 5G.

MIMS

Continued from page B1

Institute for Software Systems in Germany. "All we can really hope to do is, piece by piece, get better at protecting privacy," he adds.

Those pressures might come from unexpected places. The very companies currently taking fire for collecting and disseminating our personal information—Facebook and **Alphabet**'s Google—could someday be stewards of it.

The **Cambridge Analytica** scandal—where 270,000 people who downloaded an app led to a data breach for 87 million Facebook users—demonstrates the importance of maintaining "group privacy," says Yves-Alexandre de Montjoye, head of the computational privacy group at Imperial College London.

In a hypothetical example, Prof. de Montjoye's group reported that if just 1% of cellphones in London were compromised with malware, an attacker would be able to continuously track the location of more than half the city's population.

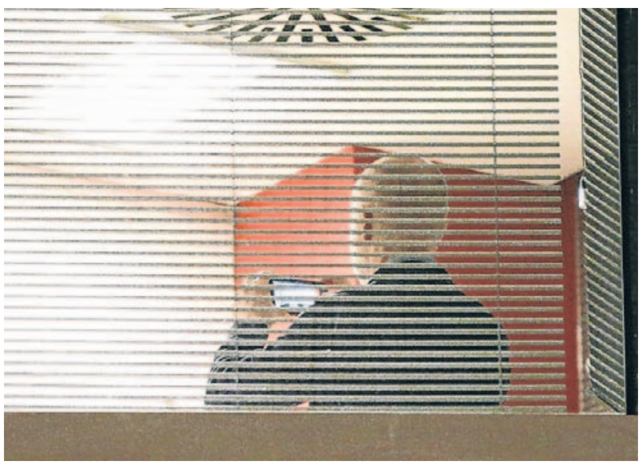
Our vulnerability to such attacks is compounded by another phenomenon: It's easy to identify us with just a sliver of information, making it impossible to render any pool of data about a population anonymous.

Facebook, Google and others say they "anonymize" the data they collect on us. This anonymization consists of mathematical tricks allowing them to market to us while assuring that they can't identify us for other purposes—and no one else can either.

But researchers with access to pools of anonymized data have found ways to identify individuals within it, Prof. de Montjoye says.

The Max Planck Institute's Dr. Francis co-founded a company, Aircloak, to develop software to protect data. Diffix, as it's called, sits between a database and its owners, allowing them to make specific queries but never revealing the whole database. It should allow firms to protect user data internally, in a way that makes them compliant with new privacy rules under Europe's General Data Protection Regulation, says Dr. Francis.

But even special software can't help online advertising companies get fully compliant with the European regulations—at least not yet. Early on, the Aircloak team abandoned an attempt to anonymize targeted advertising, because there are so many transactions that can identify a person, Dr. Francis says. For example, a company advertising medication for certain conditions could inadvertently identify people who click on the ad and then potentially share that information.



YUI MOK/PA/ASSOCIATED PRESS

An investigator at Cambridge Analytica's London offices in March.

If technology can't keep personal information out of the hands of the tech giants, the seemingly paradoxical alternative is to collect all of it in one place, so a central authority can handle it.

That central authority could be a government. Estonia, for one, has created a cryptographically secure universal ID to which any kind of personal data can be attached, including financial records and health data. As a result, Estonians can e-file their taxes in about five minutes.

Such an authority could be granted to a tech giant such as Facebook, Google, **Apple** or **Amazon**.

Giving companies such as Facebook and Google even more of our data might seem like the opposite of protecting it. But both companies already have the start of the infrastructure required to support such a sizable undertaking: It's the identity systems that allow us to log into other sites and apps using our Facebook, Google or Amazon credentials.

In Europe, a Cheese By Any Other Name

BY LUCY CRAYMER

U.S. cheese makers are in a sticky situation. They can't call many of their popular cheeses by their common names anymore when selling them in many markets outside the U.S.

The Sartori Co. cheese factory in Plymouth, Wis., has been making Asiago, Parmesan and other popular cheeses according to European recipes for decades and recently began exporting them. Last year, for export versions of those two cheeses, Sartori had to trademark new names, leading to the birth of "Sartiago" and "Sarmesan."

Jeff Schwager, president of the family-owned cheese producer, is aware the new names don't have the same ring as the originals. "It's really hard," he said, as customers often can't tell which familiar cheese the new names are supposed to evoke. "The sales are really slow," he said.

Sartori is wedged into this corner because of European Union laws. And the problem grows for it and other cheese makers as the EU strikes free-trade agreements with countries from Canada to Japan.

Those treaties expand the reach of a longstanding European practice of restricting the use of commonly used cheese names to the products made in the region of origin.

Now, the EU is expanding that practice even further, asking its trading partners also to recognize the restrictions—meaning if a U.S. producer exports Asiago cheese to a country that has such an agreement with the EU, the producer would have to abide by the EU restrictions, even though the U.S. itself doesn't have such an agreement.

The requirements are part of EU efforts to protect revered foods and the value of European produce.

Restrictions on the use of certain regional or place names, like Champagne, have been largely accepted around the globe.

Many cheese makers, however, oppose restrictions on the large number of cheese names on the grounds they relate to a process, not a place.

"This means that our exporters now face fewer opportunities for their products, and trading partners are emboldened to see how much further they can push boundaries of creating nontariff trade barriers," said Jim Mulhern, president and chief executive of the National Milk Producers Federation, which represents U.S. dairy producers.

The rules are a problem not just for producers trading with Europe, but also for those within the EU. With use of the term *feta* now restricted to the cheese from Greece, producers in other countries who have been making a similar cheese for decades have had to think up new names.

"It's the F-word we can't say," said Theis Brøgger, a representative of Danish co-operative Arla Foods, one of the world's largest dairy processors. Arla has adopted the name "white cheese" or "salad cheese" in Europe and other places where the rules apply.

The situation gets more complicated with each new trade agreement the EU signs. Japan, Singapore and Vietnam all recently agreed in principle to such pacts, and last month, the EU reached a deal with Mexico, the largest export market for U.S.-made cheese, to restrict use of some European names. China and a number of South American countries are negotiating similar treaties with the EU.

There aren't many popular cheese varieties that originate in the U.S., leaving American businesses that depend on European-inspired cheese recipes to get creative.

At Central Coast Creamery in Paso Robles, Calif., wheels of cheese that resemble gorgonzola are labeled Big Rock Blue. A semisoft cheese with large holes and a resemblance to Swiss cheese is called Holey Cow.

"My wife said 'no way' to the name Holey Cow and begged me not to name it that, but everyone loves it," said Reggie Jones, owner of Central Coast Creamery.

CARRIE ANTLFINGER/ASSOCIATED PRESS

U.S. cheese makers must find new names for some popular kinds.

'Avengers' Again Captures Top Spot at the Box Office

Associated Press

LOS ANGELES—After breaking opening weekend records, "Avengers: Infinity War" continued to dominate in its second weekend in theaters, but alternative programming like the romantic comedy "Overboard" also found an audience in what has historically been considered the "official" kickoff to the summer movie season.

Walt Disney Co. said Sunday that "Avengers: Infinity War" would gross an estimated $112.5 million from North American theaters over the weekend, becoming the second-highest-grossing film in weekend two behind "Star Wars: The Force Awakens" at $149.2 million, and just slightly ahead of "Black Panther" ($111.7 million). Globally, "Avengers: Infinity War" has now grossed more than $1.2 billion and become the first film ever to cross the $1 billion mark in 11 days of release, and it has yet to open in China.

"Overboard" came in a very distant second to "Avengers," but still made a notable splash for a film its size. MGM and **Lions Gate**'s Pantelion Films' gender-swapped remake of Garry Marshall's 1987 comedy scored the highest-grossing opening weekend for Pantelion Films with a better-than-expected $14.8 million from 1,623 theaters.

Estimated Box-Office Figures, Through Sunday

		SALES, IN MILLIONS		
FILM	DISTRIBUTOR	WEEKEND*	CUMULATIVE	% CHANGE
1. Avengers: Infinity War	Disney	$112.5	$450.8	-56
2. Overboard	Lions Gate	$14.8	$14.8	--
3. A Quiet Place	Paramount	$7.6	$159.9	-31
4. I Feel Pretty	STX Entertainment	$4.9	$37.8	-40
5. Rampage	Warner Bros.	$4.6	$84.8	-36

*Friday, Saturday and Sunday Source: comScore

MARKETS DIGEST

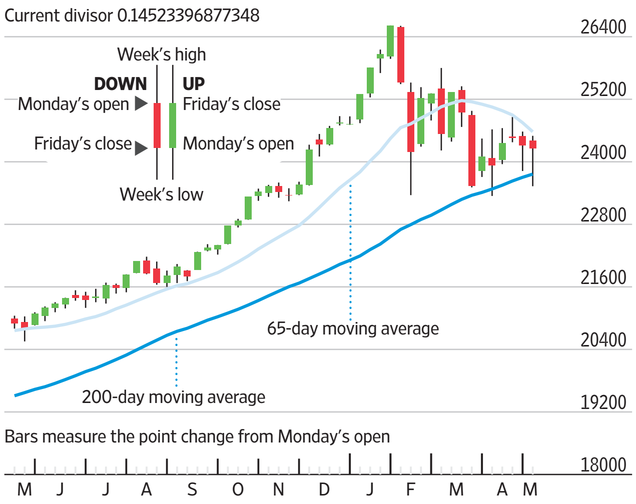
Dow Jones Industrial Average

24262.51 ▼48.68, or 0.20% last week

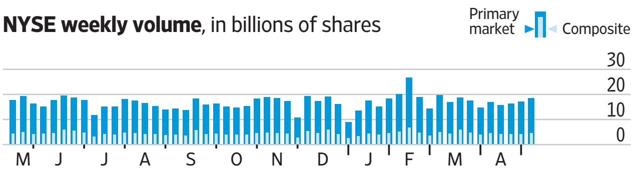
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	23.96	20.51
P/E estimate *	16.02	17.78
Dividend yield	2.19	2.32
All-time high	26616.71, 01/26/18	

Current divisor 0.14523396877348



NYSE weekly volume, in billions of shares



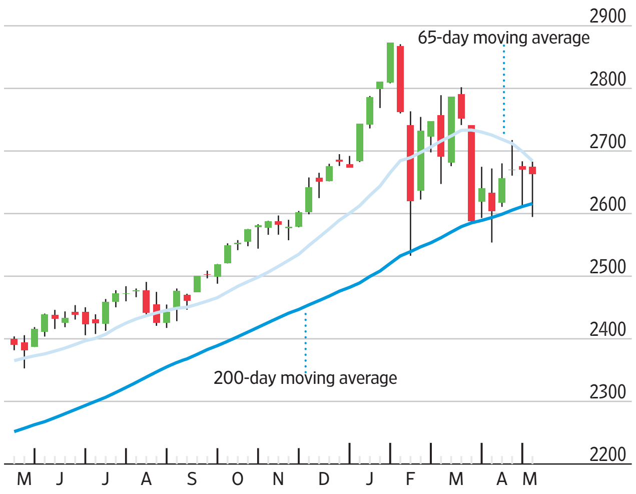
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2663.42 ▼6.49, or 0.24% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	23.49	23.76
P/E estimate *	16.82	18.44
Dividend yield	1.95	1.97
All-time high	2872.87, 01/26/18	



Financial Flashback

The Wall Street Journal, May 7, 1985

Mobil Corp. said it would take a $500 million charge against earnings as part of a plan to turn its Montgomery Ward & Co. retailing unit into an independent company.

Major U.S. Stock-Market Indexes

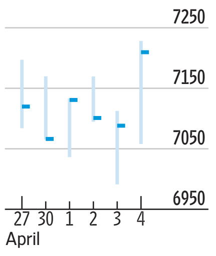
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	% chg YTD	3-yr. ann.
Dow Jones											
Industrial Average	24498.23	23531.31	24262.51	-48.68	-0.20	20606.93		26616.71	15.5	-1.8	10.3
Transportation Avg	10617.34	10080.84	10370.23	-179.17	-1.70	8783.74		11373.38	12.8	-2.3	5.8
Utility Average	711.85	693.44	704.38	-4.30	-0.61	647.90		774.47	0.2	-2.6	5.8
Total Stock Market	27808.35	26946.09	27645.16	-32.23	-0.12	24391.29		29630.47	11.2	-0.1	7.8
Barron's 400	718.21	698.25	714.45	-1.50	-0.21	624.99		757.37	11.4	0.5	7.5
Nasdaq Stock Market											
Nasdaq Composite	7228.26	6991.14	7209.62	89.82	1.26	6011.24		7588.32	18.2	4.4	12.8
Nasdaq 100	6783.36	6539.86	6769.12	112.76	1.69	5580.55		7131.12	19.9	5.8	14.7
S&P											
500 Index	2682.92	2594.62	2663.42	-6.49	-0.24	2357.03		2872.87	11.0	-0.4	8.0
MidCap 400	1905.17	1852.04	1897.45	5.22	0.28	1691.67		1995.23	9.1	-0.2	7.7
SmallCap 600	963.84	937.51	958.92	2.74	0.29	817.25		979.57	13.0	2.4	10.6
Other Indexes											
Russell 2000	1572.77	1527.71	1565.60	9.37	0.60	1355.89		1610.71	12.1	2.0	8.3
NYSE Composite	12641.93	12255.85	12493.35	-100.68	-0.80	11423.53		13637.02	7.6	-2.5	3.8
Value Line	556.07	540.64	551.97	-2.31	-0.42	503.24		589.69	5.3	-1.8	2.4
NYSE Arca Biotech	4573.13	4396.18	4483.12	-72.28	-1.59	3507.64		4939.86	22.8	6.2	4.7
NYSE Arca Pharma	532.44	511.21	518.57	-12.89	-2.42	514.66		593.12	0.1	-4.8	-3.9
KBW Bank	109.19	103.73	106.50	-1.84	-1.70	88.87		116.52	15.0	-0.2	12.4
PHLX§ Gold/Silver	83.32	80.19	82.40	-0.53	-0.64	76.42		93.26	2.6	-3.4	3.9
PHLX§ Oil Service	157.67	151.62	155.91	-0.65	-0.41	117.79		165.78	2.8	4.3	-11.0
PHLX§ Semiconductor	1297.81	1239.78	1296.73	38.62	3.07	1007.16		1445.9	28.3	3.5	22.6
CBOE Volatility	18.66	10.91	14.77	-0.64	-4.15	9.14		37.32	39.7	33.8	4.8

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

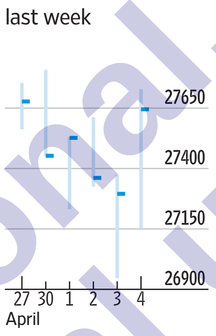
Nasdaq Composite

▲ 89.82, or 1.26% last week



DJ US TSM

▼ 32.23, or -0.12% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	Close	High	YTD % chg
World	The Global Dow	3044.54	-0.94	2722.96		3323.74	-1.4
	DJ Global Index	394.52	-0.37	352.67		425.41	-0.7
	DJ Global ex U.S.	263.74	-0.59	236.86		285.34	-1.1
Americas	DJ Americas	639.02	-0.25	567.12		687.75	-0.5
Brazil	Sao Paulo Bovespa	83118.03	-3.85	60761.74		87652.64	8.8
Canada	S&P/TSX Comp	15729.40	0.39	14951.88		16412.94	-3.0
Mexico	S&P/BMV IPC	46992.17	-2.68	45826.64		51713.38	-4.8
Chile	Santiago IPSA	4204.71	-1.47	3593.92		4442.56	-0.1
EMEA	Stoxx Europe 600	387.03	0.62	363.18		402.81	-0.6
	Stoxx Europe 50	3096.99	0.64	2894.75		3276.11	-2.5
Eurozone	Euro Stoxx	392.72	0.89	366.11		404.86	1.9
	Euro Stoxx 50	3550.59	0.90	3278.72		3697.40	1.3
Austria	ATX	3452.71	-0.71	3058.09		3688.78	1.0
Belgium	Bel-20	3894.60	-0.47	3793.62		4176.88	-2.1
France	CAC 40	5516.05	0.60	5031.92		5541.99	3.8
Germany	DAX	12819.60	1.90	11787.26		13559.60	-0.8
Greece	Athex Composite	823.89	-2.99	701.36		886.54	2.7
Israel	Tel Aviv	1468.91	0.14	1363.50		1554.30	-2.7
Italy	FTSE MIB	24335.02	1.70	20584		24335	11.4
Netherlands	AEX	555.70	0.14	507.15		570.82	2.0
Portugal	PSI 20	5487.79	-0.72	5073.89		5791.88	1.8
Russia	RTS Index	1146.61	-1.76	973.33		1324.62	-0.7
South Africa	FTSE/JSE All-Share	57648.87	0.34	50831.89		61684.77	-3.1
Spain	IBEX 35	10104.10	1.80	9381.0		11135.4	0.6
Sweden	OMX Stockholm	577.89	-0.26	545.83		600.20	1.6
Switzerland	Swiss Market	8903.83	0.69	8509.29		9611.61	-5.1
U.K.	FTSE 100	7567.14	0.87	6888.69		7778.64	-1.6
Asia-Pacific							
Australia	S&P/ASX 200	6062.90	1.84	5651.8		6135.8	-0.0
China	Shanghai Composite	3091.03	0.29	3052.79		3559.47	-6.5
Hong Kong	Hang Seng	29926.50	-1.17	24476.35		33154.12	0.0
India	S&P BSE Sensex	34915.38	-0.16	29858.80		36283.25	2.5
Japan	Nikkei Stock Avg	22472.78	0.02	19274.82		24124.15	-1.3
Malaysia	FTSE Bursa Malaysia KLCI	1841.83	-1.16	1713.13		1895.18	2.5
Singapore	Straits Times	3545.38	-0.89	3201.77		3615.28	4.2
South Korea	Kospi	2461.38	-1.24	2241.24		2598.19	-0.2
Taiwan	TAIEX	10529.37	-0.23	9899.94		11253.11	-1.1

Source: SIX Financial Information;WSJ Market Data Group

Commodities and Currencies

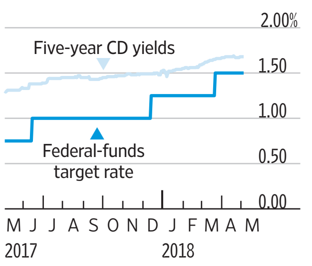
	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	654.17	3.92	0.60	4.61
TR/CC CRB Index	203.25	1.87	0.93	4.84
Crude oil, $ per barrel	69.72	1.62	2.38	15.39
Natural gas, $/MMBtu	2.711	-0.060	-2.17	-8.20
Gold, $ per troy oz.	1312.70	-7.60	-0.58	0.49
U.S. Dollar Index	92.57	1.03	1.12	0.49
WSJ Dollar Index	86.16	0.86	1.00	0.21
Euro, per dollar	0.8359	0.0116	1.40	0.33
Yen, per dollar	109.12	0.07	0.06	-3.18
U.K. pound, in dollars	1.35	-0.0252	-1.83	0.14

	52-Week Low	Close (●)	High	% Chg
DJ Commodity	532.01		658.32	18.71
TR/CC CRB Index	166.50		203.25	14.24
Crude oil, $ per barrel	42.53		69.72	50.84
Natural gas, $/MMBtu	2.55		3.63	-16.99
Gold, $ per troy oz.	1208.60		1362.40	7.18
U.S. Dollar Index	88.59		99.65	-6.09
WSJ Dollar Index	82.70		90.54	-3.96
Euro, per dollar	0.80		0.92	-8.06
Yen, per dollar	104.73		114.29	-3.19
U.K. pound, in dollars	1.26		1.43	4.24

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

Bankrate.com avg†:	1.68%
First Internet Bank of Indiana	**2.84%**
Indianapolis, IN	888-873-3424
BankPurely, a division of Flushing Bank	**2.87%**
Uniondale, NY	844-878-7359
iGObanking	**2.87%**
Uniondale, NY	888-432-5890
Popular Direct	**2.90%**
New York, NY	800-274-5696
M.Y. Safra Bank, FSB	**2.91%**
New York, NY	212-652-7200

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low	0 2 4 6 8	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	2.37	2.36	1.17		2.37	2.09
Money market, annual yield	0.41	0.40	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†	4.55	4.59	3.73		4.62	0.65
15-year mortgage, fixed†	4.01	4.03	2.99		4.07	0.89
Jumbo mortgages, $424,100-plus†	4.82	4.87	4.21		4.96	0.64
Five-year adj mortgage (ARM)†	4.58	4.56	3.22		4.70	1.30
New-car loan, 48-month	4.25	3.83	2.85		4.27	1.34

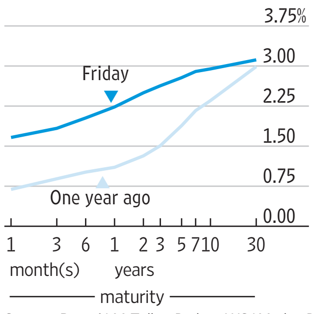
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Benchmark Yields and Rates

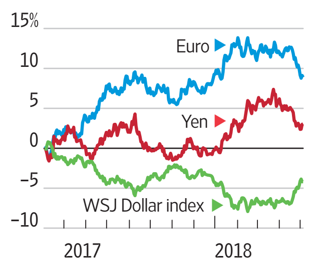
Treasury yield curve

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	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
10-yr Treasury, Ryan ALM	2.946	2.959				-2.86	-0.44
DJ Corporate	3.902	3.856				0.17	2.24
Aggregate, Barclays Capital	3.310	3.290	n.a.	34	44	-0.12	1.18
High Yield 100, Merrill Lynch	6.044	6.004	323	297	376	2.580	3.189
Fixed-Rate MBS, Barclays	3.440	3.440	n.a.	20	34	-0.10	1.04
Muni Master, Merrill	2.578	2.640	15	5	18	1.438	2.072
EMBI Global, J.P. Morgan	6.465	6.263	353	289	353	-0.750	3.928

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
5/8	4/13	Evelo Biosciences Develops immunotherapies for cancer.	EVLO Nq	5.3	15.00/ 17.00	MS, Cowen & Co, BMO Cptl Mkts
5/8	4/10	Origin Bancorp Bank holding company.	OBNK Nq	3.6	33.00/ 35.00	Stephens, Raymond James & Assoc, Stifel, Sandler O'Neill & Prtnrs
5/9	11/13 2017	AXA Equitable Holdings Inc Financial services provider.	EQH N	137.3	24.00/ 27.00	MS, JPM, Barclays, Citi, BofA ML, Credit Suisse, DB, GS, BNP Paribas, SG Corp/Invest., ING, Credit Agricole, HSBC, Natixis, RBC Cptl Mrkts
5/10	4/11	Abpro Develops antibody therapeutics.	ABP Nq	4.0	14.00/ 16.00	UBS, WFS, Nomura, Oppenheimer
5/10	4/9	Huya Inc Online broadcasting platform operator.	HUYA N	15.0	10.00/ 12.00	Credit Suisse, GS, UBS

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
May 7	Nov. 8, '17	Apellis Pharmaceuticals	APLS	14.00	163.7	76.1	180 days
	Nov. 8, '17	Sogou	SOGO	13.00	658.4	–34.6	180 days
May 8	Nov. 9, '17	Bandwidth	BAND	20.00	83.3	78.0	180 days
	Nov. 9, '17	PPDAI Group	PPDF	13.00	221.0	–49.8	180 days
May 13	Nov. 14, '17	SendGrid	SEND	16.00	150.9	64.8	180 days

Sources: Dealogic; WSJ Market Data Group

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close	Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
ASLAN Pharmaceuticals **ASLN** May 4/$7.03	5.61	–20.2	...	Unity Biotechnology **UBX** May 3/$17.00	16.75	–1.5	0.6
Carbon Black **CBLK** May 4/$19.00	23.94	26.0	...	PermRock Royalty Trust **PRT** May 2/$17.00	15.52	–8.7	0.1
Construction Ptnrs **ROAD** May 4/$12.00	12.10	0.8	...	Docusign **DOCU** April 27/$29.00	41.09	41.7	3.4
Spirit of Texas Bancshares **STXB** May 4/$21.00	21.85	4.0	...	Goosehead Insurance **GSHD** April 27/$10.00	15.35	53.5	–2.5
Inspire Med Sys **INSP** May 3/$16.00	24.47	52.9	–2.0	Smartsheet **SMAR** April 27/$15.00	18.88	25.9	–3.2

Sources: WSJ Market Data Group; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Expected	Issuer/Business	Symbol/ Primary exchange	Amount ($mil.)	Friday's price ($)	Bookrunner(s)
May 7	Evofem Biosciences Healthcare	EVFM Nq	35.7	8.19	RBC Cptl Mkts, Cantor Fitzgerald & Co
	Nemaura Medical Healthcare	NMRD Nq		3.19	Roth Cptl Ptnrs

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/ Registration date	Deal value ($ mil.)	Registration (mil.)	Bookrunner(s)
uniQure Healthcare	May 2 March 15,'17	$147.5	$250.0	Leerink Prtnrs, Evercore, WFS
Karyopharm Therapeutics Healthcare	May 2 Jan. 26,'18	$135.0	$250.0	JPM, Jefferies, Leerink Prtnrs
Medpace Holdings Healthcare	May 2 Sept. 1,'17	$107.3	$75.0	Jefferies
Sientra Healthcare	May 2 Jan. 8,'18	$100.0	$150.0	Stifel, Canaccord Genuity, W. Blair
Centene Healthcare	May 1 May 3,'17	$2,860.0	...	Barclays, Citi, WFS, Evercore, SunTrust
AzurRx BioPharma Healthcare	May 1 Nov. 1,'17	$10.4	$10.0	Oppenheimer
Cocrystal Pharma Healthcare	May 1 Sept. 26,'17	$8.0	$150.0	Euro Pacific Capital
First Industrial Realty Trust Real Estate/Property	April 30 March 14,'17	$147.1	$1,500.0	Citi

Public and Private Borrowing

Treasurys

Monday, May 7

Auction of 13 week bill; announced on May 3; settles on May 10

Auction of 26 week bill; announced on May 3; settles on May 10

Tuesday, May 8

Auction of 4 week bill; announced on May 7; settles on May 10

Auction of 3 year note; announced on May 2; settles on May 15

Wednesday, May 9

Auction of 10 year note; announced on May 2; settles on May 15

Thursday, May 10

Auction of 30 year bond; announced on May 2; settles on May 15

Public and Municipal Finance

Deals of $150 million or more expected this week

Sale	Final maturity	Issuer	Total ($mil.)	Rating Fitch	Moody's	S&P	Bookrunner/ Bond Counsel(s)
May 7	Nov. 1, 2024	Dallas & Fort Worth Cities-Texas	302.4	N.R.	N.R.	N.R.	BoA Merrill/ Bracewell LLP
May 8	June 15, 2038	San Francisco City/Co-California	239.8	N.R.	N.R.	N.R.	Preliminary/ Kutak Rock/ Curls Bartling PC
May 9	May 1, 2033	Maryland Dept of Transportation	150.0	N.R.	N.R.	N.R.	Preliminary/ Miles & Stockbridge
May 10	prelim.	Oyster Bay Town-New York	152.7	N.R.	N.R.	N.R.	Preliminary/ Norton Rose Fulbright
May 11	Aug. 15, 2044	Bexar (Northside) ISD	201.8	N.R.	N.R.	N.R.	Citi/ Norton Rose Fulbright
May 11	prelim.	Greeneville H & E Facs Board	520.4	N.R.	N.R.	N.R.	BoA Merrill/—
May 11	prelim.	Massa-chusetts	347.4	N.R.	N.R.	N.R.	Goldman & Co/—
May 11	prelim.	NYS Dorm Authority	590.2	N.R.	N.R.	N.R.	Raymond James/—
May 11	prelim.	Regional Transportation Auth	150.0	N.R.	N.R.	N.R.	Loop Capital Markets/—
May 11	prelim.	Southeast Alabama Gas Dt	725.0	N.R.	N.R.	N.R.	Goldman & Co/—
May 11	June 1, 2031	Tennessee Hsg Dev Agcy (THDA)	160.0	N.R.	N.R.	N.R.	RBC Cptl Mkt/ Kutak Rock

Source:Thomson Reuters/Ipreo

CLOSED-END FUNDS

wsj.com/funds

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies fund not in existence of entire period. 12 month yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, May 4, 2018

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Divers Equity Fd **ADX**	17.54	14.99	-14.5	15.7
Boulder Growth & Income **BIF**	NA	10.80	NA	18.5
Central Securities **CET**	32.89	27.03	-17.8	13.6
CohSteer Opprtnty Fd **FOF**	13.45	12.58	-6.5	4.6
Cornerstone Strategic **CLM**	12.74	15.83	+24.3	16.7
Cornerstone TR Fd **CRF**	12.38	15.80	+27.6	16.5
EtnVnc TaxAdvDiv **EVT**	22.79	22.21	-2.5	9.4
Gabelli Dividend & Incm **GDV**	23.80	21.97	-7.7	8.3
Gabelli Equity Trust **GAB**	6.22	6.10	-1.9	10.5
Genl American Investors **GAM**	40.04	33.74	-15.7	9.1
Guggenheim Enh Fd **GPM**	8.55	8.37	-2.1	13.0
HnckJohn TxAdv **HTD**	24.31	22.60	-7.0	-3.7
Liberty All-Star Equity **USA**	6.65	6.20	-6.8	24.0
Royce Micro-Cap **RMT**	10.63	9.67	-9.0	18.9
Royce Value Trust **RVT**	17.21	15.95	-7.3	15.9
Source Capital **SOR**	44.20	39.78	-10.0	6.7
Tri-Continental **TY**	29.80	26.64	-10.6	16.7
Specialized Equity Funds				
Adams Natural Rscs Fd **PEO**	23.39	19.61	-16.2	8.8
AllnzGI NFJ Div Interest **NFJ**	14.44	12.73	-11.8	5.0
AlpnGlblPrProp **AWP**	7.07	6.43	-9.1	18.8
BlkRk Enh Cap Inco **CII**	16.64	15.93	-4.3	14.1
BlkRk Engy Res Tr **BGR**	15.72	14.63	-6.9	15.0
BlackRock Enh Eq Div Tr **BDJ**	9.52	8.96	-5.9	9.3
BlackRock Enh Gl Div Tr **BOE**	12.03	11.30	-6.1	2.8
BlkRk Intl Grwth&Inco **BGY**	6.52	6.01	-7.8	5.3
BlkRk Health Sci **BME**	35.06	34.89	-0.5	5.4
BlackRck Rscs Comm Str Tr **BCX**	10.26	9.58	-6.7	23.5
BlackRock Science & Tech **BST**	29.70	31.50	+6.1	51.6
BlackRock Utilities Infr **BUI**	20.56	20.02	-2.6	4.0
CBREClarionGlblRlEstIncm **IGR**	8.47	7.41	-12.5	5.3
Sprott Physical Gold **CEF**	NA	13.27	NA	9.0
ClearBridge Amer Engy **CBA**	NA	7.25	NA	-15.7
ClearBridge Engy MLP Fd **CEM**	NA	13.74	NA	-8.7
Clearbridge Engy MLP Opp **EMO**	NA	11.00	NA	-7.2
Clearbridge Engy MLP TR **CTR**	NA	10.69	NA	-11.9
Cohen & Steers Infr Fd **UTF**	24.26	22.17	-8.6	4.8
C&S MLP Incm & Engy Opp **MIE**	10.23	9.82	-4.0	-3.8
Cohen & Steers Qual Inc **RQI**	12.28	11.49	-6.4	-2.6
CohnStrsPfdInco **RNP**	21.11	18.51	-12.3	-0.4
Cohen & Steers TR **RFI**	12.38	12.28	-0.8	5.6
CLSeligmn Prem Tech Gr Fd **STK**	21.18	21.86	+3.2	7.7
Duff & Phelps **DNP**	9.08	10.98	+20.9	8.6
Duff&PhelpsGblUtilIncFd **DPG**	16.26	14.30	-12.1	-6.3
Eaton Vance Eqty Inco Fd **EOI**	14.87	15.19	+2.2	21.7
Eaton Vance Eqty Inco II **EOS**	16.24	16.59	+2.2	24.0
EtnVncRskMngd **ETJ**	9.66	9.21	-4.7	9.5
Etn Vnc Tax Mgd Buy-Write **ETB**	15.60	15.80	+1.3	3.5
Eaton Vance BuyWrite Opp **ETV**	14.72	14.95	+1.6	5.2
Eaton Vance Tax-Mng Div **ETY**	12.04	12.10	+0.5	17.1
Eaton Vance Tax-Mngd Opp **ETW**	11.25	11.60	+3.1	12.3
EtnVncTxMngGlDvEqInc **EXG**	9.23	9.24	+0.1	13.9
Fiduciary/Clymr Opp Fd **FMO**	11.71	11.60	-0.9	-12.9
FT Energy Inc & Growth Fd **FEN**	21.75	22.46	+3.3	-8.0
FstTrEnhEqtIncFd **FFA**	16.07	14.98	-6.8	9.4
First Tr Engy Infr Fd **FIF**	16.39	15.79	-3.7	-8.6
First Tr MLP & Engy Incm **FEI**	12.64	12.56	-0.6	-12.6
Gabelli Hlthcr & Well **GRX**	11.26	9.51	-15.5	-3.1
Gabelli Utility Tr **GUT**	5.02	6.01	+19.7	-0.1
GAMCOGlblGoldNatRscs&Inc **GGN**	5.20	5.07	-2.5	5.5
Goldman Sachs MLP Inc Opp **GMZ**	8.96	8.71	-2.8	-7.2
Goldman Sachs MLP Energy **GER**	6.11	6.11	-0.1	-14.3
John Hancock Finl Opps Fd **BTO**	38.05	39.04	+2.6	15.6
Macquarie Glbl Infrstrctr **MGU**	26.25	22.83	-13.0	2.4
Neuberger Berman MLP Incm **NML**	9.10	8.61	-5.4	-4.9
Neubrgr Brm Rl Est Sec Fd **NRO**	5.04	4.82	-4.4	1.9
Nuveen Dow 30 Dynamic **DIAX**	18.36	18.75	+2.1	24.1
Nuveen Core Eq Alpha **JCE**	14.78	14.53	-1.7	19.9
Nuveen Diversified Div **JDD**	12.04	12.19	+1.3	11.7
Nuveen Engy MLP Fd **JMF**	10.58	10.29	-2.7	-12.5
Nuv NASDAQ 100 Dyn Over **QQQX**	23.12	25.83	+11.7	28.9
Nuveen Real Est Incm Fd **JRS**	10.25	9.83	-4.1	-4.4
Nuveen Real Asset Income **JRI**	18.59	16.47	-11.4	1.9
Nuv S&P 500 Dyn Overwrite **SPXX**	NA	18.51	NA	28.4
Nuveen S&P 500 Buy-Write **BXMX**	13.81	14.07	+1.9	8.1
Reaves Utility Fund **UTG**	30.77	28.32	-8.0	-12.4
Tekla Hlthcr Investors **HQH**	22.54	20.72	-8.1	-10.0
Tekla Healthcare Opps Fd **THQ**	18.19	16.39	-9.9	1.2
Tekla Life Sciences **HQL**	19.10	18.29	-4.2	-2.0
Tekla World Hlthcr Fd **THW**	13.84	12.79	-7.6	-2.7
Tortoise Energy **TYG**	25.45	28.04	+10.2	-8.3
Tortoise MLP Fund **NTG**	16.25	17.86	+9.9	-2.2
Voya Gl Equity Div **IGD**	7.76	7.23	-6.8	7.3
Income & Preferred Stock Funds				
Calamos Strat Fd **CSQ**	12.74	11.95	-6.2	11.2
Cohen & Steers Dur Pfd **LDP**	26.21	25.90	-1.2	7.0
Cohen & Strs Sel Prf Inco **PSF**	26.48	25.78	-2.6	0.5
FT Interm Duration Pfd **FPF**	23.80	22.12	-7.1	0.3
Flaherty & Crumrine Dyn **DFP**	24.96	23.70	-5.0	1.0
Flaherty & Crumrine Pfd **FFC**	19.51	18.83	-3.5	-4.3
John Hancock Pfd Income **HPI**	20.82	20.73	-0.4	1.3
John Hancock Pfd II **HPF**	20.53	20.17	-1.8	0.6
John Hancock Pfd Inc III **HPS**	18.34	17.95	-2.1	2.4
JHancock Pr Div **PDT**	14.62	15.43	+5.5	4.0
LMP Cap & Inco Fd **SCD**	14.09	12.79	-9.2	-1.9
Nuveen Pfd & Incm Opps Fd **JPC**	10.27	9.93	-3.3	5.1
Nuveen Pfd & Incm Secs Fd **JPS**	9.90	9.43	-4.7	2.4
Nuveen Preferred & Incm **JPI**	24.76	24.03	-2.9	3.7
Nuv Tax-Adv Div Gr **JTD**	17.30	16.71	-3.4	14.9
TCW Strategic Income Fund **TSI**	NA	5.40	NA	5.2
Virtus Global Dividend **ZTR**	11.14	11.05	-0.8	-0.1
Convertible Sec's. Funds				
AdvntClymrFd **AVK**	16.91	15.24	-9.9	2.2
AllianzGI Conv & Incm **NCV**	6.29	6.85	+8.9	9.6
AllianzGI Conv & Incm II **NCZ**	5.65	5.99	+6.0	8.8
AllianzGI Equity & Conv **NIE**	23.38	21.21	-9.3	15.2
Calamos Conv Hi Inco Fd **CHY**	11.63	12.19	+4.8	15.6
Calamos **CHI**	11.04	11.46	+3.8	13.6
World Equity Funds				
Alpine Tot Dyn Div **AOD**	10.07	9.03	-10.3	13.0
Calamos Glbl Dyn Inc **CHW**	9.02	9.30	+3.1	24.8
Cdn Genl Inv **CGI**	34.20	23.50	-31.3	14.3
China Fund **CHN**	23.73	21.23	-10.6	24.7
Clough Global Opp Fd **GLO**	11.86	10.82	-8.8	13.6
EtnVncTxAdvGblDiv **ETG**	18.16	16.84	-7.3	6.4
EatonVance TxAdv Opport **ETO**	24.24	25.66	+5.9	16.5
First Trust Dynamic Eur **FDEU**	18.82	17.50	-7.0	3.4
Gabelli Glbl Multimedia **GGT**	8.81	9.33	+5.9	21.0
GDL Fund **GDL**	11.17	9.35	-16.3	-1.4
India Fund **IFN**	28.64	25.01	-12.7	9.4
Japan Sml Cap **JOF**	13.99	12.42	-11.2	29.7
Korea Fund **KF**	46.08	41.51	-9.9	16.5
Mexico Fund **MXF**	17.87	15.62	-12.6	-2.6
Morgan-Stanley Asia-Pac **APF**	20.60	17.71	-14.0	12.9
MS China a Shr Fd **CAF**	29.14	24.70	-15.2	32.2
MS Emerging Fund **MSF**	19.84	17.40	-12.3	12.2
MS India Invest **IIF**	34.19	30.73	-10.1	7.5
New Germany Fund **GF**	21.81	19.52	-10.5	25.2
Swiss Helvetia Fund **SWZ**	13.47	12.28	-8.8	2.0
Templeton Dragon **TDF**	25.14	21.67	-13.8	25.0
Templeton Emerging **EMF**	17.65	15.61	-11.6	15.7
Virtus Total Return Fund **ZF**	11.35	11.07	-2.5	5.8
Voya Infr Indls & Matls **IDE**	15.97	15.29	-4.3	10.2
Wells Fargo Gl Div Opp **EOD**	NA	5.81	NA	7.5

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlackRock Income Trust **BKT**	6.37	5.76	-9.6	5.5
Nuveen Mtg Opp Term Fd **JLS**	24.28	23.48	-3.3	8.0
Investment Grade Bond Funds				
Blackrock Core Bond Tr **BHK**	14.09	12.89	-8.5	6.0
BlkRk Credit Alloc Incm **BTZ**	14.15	12.46	-11.9	6.5
John Hancock Income Secs **JHS**	14.65	13.63	-7.0	5.7
MFS Inc Tr **MIN**	4.19	3.87	-7.6	9.7
Western Asset Infl Incm **WIA**	12.94	11.45	-11.5	3.6
Western Asset Infl Opps **WIW**	12.62	11.33	-10.2	3.8
Loan Participation Funds				
Apollo Sr Fltg Rate Fd **AFT**	17.81	16.75	-6.0	6.5
BlkRk Debt Strat Fd **DSU**	12.58	11.37	-9.6	7.1
BlackRock FR Incm Strat **FRA**	14.96	14.49	-3.1	5.0
Blkrk FltRt InTr **BGT**	14.43	13.76	-4.6	5.0
BlackstoneGSO Strat Cred **BGB**	16.96	15.92	-6.1	7.8
Blackstone GSO Sr Float **BSL**	17.77	17.81	+0.2	6.6
Eagle Point Credit **ECC**	NA	18.45	NA	11.8
Eaton Vance FR Incm Tr **EFT**	NA	15.06	NA	5.4
EatonVnc SrFltRate **EFR**	NA	14.75	NA	5.8
Eaton Vance Sr Incm Tr **EVF**	NA	6.66	NA	5.4
First Trust Sr FR Fd II **FCT**	14.06	13.15	-6.5	5.7
FT Sr Floating Rate 2022 **FIV**	9.65	9.47	-1.9	5.3
Highland FR Opps Fd **HFRO**	15.19	NA	NA	NA
Invesco Credit Opps Fund **VTA**	13.16	11.78	-10.5	6.8
Invesco Senior Income Tr **VVR**	4.90	4.45	-9.2	5.5
Nuveen Credit Strt Inc Fd **JQC**	9.06	8.12	-10.4	7.1
NuvFloatRteInco Fd **JFR**	11.50	10.85	-5.7	7.3
Nuv Float Rte Opp Fd **JRO**	11.42	10.78	-5.6	7.6
Nuveen Senior Income Fund **NSL**	6.85	6.63	-3.2	7.1
Pioneer Floating Rate Tr **PHD**	12.41	11.57	-6.8	6.2
Voya Prime Rate Trust **PPR**	5.68	5.18	-8.8	5.4
High Yield Bond Funds				
AllianceBernstein Glbl **AWF**	NA	11.72	NA	7.1
Barings Glbl Short Dur HY **BGH**	20.49	18.70	-8.8	9.6
BlackRock Corp Hi Yd Fd **HYT**	11.89	10.61	-10.8	7.9
BlackRockDurInco Tr **BLW**	16.74	14.98	-10.5	6.4
Brookfield Real Assets **RA**	24.35	22.26	-8.6	10.7
Credit Suisse High Yld **DHY**	2.70	2.63	-2.6	9.8
DoubleLine Incm Solutions **DSL**	NA	20.39	NA	8.9
Dreyfus Hi Yd Strat Fd **DHF**	3.43	3.18	-7.3	9.1
Fst Tr Hi Inc Lg/Shrt Fd **FSD**	17.10	15.05	-12.0	9.7
Guggenheim Strat Opps Fd **GOF**	19.14	21.03	+9.9	10.4
Ivy High Income Opps Fund **IVH**	15.93	14.27	-10.4	9.6
Neuberger Berman HYS **NHS**	12.78	11.02	-13.8	7.8
NexPoint Strat Opps Fund **NHF**	26.42	24.23	-8.3	10.0
Nuveen Credit Opps 2022 **JCO**	9.84	9.52	-3.3	5.9
Nuveen Gl Hi Incm Fd **JGH**	17.97	16.04	-10.7	8.9
Nuveen High Incm Dec18 **JHA**	9.98	9.84	-1.4	4.3
Nuveen High Incm Dec19 **JHD**	10.06	9.83	-2.3	5.4
Nuveen Hi Incm Nov 2021 **JHB**	9.98	9.59	-3.9	6.2
Pioneer High Income Trust **PHT**	10.53	9.46	-10.2	8.2
Prud Gl Shrt Dur Hi Yd **GHY**	16.17	13.81	-14.6	7.7
Prudentl Sh Dur Hi Yd Fd **ISD**	16.33	14.11	-13.6	7.8
Wells Fargo Incm Opps Fd **EAD**	9.00	8.09	-10.1	8.4
Wstrn Asset Glbl Hi Inco **EHI**	NA	9.47	NA	8.3
Wstrn Asset High Inco II **HIX**	NA	6.58	NA	8.8
Wstrn Asset Opp Fd **HIO**	5.43	4.85	-10.7	7.0
West Asst HY Def Opp Fd **HYI**	NA	14.81	NA	7.6
Other Domestic Taxable Bond Funds				
Ares Dynamic Credit Alloc **ARDC**	NA	16.35	NA	7.0
Barings Corp Investors **MCI**	NA	15.16	NA	5.9
BlackRock Multi-Sector IT **BIT**	18.91	16.93	-10.5	9.0
BlackRock Taxable Mun Bd **BBN**	23.07	21.93	-4.9	7.1
Doubleline Oppor Credit **DBL**	NA	21.06	NA	9.5
Duff & Phelps Utl & Cp Bd **DUC**	9.26	8.47	-8.5	6.3
EtnVncLtdFd **EVV**	NA	12.96	NA	7.4
Franklin Ltd Duration IT **FTF**	11.80	11.03	-6.5	12.3
Guggenheim Taxable Muni **GBAB**	22.60	21.55	-4.6	7.0
Invesco High Incm 2023 **IHIT**	10.03	9.94	-0.9	6.0
KKR Income Opps Fund **KIO**	NA	15.99	NA	9.7
MFS Charter **MCR**	8.85	8.04	-9.2	9.2
MFS Multimkt **MMT**	6.30	5.68	-9.8	9.2
Nuveen Build Am Bd Fd **NBB**	21.61	20.36	-5.8	6.0
PIMCO Corporate & Incm **PTY**	NA	18.07	NA	8.9
PIMCO Corporate & Incm **PCN**	NA	17.40	NA	7.9
PIMCO HiIncо **PHK**	NA	8.19	NA	12.3
PIMCO Inco Str Fd **PFL**	NA	12.04	NA	9.0
PIMCO Incm Strategy Fd II **PFN**	NA	10.61	NA	9.1
Putnam Mas Inco **PIM**	5.07	4.78	-5.7	6.5
Putnam Premier Income Tr **PPT**	5.65	5.40	-4.4	5.8
Wells Fargo Multi-Sector **ERC**	13.92	12.93	-7.1	9.9
World Income Funds				
Aberdeen Asia-Pacific **FAX**	5.12	4.48	-12.5	9.1
Brandywine Global Incm **BWG**	NA	12.43	NA	8.0
Etn Vnc Short Dur Fd **EVG**	15.03	13.32	-11.4	6.7
MS EmMktDomDebt **EDD**	8.66	7.41	-14.4	8.1
PIMCO Dynamic Credit **PCI**	NA	23.12	NA	8.6
PIMCO Dynamic Income Fund **PDI**	NA	31.04	NA	8.6
PIMCO Income Opportunity **PKO**	NA	27.47	NA	8.4
PIMCO Strat Income Fund **RCS**	NA	9.54	NA	9.2
Templeton Emerging **TEI**	12.09	11.14	-7.9	9.0
Templeton Global **GIM**	7.28	6.41	-12.0	4.4
Wstrn Asset Emerg Mkts **EMD**	NA	13.94	NA	8.4
Wstrn Asset Gl Def Opp Fd **GDO**	NA	16.60	NA	8.1
National Muni Bond Funds				
AllianceBrnstn NtlMun **AFB**	14.27	12.46	-12.7	4.8
Blackrock Invest **BKN**	15.42	13.69	-11.2	5.3
BlackRock Mun 2030 Target **BTT**	23.58	21.14	-10.3	4.1
BlackRock Municipal Trust **BFK**	14.06	12.79	-9.0	6.0
BlackRockMuni **BLE**	14.61	13.71	-6.2	6.0
BlackRockMuni Tr **BYM**	14.73	13.09	-11.1	5.5
BlkRk MuniAssets Fd **MUA**	14.07	13.22	-6.0	5.1
BlkRk Munienhanced **MEN**	11.57	10.54	-8.9	6.1
BlkRk MuniHldgs Inv **MFL**	14.18	12.79	-9.8	6.4
BlkRk MuniHldgs Qlty II **MUE**	13.57	12.15	-10.5	6.1
BlkRk MuniVest **MVF**	9.40	8.66	-7.9	6.2
BlkRk MuniVest II **MVT**	14.83	14.07	-5.1	6.1
BlkRk MuniYield **MYD**	14.46	13.15	-9.1	6.2
BlkRk MuniYld Quality **MQY**	15.36	13.90	-9.5	5.9
BlkRk MuniYld Qlty II **MQT**	13.50	11.98	-11.3	5.7
BlRkMunyldQltyIII **MYI**	13.98	12.51	-10.5	6.2
Deutsche Mun Income Tr **KTF**	12.15	11.12	-8.5	6.2
Dreyfus Mun Bd Infr Fd **DMB**	13.97	12.58	-9.9	5.1
Dreyfus Strat Muni Bond **DSM**	8.17	7.54	-7.7	6.3
Dreyfus Strategic Munis **LEO**	8.39	7.63	-9.1	6.4
Eaton Vance Mun Bd Fd **EIM**	13.21	11.75	-11.1	5.2
Eaton Vance Mun Income **EVN**	12.96	11.79	-9.0	5.5
EV National Municipal Opp **EOT**	21.26	20.39	-4.1	5.0
Invesco Adv Mun Incm II **VKI**	11.75	10.59	-9.9	6.1
Invesco Mun Incm Opps Tr **OIA**	7.44	7.45	+0.1	5.5
Invesco Mun Opportunity **VMO**	13.12	11.70	-10.8	5.9
Invesco Municipal Trust **VKQ**	13.10	11.91	-9.1	6.0
Invesco Qlty Mun Inco **IQI**	13.21	11.88	-10.1	5.6
Invesco Inv Grade Muni **VGM**	13.56	12.30	-9.3	6.2
Invesco Value Mun Incm Tr **IIM**	15.78	14.32	-9.3	5.2
MainStay Mac Defined Muni **MMD**	19.99	18.96	-5.2	5.7
MFS Munl Inco **MFM**	7.25	6.53	-9.9	5.8
Nuveen AMT-Free Mun Value **NUW**	16.38	15.71	-4.1	4.5
Nuveen AMT-Free Quality **NEA**	14.65	12.94	-11.7	5.5
Nuveen AMT-Free Mun **NVG**	16.02	14.89	-7.1	5.9
Nuveen Mun Credit Incm Fd **NZF**	15.58	14.33	-8.0	6.1
Nuveen Enhncd Mun Val Fd **NEV**	14.59	13.37	-8.4	6.0
Nuveen Intermed Dur Mun **NID**	13.54	12.53	-7.5	4.9
NuveenMunilncoOpp Fd **NMZ**	13.21	12.43	-5.9	6.2
Nuveen Muni Value Fund **NUV**	10.06	9.49	-5.7	4.0
Nuveen Qual Mun Incm Fd **NAD**	14.95	13.20	-11.7	5.5
Nuveen Sel TF **NXQ**	14.51	13.54	-6.7	3.7
PIMCO MuniFd **PMF**	NA	13.01	NA	5.6
Pimco Muni Inc II **PML**	NA	12.82	NA	6.1
PIMCO Muni Inc III **PMX**	NA	11.38	NA	5.8
Pioneer Mun Hi Inc Adv Tr **MAV**	11.60	10.83	-6.6	5.7
Pioneer Mun Hi Incm Tr **MHI**	12.56	11.35	-9.6	5.4
Putnam Tr **PMM**	7.82	7.05	-9.8	5.5
Putnam Muni Opportunities **PMO**	13.00	11.64	-10.5	5.4
Wstrn Asset Mngd Muni **MMU**	NA	12.89	NA	5.8
Western Asset Mun Tr Fund **MTT**	20.74	21.96	+5.9	4.5
Single State Muni Bond				
BlackRock CA Municipal Tr **BFZ**	14.81	12.93	-12.7	5.3
BlkRk MuniHldgs CA Qlty **MUC**	15.01	13.15	-12.4	5.3
BlkRk MunHI NJ Qlty **MUJ**	15.21	13.28	-12.7	5.8
BlRk MuHldg NY Qlty **MHN**	14.33	12.45	-13.1	5.3
BlkRk MuniYld CA Fd **MYC**	15.08	13.36	-11.4	5.4
BlkRk MuniYld CA Quality **MCA**	15.24	13.30	-12.7	5.4
BlkRk MuniYld MI Qlty **MIY**	15.04	13.13	-12.7	5.6
BlRk Muyld NY Qlty **MYN**	13.73	11.90	-13.3	5.1
Eaton Vance CA Mun Bd **EVM**	11.93	10.29	-13.7	5.4
Invesco CA Value Mun Incm **VCV**	12.99	11.66	-10.2	5.4
Invesco PA Value Mun Incm **VPV**	13.62	11.77	-13.6	5.4
Invesco Inv Grade NY Muni **VTN**	14.09	12.77	-9.4	5.4
Nuveen CA AMT-Free Qual **NKX**	15.30	13.45	-12.1	5.6
Nuveen CA Muni Value **NCA**	10.23	9.40	-8.1	4.1
Nuveen CA Quality Muni **NAC**	15.20	13.36	-12.1	5.6
Nuveen MD Qual Muni **NMY**	14.20	12.14	-14.5	4.9
Nuveen MI Qual Muni **NUM**	14.94	12.62	-15.5	4.8
Nuveen NJ Qual Muni **NXJ**	15.40	13.11	-14.9	5.3
Nuveen NY AMT-Free **NRK**	14.02	12.05	-14.1	4.9
Nuveen NY Qual Muni **NAN**	14.60	12.56	-14.0	5.3
Nuveen OH Qual Muni **NUO**	16.12	13.66	-15.3	5.0
Nuveen PA Qual Muni **NQP**	14.81	12.54	-15.3	5.4
Nuveen VA Qual Muni **NPV**	14.10	12.22	-13.3	4.5
PIMCO California Muni **PCQ**	NA	15.13	NA	6.2
PIMCO California Mun II **PCK**	NA	8.18	NA	6.3

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Specialized Equity Funds				
NexPointRlEstStrat;A	20.17	NA	NA	4.9
NexPointRlEstStrat;C	20.24	NA	NA	4.7
NexPointRlEstStrat;Z	20.25	NA	NA	5.8
NorthStar RE Cap Inc:Adv	NA	NA	NA	NS
PREDEX;T	26.10	NA	NA	NS
PREDEX;W	26.10	NA	NA	NS
Resource RE Div Inc:A	10.06	NA	NA	4.6
Resource RE Div Inc:C	10.05	NA	NA	3.9
Resource RE Div Inc:D	10.21	NA	NA	4.1
Resource RE Div Inc:I	10.49	NA	NA	5.1
Resource RE Div Inc:L	10.06	NA	NA	NS
Resource RE Div Inc:T	10.03	NA	NA	3.8
Resource RE Div Inc:U	10.07	NA	NA	4.7
Resource RE Div Inc:W	10.21	NA	NA	4.7
SharesPost 100;A	28.00	NA	NA	10.0
SharesPost 100:I	28.03	NA	NA	NS
Tot Inc+ RE:L	NA	NA	NA	NS
USQ Core Real Estate:I **USQIX**	25.30	NA	NA	NS
USQ Core Real Estate:IS **USQSX**	25.30	NA	NA	NS
Versus Cap MMgr RE Inc:I	27.58	NA	NA	NE
Versus Capital Real Asst **VCRRX**	25.28	NA	NA	NS
Wildermuth Endwmnt Str	13.23	NA	NA	10.9
Wildermuth Endwmnt S:C	13.00	NA	NA	10.0
Wildermuth Endwmnt S:I	13.30	NA	NA	11.5
Income & Preferred Stock Funds				
MultiStrat Gro & Inc:A	14.45	NA	NA	-1.5
MultiStrat Gro & Inc:C	14.09	NA	NA	-2.2
MultiStrat Gro & Inc:I	14.65	NA	NA	-1.2
MultiStrat Gro & Inc:L	14.21	NA	NA	-1.9
The Relative Value:CIA **VFLEX**	24.81	NA	NA	NS
Convertible Sec's. Funds				
Calamos Dyn Conv & Incm **CCD**	20.76	20.40	-1.7	11.7
World Equity Funds				
BMO LGM Front ME	11.54	NA	NA	18.6

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
Calamos Global Tot Ret Fd **CGO**	13.17	13.98	+6.2	13.4
U.S. Mortgage Bond Funds				
Vertical Capital Inc:A	12.16	NA	NA	3.2
Vertical Capital Inc:C	12.23	NA	NA	NS
Vertical Capital Inc:I	12.28	NA	NA	NS
Vertical Capital Inc:L	12.28	NA	NA	NS
Loan Participation Funds				
504 Fund	9.63	NA	NA	4.0
Angel Oak Strategic Crdt **ASCIX**	25.19	NA	NA	NS
Blackstone/GSO FR EI I	25.05	NA	NA	NS
FedProj&TrFinanceTendr	10.04	NA	NA	3.1
FS Global Crdt Opptys D	NA	NA	NA	5.3
Invesco Sr Loan A	6.71	NA	NA	3.9
Invesco Sr Loan C	6.72	NA	NA	3.2
Invesco Sr Loan IB	6.71	NA	NA	4.2
Invesco Sr Loan IC	6.71	NA	NA	4.0
Invesco Sr Loan Y	6.71	NA	NA	4.2
RiverNorth MP Lending **RMPLX**	NA	NA	NA	9.2
Sierra Total Return:T **SRNTX**	24.94	NA	NA	NS
Voya Senior Income:A	12.57	NA	NA	4.9
Voya Senior Income:C	12.54	NA	NA	4.5
Voya Senior Income:I	12.53	NA	NA	5.2
Voya Senior Income:W	12.58	NA	NA	5.2
High Yield Bond Funds				
Griffin Inst Access Cd:A	NA	NA	NA	4.9
Griffin Inst Access Cd:C	NA	NA	NA	4.9
Griffin Inst Access Cd:F	NA	NA	NA	NS
Griffin Inst Access Cd:I	NA	NA	NA	4.9
Griffin Inst Access Cd:L	NA	NA	NA	NS
PIMCO Flexible Cr I;Inst	NA	NA	NA	6.7
PionrILSInterval	9.61	NA	NA	1.4
WA Middle Mkt Dbt	NA	NA	NA	10.3
WA Middle Mkt Inc **WMF**	NA	NA	NA	10.3
Other Domestic Taxable Bond Funds				
BlackRock Mlt-Sctr Oppty	99.17	NA	NA	NS
Capstone Church Capital	11.65	NA	NA	3.4
CION Ares Dvsfd Crdt;A	NA	NA	NA	5.4
CION Ares Dvsfd Crdt;C	NA	NA	NA	NS
CION Ares Dvsfd Crdt;I	NA	NA	NA	NS
CION Ares Dvsfd Crdt;L	NA	NA	NA	NS
CNR Select Strategies	9.65	NA	NA	NS
GL Beyond Income	2.69	NA	NA	NE
Palmer Square Opp Income	19.48	NA	NA	4.6
Resource Credit Inc:A	11.07	NA	NA	6.4
Resource Credit Inc:C	11.18	NA	NA	5.6
Resource Credit Inc:I	11.10	NA	NA	6.6
Resource Credit Inc:L	11.06	NA	NA	NS
Resource Credit Inc:W	11.06	NA	NA	6.4

Cash Prices | WSJ.com/commodities

Friday, May 04, 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.

	Friday
Energy	
Propane,tet,Mont Belvieu-g	0.8757
Butane,normal,Mont Belvieu-g	1.0127
NaturalGas,HenryHub-i	2.690
NaturalGas,TranscoZone3-i	2.640
NaturalGas,TranscoZone6NY-i	2.030
NaturalGas,PanhandleEast-i	1.910
NaturalGas,Opal-i	1.760
NaturalGas,MarcellusNE PA-i	1.600
NaturalGas,HaynesvilleN.LA-i	2.540
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	1312.88
Engelhard fabricated	1411.35
Handy & Harman base	1309.40
Handy & Harman fabricated	1453.43
LBMA Gold Price AM	*1313.30
LBMA Gold Price PM	*1315.05
Krugerrand,wholesale-e	1366.77
Maple Leaf-e	1379.91
American Eagle-e	1379.91
Mexican peso-e	1592.53
Austria crown-e	1291.18
Austria phil-e	1379.91
Silver, troy oz.	
Engelhard industrial	16.4500
Engelhard fabricated	19.7400
Handy & Harman base	16.4570
Handy & Harman fabricated	20.5710
LBMA spot price	*£12.1200
(U.S.$ equivalent)	*16.4650
Coins,wholesale $1,000 face-a	12153
Other metals	
LBMA Platinum Price PM	*902.0
Platinum,Engelhard industrial	904.0
Platinum,Engelhard fabricated	1004.0
Palladium,Engelhard industrial	968.0
Palladium,Engelhard fabricated	1068.0
Aluminum, LME, $ per metric ton	*2349.0
Copper,Comex spot	3.0655
Iron Ore, 62% Fe CFR China-s	66.1
Shredded Scrap, US Midwest-s,m	381
Steel, HRC USA, FOB Midwest Mill-s	881
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5900
Cotton,1 1/16 std lw-mdMphs-u	0.8590
Cotlook 'A' Index-t	*93.50
Hides,hvy native steers piece fob-u	62.500
Wool,64s,staple,Terr del-u,w	6.05
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	115
Corn,No. 2 yellow,Cent IL-bp,u	3.7750
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	2.8250
Rice, Long Grain Milled, No. 2 AR-u,w	25.75
Sorghum,(Milo) No.2 Gulf-u	7.1150
SoybeanMeal,Cent IL,rail,ton48%-u	403.20
Soybeans,No.1 yllw IL-bp,u	9.9650
Wheat,Spring14%-pro Mnpls-u	7.9050
Wheat,No.2 soft red,St.Louis-bp,u	5.2250
Wheat - Hard - KC (USDA) $ per bu-u	5.3675
Wheat,No.1soft white,Portld,OR-u	5.9063
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	202.18
select 1-3,600-900 lbs.-u	185.70
Broilers, National comp wghtd-u,w	1.1396
Butter,AA Chicago	2.3525
Cheddar cheese,bbl,Chicago	160.00
Cheddar cheese,blk,Chicago	166.50
Milk,Nonfat dry,Chicago lb.	84.25
Cocoa,Ivory Coast-w	n.a.
Coffee,Brazilian,Comp	1.2397
Coffee,Colombian, NY	1.4473
Eggs,large white,Chicago-u	1.1650
Flour,hard winter KC	16.75
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	62.64
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	1.0085
Steers,Tex.-Okla. Choice-u	125.27
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	0.2891
Tallow,bleach;Chicago-h	0.2350
Tallow,edible,Chicago-u	0.2900

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 5/3

Source: WSJ Market Data Group

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Thomson Financial on May 4, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Apr. 30-May. 1	Mohawk Industries	MHK	F. Balcaen	DI	66	208.81-209.92	13,841	216.36	-21.6
Apr. 25	Biogen	BIIB	A. Denner	DI	48	269.91	12,956	270.34	-15.1
Apr. 30-May. 1	DDR Corp	DDR	A. Otto	DO	1,046	7.30	7,639	7.25	-19.1
Apr. 27			A. Otto	DO	709	7.44	5,275		
May. 1-2	Cullen/Frost Bankers	CFR	G. Weston	DI	43	114.59-116.50	4,994	115.27	21.8
Apr. 30-May. 1	Sohu.com	SOHU	C. Zhang	CEOI	129	30.60-31.76	3,984	33.96	-21.7
Apr. 25-27	Achaogen	AKAO	R. Duggan	B	230	12.96-13.02	2,987	11.71	9.0
Apr. 27	Equity Lifestyle Properties	ELS	S. Zell	CBI	20	89.56	1,791	90.01	1.1
May. 1-3	Entercom Communications	ETM	J. Field	OD	141	9.95-10.00	1,402	10.40	-3.7
Apr. 30	Alexion Pharmaceuticals	ALXN	C. Coughlin	D	10	120.79	1,208	116.81	-2.3
May. 1-2	Unifi	UFI	R. Bishop	DI	39	30.27-30.67	1,191	30.76	-14.2
Apr. 25	CCUR Holdings	CCUR	J. Singer	BI	222	5.15	1,146	5.22	-9.4
Apr. 27	United Technologies	UTX	F. Reynolds	D	9	121.58	1,094	119.51	-6.3
Apr. 25-26	Otelco	OTEL	I. Sochet	B	61	15.00-15.05	919	15.55	16.5
May. 2	Incyte	INCY	H. Hoppenot	CEO	15	60.94	914	62.13	-34.4
May. 2	Voya Financial	VOYA	C. Nelson	O	14	50.25	698	51.96	5.0
May. 2	Ameriprise Financial	AMP	W. Berman	CFO	4	134.12	500	134.57	-20.6
Apr. 30	Apogee Enterprises	APOG	J. Puishys	CEOI	12	41.37	496	42.15	-7.8
Sellers									
Apr. 30	Casa Systems	CASA	P. Chung	DI	4,718	25.00	117,938	22.75	28.1
Apr. 30			B. Evans	DOI	4,718	25.00	117,938		
Apr. 30			J. Guo	CEO	1,403	23.89	33,512		
Apr. 30-May. 2	Facebook	FB	M. Zuckerberg	CEOI	522	170.90-177.64	91,031	176.61	0.1
Apr. 26-27			M. Zuckerberg	CEOI	390	171.46-176.92	67,972		
Apr. 30	Carvana	CVNA	E. Garcia	BI	3,425	26.26	89,949	25.47	33.2
Apr. 26-30	Globus Medical	GMED	D. Paul	H	827	51.78-51.81	42,844	48.95	19.1
May. 1-3	Garmin	GRMN	M. Kao	H	695	58.19-62.45	42,220	59.89	0.5
Apr. 26-30			M. Kao	H	250	58.37-58.95	14,706		
May. 1	CAI International	CAI	A. Ogawa	DOI	1,225	22.81	27,947	24.68	-12.9
Apr. 26	Centene	CNC	M. Neidorff	CEO	250	108.20	27,050	116.65	15.6
Apr. 25	Capital One Financial	COF	R. Fairbank	CEO	243	91.90-94.37	22,594	89.06	-10.6
Apr. 30	Align Technology	ALGN	T. Prescott	D	82	250.31-257.33	20,726	258.97	16.6
May. 1-2	Evercore	EVR	R. Schlosstein	CEO	178	102.38-103.03	18,240	102.80	14.2
May. 1	ServiceNow	NOW	F. Slootman	D	100	163.79-165.52	16,448	171.22	31.3
Apr. 30	Intuitive Surgical	ISRG	G. Guthart	CEO	37	446.96	16,378	460.42	26.2
Apr. 26-27	Oracle	ORCL	T. Kurian	O	326	46.06	14,996	45.71	-3.3
Apr. 27	TransUnion	TRU	J. Peck	CEO	210	64.64	13,542	67.10	22.1

* Half the transactions were indirect ** Two day transaction
p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	1,084,367	4,830,509	Finance	10,508,845	121,280,650
Business services	14,727	26,985,317	Health care	15,684,240	164,207,657
Capital goods	0	0	Industrial	1,746,131	67,515,549
Consumer durables	50,148	1,953,473	Media	1,449,465	1,317,889
Consumer nondurables	2,499,818	11,275,108	Technology	6,431,085	81,660,254
Consumer services	284,288	38,475,943	Transportation	0	2,126,665
Energy	85,900	32,874,067	Utilities	0	6,577,437

Sources: Thomson Financial; WSJ Market Data Group

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 48.68 points, or 0.20%, on the week. A $1 change in the price of any DJIA stock = 6.89-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $29,597, or a loss of 1.34%, on the $30,000 investment, including reinvested dividends.

Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '17)
13.25	21.51	148.11	Apple	AAPL	$183.83	$1,091
4.25	6.73	46.34	McDonald's	MCD	165.03	965
1.93	1.92	13.22	Walt Disney	DIS	101.15	941
1.71	2.15	14.80	Visa	V	128.16	1,126
1.65	3.24	22.31	3M	MMM	199.36	852
1.32	0.59	4.06	Cisco Systems	CSCO	45.30	1,201
1.14	1.65	11.36	Caterpillar	CAT	146.37	938
0.27	0.24	1.65	WalMart	WMT	87.53	892
0.23	0.15	1.03	DowDuPont	DWDP	64.47	910
0.09	0.05	0.34	Intel	INTC	52.78	1,158
−0.52	−0.38	−2.62	Procter & Gamble	PG	72.43	802
−0.69	−0.66	−4.54	Microsoft	MSFT	95.16	1,118
−0.77	−1.43	−9.85	Home Depot	HD	185.03	982
−0.86	−1.09	−7.51	Chevron	CVX	125.53	1,013
−0.89	−0.97	−6.68	JPMorgan Chase	JPM	108.43	1,024
−1.14	−0.89	−6.13	Exxon Mobil	XOM	76.90	929
−1.26	−1.26	−8.68	American Express	AXP	98.35	997
−1.75	−2.57	−17.70	IBM	IBM	143.91	948
−1.78	−4.28	−29.47	UnitedHealth Group	UNH	235.90	1,074
−1.89	−6.45	−44.41	Boeing	BA	334.43	1,140
−1.95	−0.28	−1.93	General Electric	GE	14.10	815
−2.03	−4.86	−33.46	Goldman Sachs	GS	234.94	925
−2.10	−1.46	−10.05	Nike	NKE	68.10	1,092
−2.19	−0.95	−6.54	Coca-Cola	KO	42.36	932
−2.41	−2.95	−20.31	United Technologies	UTX	119.51	942
−2.61	−3.48	−23.96	Travelers	TRV	129.71	961
−2.89	−1.72	−11.84	Merck	MRK	57.75	1,035
−3.18	−4.08	−28.09	Johnson & Johnson	JNJ	124.19	895
−5.84	−2.16	−14.87	Pfizer	PFE	34.84	971
−6.55	−3.38	−23.27	Verizon	VZ	48.19	932

*Based on Composite price. DJIA is calculated on primary-market price.
Source: WSJ Market Data Group; FactSet.

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

May 4, 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.	1.76	1.78	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	1.7300	1.7200	1.7300	0.8600
High	1.9000	1.9500	1.9500	1.0625
Low	1.6500	1.6500	1.7100	0.7000
Bid	1.6800	1.6800	1.7000	0.8200
Offer	1.7200	1.7100	1.7200	0.8300
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	4.177	4.188	4.275	3.253
60 days	4.206	4.217	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	2.17	2.22	2.31	1.04
Libor				
One month	1.92770	1.90701	1.92770	0.98856
Three month	2.36906	2.35805	2.36906	1.17172
Six month	2.52019	2.51956	2.52175	1.39906
One year	2.77666	2.78031	2.78031	1.69511
Euro Libor				
One month	-0.401	-0.401	-0.397	-0.420
Three month	-0.353	-0.356	-0.353	-0.389
Six month	-0.314	-0.317	-0.269	-0.339
One year	-0.243	-0.244	-0.138	-0.263
Euro interbank offered rate (Euribor)				
One month	-0.372	-0.372	-0.366	-0.374
Three month	-0.328	-0.329	-0.325	-0.332
Six month	-0.269	-0.269	-0.248	-0.279
One year	-0.190	-0.189	-0.123	-0.194

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	1.767	31.450	2.068	0.791
MBS	1.778	120.200	1.971	0.794

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury May	98.213	0.010	1158	1.787
Treasury Jun	98.045	-0.005	675	1.955
Treasury Jly	97.935	-0.005	439	2.065

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.

MARKETS

EITAN ABRAMOVICH/AGENCE FRANCE-PRESSE/GETTY IMAGES

Recent declines in Argentina's currency, stocks and bonds carry echoes of the nation's past defaults.

Argentine Market Sours

A swooning currency and interest rates of 40% drain sector of last year's popularity

By Julie Wernau And Ira Iosebashvili

Argentina's currency is reeling and its interest rates have surged to 40%, pummeling investors who piled into a market that had been one of the world's best performers.

The run against the Argentine peso began toward the end of last month, when the central bank sold $4.3 billion to support a sagging currency. Investor concerns that the government may delay fiscal changes that are unpopular with many Argentines sparked selling of the peso, stocks and bonds.

"The market has been in total panic mode the last few days," said Brendan Murphy, head of global and multisector fixed income at BNY Mellon Asset Management North America.

The declines are the latest sign that rising U.S. interest rates and a strengthening dollar are prompting investors to pull money out of some of the world's riskiest markets, especially those with the largest trade and budget deficits.

Other higher-risk markets such as Indonesia and Turkey also have suffered big declines in recent days. Standard & Poor's Global Ratings last 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 fell 4.7% last week, while its currency declined 4.4% against the dollar. Indonesia's JSX Composite Index slumped 6.6% in the week ended April 27.

In Buenos Aires, the Merval index dropped 4.8% last week, while Argentina's peso weakened 6% against the dollar. Argentine bonds in JPMorgan's EMBI Global Diversified Argentina benchmark fell 2.3% for the week.

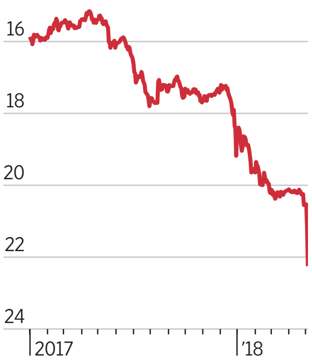
Argentina was an investor favorite in 2017, when the MSCI Argentina Index surged 77%. At a time of low and negative interest rates globally, many investors eagerly took on risk in exchange for higher yields.

The country also boasted a new business-friendly government that resolved a longstanding dispute with creditors over a 2001 government default, enabling the sovereign to re-enter global markets.

The government last year sold $2.75 billion of bonds with a 100-year maturity at a yield of 7.9%. It was the first junk-rated country ever to sell century bonds.

Plunging

How many Argentine pesos one dollar buys*



*Scale inverted to show weakening peso.
Sources: Tullet Prebon; Thomson Reuters

Argentina's financial overhaul also helped elevate it to index provider MSCI's short list for countries to be upgraded to emerging-market status, a development that could pour millions of dollars into its tiny stock market.

The big declines in recent weeks brought to mind the country's long history of defaults.

Populist governments often rose to power during times when inflation was rampant, and high interest rates led to recession.

Some investors are pulling out. Gerardo Zamorano, co-portfolio manager of Brandes Emerging Markets Strategy, had 5% of his equities portfolio dedicated to Argentina at the end of last year. But he grew increasingly concerned about surging inflation and the exchange rate, and dropped the allocation to around 2%.

"The new president will need to show these moves are working, or the deficits will start to look bigger," Mr. Zamorano said. President Mauricio Macri "has until next election cycle to prove it's working."

But some are sticking around. Mr. Murphy, who manages the Dreyfus International Bond Fund for BNY Mellon, owns Argentine pesos, along with several other emerging-market currencies, and is betting against the U.S. dollar.

The strategy paid off in a big way at the start of this year. Double-digit yields on Argentine bonds helped power his fund higher.

But that began to change in April, when the dollar began to rally and U.S. bond yields rose. He hasn't reduced his positions in Argentina or the other emerging markets he owns, betting they will appreciate in the long run.

"Bonds with 20% or 30% yields, they come with risks," he said.

OIL

Continued from page B1

scrutinized by producers deciding whether to drill new wells, airlines looking to hedge their fuel costs and governments planning state budgets.

Analysts scrambled to downgrade their outlooks last spring, when oil prices tumbled amid rising U.S. output and concerns that a deal by OPEC and its allies to cut production would fall apart.

But they were too slow to adjust again when prices started to climb months later. In September, analysts thought oil prices would average $52.83 in the final quarter of last year—about 14% below the actual average for the period.

"Forecasts can be upended by unexpected events—it's your best call at a point in time," said Harry Tchilinguirian, global head of commodity markets strategy at BNP Paribas. "Sometimes you get all the variables right, but your interpretation is not always the same as that of the market, so the forecast is off the mark."

Nonbank forecasters haven't fared much better. Oil forecasts made by the U.S. Energy Information Administration, for instance, have often missed the mark. The agency's prediction for the first quarter of this year was off by 15%.

Jonathan Cogan, a spokesman for the EIA, said that a range of factors such as unanticipated supply disruptions, OPEC policy decisions and weather, as well as the lack of accurate data outside the U.S., can lead to oil prices missing expectations.

In explaining the recent miss, analysts point to a confluence of unexpectedly bullish factors that has kept oil supply lower than expected. In particular, OPEC and its allies defied predictions and stuck close to their 2016 deal, while lower production from cartel members like Venezuela and Angola helped the entire group hit the overall target. Demand also played a part, as a rare burst of synchronized global growth stoked appetite for oil.

Worries about an escalation of the Syrian conflict or a U.S. exit from the nuclear deal with Iran have added a geopolitical premium to prices. Those events have become more important in determining prices as the oil glut has dwindled, reducing the cushion that insulated the market from the impact of surprise disruptions.

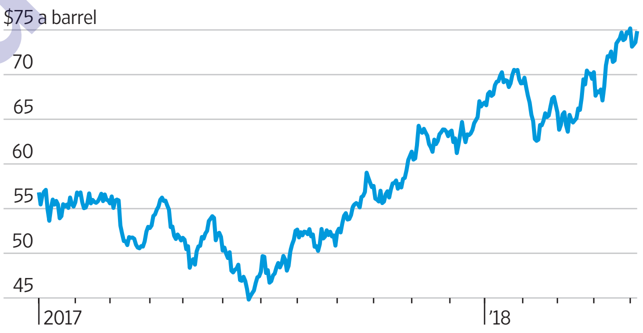
In general, limited data don't help, either. In the past, prices were more reliably correlated with inventory levels in the developed world, said Antoine Halff, senior research scholar at Columbia University's Center on Global Energy Policy. But developing countries that are becoming more important to the oil market are some of the most opaque when it comes to publicly available information.

Nonetheless, most forecasters anticipated that oil prices would climb, even if the magnitude of the move has been a surprise.

"Albeit higher than consensus, this was one of the most telegraphed rises in oil prices," said Jeffrey Currie, global head of commodities research at Goldman Sachs. And a decade ago when supplies were more uncertain, forecasts were much more spread out—a range of expectations from $40 a barrel to $180 a barrel in a given year wouldn't have been unusual, he said.

Looking Up

Brent crude-oil futures price



Source: WSJ Market Data Group

THE WALL STREET JOURNAL.

SEC Proposes Fund-Auditor Fix

By Michael Rapoport

Managers at many mutual funds have one less thing to worry about after a Securities and Exchange Commission move this past week.

The SEC proposed a fix for an issue that could have forced some funds to change their auditors for conflict-of-interest reasons, which had the potential to be laborious and expensive.

The issue concerns the SEC's rules governing how far auditors can go in having a financial link to the funds they audit. Funds say the SEC's existing rule on the matter is too broad and could have forced funds to change auditors even when it wasn't warranted.

The issue first came to the fore in 2016 when fund giant Fidelity Management & Research Co. requested and was granted an exemption from the rule. Now, the SEC has proposed a series of changes to its auditor-independence rules.

"It's a huge step forward," said Susan Ferris Wyderko, president and chief executive of the Mutual Fund Directors Forum, which represents independent directors of funds. "It's a common-sense interpretation."

Fidelity couldn't be reached for comment; PricewaterhouseCoopers LLP, which audits some Fidelity funds, declined to comment. An SEC spokesman couldn't be reached for comment.

Under an SEC provision known as the Loan Rule, audit firms aren't allowed to both audit a fund and borrow money from a lender that owns a stake of 10% or more in the same fund. The rule is meant to ensure that the audit firm can perform a tough, impartial audit.

But the mutual-fund industry, which had about $50 trillion in assets last year, has argued the Loan Rule encompasses business relationships that don't jeopardize an audit firm's independence.

The issue could have forced some funds to change auditors for conflict of interest.

Some funds ran afoul of the Loan Rule because some mutual-fund shares are held by bank-owned brokerages that keep the shares in omnibus accounts. These accounts can nominally give a bank a large stake in a mutual fund even though the shares actually are owned by many individual investors who deal with the broker. But if the banks also lent money to the audit firms, the Loan Rule could have been in play.

Under the new SEC proposal determining whether there is a conflict, the commission will now focus only on whether a lender is the beneficial owner of a fund's shares, rather than just the owner of record. And the 10% threshold will be replaced by a standard of whether the owner of a fund's shares exercises "significant influence" over it.

The SEC's proposed changes will be open for public comment for 60 days.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0458	21.8548	17.5
Brazil real	.2834	3.5290	6.5
Canada dollar	.7784	1.2847	2.2
Chile peso	.001607	622.30	1.1
Ecuador US dollar	1	1	unch
Mexico peso	.0519	19.2666	–2.1
Uruguay peso	.03451	28.9800	0.6
Venezuela b. fuerte	.00001568	915.0001	666270.1
Asia-Pacific			
Australian dollar	.7540	1.3263	3.6
China yuan	.1572	6.3627	–2.2
Hong Kong dollar	.1274	7.8493	0.5
India rupee	.01497	66.820	4.6
Indonesia rupiah	.0000717	13940	3.4
Japan yen	.009164	109.12	–3.2
Kazakhstan tenge	.003033	329.66	–0.9
Macau pataca	.1237	8.0865	0.5
Malaysia ringgit	.2538	3.9405	–3.0
New Zealand dollar	.7018	1.4249	1.1
Pakistan rupee	.00864	115.775	4.6
Philippines peso	.0194	51.672	3.4
Singapore dollar	.7500	1.3334	–0.3
South Korea won	.0009310	1074.11	0.7
Sri Lanka rupee	.0063476	157.54	2.6
Taiwan dollar	.03369	29.680	0.04
Thailand baht	.03149	31.760	–2.5
Vietnam dong	.00004392	22769	0.3
Europe			
Czech Rep. koruna	.04697	21.292	0.1
Denmark krone	.1606	6.2277	0.4
Euro area euro	1.1963	.8359	0.3
Hungary forint	.003812	262.35	1.3
Iceland krona	.009837	101.66	–1.8
Norway krone	.1242	8.0545	–1.9
Poland zloty	.2816	3.5515	2.1
Russia ruble	.01595	62.698	8.7
Sweden krona	.1136	8.8012	7.5
Switzerland franc	1.0000	1.0000	2.6
Turkey lira	.2365	4.2292	11.5
Ukraine hryvnia	.0380	26.3350	–6.4
UK pound	1.3532	.7390	–0.1
Middle East/Africa			
Bahrain dinar	2.6519	.3771	...
Egypt pound	.0567	17.6330	–0.8
Israel shekel	.2768	3.6133	3.8
Kuwait dinar	3.3174	.3014	...
Oman sul rial	2.5976	.3850	0.01
Qatar rial	.2747	3.641	–0.2
Saudi Arabia riyal	.2666	3.7505	...
South Africa rand	.0800	12.5000	1.1

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	86.16	0.10	0.12	0.21

Sources: Tullett Prebon, WSJ Market Data Group

THE TICKER | Market events coming this week

Monday

Consumer credit

Feb., prev. up $10.60 bil.
March, expected n.a.

Earnings expected*

Estimate/Year Ago($)

Andeavor **0.58**/0.42
Cognizant **1.06**/0.84
Sempra Energy **1.62**/1.74
Sysco **0.63**/0.50
Tyson Foods **1.30**/1.01
Willis Towers **2.63**/3.71

Tuesday

Earnings expected*

Estimate/Year Ago*

Electronic Arts **1.16**/0.84
Liberty Global Class C **0.08**/(0.33)
Marriott Class A **1.22**/1.01
Monster Beverage **0.39**/0.33
Occidental Petroleum **0.70**/0.15
Walt Disney **1.70**/1.50

Wednesday

Short-selling reports

Ratio, days of trading volume of current position, at April 13

NYSE 5.1
Nasdaq 3.9

Mort. bankers indexes

Purch., previous down 2%
Refinan., prev. down 4%

EIA status report

Previous change in stocks in millions of barrels

Crude oil up 6.2
Gasoline up 1.2
Distillates down 3.9

Producer price index

All items, March up 0.3%
April, expected up 0.2%
Core, March up 0.3%
April, expected up 0.2%

Wholesale inventories

Feb., previous up 1.0%
March, expected up 0.5%

Earnings expected*

Estimate/Year Ago($)

Booking Holdings **10.69**/9.88
CenturyLink **0.19**/0.52
Liberty Media Liberty Sirius XM **0.49**/0.37
Liberty Media Liberty Formula One **(0.74)**/(0.54)
Mylan **0.95**/0.93
Twenty-First Century Fox Class A **0.53**/0.54

Thursday

Initial jobless claims

Previous 211,000
Expected 220,000

Treasury budget

April, '17 $182 billion surplus
April, '18, exp. n.a.

EIA report: natural gas

Previous change in stocks in billions of cubic feet

up 62

Consumer price index

All items, March down 0.1%
April, expected up 0.3%
Core, March up 0.2%
April, expected up 0.2%

Earnings expected*

Estimate/Year Ago*

Duke Energy **1.14**/1.04
Nektar Therapeutics **(0.49)**/(0.42)
Nvidia **1.45**/0.79
Qurate Retail Class A **0.33**/0.20
Symantec **0.39**/0.28
Worldpay Class A **0.77**/0.68

Friday

Import price index

March, previous 0.0%
April, expected up 0.6%

U.Mich. consumer index

April, final 98.8
May, prelim. 98.0

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLIT
NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

DAVID RYDER/BLOOMBERG NEWS

Walt Disney is expected to report quarterly earnings of $1.70 a share on Tuesday, up from last year.

HEARD ON THE STREET

Tesla's Numbers Are More Dramatic Than Its CEO

Recent attention surrounding Tesla has masked a more mundane reality: The car maker's finances are deteriorating

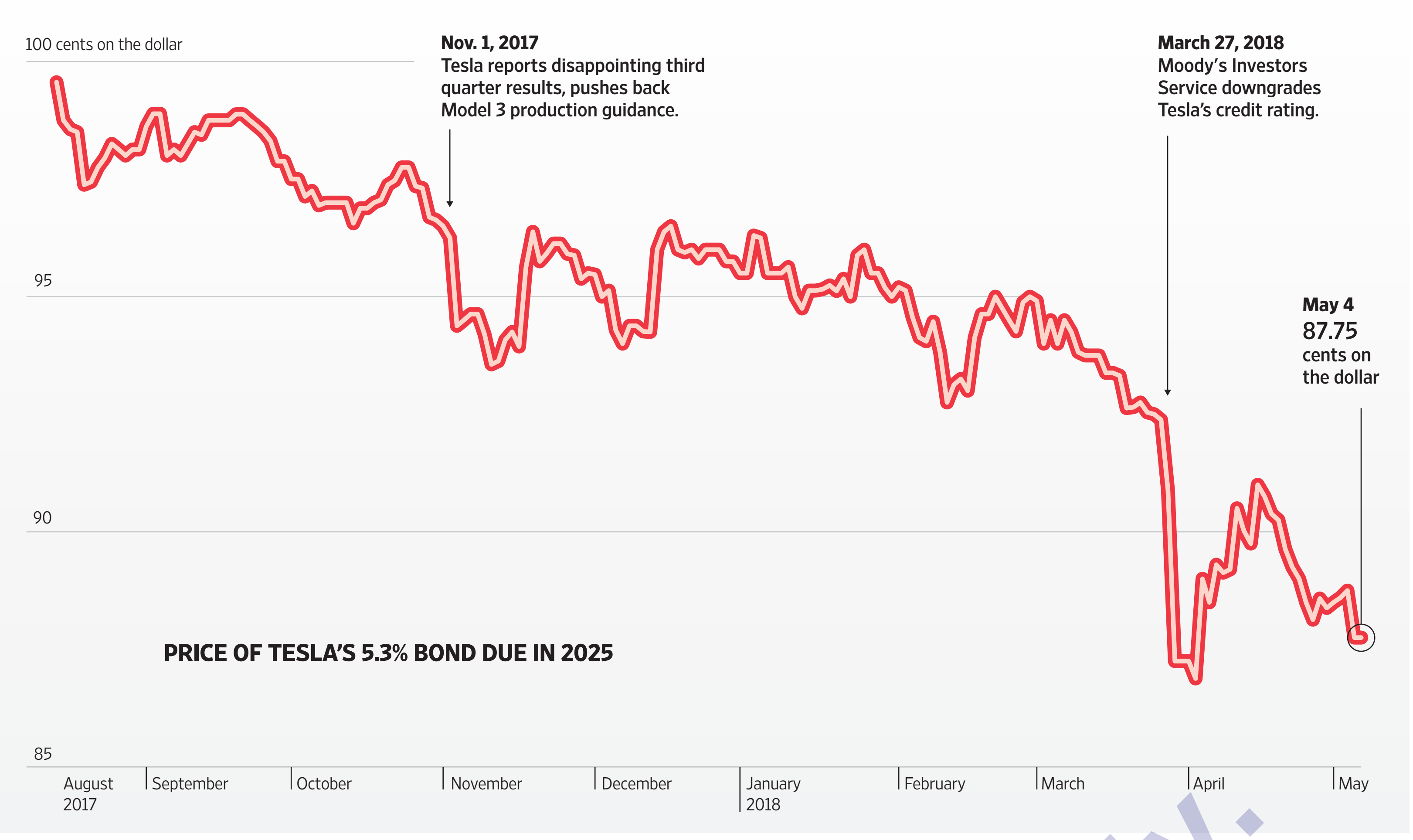
By Charley Grant

Tesla CEO Elon Musk's continuing feud with Wall Street analysts captured most attention last week, after a memorably contentious conference call on Wednesday. Mr. Musk promised an imminent "burn of the century" for investors betting against his stock in a post to Twitter on Friday.

Investors shouldn't be distracted: Dismal first-quarter results and falling bond prices call into question Tesla's $50 billion market capitalization, and its overall financial health.

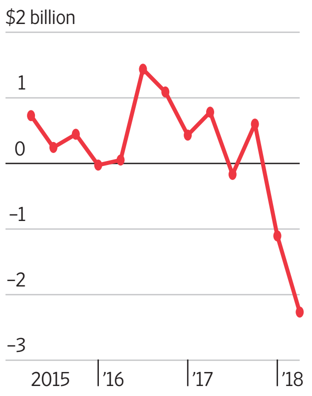
Can Tesla finally meet the expectations embedded in its sky-high valuation? The answer depends on how soon the company can start generating net cash to pay its debt and its bills. Here are several metrics that investors need to watch.

Tesla's largest bond issue has regularly traded lower since it was issued last summer.



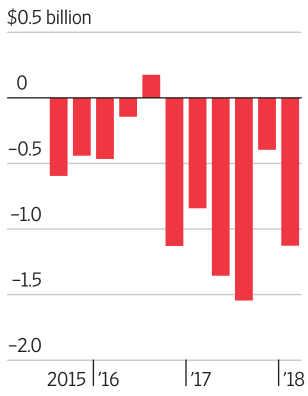
A measurement of Tesla's liquidity has weakened in recent quarters.

Net working capital
Current assets minus current liabilities*



Tesla's cash bleed has accelerated since the Model 3 launched last year.

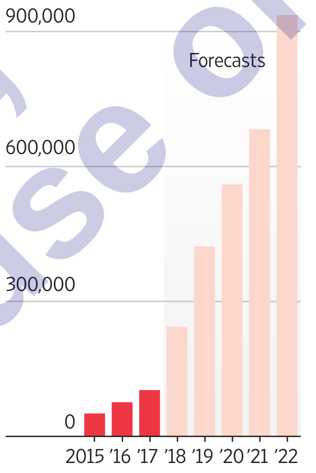
Free cash flow†



Stock investors still believe in the company and that it can dominate the auto industry.

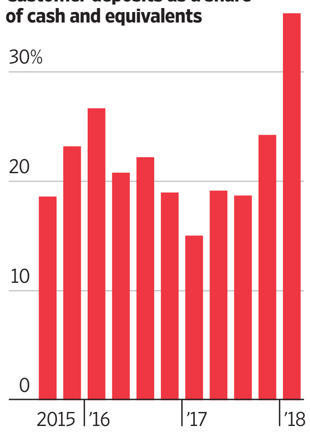
Market value of Tesla stock

Annual vehicle deliveries



A portion of Tesla's $2.7 billion in cash consists of customer deposits, which are mostly refundable.

Customer deposits as a share of cash and equivalents



*Cash, investments, inventory and accounts receivable less short-term debt, accounts payable and other liabilities †Defined as operating cash flow less capital expenditures
Source: FactSet

THE WALL STREET JOURNAL.

Time Is on IAG's Side in Airline Bid

The future of supercheap trans-Atlantic airfares is hanging in the balance as **Norwegian Air Shuttle** and British Airways owner **International Airlines Group** spar over a possible deal. IAG has time on its side.

IAG Chief Executive Willie Walsh said Friday the company was "considering all its options" for the 4.6% stake in Norwegian it announced last month. Having made two unsuccessful bids for Norwegian, Mr. Walsh on Friday repeatedly emphasized the word "all" in a call with investors, as if to suggest IAG could walk away.

The target responded with a defiant statement that both of IAG's bids "undervalued Norwegian Air Shuttle and its prospects." The shares fell 11% Friday.

If Mr. Walsh thought Norwegian is going bust, why buy a stake and initiate discussions? Perhaps he got wind of Norwegian's plan to sell up to 140 planes and agrees with HSBC airline analyst Andrew Lobbenberg that this would "reshape the viability of the airline."

IAG's results showed the kind of operational rigor it could bring to Norwegian. Margins improved at all four established IAG airlines. Last year IAG launched a fifth airline brand, Level, to take on Norwegian in the budget market, but it remains tiny. Buying Norwegian would bring the operation up to scale, though IAG can be expected to stress profitability too.

Mr. Walsh may have time on his side. Norwegian's first-quarter results were poor, and it is less hedged than peers against rising fuel prices. Selling planes could fix the balance sheet but won't resolve Norwegian's cost problems.

—*Stephen Wilmot*

Turkey Faces Intensifying Storm

Turkey's troubles are deepening.

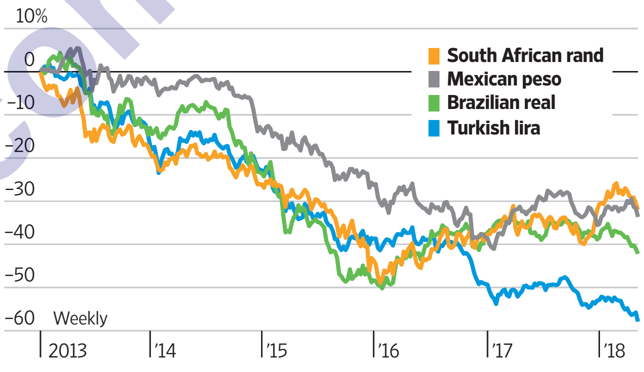
First came a warning from the International Monetary Fund that the Turkish economy is showing "clear signs of overheating" after expanding 7.4% in 2017 versus potential growth pegged at 3.5% to 4%. Last Tuesday, Standard and Poor's handed Turkey a surprise downgrade to double-B-minus, saying there is a risk of a hard landing. On Wednesday, the Turkish manufacturing purchasing managers' index fell below 50, indicating contraction, and on Thursday data showed inflation accelerating to 10.8% in April.

That has all been piled on worries about the rise in authoritarianism under President Recep Tayyip Erdogan, Turkey's reliance on potentially fickle foreign funding and the credibility of the country's central bank.

With growth humming, Mr. Erdogan has called an early election for June that would, if he wins, grant him greatly expanded powers after last year's constitutional referendum. But the growth policies he has pursued have been fueled by credit and rising economic imbalances.

Lira Low

Performance of currencies against the U.S. dollar



Source: FactSet

THE WALL STREET JOURNAL.

Turkey's key indicator of vulnerability, its current-account deficit, expanded to 5.5% of gross domestic product in 2017, according to the IMF. Rising oil prices will weigh on that indicator further, as Turkey is an energy importer, notes S&P.

The Turkish lira has been hit hard as a result, falling nearly 5% last week alone to a record low against the dollar. The MSCI Turkey index is down 21.7% in dollar terms this year, hugely underperforming the wider Emerging Markets index, which is down 1.8%.

The traditional response to a sharp fall in the lira has been for the Central Bank of Turkey to raise rates—although only by enough to stabilize the currency and not enough to convince investors it is serious about getting inflation down. In late April it raised the key liquidity rate that determines the effective cost of funding for banks to 13.5%. But that bought only brief respite. Without a decisive action by the central bank, the circle seems unlikely to be broken. But that risks a clash with Mr. Erdogan, who opposes higher interest rates.

The problem now is that higher U.S. Treasury yields and a stronger dollar have dented appetite for emerging markets more broadly. Some pressures have reached the boiling point: Argentina has now raised rates by 12.75 percentage points to a staggering 40% in an attempt to defend the peso. In a less-friendly environment, the risk is that Turkey's slow-burning crisis gets a lot hotter.

—*Richard Barley*

OVERHEARD

It doesn't take a college degree, much less a sophisticated background in some highly quantitative field, to grasp a basic tenet of business: Buy low, sell high.

Yet **Cisco Systems**, which employs thousands of people fitting that description, keeps getting it backward. Last Tuesday, Cisco announced that it was selling the business once known as NDS Group for $1 billion. That is a lot of money, even for Cisco, but it is way less than the $5 billion it paid. Back in 2015 Cisco sold a business formerly known as Scientific Atlanta for $601 million—about one-tenth of the original price.

"I feel very positive about this announcement for many reasons" said **Yvette Kanouff**, the executive soon to no longer be in charge of NDS. Ms. Kanouff's bio lists a master's degree in mathematics.

The buyer, private-equity firm **Permira**, also happens to have been the seller back in 2012. Maybe the firm is staffed with liberal-arts grads.

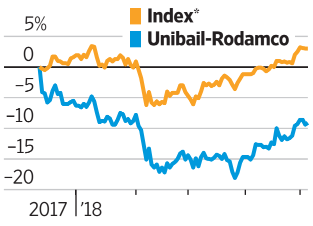
It Isn't Crazy to Buy a Mall Giant in the Age of Amazon

The company betting billions to create a trans-Atlantic shopping-mall giant is playing a riskier game than its investors are used to. In a riskier retail world, though, that may be no bad thing.

The mall deal hasn't gotten much attention, but its dramatic size and breadth, and its timing, during a period of pessimism about traditional retailing, make it worth watching. Franco-Dutch mall giant **Unibail-Rodamco**, which owns $52 billion of retail real estate in Europe, is set to buy Australian developer **Westfield**, owner of a $22 billion mall portfolio in the U.S. and U.K.

Deal Trouble

Share-price performance since deal announcement



*FTSE EPRA/NAREIT Europe
Source: FactSet

The new company will own the top shopping centers in New York, Los Angeles, San Francisco, Paris, Barcelona and London. It will be close to U.S. behemoth **Simon Property Group** in scale and unique in its trans-Atlantic scope. Announced in December, the deal should close next month after approval by both sets of shareholders.

Investors don't seem excited: Unibail's stock is down 9% since the deal was announced, while the wider European real-estate sector is up 3%.

Peter Papadakos at REIT research firm Green Street Advisors thinks investors are worried about the company's exposure to the tougher U.S. and U.K. markets. The U.S. has roughly three times more retailing space per capita than Europe, while online retail is very advanced in the U.K.

Another potential problem is that Unibail is taking on debt just as interest rates are starting to creep up, a trap many real-estate firms fell into before the financial crisis. Unibail says net debt will amount to 37% of its portfolio value when the deal closes, up from 33%, but this figure excludes hybrid and off-balance-sheet financing while including Westfield's goodwill. Green Street thinks 43% is more realistic.

From a long-term view, though, the combination of Westfield's glitzy assets and development skills with Unibail's record of driving up rents is compelling. Crucially, Westfield's malls are better-quality than Unibail's at a time retailers only want to be in the most popular shopping destinations. The company's longstanding strategy of keeping its centers fresh by aggressively rotating tenants also seems well adapted to today's volatile retail environment in the U.S., which will soon account for 22% of Unibail's portfolio.

It may take time for Unibail to prove its operating model can work in the U.S. But the cheapness of its shares offers some compensation for this risk. With a dividend yield of 5.5%, the stock is trading 7% below book value. For most of the past decade this bluest of blue-chip REITs has traded at a premium to the value of its assets.

Odd as it may sound, Unibail is buying Westfield as a bulwark against **Amazon.com**. Investors who can afford to take a long-term view might do well to go shopping for the stock.

—*Stephen Wilmot*

JOURNAL REPORT | A MONTHLY ANALYSIS

INVESTING IN FUNDS & ETFS

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DETAILS, R2

THE WALL STREET JOURNAL. Monday, May 7, 2018 | R1

INSIDE

SCOREBOARD

April 2018 fund performance, total return by fund type. More on R2.

U.S. stocks*	Intl. stocks*	Bonds (intmd.)
0.3%	0.9%	-0.7%

*Diversified funds only, excluding sector and regional/country funds

Source: Lipper

Why Stocks Can't Wait For the Midterms To Be Over

BRIAN STAUFFER

A stock-market pattern that not too many investors talk about could explain why gains are a struggle now—but will be easier after the election

BY MARK HULBERT

THE STOCK MARKET IS likely to struggle between now and the Nov. 6 midterm elections.

And it isn't because stocks favor one party or the other.

It's because investors hate uncertainty, and these elections create a healthy dose of just that. If anything, this year's election season appears to be creating an above-average amount of uncertainty, given the particularly large number of Republicans who have already announced that they won't run for re-election—most prominently House Speaker Paul Ryan. There currently is a 67% probability that the Democrats will win back control of the House in this fall's elections, for example, according to PredictIt, an online betting website.

There is a silver lining, however, for investors: The stock market should perform especially well in the six months *following* the elections, regardless of the outcome. That's because, no matter the results, this pre-election uncertainty will at least be resolved.

These are the findings of a recent study conducted by Terry Marsh, an emeritus finance professor at the University of California, Berkeley, and chief executive officer of Quantal International, a risk-management firm for institutional investors, and Kam Fong Chan, a senior lecturer in finance at the University of Queensland in Australia.

They found that ever since the Dow Jones Industrial Average was created in the late 1890s, it has produced an annualized gain of just 1.4% in the six months before midterm elections, in contrast to a 21.8% annualized return in the six months thereafter.

Their research holds other potentially significant findings. For one thing, this six-months-down and six-months-up pattern isn't as pronounced before and after presidential elections. And the midterm pattern can't be explained by the conventional wisdom about how the November-through-April period is generally better for investors than the May-through-October period. In fact, the researchers found, the six-month down-and-up cycle holds true *only* in midterm-election years.

Measuring uncertainty

Why are the midterms so significant? The professors point to an economic-policy uncertainty index created by three finance professors: Scott Baker of Northwestern University, Nick Bloom of Stanford University and Steven Davis of the University of Chicago.

The index, which was calculated back to 1900, measures the extent of economic uncertainty driven by politics. It was constructed from article searches in six key newspapers for any instances in which the words "uncertain" or "uncertainty" were coupled with the words "economic," "economy," "business," "commerce," "industry" or "industrial" and one or more of the following terms: "Congress," "legislation," "White House," "regulation," "Federal Reserve," "deficit," "tariff" or "war." The more sentences in these six newspapers that satisfied these criteria, the higher the index.

Profs. Marsh and Chan found that this uncertainty index tends to rise significantly in the six months before midterm elections and then fall

Please turn to the next page

'COIN-ROLL HUNTING' ISN'T EASY MONEY

BY DAISY MAXEY

HERE'S ONE MORE job that isn't as easy as before: coin-roll hunting.

When Pamela Little, a stay-at-home mother of three from Concord, N.C., goes on the hunt, she has her iPad, a magnifying glass—and dozens of wrapped-up rolls of coins brought home from a bank.

Like her fellow treasure seekers, Ms. Little spends hours sifting through grimy nickels and dimes and other coins, looking for ever-rarer gems—older coins like wheat-back pennies (made from 1909 to 1958), silver coinage (say, Washington quarters minted from 1932 to 1964) or the odd tokens and foreign coins that make it into the rolls.

"I have always loved coins, but I never figured I had the money to collect [them]," says Ms. Little. With this numismatic niche, the only cost is the face value of the coins pulled from the rolls; hobbyists typically return any change that isn't taken for their collection.

And if you watch the hunters' passionate online videos about this hobby—CRH, for short—you'd think it was all fun and profit.

But the other side of the coin is that the hobby can be frustrating and occasionally combative. Hunters have to contend with a low rate of return—for every gem they find, there are many more "skunk" boxes, as CRHers call passels of rolled coins that yield nothing. A lot of the good coins have already been found. Meanwhile, many bankers are friendly, but others don't appreciate having to haul heavy boxes of returned coins. (To say nothing of the family members and friends who think the hobby is kooky.)

Banks are generally happy to order boxes of coins on request, says Dustin Morgan, a 40-year-old coin hunter from York, Pa., who quit his job as a contractor to focus on coin hunting, dealing and running his YouTube channel Coin Opp. But, he says, "it sometimes drives them nuts" if the hunters return them to the same bank.

DUSTIN MORGAN

Some of Dustin Morgan's collection. Below, a rare 1918 buffalo nickel from one of Pamela Little's finds.

Take it elsewhere

Mr. Morgan learned that the hard way. At one bank he used to visit, he says, the tellers grew tired of lugging his weekly and weighty returns of two to four boxes of Lincoln cents. (A $25 box of 2,500 of the coins weighs 13.8 to 17.1 pounds, depending on when they were minted.) One day, the manager asked him—"very politely," he says—if he could take his coin returns elsewhere.

If a hunter uses a bank as a

PAMELA LITTLE

"dump bank" to return the coins he or she has searched, the bank must ensure that the returned rolls have the exact amount they're supposed to. If a roll comes up short, the bank has to absorb the cost difference.

Melynda Garrett, a personal banker for Fifth Third Bank in Ms. Little's hometown in North Carolina, says her branch has no problem ordering boxes of coins from the main cash vault in Cincinnati for hunters who visit regularly. "We just ask that they roll the coins before they bring them back to deposit," says Ms. Garrett. A bank spokeswoman adds that it is "very uncommon" for tellers to come up short on rolls.

For the most part, hunters try to befriend bankers and not disrupt operations. And that can pay off.

One coin hunter in Texas who says he stockpiles silver coins had a teller whom he had become friendly with offer to sell him $150 in rolls of dimes and quarters. "They were old, soggy-looking rolls that looked like they had been sitting in someone's drawer for decades," he says. "They had a smell to them."

Inspecting the rolls at home, he saw that they were labeled "silver," he says. Tearing them open, he found they were filled with silver dimes and quarters, at the time worth roughly $1,200 in melt value. he says. "It's like buying a Lamborghini," and you only have to pay for the materials, he says.

Getting skunked

Such discoveries are becoming rarer, however, as hunters grapple with a problem: fewer relics in circulation. Many precious coins—such as silver dollars—have been taken out of circulation by other coin hunters.

Sam Gelberd, numismatic educator for the American Numismatic Association in Colorado Springs, Colo., and an avid coin hunter, says the hobby has gotten "a little tougher" over the years. To help hunters avoid being skunked, he says, some hobbyists mark a slash across the wrappers of coin rolls they've checked. "I always put a check mark on the roll," he says. "Hopefully, they'll say, 'OK, somebody has already been through these.' "

Still, for all the fellowship among hunters, their friends and families sometimes have trouble appreciating the hobby's allure. The Texas coin hunter says having a child meant less time for the hunt yet continued teasing from friends.

"It's sort of a hobby you have to be a little bit of a geek to do," he says. Friends call him Mr. Coin.

His wife is supportive, he adds, "but she's not sitting there rolling coins with me."

Ms. Maxey is a writer in Union City, N.J. She can be reached at reports@wsj.com.

ASK ENCORE | GLENN RUFFENACH

When to Step In With an Older Parent

A reader asks about the tricky subject of taking over a family member's finances

My mother is about to turn 80, and I'm increasingly worried about her ability to manage her money. My family and I are trying to figure out when and how to take on this responsibility, or at least provide some help. Have you written about this? Any advice?

This is a tricky subject, to say the least, and one that many of us are, or will be, grappling with. A recent study by Merrill Lynch and Age Wave found that 92% of caregivers provide some type of "financial caregiving": paying bills on behalf of a family member, handling insurance claims, filing taxes, etc.

As for "when," I would broach this topic as soon as possible. If anything, many families are too slow to act. Denial plays a big part in this. Older parents, hoping to stay independent, are quick to minimize difficulties; adult children, reluctant to meddle, may ignore red flags. (And few families, of course, enjoy talking about money.) As such…everyone waits. But the consequences of waiting can be dire: closed accounts, damaged credit, money lost to scam artists—even foreclosure.

The simplest approach is usually the best: pointing out to your mother that all of us, as we age, need help, whether it's yard work or home repairs or transportation. And household finances are no exception. I began talking with my mother when she was in her early 70s (and still in good health) about the importance of having a family member on "standby"—someone who knew about her bills, credit cards, insurance, investments, etc.; someone who had access to her accounts in an emergency; and someone who could step in if she needed help. Fortunately, she agreed.

We already had her estate plans in order, and I had power of attorney. But we took two additional steps: We added my name to her checking account, and I filled out a separate set of power-of-attorney forms with the custodian of her individual retirement account, her biggest asset. (Many financial institutions have—and require that you complete—their own documents if you wish to give, say, your spouse or an adult child access to an account.) The latter proved to be invaluable when my mother suffered a stroke and I needed to tap her IRA quickly to help pay for long-term care.

For anyone acting as a financial caregiver, the following resources are invaluable:

◆ The federal **Consumer Financial Protection Bureau** offers four guides titled "Managing Someone Else's Money." Each guide is tailored to individuals in a specific role: people named agents under a power of attorney; court-appointed guardians; trustees; and government fiduciaries (appointed, for instance, to manage Social Security or veterans' benefits). The four booklets walk caregivers through their duties, tell them how to watch for scams and financial exploitation, and suggest where to turn for additional help. Go to consumerfinance.gov and search for: managing someone else's money.

◆ The **National Caregivers Library** has a half-dozen articles that cover almost every part of financial caregiving—including how best to approach a family member about this topic. Go to caregiverslibrary.org and, under Caregivers Resources, click on: Money Matters.

◆ An **AARP** study—"Family Financial Caregiving: Rewards, Stresses, and Responsibilities"—looks at the challenges involved in helping someone manage her/his money. And there are challenges. (Example: navigating the health-insurance system.) Go to aarp.org and search for: family financial caregiving.

◆ If the person who needs help is at some distance from you, you might want to hire a daily money manager. These professionals can sit with a person at home and help pay bills, balance checkbooks and file medical claims, among other tasks. Start with the **American Association of Daily Money Managers** (aadmm.com). Be sure the manager you choose is insured, bonded and willing to include other family members in his or her work.

* * *

I understand I can delay required minimum distributions from a 401(k) if I am still working at the firm holding the 401(k). What does "still working" mean? If I have retired—but exercise nonqualified stock options and receive a W-2 for this exercise at the end of the calendar year—does that mean I don't need to take the RMD?

Sorry, you will need to take the RMD.

To take a step back, you are correct: Employees who are older than 70½—the age when RMDs would otherwise begin—can delay those withdrawals from their company savings plan until April 1 of the year after they retire. (Note: This exception does *not* apply to IRAs or to savings plans of companies you are no longer working for.)

Actually, the words "still working" aren't included in the tax code, notes Ed Slott, an IRA expert in Rockville Centre, N.Y. Rather, the code refers to, and focuses on, when an employee "retires." In this case, you clearly state that you have "retired" from your firm—that you are no longer employed there—and *that's* what the Internal Revenue Service cares about.

"It's the employer-employee relationship, even if it is minimal or piecemeal, that is the key factor here, not simply receiving a W-2 form," Mr. Slott says. "Yes, the stock option indicates there was an employment relationship at some point. But if that relationship clearly ended, and all the person is doing is exercising stock options, that is not 'still working.' "

* * *

I am 71½ and took Social Security at my full retirement age. My wife will be 61 in August, and we're wondering what her options are for collecting benefits when she reaches age 62. Can she collect a percentage of my benefit at 62 and wait to collect her full benefit at age 66½ or 67?

No, she can't do that.

We receive this question frequently, and it's worth highlighting from time to time. If a wife (or a husband; the rules apply equally) applies for Social Security, she is "deemed," in the eyes of the Social Security Administration, to have filed for both benefits: the one based on her earnings history *and* a spousal benefit. (Note: This assumes the husband is already collecting Social Security.) She will receive the larger of the two figures—and be locked into that benefit going forward.

So, your wife, whether she files for Social Security at 62 or any point thereafter, will not be able "switch" benefits in the future. Of course, in making this decision, you still need to consider the size of her payout. A retirement benefit or spousal benefit at age 62 will be significantly smaller than a benefit first claimed at full retirement age.

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. His column examines financial issues for those thinking about, planning and living their retirement. Send questions, comments to ***askencore@wsj.com.***

SONIA PULIDO

A Helping Hand

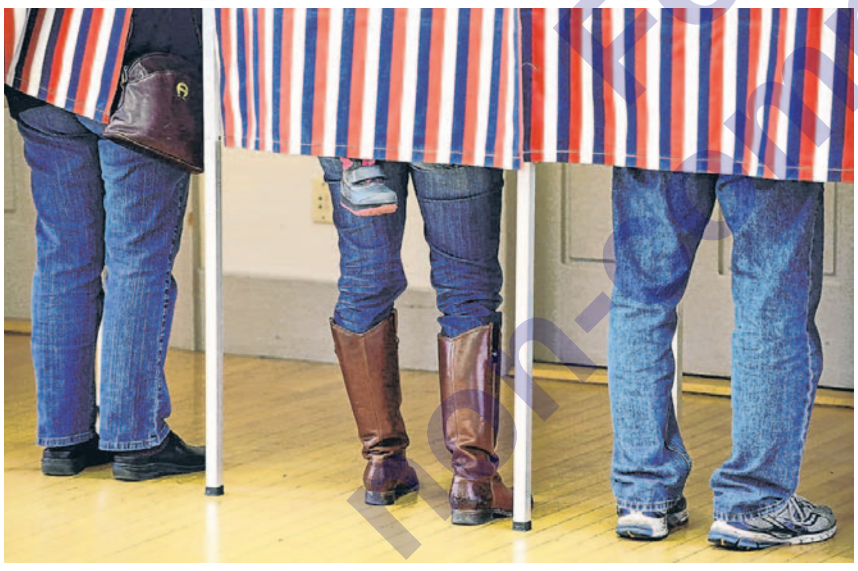
Financial caregivers, asked to identify the primary reasons that care recipients needed help with financial management, said:

Didn't know enough about the subject	39%
Started having trouble paying bills or handling other financial matters	21%
Physical limitations	18%
Cognitive issues	16%
Frailty	15%
Major medical conditions	15%
Recent surgery	13%
Mental illness	8%
Fraud	4%

Source: AARP Public Policy Institute, 'Family Financial Caregiving: Rewards, Stresses, and Responsibilities'

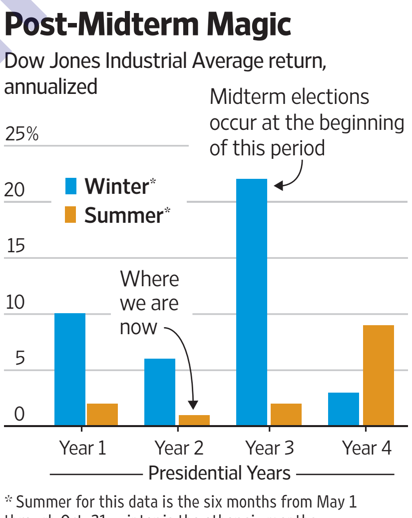
THE WALL STREET JOURNAL.

Hope for Stocks After the Elections



DARREN MCCOLLESTER/GETTY IMAGES

A study finds that midterm elections are significant for the stock market.



* Summer for this data is the six months from May 1 through Oct. 31; winter is the other six months

Data: 1898 to 2015 Source: Terry Marsh, Kam Fong Chan

THE WALL STREET JOURNAL.

Continued from the prior page

just as much in the six months thereafter, and that higher uncertainty correlates with lower stock returns and vice versa. That's because, Prof. Marsh says, it's entirely rational for investors as a group to pay less for stocks as uncertainty increases and vice versa.

To explain why, he asks us to imagine two different market scenarios. The first pays you back at least $99 but no more than $101, while the second pays between $50 and $150. Even though their average payout is the same, you would still pay a lot more to invest in the first scenario (close to $99, for example), since its payout is far less uncertain. The same principle applies in the stock market, he says.

Dead 'presidential pattern'

If the ups and downs are driven by political uncertainty, you might expect the pattern to be even more pronounced before and after presidential elections. However, the professors found that isn't the case: Those increases and dips aren't as sharp as they are for midterms.

That contradicts what many experts have contended over the years. According to their old theory, the stock market should perform better as a presidential election day approaches, because an incumbent of either party will do anything to win re-election. And that means striving to make the economy be strongest as voters go to the polls.

However, the data just don't show that, and Profs. Marsh and Chan invite political scientists to explore why that is. Regardless, they found that the only statistically significant pattern related to a presidential cycle is the one before and after the midterm election. The fourth year of the presidential term, which used to be the strongest of the four if that old theory was correct, is actually no better than the average of all years.

But what about another piece of traditional wisdom: "Sell in May and go away," also known as the "Halloween indicator"? These old saws say that the stock market is far stronger over the six months between Halloween and May Day than it is over the other half of the year.

But Profs. Marsh and Chan found that this six-months-off, six-months-on pattern exists only before and after midterms. In the other three years of the presidential term, there on average is no significant performance difference between these two six-month periods. Other than in midterm years, uncertainty doesn't rise and fall in predictable ways.

In other words, the Halloween indicator wouldn't exist but for midterm-election years.

Fortunately for investors who were looking forward to selling in May and going away, history says the next six months are likely to be a rough period for stocks, and that the stock market over the subsequent six months, from Halloween to May Day of 2019, is likely rise significantly. But if the future is like the past, you won't get another chance to exploit this seasonal pattern until 2022.

Mr. Hulbert is the founder of the Hulbert Financial Digest and a senior columnist for MarketWatch. He can be reached at ***reports@wsj.com.***

MONTHLY MONITOR | WILLIAM POWER

They Told You So: Stock-Fund Gains Remain Disappointing

Back in January when the stock market was rallying, many analysts cautioned that it likely wouldn't last.

The ensuing three months have proved them right. Those strong earnings reports that powered the stock market early in the year aren't having the same effect now. Instead, there are concerns about inflation and how the Federal Reserve will orchestrate interest-rate increases to battle it.

For stock-fund investors, it was another month of puny gains. The average diversified U.S.-stock fund's total return was 0.3%, according to Thomson Reuters Lipper data—leaving the funds virtually unchanged for 2018. At the end of January, U.S-stock funds were sitting pretty with a 4.4% gain—before February's burst of volatility wiped out most of the gains.

Interest-rate concerns weighed on real-estate investment trusts (whose trusty dividends look less attractive when rates rise). Lipper's real-estate fund category was down nearly 1% for April and is off 6% for 2018.

That REIT selloff is overdone, says Mark Esposito, chief executive officer of Esposito Securities in Dallas, an institutional trading firm particularly active in exchange-traded funds. That said, "a little inflation's good. I think that's OK for the market."

International-stock funds did only slightly better than their U.S. counterparts in April. They were up 0.9%, and 0.3% for 2018. Many analysts continue to advise investors to have international exposure as the nine-year bull market in the U.S. ages.

"Right now, Europe is probably in the second inning of a bull market," says Mr. Esposito, who also favors Asia—as well as emerging markets, "since they're in the first inning and valuations are very compelling."

Bond funds were down in April. Funds focused on intermediate-maturity, investment-grade debt (the most common type of bond fund) had a negative total return of 0.7%, leaving them with a 2.1% decline for 2018 so far.

Mr. Power is a Wall Street Journal news editor in South Brunswick, N.J. Email him at ***william.power@wsj.com.***

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◆ "Americans Should Be More Financially Literate. But What Does That Mean?" by Benjamin Harris, a visiting associate professor at Northwestern University's Kellogg School of Management and formerly the chief economist to Vice President Joe Biden.

◆ "How Retirees Can Reduce Their Marginal Tax Rates," by William Reichenstein, the Powers professor at Baylor University and the head of research at socialsecuritysolutions.com.

The Journal Report welcomes your comments—by mail, fax or email. Letters should be addressed to Lawrence Rout, The Wall Street Journal, 4300 Route 1 North, South Brunswick, N.J. 08852. The fax number is 609-520-7256, and the email address is reports@wsj.com.

IN TRANSLATION

SUDDEN STOP

People who invest in emerging economies need to understand that sometimes market sentiment can take a sharp turn for the worse very quickly.

It's what economists such as Daniel Lacalle of London-based money-management firm Tressis call a sudden stop.

They are referring to the flow of private capital into a country. Cash tends to migrate toward economies where growth and potential returns look higher than elsewhere. Lately, the magnet for investor money has been emerging markets such as India and Brazil.

Then there are times when the capital starts to leave a country. That switch can happen for a variety of reasons, including poor government policies, fears of recession or better opportunities elsewhere, and may result in a currency or banking crisis. And when capital flows change direction, they sometimes do so suddenly.

"That change does not happen gradually," says Mr. Lacalle. "You go from tens of billions of dollars of inflows to tens of billions of dollars of outflows." In other words, investors instantly pull capital, sparking a stampede for the exits.

The sudden stop, and resulting capital flight, can damage an economy's ability to grow and may even push it into a recession.

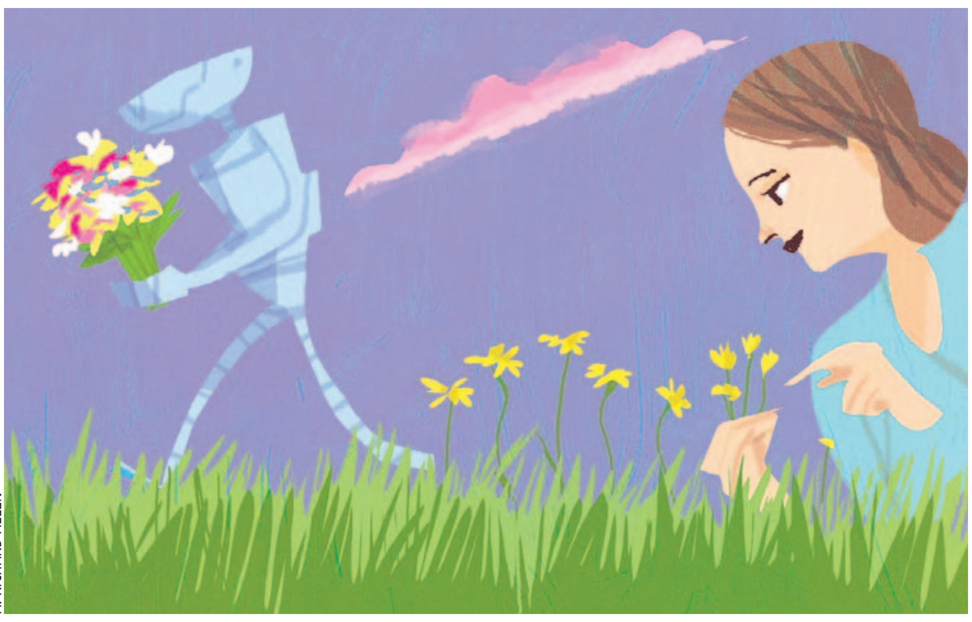
—Simon Constable

PORTFOLIO STRATEGY

Active Managers Smile at the Robots

Rather than being bitter at index funds, they say they look for mispricings

BY SIMON CONSTABLE


A. RICHARD ALLEN

SINCE THE FINANCIAL crisis there has been a consistent mantra around investing: Low-cost index funds makes the most sense because they are generally cheaper and perform better over long periods than mutual funds managed by stock pickers.

But now, some active managers are taking a new tack in making the case for their approach: They say the popularity of indexing, along with other changes in the market, is making it easier for them to find mispriced securities, resulting in a more fertile environment for stock picking than they've had in years.

"When markets [were] moving up like a rocket ship, it paid to have the cheapest exposure," says Joe Amato, chief investment officer at money-management company Neuberger Berman, acknowledging that in recent years the investing planets were aligned better for passive low-cost funds. During that period, the easy availability of credit ushered in by the Federal Reserve meant that many highly indebted companies could stay in business, he says. Buying high-quality companies didn't matter as much, and there was little price dispersion between individual stocks, he adds.

Then things changed. The Fed started to unwind its bond-buying program and began raising the benchmark federal-funds rate. The interest rate on the 10-year Treasury note has jumped.

Amid higher borrowing costs, price differences between lagging stocks and the top-performing ones have widened, Mr. Amato says, creating more opportunities for portfolio managers to find bargains.

Bargains to be had

Although it has been five years since even half of actively managed U.S. stock funds outperformed their benchmarks, their performance is improving. According to data from Morningstar Inc., 53% of such funds beat their benchmarks in the first four months of this year, up from 49% last year and 29% in 2016.

And while investors continued to pull money from actively managed U.S. stock funds in the 12 months through February, the outflows slowed by 15% compared with the year-earlier period, the Morningstar data show.

More active managers are beating their benchmarks; typically it is done by veering outside the index, says Ben Johnson, director of global ETF research at Morningstar.

Other money managers agree there are more bargains to be had now, especially among smaller stocks that aren't included in the major indexes tracked by large ETFs. Last year, 63% of active small-cap growth funds and 54% of active small-cap value funds beat their benchmarks, up from 29% and 18%, respectively, in 2016, according to Morningstar data.

"The money that goes into the passive indexes tends to gravitate toward the S&P 500," says George Young, a portfolio manager at Villere Balanced Fund in New Orleans. **SPDR S&P 500** ETF, for example, is the largest and most actively traded security in the world. The result is that large-cap stocks get bid up in price because of the massive flows into such ETFs, while smaller stocks often stay cheaper, Mr. Young says.

"We own **Howard Hughes** [Corp.]," he says. The $5 billion real-estate firm trades at less than twice book value, he says, compared with 13 times book value for the $50 billion **Simon Property Group** Inc.

Skepticism remains

Of course, plenty of experts aren't buying the argument that stock pickers are making.

"I hear people say that now is a good time for active management, but I believe it is becoming extinct," says Mitch Tuchman, managing director at Rebalance IRA in Palo Alto, Calif. Compared with the stock-picking heyday before the 2007-09 recession, it is now devilishly tricky to succeed in active fund management, he says.

"Today when you find something mispriced, others find out the same things very quickly," he says. "The time frames are shortened," in part due to technology. The speed of the market means managers often don't have long enough to build positions of sufficient size to make a meaningful difference in their fund's performance, he says.

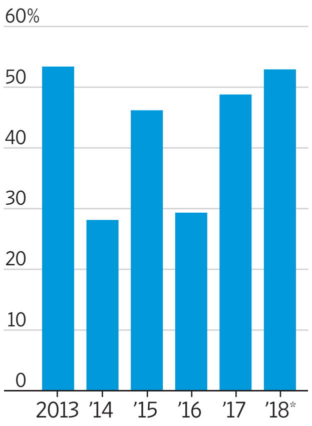
Still, Mr. Amato says bets on mispriced securities have paid off for his firm in recent years, including one on Goldman Sachs Group in 2016. Goldman shares had slumped around 20% in June 2016 after a decline in commodities prices to a multiyear low earlier in the year dragged down stocks and bonds.

"We saw an outstanding team, with the willingness to right-size the operation," says Mr. Amato. "We also had confidence in their investment-banking franchise." In short, he says his team thought the bank would eventually outcompete its second-tier competitors. As of May 1, the stock had rebounded around 70% from its June 2016 low.

Mr. Constable is a writer in Edinburgh, Scotland. He can be reached at reports@wsj.com.

Activity Alert

Percentage of actively managed U.S. stock funds beating their benchmark during the year noted



* through April Source: Morningstar
THE WALL STREET JOURNAL.

BULL MARKETS USUALLY DIE OF OLD AGE. BUT DO THEY REALLY?

Is anxiety over how long this bull market will last overdone? Possibly, according to new research that suggests the life expectancy of bull markets not only doesn't decline with age—it may actually grow.

"Once a bull market is five years old, its remaining life expectancy doesn't diminish. If anything, it increases," financial research firm **HCWE** & Co. said in a recent report.

The idea that "bull markets die of old age" comes from the popular belief that elderly people use up a year of life expectancy with every passing birthday. While that may be true for younger age groups, differences in life expectancy become much less pronounced with advancing age, especially among the oldest segment of the population. After examining historical market data, the researchers suggest the same may be true of bull markets.

HCWE looked at the performance of the S&P 500 index from 1925 to the present, identifying 14 bull markets in addition to the current one that started in 2009. The analysis defined the end of a bull market as a selloff of more than 10% in the preceding 12 months, based on month-end total-return data.

The results show that the mean lifetime of a bull market is about 55 months. However, a bull market's life expectancy doesn't drop linearly as the duration of the rally increases, the analysis found. When a bull market is two years old, its mean residual life expectancy is 46 months, the report said. At five years of age, that declines to 41 months. Once a rally gets beyond five years old, however, its life expectancy is 44 months, on average, according to the researchers.

"Empirically, the longevity of bull markets is roughly age-independent," the report states.

Vincent Catalano, managing member of private-equity firm Adriatic Capital Partners and a past president of the CFA Society of New York, agrees that you can't predict when a bull market will end simply based on its length. "Even if a bull market is old and feeble, that doesn't mean that its death is imminent," he says.

So what does end bull markets? David Ranson, director of research at HCWE and author of the report, says it is the same things that typically push an economy into a slowdown—when investors see a rise in uncertainty about the future.

"It's the uncertainty that is the poison that brings down the market and probably the economy as well," he says.

One obvious criticism of the analysis is that many people don't mark the end of a bull market the way HCWE does. "I've never heard that one," says Sam Stovall, chief investment strategist at financial research company CFRA in New York. "For me, a bear market starts with an end-of-day price decline of 20% or more from a prior closing high."

Mr. Ranson, however, says using other definitions likely wouldn't make much difference to the key takeaway from the analysis.

Still, the report acknowledges that the sample size, or number of bull-market events, is relatively small, which makes drawing hard statistical conclusions trickier.

Others are skeptical that there's much wind left in the sails of this bull market. "I do believe investors should be taking less risk in the current market because valuations are high, sentiment has generally been overly optimistic—especially last year—and monetary conditions are less accommodating," says Jason Browne, chief investment strategist at FundX Investment Group.

Mr. Browne says stocks might avoid a bear market if there is a sideways move in equity prices for a few years so that earnings can catch up with prices.

—Simon Constable

Mutual-Fund Yardsticks: How Fund Categories Stack Up

Includes mutual funds and ETFs for periods ended April 30. All data are final.

Data provided by LIPPER

Investment objective	April	YTD	1-yr	5-yr*
	Perfomance (%)			
Diversified stock & stock/bond funds				
Large-Cap Core	0.3	**–0.7**	12.2	11.5
Large-Cap Growth	0.7	**3.8**	19.7	14.3
Large-Cap Value	0.6	**–2.0**	9.6	10.1
Midcap Core	–0.1	**–1.3**	8.9	10.1
Midcap Growth	–0.6	**2.4**	16.8	12.1
Midcap Value	0.5	**–1.6**	7.4	10.0
Small-Cap Core	0.5	**–0.6**	8.8	10.5
Small-Cap Growth	0.3	**3.4**	18.2	12.3
Small-Cap Value	0.8	**–2.0**	6.2	9.3
Multicap Core	0.1	**–0.6**	11.5	11.0
Multicap Growth	0.1	**2.9**	18.1	13.2
Multicap Value	0.6	**–1.9**	9.2	10.0
Equity Income	0.5	**–2.1**	8.6	9.2
S&P 500 Funds	0.3	**–0.5**	12.8	12.4
Specialty Divers. Equity	–0.1	**–1.2**	4.4	–3.4
Balanced	unch.	**–0.9**	7.1	6.3
Stock/Bond Blend	0.2	**–0.7**	7.2	5.6
Avg. U.S. Stock Fund†	0.3	**–0.1**	11.4	10.3
Sector stock funds				
Science & Technology	–0.4	**3.5**	20.7	16.4
Telecommunication	0.4	**–2.5**	1.7	6.8
Health/Biotechnology	0.2	**1.6**	12.9	14.4
Utility	2.3	**–0.6**	4.8	6.7
Natural Resources	8.6	**1.6**	8.4	–1.8
Sector	0.4	**–3.5**	2.0	4.8
Real Estate	0.9	**–5.9**	–1.5	4.5

Investment objective	April	YTD	1-yr	5-yr*
	Perfomance (%)			
World stock funds				
Global	0.6	**0.2**	13.4	8.8
International (ex-U.S.)	0.9	**0.3**	14.5	5.9
European Region	2.0	**0.5**	11.9	6.7
Emerging Markets	–2.0	**–0.1**	18.0	3.9
Latin American	–1.1	**4.4**	17.6	–1.9
Pacific Region	–0.8	**0.1**	22.4	7.9
Gold Oriented	1.2	**–6.1**	–4.0	–4.3
Global Equity Income	0.8	**–1.7**	8.1	6.2
International Equity Income	1.0	**–0.3**	11.7	3.6
Taxable-bond funds				
Short-Term	unch.	**–0.2**	0.6	0.8
Long-Term	–0.8	**–2.8**	0.5	2.1
Intermediate Bond	–0.7	**–2.1**	–0.3	1.3
Intermediate U.S.	–0.1	**–0.8**	0.1	–0.3
Short-Term U.S.	–0.7	**–2.1**	–0.3	1.3
Long-Term U.S.	–1.0	**–2.7**	–1.4	0.5
General U.S. Taxable	–0.5	**–1.6**	1.2	2.3
High-Yield Taxable	0.4	**–0.5**	2.6	3.6
Mortgage	–0.4	**–1.4**	–0.4	1.2
World Bond	–1.0	**–0.3**	3.4	0.8
Avg. Taxable-Bond Fund**	–0.2	**–0.9**	1.2	1.5
Municipal-bond funds				
Short-Term Muni	–0.2	**–0.4**	–0.2	0.2
Intermediate Muni	–0.3	**–1.3**	0.7	1.4
General & Insured Muni	–0.3	**–1.3**	2.0	2.2
High-Yield Muni	0.04	**–0.2**	4.2	3.6

Stock & Bond Benchmark Indexes

All total return unless noted

Investment objective	April	YTD	1-yr	5-yr*
	Perfomance (%)			
Large-cap stocks				
DJIA	0.3	**–1.6**	18.1	13.0
S&P 500	0.4	**–0.4**	13.3	13.0
Midcap stocks				
S&P MidCap 400	–0.3	**–1.0**	9.8	11.8
Small-cap stocks				
Russell 2000	0.9	**0.8**	11.5	11.7
Broad stock market				
DJ U.S. Total Stock Market	0.4	**–0.3**	13.1	12.7
Russell 3000	0.4	**–0.3**	13.0	12.8

Investment objective	April	YTD	1-yr	5-yr*
	Perfomance (%)			
Stock indexes				
DJ U.S. TSM Growth	0.6	**2.2**	17.6	14.8
DJ U.S. TSM Value	0.1	**–2.7**	8.7	10.6
Taxable bonds				
Barclays Agg. Bond	–0.7	**–2.2**	–0.3	1.5
Municipal bonds				
Barclays Muni. Bond	–0.4	**–1.5**	1.6	2.4
International stocks				
MSCI EAFE†† (price return)	2.1	**–0.3**	11.5	3.1
Dow Jones World (ex. U.S.)	1.5	**0.5**	16.2	6.0

*Annualized †Diversified funds only **Excludes money-market funds ††Europe, Australia, Far East

Tracking Exchange-Traded Portfolios

Performance figures are total returns for periods ended April 30; for largest exchange-traded funds and other portfolios, ranked by asset size.

Fund	Symbol	Assets ($ billions)	Volume (000s)	Expense ratio	Launch date	April	YTD	1-year
						Performance (%)		
SPDR S&P 500 ETF	SPY	**254.67**	79,953.8	0.09	01/22/93	0.4	–0.4	13.2
iShares Core S&P 500 ETF	IVV	**142.64**	3,836.1	0.05	05/15/00	0.4	–0.4	13.2
Vanguard Tot Stk Mkt Idx ETF	VTI	**93.25**	2,276.7	0.04	05/24/01	0.4	–0.2	13.1
Vanguard 500 Index ETF	VOO	**87.30**	464.3	0.04	09/07/10	0.4	–0.4	13.2
iShares MSCI EAFE ETF	EFA	**78.40**	21,629.6	0.32	08/14/01	2.5	0.8	14.5
Vanguard FTSE Developed Markets ETF	VEA	**71.97**	5,684.2	0.07	07/20/07	1.6	0.4	15.1
Vanguard FTSE Emerging Markets ETF	VWO	**67.12**	10,113.4	0.14	03/04/05	–2.1	–0.03	16.8
PowerShares QQQ Nasdaq 100	QQQ	**60.01**	34,854.5	0.20	03/10/99	0.4	3.5	19.3
iShares Core MSCI EAFE	IEFA	**58.83**	5,585.4	0.09	10/18/12	2.4	1.0	15.6
iShares Core US Aggregate Bond ETF	AGG	**55.83**	4,479.7	0.06	09/22/03	–0.7	–2.2	–0.4
iShares Core MSCI Emerging Markets	IEMG	**50.93**	13,314.9	0.14	10/18/12	–0.3	0.9	21.1
iShares Core S&P Mid-Cap ETF	IJH	**44.62**	1,051.6	0.09	05/22/00	–0.3	–1.0	9.8
iShares MSCI Emerging Markets Index Fund	EEM	**42.17**	48,386.3	0.69	04/07/03	–0.4	0.7	20.9
iShares Russell 2000 ETF	IWM	**42.09**	15,216.3	0.20	05/22/00	0.9	0.8	11.5
iShares Russell 1000 Growth ETF	IWF	**40.04**	1,907.4	0.20	05/22/00	0.3	1.7	18.7
iShares Core S&P Small-Cap ETF	IJR	**37.64**	3,027.7	0.09	05/22/00	1.0	1.7	12.8
SPDR Gold Shares	GLD	**36.77**	9,828.3	0.40	11/18/04	–0.8	1.2	3.3
Vanguard Total Bond Market ETF	BND	**36.57**	1,515.5	0.05	04/03/07	–0.8	–2.3	–0.4
Vanguard Value ETF	VTV	**36.10**	913.1	0.05	01/26/04	0.5	–1.8	11.3
iShares Russell 1000 Value ETF	IWD	**35.92**	2,097.9	0.20	05/22/00	0.3	–2.6	7.3
Vanguard Growth ETF	VUG	**32.91**	490.0	0.05	01/26/04	0.3	1.5	15.7
iShares iBoxx $ Inv Grade Cor B ETF	LQD	**32.49**	6,388.5	0.15	07/22/02	–1.2	–4.2	0.3
Financial Select Sector SPDR	XLF	**32.09**	41,716.0	0.14	12/16/98	–0.4	–1.4	18.5
Vanguard Real Estate ETF	VNQ	**29.48**	6,625.5	0.12	09/23/04	0.9	–7.3	–3.8
Vanguard Div Appreciation ETF	VIG	**27.17**	1,034.2	0.08	04/21/06	–0.9	–1.4	11.6
iShares TIPS Bond ETF	TIP	**24.73**	2,127.9	0.20	12/04/03	–0.03	–0.9	0.2
Vanguard Short-Term Bd Idx ETF	BSV	**24.02**	1,354.8	0.07	04/03/07	–0.3	–0.8	–0.5
Vanguard FTSE All-World ex-US ETF	VEU	**23.71**	2,545.5	0.11	03/02/07	0.8	0.3	15.3
Vanguard Mid Cap ETF	VO	**22.29**	309.7	0.05	01/26/04	–0.2	–0.1	10.8
Vanguard Small Cap ETF	VB	**21.73**	277.2	0.05	01/26/04	0.3	0.1	11.3
iShares MSCI Japan Index Fund	EWJ	**21.40**	5,713.1	0.49	03/12/96	1.4	1.4	18.8
Vanguard Short-Term Crp Bd Idx ETF	VCSH	**21.01**	1,747.7	0.07	11/19/09	–0.1	–0.9	0.1
SPDR Dow Jones Industrial Average	DIA	**20.92**	3,445.9	0.15	01/14/98	0.3	–1.7	18.0
Vanguard High Dividend Yield ETF	VYM	**20.51**	528.8	0.08	11/10/06	0.1	–2.8	9.7
Technology Select Sector SPDR	XLK	**19.81**	8,685.1	0.14	12/16/98	N.A.	2.8	22.1
iShares S&P 500 Growth Index Fund	IVW	**19.79**	439.7	0.18	05/22/00	0.3	2.1	17.5
SPDR S&P MidCap 400 ETF	MDY	**19.72**	1,342.7	0.24	04/28/95	–0.3	–1.1	9.4
iShares Russell 1000 ETF	IWB	**19.31**	855.6	0.15	05/15/00	0.3	–0.4	13.0
Vanguard FTSE Europe ETF	VGK	**18.90**	2,865.8	0.10	03/04/05	2.2	0.9	14.0
Energy Select Sector SPDR	XLE	**18.53**	12,929.9	0.14	12/16/98	9.4	3.0	12.5

*Expense charge is a maximum of 8 cents a share †Assets are estimated N.A.= Not applicable, fund is too new.
Note: Total returns are based on the change in the net asset values, not changes in market prices. Net asset values can vary from market prices, which therefore can reflect a premium or discount to the net asset values.

Source: Thomson Reuters

ALTERNATIVE INVESTMENTS

A New Investment Canvas

Many planners add art valuations to a portfolio talk


EDWIN FOTHERINGHAM

BY JANE HODGES

ART AS INVESTMENT for high-net-worth individuals is on its way to new heights, according to a 2017 report.

The global value of art held by ultrahigh-net-worth individuals is expected to rise to $2.6 trillion by 2026, up from $1.6 trillion in 2016, according to the report by consultants Deloitte Luxembourg & ArtTactic, an art-market research firm based in London.

Art makes up a substantial part of private wealth already, of course. Peter May, an independent certified financial planner and lawyer in Philadelphia, says at least 25% of his clients own fine art. And for a client with roughly $20 million in net worth, Mr. May says, 25% to 50% of that value may lie in luxury possessions including art.

But while art as a portion of portfolios is growing, Mr. May and other financial advisers say their clients are relatively uninformed about art as an investment, particularly those who have inherited art or are collecting it for pleasure's sake.

And that, the advisers say, is a mistake.

"In many families, art is part of the 'silent balance sheet,'" says Mr. May.

In the report by Deloitte Luxembourg & ArtTactic, nearly two-thirds of wealth managers surveyed said they were offering services to clients related to financial planning around their art holdings, up from a third six years ago. But because so much of this wealth exists outside of assets under management, advisers says it is increasingly important to discuss how it fits in a client's overall financial picture.

Determining value

Whether valuable art work is owned for pleasure or as an investment, it needs to be appraised and insured, and carry a clean title, Mr. May says. It should also receive periodic valuations for portfolio purposes or for possible sale or use as collateral for a loan.

Getting an accurate valuation of a client's art is crucial but often difficult. Mr. May likens it to putting a value on a privately held business: Neither is readily liquid, and there is a limited universe of buyers for the product.

But from an adviser's perspective, knowing the value of a client's art, or at least an informed estimate, is a critical part of determining portfolio mixes. Owners of large art collections, for example, might consider conservative portfolios of stocks and funds to mitigate the risk of having art as a significant part of their net worth.

Art is frequently a large part of estate planning as well, Mr. May says, yet in many cases, because art isn't a liquid asset, either its value isn't addressed in the will or the art isn't mentioned at all.

"People will fight over art, yet they don't want to complicate a will," he says.

There are auction houses, art advisers and other professionals in the art world who can provide estimated valuations at a given time. John Flavin, a wealth adviser with Synergy Financial Management in Seattle, says when a client wanted to sell a painting by a renowned Swedish painter, he handed the case over to **Sotheby's**, which sent consultants to her home.

"For a big cut of the action, they'll make it very easy for you," Mr. Flavin says. "Their team came out and evaluated, packaged, shipped and sold the work, which went for a few hundreds of thousands of dollars."

Meanwhile, ownership of art can come in many forms, depending on what best suits the investor's needs. Accredited investors, those with high net worth, have for several years had the opportunity to invest in "art funds"—mutual funds containing fine art assets—which are typically closed-end and illiquid.

But the opacity of these funds may be contributing to a decline in their market value: The art-fund market has shrunk in recent quarters, from an estimated $1.2 billion in 2015 to just $834 million at the end of the first half of 2017, according to the Deloitte Luxembourg & ArtTactic report.

Owning by partnership

Mr. May, meanwhile, recommends owning art in partnerships.

"Why not buy a collection via an entity that buys, sells and holds artwork, and where you could have partners?" he says. In such a scenario, the collection could rotate among homes, stay in protected storage or be sold as decided by the owner(s).

According to Mr. May, owning art by means of a fund or a business entity created among partners also could mean that managing and selling art assets comes with a lower capital-gains consequence than might be incurred by owning art pieces as an individual.

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Addition of China 'A' Shares to MSCI Index Is Awkward Timing

BY TANZEEL AKHTAR

FUND INVESTORS looking into Chinese stocks are living in interesting times.

As the threat of a U.S.-China trade war continues, index firm **MSCI** Inc. is preparing to add some mainland Chinese-listed shares, known as A shares, to its widely watched and benchmarked emerging-markets index.

The move, with a first round on June 1, has been years in the making and is expected to draw billions of dollars to mainland-China stocks as funds seek to replicate the MSCI Emerging Markets Index. (Foreigners can already buy and sell shares in Chinese companies listed in Hong Kong, but access to shares traded in Shanghai and Shenzhen has been limited.)

But as big as the MSCI development is, at least symbolically, Chinese stocks are among the worst performers in the world so far this year, with the Shanghai Composite Index down 6.5%. The trade dispute is adding to economic uncertainty in the country, and even the MSCI boost hasn't been enough to protect it.

In addition, the China-stock infusion will be limited at first. Jackie Choy, the director of ETF research, Asia, at Morningstar Investment Management Asia Ltd., says the amount of China A shares expected to be included in the MSCI indexes on June 1 is relatively small, at around 0.73% of the MSCI Emerging Market Index. (More stocks will be added later.) He says it's too early to tell how a trade war could affect markets.

Two index-tracking funds that will have to act immediately to replicate the inclusion of A shares are **iShares MSCI Emerging Markets ETF** (EEM) and **iShares Core MSCI Emerging Markets ETF** (IEMG), says Todd Rosenbluth, head of ETF research for CFRA, a New York research firm. Mr. Rosenbluth says the inclusion of China A shares into MSCI indexes will create a tailwind for continued demand of such funds regardless of trade war risks.

For investors who want to get ahead of the index change, Mr. Rosenbluth recommends some ETFs that already include A shares, such as **Xtrackers Harvest CSI 300 China A-Shares ETF** (ASHR) and **KraneShares Bosera MSCI China A Share ETF** (KBA). These funds, he says, invest in companies that generate significant revenue domestically in mainland China and so would see limited impact from a potential trade war.

China ETFs' headwinds

Since the trade-war rhetoric has ratcheted up, China-focused ETFs have faced performance headwinds, says Michael Cohick, senior ETF product manager at VanEck.

"It's possible that in some part this may be due to the threat of punitive tariffs from the U.S. as well as retaliatory threats from China, but is likely only part of a broader cyclical narrative," says Mr. Cohick.

He adds that VanEck's outlook for emerging-markets stocks and currencies generally is for continued strength driven by fundamentals and deepening U.S. deficit spending. Any short-term weakness in underlying markets may end up being a potential trading opportunity for intrepid investors, Mr. Cohick says.

Ms. Akhtar is a writer in London. She can be reached at reports@wsj.com.

FUND RESULTS

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Q&A

A Star Bond-Fund Manager Avoids the Shortcuts

'We're not masqueraders' with derivatives, says Baird's Mary Ellen Stanek

BY CHUCK JAFFE

MARY ELLEN STANEK thinks a lot about sleep.

Where other bond-fund managers are looking for ways to wake up the somnolent, dozy parts of the investment world by using derivatives and exotic products to goose returns, Ms. Stanek and her team at Baird Funds are happy to avoid that excitement.

Ms. Stanek gets her buzz from hearing shareholders say that they think of her bond funds as "sleep insurance," something they own so that they can rest easy at night.

A nearly 40-year veteran of the industry, Ms. Stanek is president of Baird Funds, which has more than $45 billion in assets under management, in stock funds as well as bond funds, and is part of Baird, a large financial-services firm. Also chief investment officer at Baird Advisors in Milwaukee, Ms. Stanek has built her reputation the same way she has built the track records of her bond funds—slowly and by avoiding big missteps. The team she runs has been largely intact since the first Baird Funds opened in 2000, and its results have been as consistent and constant as the personnel.

Indeed, long-term results for her bond funds, both started in September 2000, have been above average and without any lengthy periods of below-par results. **Baird Core Plus Bond** (BCOSX), which has a five-star rating from Morningstar Inc. and ranks in the top 10% of its peer group in the 10- and 15-year periods, has a return of about 2.3% year to date. The four-star **Baird Aggregate Bond** (BAGSX), which has been in the top third of its asset class for most of its existence, had a year-to-date return of 2.39% through May 3.

Here are edited excerpts from a recent interview:

Consistency key

WSJ: *Lots of people think bond investing is boring. Why don't you feel that way?*

MS. STANEK: We're not here to be exciting. We don't believe any investor can consistently forecast interest rates correctly and add value to a bond portfolio by jumping around the average maturity or duration of the portfolio. For investors, the better route is to pick where along the risk spectrum or the duration curve is best going to meet your objectives and risk tolerance and then stay there.

We try to hit a lot of singles and have high batting averages and then compound that consistency for our investors, coupled with very competitive fees.

WSJ: *A lot of popular bond-fund managers have gravitated toward derivatives and other alternative strategies, but not Baird. Why not?*

MS. STANEK: We're a "What-you-see-is-what-you-get" style of bond manager. We're not masqueraders, acting more like stock managers while we talk about consistency and compounding.

Being called "sleep insurance" is a badge of honor to a core investment-grade bond manager. That's why you own bonds in the first place, for income, for lower volatility, for more predictability. And that's why, in the bond portfolio of your asset allocation, you don't want to amplify the risk [by using derivatives] or become overly complex and counterproductive to the long-term wealth of shareholders.

Mary Ellen Stanek runs what she calls a 'what-you-see-is-what-you-get' fund.

Rising rates

WSJ: *The 10-year Treasury recently hit 3%, a point at which many observers say trouble could start brewing for bonds. What's your take on it?*

MS. STANEK: Three percent on the Treasury is just a number and a single point. It's still low on a nominal basis and all part of the normalization process, reflecting an economy that has a better tone to it.

Investors and a lot of the press are hyping the negatives of this rising-interest-rate environment. We think investors need to put it in a balanced perspective, because there are benefits to rising rates for income-oriented investors.

WSJ: *So what do you want investors to be focused on?*

MS. STANEK: Let's acknowledge that as rates rise, the value of your bonds goes down; that is the lemon as opposed to the lemonade. But the lemonade part of it is that as yields go up, the income generated off the portfolios is higher, so any type of investor is better off. You have been yield-starved for the past couple of years, so this will be quite welcome, and will likely draw investors and money toward the bond market.

WSJ: *There aren't many women running bond funds. How were you able to break through?*

MS. STANEK: I personally believe that diverse teams are better constructed and manage risk in a broader way, which is critically important for a bond-fund manager.

There was no magic formula for breaking through; the asset-management industry is very opportunistic and objectively measured. But if you can put portfolio results up for investors and business results for your shareholders, it proves that you belong.

At the end of the day, I was meeting our investors' objectives. That's hard to deny.

Mom is watching

WSJ: *Your mother invests in your funds. When you think of the typical investor, do you think of mom?*

MS. STANEK: It's really important to never lose sight of who our investors are. It isn't just my mother. My husband is a dentist and his retirement plan is in the funds, but we also have endowments and big corporate retirement plans, and schoolteachers in small towns, and guys on the plant floor and nurses in big hospitals, and what they all have in common is that they need us to perform as expected. We come to win for those investors every single day; they want consistency, predictability and lower volatility.

Obviously, I don't want to disappoint my 90-year-old mother, but I don't want to disappoint any of the other shareholders either.

Mr. Jaffe is a writer in Boston. He can be reached at reports@wsj.com.

ALTERNATIVE INVESTMENTS

Oil MLPs Are Beckoning Again, but Know the Risks

Yields are enticing for master limited partnerships, as long as investors remember past stumbles

BY JEFF BROWN

OIL PRODUCERS are pumping fiercely, and crude prices are up since last summer but still below previous peaks. Car buyers are grabbing gas-guzzling pickups and SUVs. World demand for oil is growing.

To some, in short, it looks like a good time to invest in master limited partnerships, especially those that own such facilities as pipelines, refineries and tank farms, and offer investors high yields—in the range of 7% to 9%. These "midstream" MLPs earn fees from transporting products and thrive on high volumes more than energy prices.

Some experts warn, however, that the handsome yields of MLPs can be a siren song for investors who can't stomach energy-industry volatility.

Weak energy markets last year drove down MLP prices. Though oil prices and production have since increased, MLP prices often lag behind market conditions. That produces attractive opportunities today, says Sal Russo, head of research at EMM Wealth, a multifamily office in New York. He says the current market can be "a good entry point for investors looking to own midstream infrastructure assets with strong fundamentals."

Still, for those who can't wait out the downturns, or don't know when to get out, MLP investors may find plunging share prices wiping out their fat dividend earnings. That has happened all too often in recent years.

"Investors developed a false sense of security in these securities while oil prices were stable, but quickly found after 2014 that the elevated income yields came with elevated price risk," says Brian Sterz, portfolio manager at Miracle Mile Advisors in Los Angeles.

Pumping up MLPs? Oil and gas pipes, ready to go, in Russia.

Investors with a taste for risk can enjoy today's high yields and hope to ride a rebound in share prices, says Richard Steinberg, managing director and partner at HSW Advisors, a private wealth-management firm in New York.

"I believe the strong current yields, coupled with opportunities for growth and depressed [share price] valuation [and] sentiment makes this a particularly interesting time to invest," says Mr. Steinberg.

Mr. Steinberg notes that earnings of MLPs specializing in oil transportation can stay strong even when fuel prices drop, since they do not own the fuel they move but earn fees based on volume.

ETF choices

Investing in MLPs has become easy with the rise of exchange-traded funds and notes. The largest, the $8.5 billion **Alerian MLP** ETF (AMLP), yields an enviable 8.32%. But the fund is off about 4.5% this year through May 4, and averaged losses of nearly 4% a year for the past five years, according to Morningstar.

The No. 2 fund, the $3 billion **JPMorgan Alerian MLP** Index ETN (AMJ), yields 7.21% but is down about 4% this year. It is down an annual average of 6% for the past five years.

The category took a hit in 2015 and 2016 when some MLPs cut distributions to investors as oil prices collapsed. And in March, the Federal Energy Regulatory Commission reduced a key tax benefit for these MLPs, though many experts now believe that hit won't be as bad as first thought.

MLPs are "pass-through entities" similar to real-estate investment trusts. They aren't taxed at the corporate level and must pass at least 90% of earnings on to shareholders. The tax cuts enacted last year allow investors to claim a 20% deduction on MLP earnings, boosting their after-tax returns.

7% and up

The typical current yield offered by oil-linked MLPs

The biggest category is "midstream" MLPs that own gathering, processing, compression, transportation and storage facilities. "Upstream" funds own exploration and production operations, and mineral and royalty rights. "Downstream" funds are involved in refining, marketing and wholesale distribution.

Professionals say MLPs should not be considered a substitute for traditional fixed-income holdings like Treasury bonds. Mr. Steinberg says investors should view MLPs as risky holdings, like stocks.

While MLPs have had a tough run in recent years, Mr. Steinberg figures today's conditions are promising for the midstream partnerships. Upstream partnerships are more susceptible to oil prices and could suffer if prices fall.

Mr. Russo agrees that midstream firms are the best bet in MLPs today. Investors, he says, should examine "distribution coverage ratio"—cash available divided by cash paid to shareholders. The higher the ratio the better, as that means there's plenty of cash for payments to shareholders.

Investors should look for an MLP that regularly raises its dividend, Mr. Russo says. Also make sure profits are divided fairly between the general partners who run the fund and the limited partners who invest in it, he says. Limited partners typically get 95% to 100% of initial profits, Mr. Russo says, with general partners receiving larger shares, as much as 50%, later as predetermined thresholds are met.

Tax considerations

Finally, he notes there are tax issues for MLP investors that can boost returns, depending on the individual's tax situation. Investors can receive tax deferrals from amortization and depreciation, for example.

While rising interest rates typically undermine values of fixed-income securities, MLPs offer some protection, according to Rob Thummel, managing director at Tortoise, a $16 billion asset-management firm specializing in energy.

"With a current yield of 7%, MLPs look compelling relative to other dividend-oriented equity securities such as REITs and utilities that have current yields around 4%," Mr. Thummel says.

He notes that during the past 15 periods when interest rates rose by half a percentage point or more, the average return of MLPs has been better than those of REITs, utilities and the S&P 500.

Mr. Brown is a writer in Livingston, Mont. He can be reached at reports@wsj.com.

How the Largest Funds Fared

Data provided by LIPPER

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of April 30; assets are as of March 30. All data are final.

The Largest Stock Mutual Funds

Fund	Ticker	Assets ($ billions)	Total Return (%) April	1-year	Annualized 3-year	5-year	10-year
Vanguard TSM Idx;Adm	VTSAX	672.32	0.4	13.1	10.2	12.7	9.2
Vanguard 500 Index;Adm	VFIAX	400.60	0.4	13.2	10.5	12.9	9.0
Vanguard Tot I Stk;Inv	VGTSX	341.62	0.8	15.4	5.4	5.8	2.3
SPDR S&P 500 ETF	SPY	254.96	0.4	13.2	10.5	12.8	8.9
Vanguard Instl Indx;Inst	VINIX	220.31	0.4	13.2	10.5	12.9	9.0
American Funds Gro;A	AGTHX	180.87	1.5	19.5	12.8	14.8	9.1
American Funds EuPc;R6	RERGX	166.89	0.3	17.8	7.0	8.1	N.A.
Fidelity 500 Idx;Pr	FUSVX	144.87	0.4	13.2	10.5	12.9	9.0
iShares:Core S&P 500	IVV	140.27	0.4	13.2	10.5	12.9	9.0
American Funds Bal;A	ABALX	125.24	0.3	8.7	7.5	8.9	7.7
Fidelity Contrafund	FCNTX	123.72	1.2	21.8	13.7	14.9	10.2
Vanguard FTSE Dev Mk ETF	VEA	108.64	1.6	15.1	5.7	6.4	2.8
American Funds Inc;A	AMECX	108.02	0.1	7.1	5.8	7.2	6.6
American Funds CIB;A	CAIBX	105.68	0.4	5.6	3.8	5.3	4.5
Vanguard Wellington;Adm	VWENX	103.09	0.3	8.4	7.2	8.6	7.6
American Funds Wash;A	AWSHX	100.47	1.0	13.8	10.3	12.0	8.5
American Funds CWGI;A	CWGIX	98.24	1.3	15.8	7.9	9.2	5.6
American Funds FInv;A	ANCFX	95.73	0.2	14.0	11.3	13.0	8.4
Vanguard Md-Cp Idx;Adm	VIMAX	95.07	−0.2	10.8	8.0	11.8	9.4
Vanguard FTSE Em Mkt ETF	VWO	93.85	−2.1	16.8	4.1	3.8	1.6

The Largest Bond Mutual Funds

Fund	Ticker	Assets ($ Billions)	Total Return (%) April	1-year	Annualized 3-year	5-year	10-year
Vanguard Tot Bd;Adm	VBTLX	197.79	−0.8	−0.5	1.0	1.4	3.5
Vanguard Tot Bd II;Inv	VTBIX	153.54	−0.7	−0.5	0.9	1.3	N.A.
PIMCO:Income;Inst	PIMIX	111.94	−0.4	4.1	5.4	5.2	9.0
Vanguard Tot Itl BI;Adm	VTABX	105.14	−0.1	2.6	2.5	N.A.	N.A.
Met West:Total Return;I	MWTIX	78.17	−0.6	−0.2	1.0	1.7	5.3
PIMCO:Tot Rtn;Inst	PTTRX	72.04	−0.9	0.4	1.5	1.4	4.6
Vanguard Sh-Tm Inv;Adm	VFSUX	62.20	−0.3	0.1	1.3	1.5	2.8
Vanguard Int-Tm TxEx;Adm	VWIUX	57.75	−0.3	1.0	2.0	2.1	3.8
Dodge & Cox Income	DODIX	55.55	−0.4	1.1	2.2	2.5	4.7
iShares:Core US Agg Bd	AGG	54.73	−0.7	−0.4	1.0	1.4	3.5
DoubleLine:Tot Rtn;I	DBLTX	51.33	−0.5	0.9	1.9	2.3	N.A.
Vanguard Sh-Tm Bd;ETF	BSV	50.17	−0.3	−0.52	0.6	0.7	2.1
Lord Abbett Sh Dur;F	LDLFX	40.15	0.1	1.2	1.8	1.8	4.0
Templeton Gl Bond;Adv	TGBAX	38.28	0.9	0.9	2.0	1.6	5.6
American Funds Bond;A	ABNDX	38.13	−0.8	−0.9	0.8	1.3	2.8
Fidelity Str Adv Cre Inc	FPCIX	37.07	−0.8	0.3	1.8	1.8	4.5
Fidelity US B Id;IP	FXNAX	36.52	−0.8	−0.6	1.0	1.4	N.A.
Vanguard Int-Tm Bd;ETF	BIV	34.44	−1.0	−1.6	0.9	1.3	4.4

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

BEST BET/WORST BET

DAVID BACH

David Bach, a Morgan Stanley veteran, now writes personal-finance best sellers.

David Bach Finished Rich in Tribeca, Not With Tykoon

BY CHRIS KORNELIS

THE FIRST MONTH that David Bach went to work with his father at Morgan Stanley in the San Francisco Bay Area in 1993, he sat in meetings with the widows of clients. He remembers two of these women didn't know the basics of money management because their husbands had handled all of the family's financial affairs. He watched his dad walk them through things such as writing checks, reading a brokerage statement and understanding from where their income was coming.

It gave Mr. Bach an idea.

He invited all of their female clients to a financial workshop, which ended up being more popular than the company's Christmas party. That presentation led to a book, "Smart Women Finish Rich," and that book lead to a best-selling publishing empire that has seven million copies of a dozen titles in print, including the inescapable wedding gift, "Smart Couples Finish Rich."

"My mission went from, 'How can I help my clients and my clients' kids?' " he says, to "How can I go out and inspire one million women to take charge of their financial security so that they can teach their kids how to do this?"

Today, Mr. Bach continues to write books and update his best sellers. He also is the co-founder of **AE Wealth Management** LLC in Topeka, Kan., a firm focused on helping retirees get the most "return on their retirement." Among other things, he creates training seminars for the company's financial advisers to give to clients.

"People retire in their 60s, and in most cases they die in their 80s, if they're lucky," he says. "Their 60s is their best decade," he says. "It is their go-go decade. And the 70s is the slower-go decade. And the 80s is often the no-go decade." As such, he says, one of his missions is "to really inspire retirees to get their financial plan done, so they can figure out how to get most out of their first decade of retirement."

Here, Mr. Bach talks about which of his investments gave him the most—and which gave him the least—and what he learned from those experiences.

Mr. Kornelis is a writer in Seattle. He can be reached at ***reports@wsj.com.***

BEST BET
A TRIBECA LOFT

INVESTMENT
$2 million

GAIN
$1.5 million

Mr. Bach says that when he first became a financial adviser, he was given one of the most important pieces of advice he has ever received: "If you do for yourself what you do for your clients, if you're good in this business, you'll be wealthy for life. So, I have always made it a goal to manage my money the way I would manage it for a client."

He says one of the most foundational pieces of advice he used to give clients when he was an adviser was to own the home they live in. "I'm just a fundamental believer that you can't get rich renting," he says, although he says he does suggest renting first.

So, when he moved to New York from San Francisco in 2002, he rented a home for a year before deciding to buy a Tribeca loft in a building that was being converted into condos. He and his wife were certain they had picked one of the best units, and spent $800 a square foot, a figure that generated laughter from a potential mortgage broker. But they were smitten, so they spent $2 million on the home.

When they decamped for Battery Park City in 2007 so that their children could live across the street from a park, they listed and sold their home in a day—for $3.65 million. After commissions, they netted around $1.5 million.

THE TAKEAWAY: Mr. Bach says the deal didn't always sound as sweet as it ended. After they agreed to pay $2 million for the loft, the market experienced a correction, and the price of units in the building dropped 25%.

On paper, they had lost all of the equity they had in the home. But rather than panic, they stuck with it. He says they felt confident holding on to the home because they loved the location, they knew they could afford the mortgage and they weren't thinking of it as a short-term investment.

"The lessons, I think are: Real estate comes down to location, real estate comes down to financing and it also comes down to time," he says. "There's never been a real-estate market that's gone down that hasn't recovered and gone higher. And it's the same lesson with the stock market. Things go down in the short term, but they always come back and go higher."

WORST BET
TYKOON

INVESTMENT
$100,000

LOSS
$100,000

In 2010, a friend introduced Mr. Bach to a startup called Tykoon, which wanted to develop an app and website that could help parents teach their children about money using their allowances. As a father and financial professional, he was interested. As an investor, he was excited about the prospect of going into business with the company's founder, Doug Lebda, the chief executive officer and founder of LendingTree.

At the time, Tykoon didn't have a website or an app. Mr. Bach wrote a $100,000 check based solely on a PowerPoint presentation. It didn't go well.

"The company went nowhere and did nothing," he says.

Perhaps worse, it was a bust with his target audience. "I showed the product to my kids and was so excited to show it to them, because they knew I had been working on it," he says. "They looked at it for like six minutes and then never looked at it again."

Mr. Bach lost his entire investment. Losing the $100,000 was painful, he says, but it was worse thinking what might have happened had he invested in LendingTree instead. LendingTree was trading at $3 around that time; this year it traded in the $400s before cooling off more recently.

For his part, Mr. Lebda says he believes Tykoon could still be a success, but trying to launch it in the wake of the financial crisis set him back. "The timing wasn't right," he says.

THE TAKEAWAY: Mr. Bach decided that as a conservative investor he doesn't want to invest in companies before they have a product. So he no longer looks at startups that are in a seed round with no product or team yet built.

"I want to come in after it has been built for two years, there's a team, they've made mistakes, they've learned from those mistakes," he says. "I want to come in after I've seen something getting off the ground."

Mr. Bach says it isn't that he believes it is foolish to invest in companies without a product, but he realizes that it is the wrong kind of investment for him.

"I don't need a 100x on my money," he says. "I'm a more conservative investor. I want to have singles and doubles. I don't need to have a grand slam."

SAVING FOR COLLEGE | CHANA R. SCHOENBERGER

How to Navigate '529' Transfers

Rules on beneficiary switches are strict, but can also be to your advantage

We again asked experts to consider questions from readers about college savings, in particular the tax-advantaged "529" savings accounts that invest in mutual funds and are used to pay for higher education.

* * *

What are the transfer rules for 529s?

The beneficiary of a 529 can be switched to any direct relative of the original beneficiary without penalty.

"The designated beneficiary can be changed without transferring accounts, and you can make this change by submitting the request in writing, using a transfer/rollover request form typically from the receiving plan," says Rachel Ramos, product manager for the American Funds 529 plan, CollegeAmerica, at Capital Group.

Many 529 plans also allow the account owner to transfer ownership, for instance from the student's grandparent to the parent. The owner can also select a successor owner, to take over the account when the original owner has died. Check with a tax adviser first, so that transfers don't trigger unforeseen taxes, says South Carolina State Treasurer Curtis Loftis, the administrator of the state's Future Scholar 529 plan.

Switching beneficiaries is a way to avoid the IRS rule that allows account owners to switch their current fund choices only twice in each calendar year, since you can also do it whenever changing beneficiaries.

Funds can be moved between various kinds of educational savings plans without tax consequences, Ms. Ramos says. For instance, money can be transferred from a Coverdell savings account to a 529 for the same child, or from a qualified U.S. savings bond into a 529.

(To do that, the bond must be a Series EE bond issued after 1989 or any Series I bond owned by an individual at least 24 years old before the bond's issue date, Ms. Ramos says.)

Money can also be moved from a child's Uniform Gifts to Minors Act (UGMA or UTMA) account into a 529 for the same child. Because the contribution to the original UGMA is considered an irrevocable gift, moving the money into a 529 for the same beneficiary isn't treated as a new gift, Ms. Ramos says.

Although income taxes won't be owed if a 529 is transferred to another qualified beneficiary, be aware that there may be tax consequences if the new beneficiary belongs to a younger generation than the original beneficiary, Ms. Ramos says. In that case, the original beneficiary is considered to be making a gift to the new beneficiary.

This year, gifts of $15,000 or less can be excluded from generation-skipping tax, but if the gift exceeds that amount, it has to be factored into the donor's exemption of $5.6 million on federal estate or gift tax, she says.

* * *

How does a grandmother-owned 529 affect scholarships a student can receive? Should I hold back until the student's final year in school?

Unless the student wins a scholarship based on academic merit, sports or another similar talent, financial aid will depend on the family's expected financial contribution, which is a calculation of how much the family can afford to pay toward college expenses.

Parent-owned 529s count at a rate of 5.64%, but grandparent-owned 529s don't count at all, until withdrawals to pay for college begin. At that point, the money is considered income to the student, Mr. Loftis says. Student income is assessed at 50%, meaning colleges expect the student will spend half of all the money that he or she earns on paying for school, Ms. Ramos says.

Colleges look back at two years of income, so grandparents often wait until the student reaches the second half of college before spending their 529 money, if they have that ability.

"What's important to remember is that income for parents and students is by far and away the biggest factor in determining financial aid," says Mr. Loftis.

* * *

Can I use 529 funds to pay for flight school? Does it matter if I attend a certified flight school or can I train with a friend who is a certified private instructor?

The question isn't whether your friend is certified as an instructor, but whether he or she is working for an accredited school.

"Private lessons may not be qualified if the instructor isn't acting in direct affiliation with a qualified institution for those lessons or courses," Mr. Loftis says.

To see if the school (or any institution) is eligible, search for its Federal School Code at the fafsa.ed.gov website, Ms. Ramos says.

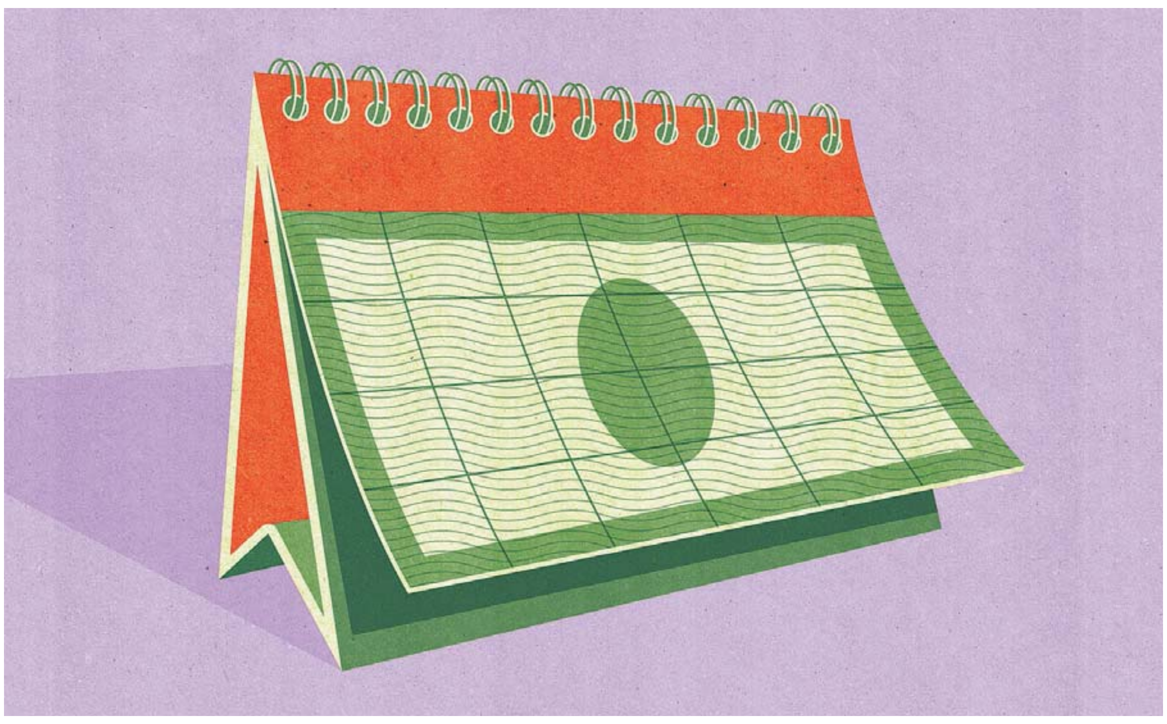
* * *

Is it true that Americans in any state may use 529 funds to pay private high-school tuition? How can we make a qualifying withdrawal?

No. Some states aren't permitting 529 funds to be used for K-12 education, which means those states will tax the gains portions of any withdrawals made to pay for K-12 education. But this year's U.S. tax changes mean such payments will be regarded by the IRS as qualified withdrawals and so not subject to federal tax.

If you live in a state that does allow this, such as South Carolina, you can withdraw up to $10,000 a year per beneficiary for private K-12 tuition, Mr. Loftis says.

Have a college-finance question in general? We'll be answering some of them in future Investing in Funds & ETFs reports. Write to reports@wsj.com.



KOTRYNA ZUKAUSKAITE

Tips for Paying Student Loans

You might be able to do it sooner, not later, with some of these strategies

BY CHERYL WINOKUR MUNK

FOR MANY STUDENTS, repaying college loans is an uphill battle that continues to steepen.

Some 44.7 million Americans were carrying student debt as of the fourth quarter of 2017, up from 22.5 million people in 2004, according to data from the Federal Reserve Bank of New York's Consumer Credit Panel, which analyzes credit records from Equifax, the consumer-credit reporting firm. In total, student-loan debt stood at $1.4 trillion nationwide as of the fourth quarter of 2017, according to the New York Fed's quarterly report on household debt and credit.

While the ability to repay loans depends on many factors, experts say there are ways for students to pay down their debt ahead of schedule—and achieve significant savings.

1. Borrow only what you need

Many students think once they have taken a federal or private loan it is theirs for the duration, but, in reality, they may be able to return some or all of the funds if they realize in a timely manner that they don't need them. This could be the case if the student receives an unexpected scholarship or has significantly lower-than-expected expenses.

For federal loans, students can ask their school's financial-aid office to return a portion or all of the loan within 120 days of disbursement at no penalty, says Justin Draeger, president and chief executive of the National Association of Student Financial Aid Administrators. Most private student loans will also allow students to return or cancel a portion of the funds, but terms may vary, he says.

Although students may feel tempted to keep unneeded loan money as a safety cushion, it isn't advisable. "The fact is you're going to be paying interest on whatever you've borrowed, so if you don't need it, return it," Mr. Draeger says.

2. Choose your repayment plan carefully

Loans have different repayment plans depending on factors such as the type of loan and whether it is a federal loan or private loan, so it is especially important to understand the various repayment options. The longer it takes to pay off the loan, the longer a borrower will continue to accrue interest, so in most cases, the sooner a student can pay off the loan the better. Many lenders have calculators on their websites so students can understand the impact of the repayment options.

With federal loans, students who can afford to pay their loans off quickly should select the "Standard Repayment Plan." Under this plan, a student's loans will be paid off after 10 years of payments, unless he or she decides to consolidate them. Otherwise, students should select an income-driven repayment plan. These plans set payment at a percentage of income and typically have a lower monthly payment than other plans. Students can switch to a different plan at any time.

Private student loans, meanwhile, offer various repayment options. These may include interest-only payments while a student is in school, a set monthly payment for students in school or deferred payment until after a student graduates.

3. Make payments while in school, if you are able

With most loans, students will have a six-month grace period—or nine months for Federal Perkins Loans—after graduating, leaving school or dropping below half-time enrollment before they must begin making their loan payments.

Experts recommend students chip away at some of the debt before the grace period ends—even while they are in school and even if it is only a few dollars a month. Paying some money before it is due doesn't alter the grace period, and it can make a significant difference in the total amount due.

Here's an example courtesy of Sallie Mae, a private student-loan company. Assume a student has a loan with a current balance of $10,000, at an interest rate of 8.0% and a repayment term of 10 years.

If the student pays the amount due every month, he or she will make 119 monthly payments of $121.32, with a final payment of $119.89, for a total payment of $14,556.97. However, by paying an extra $20 a month, it becomes 96 monthly payments of $141.32 with a final payment of $7.10. The student would pay off the loan in eight years and one month—about two years earlier than with the standard repayment term—and save $983.15 in the process.

Some private lenders even offer perks to students who choose to pay off some debt while they are in school. College Ave Student Loans, for instance, will lower the interest rate for making payments early, says Joe DePaulo, the company's chief executive. "The bigger the payment, the more we lower the rate," he says.

4. Make extra payments when you can

Student loan recipients always have the option to pay more than the minimum required amount at no penalty. They don't need to make an extra payment every single month; they can do it as their budget allows. "Once you graduate, even if you add a little more to your payment, it will help chip away at the interest," Mr. DePaulo says.

The Education Department recommends that students tell their loan servicer explicitly that any extra payments are to be applied immediately and aren't intended to be put toward future payments.

One caveat: For students planning on using a loan-forgiveness program in the future based on their chosen field of employment, making payments while still in school or paying more than the required minimum after the grace period ends won't likely be in their best interest.

5. Enroll in automatic debit

Students may also be able to save money by having payments automatically taken from their bank account each month. Federal loans and several private lenders offer an interest-rate deduction for enrolling in this service.

Ms. Winokur Munk is a writer in West Orange, N.J. She can be reached at reports@wsj.com.

Two Tactics to Get More Financial Aid

BY VERONICA DAGHER

ALTHOUGH college-decision day for most high-school seniors was May 1, there could still be time to negotiate a better financial-aid package.

Returning college students can request more aid, too, if they are unsatisfied with their offer.

A change in a family's financial situation and something known as "summer melt," in which high-school students who commit to a school in May don't show up in September, can help some families get more money for college, experts say.

"Don't treat the college's financial-aid award letter as final," says Mark Kantrowitz, a financial-aid expert and publisher of privatestudent-loans.guru.

Here's a closer look at two things that may help students get more financial aid from their chosen college:

A CHANGE IN FAMILY FINANCES

No matter what the time of year, if there have been substantial changes to your family's financial situation, you can appeal for more aid. (Financial aid is based on the Free Application for Federal Student Aid, or Fafsa, which uses two-year-old income and tax information and current asset information.)

Special circumstances that could warrant more aid include a parent losing a job, the disability of a wage-earner, high unreimbursed medical and dental expenses or high dependent-care costs for an elderly grandparent, says Mr. Kantrowitz.

If your family's situation has changed, call the college's financial-aid office to ask about their process for a professional judgment review. Some will tell you to write a letter, and some will have a form you can download from their website.

When writing the appeal letter, keep it short and to the point, Mr. Kantrowitz says. Don't tell your entire life history. Sometimes, providing too much information can hurt your appeal for more aid.

For example, one parent Mr. Kantrowitz knew said that she hadn't been able to save for retirement in a 401(k), but then she mentioned that she had bought a rental property that she expected to yield retirement income. While the investment real estate was properly disclosed on the financial-aid application form, mentioning it in the appeal letter undermined her argument that she had sacrificed her retirement for her children's education.

Rather, identify the particular circumstances that affect your ability to pay for college. Specify the financial impact of each circumstance. Provide copies of documentation to support the financial impact, as the process is driven by documentation, he says.

'SUMMER MELT' WORRIES

Colleges know that a portion of the high-school seniors who put down deposits in the spring won't show up for classes in the fall. Some of these students panic over the summer about the workload, cost or being away from home. Others may have made deposits at two colleges because they are waiting for one of those colleges to respond to a financial-aid appeal and need a backup plan if it is rejected.

This phenomenon, known as summer melt, concerns colleges and universities partly because it makes predicting the incoming class size difficult, which can affect budgeting and class scheduling, among other things.

You can't really play colleges off each other if you have double-deposited and are awaiting the results of a financial-aid appeal, Mr. Kantrowitz says. But there is nothing stopping you from telling a college to which you have committed that you are having second thoughts about whether it is actually affordable. Depending on how motivated that school is to reduce summer melt, they might be willing to work with you.

If your financial-aid offer involves a lot of student loans, for example, you could point out that you are worried about graduating with too much debt, Mr. Kantrowitz says. This tactic may get a student more in gift aid, or aid that doesn't have to be repaid.

Ms. Dagher is a reporter for The Wall Street Journal in New York and host of the "Secrets of Wealthy Women" podcast. Email her at veronica.dagher@wsj.com.

SPOTLIGHT | CPR GLOBAL SILVER AGE FUND

BETTER WITH AGE? A EUROPEAN FUND BETS ON IT

Money managers may see millennials as the new hot target group, but that doesn't mean they've given up on older people. Consider CPR Global Silver Age fund (CPRGSAI), a European mutual fund that aims to invest in companies focused on the needs of people over age 60.

No, the CPR in the name doesn't stand for the rescue technique; rather, it refers to **CPR Asset Management**, the Paris-based firm behind the thematic fund, distributed by **Amundi-Pioneer Investments**.

"Aging is a noncyclical and permanent theme world-wide," says Vafa Ahmadi, head of global thematic equities at CPR Asset Management. "Aging is already a major theme in the developed world, but emerging markets are close behind. We are invested in companies with direct exposure to aging."

Silver Age is invested in eight sectors designed to reflect the typical lifestyle of people entering their twilight years. In addition to health care, senior living, pharmaceuticals and health-care equipment, the fund invests in luxury consumer plays such as personal wellness, security systems (older people often add them to their homes) and cars (the number of male drivers older than 65 has risen 89% and the number of female drivers older than 65 has more than tripled over the past 20 years, according to data from Ford Motor Co).

Mr. Ahmadi says people over 65 are at peak purchasing power—they are typically low on debt and have (ideally) saved for retirement. As such, the investment team is betting that these eight sectors, including luxury goods, will continue to grow as more people retire.

"We see this as a very investible thesis," says Beija Ma, an analyst at Bank of America Merrill Lynch. "The elderly economy is on pace to be $6 trillion by 2020, which provides a significant opportunity."

The fund, designed for investors with time horizons of at least five years, acts as a diversifier to core equities. The fund's average annual return in the three years through April 30 is 2.5% versus 4.9% for the MSCI World NR index.

—Bailey McCann

FUNDAMENTALS OF INVESTING

Caught in the 'Return Gap'

Investors on average lose 1 to 2 percentage points a year because of their behavior, writes this professor

ROBERT NEUBECKER

BY DEREK HORSTMEYER

MOST INVESTORS think of themselves as rational and immune from the behavioral elements that periodically roil markets. Human factors, however, do continue to affect our personal portfolio decisions—usually to the detriment of our long-run returns.

One way to measure the damage is what is known as the "return gap," or "investor gap." This gap captures the difference between the average return for a fund and what the average investor actually experiences in returns within that fund. Why might these two numbers not match up exactly? A mutual fund's stated return will reflect the average return of its stock or bond holdings over a period of time. But because investors on average pull their money at the exact wrong time (panicking when the market has already hit a bottom and putting in more when at the top), they often don't experience this stated return in full.

Thus, what investors on average are actually experiencing in the fund is better captured by an asset-weighted return for the fund (an internal rate of return that factors in fund inflows and outflows).

Selling out

Indeed, even though the average S&P 500 indexed mutual fund delivered 26% returns in 2009, many investors saw lower returns because they had sold out at the bottom after experiencing the full weight of the 35% drop in the markets in 2008. So, while the average stated return for mutual funds over this two-year period was somewhere near minus 4.5% (minus 35% plus 26% divided by 2), many investors had an average annual return much closer to minus 17.5% (minus 35% plus 0% divided by 2). This would yield a return gap equal to 13 percentage points.

In what types of funds do investors suffer the biggest return gaps? A look at a variety of U.S.-based stock funds from 2008 to 2018 shows mutual funds that particularly target value stocks produced the biggest annual return gap for investors, 2.16 percentage points, followed closely by funds that target growth stocks, with 1.93 percentage points.

Avoiding timing

By contrast, investors in S&P 500 index funds and those in impact/sustainable funds—or funds with an ethical bent—have the lowest return gaps (0.77 and 0.93 percentage point, respectively). This might be surprising, since passive investing and ethical investing seem to be polar opposites (one pretty much ignores the content of the investments; the other is completely predicated on it). But the common link, according to Jina Penn-Tracy, a financial adviser focused on sustainable investing at wealth manager Centered Wealth—who noticed this phenomenon with her clients, and is producing a series of white papers on the topic—is that both types of investors resist the urge to try to time the market, which damages so many portfolios.

Fund flows for S&P 500 index funds have been less volatile at critical times as well, compared with other types of funds. While S&P 500 index funds as a group saw an inflow of $4.2 billion in 2008 (a 1.3% jump as a percentage of assets under management at the start of the year), investors in value funds pulled $15.1 billion (a 2.6% decrease as a percentage of assets) and investors in growth funds pulled $45.4 billion (a 4.5% decrease).

While we've shown that investment-style preference can be an important factor in determining return gaps, there is also a difference between individual and institutional investors. A comparison of the return gaps for U.S. stock mutual funds exclusively for institutional investors with the gaps for all other U.S.-based stock mutual funds shows that funds for the institutional investors had an annualized return gap that was 0.65 percentage point smaller than the gap for retail investors over a 10-year period.

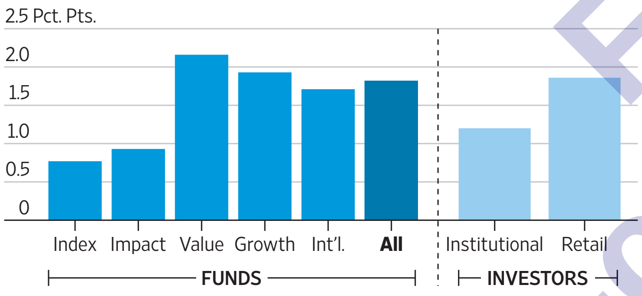
The institutional investors saved more than half a percentage point a year compared with individuals—because the big money is less likely to get caught up in the exuberance of market cycles and can ride out market storms.

With market volatility, as measured by the VIX, recently at a three-year high, it is important to resist the urge to panic when things turn south. The trick to this may lie in the behavior of index and/or impact investors—either through being passive or through sticking with a moral/ethical attachment to holdings. This behavioral restraint could save you 1 to 2 percentage points a year by closing the return gap.

Dr. Horstmeyer is assistant professor of finance at George Mason University's Business School in Fairfax, Va. He can be reached at ***reports@wsj.com.***

Lost Money

The 10-year 'return gap' for investors (percentage points a year) in mutual fund types



Source: Derek Horstmeyer, George Mason University

THE WALL STREET JOURNAL.

SPOTLIGHT | NASDAQ NEXGEN ECONOMY

BLOCKCHAIN ETF ASKS FOR PATIENCE

The term "blockchain" conjures up, for most, thoughts about cryptocurrencies. However, the technology has far wider implications for investors, says the founder of an exchange-traded fund that tracks the technology.

Reality Shares' **Nasdaq NexGen Economy** ETF (BLCN), launched in January, invests in companies involved, to varying degrees, with blockchain, the decentralized information ledger that records transactions as encrypted blocks of numbers. Blockchains are maintained and updated simultaneously by multiple parties, providing a secure—in theory—and low-cost way of proving authentication.

The $125 million BLCN is one of the new ETFs in the area with eye-catching tickers like KOIN, BLOK and LEGR.

BLCN has had a rocky ride, with a total return of about minus 5% through April, according to Morningstar. Eric Ervin, CEO of Reality Shares, says this is due to bumpy markets in general. Blockchain, he says, is a theme that will grow in importance, particularly in financial services.

"You're investing in a 10- to 15-year theme here," he says.

BLCN tracks the Reality Shares Nasdaq Blockchain Economy Index, which consists of companies weighted according to their "Blockchain Score"; for example, how much the company spends on blockchain R&D, or its role in the blockchain ecosystem, and other criteria.

It's tough sledding for now. Funds in this area must struggle "to capture a growing and poorly defined space, in which blockchain is often but a small part of a company's business," says Elisabeth Kashner, director of ETF research at FactSet. Indeed, BLCN's top 10 holdings include names not often associated with blockchain, such as Intel Corp., International Business Machines Corp., Microsoft Corp. and Barclays PLC.

Mr. Ervin says blockchain is likely to play a substantially increased role in these companies' businesses in the coming years. He points to a new collaboration between Microsoft and Intel.

Mr. Ervin also says the companies that make up the index are likely to have more obvious blockchain connections in the future, as more specialist companies go public or are acquired.

—Gerrard Cowan

Category Kings in 16 Realms

Data provided by LIPPER

Top-performing funds in each category, ranked by year-to-date total returns (changes in net asset values with reinvested distributions) as of April 30; assets are as of March 30. All data are final.

Large-Cap Core

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Amer Cent:Foc DG;Inv	45.2	2.2	8.8	28.1	15.4
EntrepreneurSh:ERS Etp30	...	0.9	8.2	N.A.	N.A.
Pru Jenn Dvsfd Gro;A	243.9	0.8	6.1	20.1	13.6
PowerShares S&P500 Momnt	21.2	1.3	4.7	25.6	N.A.
Vulcan Value Partners	1,294.1	1.4	4.4	12.7	11.4
ProShares:Eqts for RR	15.0	3.7	3.6	N.A.	N.A.
BlackRock:IS USA MF;K	14.1	0.9	3.6	26.9	N.A.
Principal Sust Mom Idx	5.4	-0.3	3.6	N.A.	N.A.
Fidelity Adv Dvs Stk;O	2,123.5	0.5	2.7	15.7	12.7
QUANTX Dync Bt US Eq ETF	34.1	0.3	2.4	13.3	N.A.
Category Average:	1,041.9	0.3	-0.7	12.2	11.5
Fund Count	877	869	860	807	629

Small-Cap Core

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Perkins Discovery	6.8	8.6	14.8	25.5	9.0
Highland:Sm-Cp Eqty;A	51.8	9.2	12.3	15.4	13.9
Catalyst SC Insdr Buy;A	16.5	-0.4	7.1	15.4	5.2
Champlain Small Co;Inst	1,575.8	2.8	4.8	11.9	N.A.
Third Avenue:SC Val;Inst	274.9	2.2	4.5	10.7	10.6
TH & B MicroCap;Inst	79.8	1.2	3.2	12.4	11.2
AMG Mg Emerg Opps;N	173.3	1.3	3.2	22.8	14.0
IronBridge:Small Cap	158.0	0.9	3.0	11.0	9.9
Bridgeway:U-Sm Co Mkt	345.9	2.1	3.0	14.1	12.3
Principal:SmallCap;A	620.1	1.7	2.7	11.7	12.5
Category Average:	516.7	0.5	-0.6	8.8	10.5
Fund Count	1028	1024	1019	985	684

Large-Cap Value

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Am Beacon:Alpha QV;Inst	2.4	2.6	2.4	18.1	N.A.
Delaware Pld:Mac LCVE	112.6	2.7	1.8	12.8	11.8
Delaware Value;Inst	12,259.3	2.6	1.7	12.8	11.7
SPDR MFS Sys Value Eqty	22.7	2.3	1.2	18.6	N.A.
Eaton Vance Foc Vl Opp;I	69.4	1.9	1.0	16.5	11.1
Cognios LC Value;Inst	24.3	0.7	0.6	12.2	N.A.
Baywood Val+;Inv	2.7	1.4	0.4	14.6	N.A.
Barclays ETN+ShillerCAPE	99.8	0.2	0.3	10.5	15.6
Fidelity SAI US Val Indx	1,366.8	0.2	0.1	N.A.	N.A.
Cullen:Value;I	35.0	1.0	-0.2	11.7	11.1
Category Average:	1,032.4	0.6	-2.0	9.6	10.1
Fund Count	504	503	497	485	361

Small-Cap Value

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Orchard Sm Cp Val;I	6.2	1.7	4.8	19.4	N.A.
CM:Advisors SC Val;I	92.7	8.8	3.5	17.0	4.8
Paradigm:Micro-Cap	50.8	-0.5	3.4	30.7	20.9
Huber Cap SC Val;Inst	72.7	3.9	3.0	14.5	4.7
Aegis Value;I	130.6	1.1	2.4	20.0	6.3
Perritt MicroCap Opp	183.1	1.3	1.9	9.8	11.2
Goldman:SC Val Ins;A	197.1	2.1	1.8	9.1	11.4
Hotchkis:Sm Cap Val;I	745.3	5.1	1.6	8.6	11.4
LM Sm-Cap Quality Value	2.7	1.6	1.6	N.A.	N.A.
SBH Sm Cap Value	90.2	2.1	1.5	12.6	N.A.
Category Average:	446.9	0.8	-2.0	6.2	9.3
Fund Count	304	303	298	289	218

Large-Cap Growth

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Berkshire:Focus	112.3	0.3	12.5	38.3	19.8
Touchstone Inst:Snd Gr	1,915.7	2.0	11.9	28.0	14.2
Touchstone:Sel Gro;Y	2,507.9	2.0	11.8	27.6	14.0
Dunham:Focused LC Gr;N	85.3	2.0	10.7	22.3	13.9
Morg Stan I:Growth;A	4,822.9	0.2	9.9	30.0	20.0
Transam:Cap Growth;I	963.2	-0.1	9.7	30.2	20.1
Baron Fifth Ave Gro;Rtl	226.6	1.5	9.1	28.7	17.0
Pru Jenn Focused Gr;A	464.4	0.8	8.8	29.8	16.8
BlackRock:LC Foc Gr;A	658.7	2.2	8.7	25.3	16.6
BlackRock:Foc Growth;A	144.8	2.2	8.4	24.1	16.4
Category Average:	1,453.3	0.7	3.8	19.7	14.3
Fund Count	726	726	723	696	555

Small-Cap Growth

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Virtus:KAR Sm-Cp Gro;I	2,522.6	2.8	11.4	39.4	20.2
Artisan:Small Cap;Inst	1,446.8	2.8	10.7	25.3	14.0
Alger:Sm Cap Foc;Z	779.8	2.8	10.4	30.2	15.0
Pac Fds:Dev Gro;P	9.5	2.2	9.7	30.9	9.3
Lord Abbett Dev Gro;I	1,839.1	2.2	9.6	30.7	13.0
Brown Cap Sm Co;Inst	4,523.0	2.4	9.5	27.6	18.2
Nationwide:Sm Co Gr;IS	261.3	2.2	9.4	27.3	17.2
Wasatch:Ultra Gro;Inv	134.1	2.3	9.2	30.3	15.8
Nysa Srs Tr:Nysa Fund	2.0	-3.2	8.4	16.6	-5.0
WellsFargo:Emer Gr;I	763.5	0.1	8.4	22.9	14.0
Category Average:	299.5	0.3	3.4	18.2	12.3
Fund Count	593	591	587	552	439

Midcap Core

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
CB Select;I	45.4	1.5	11.6	35.1	19.1
Champlain Mid Cap;Inst	2,083.3	1.9	6.6	18.6	15.0
MF&Var:Rtnl Dy Brnd;A	20.0	2.0	4.1	18.1	6.4
IronBridge:SMID Cap	185.3	1.7	3.4	12.4	9.7
AlphaClone Alt Alpha ETF	23.8	1.8	3.0	13.8	7.4
Guggenhm RJ SB-1 Eq ETF	180.8	3.0	2.8	12.6	11.6
RHJ SMID Cap;Inv	4.4	-0.6	2.5	9.9	8.5
PowerShares Insider Snt	72.8	-0.1	2.2	17.3	11.3
CRM:Mid Cap Val;Inst	500.9	1.1	1.9	14.8	12.1
Ave Maria Value	253.4	-0.4	1.6	16.3	6.3
Category Average:	901.3	-0.1	-1.3	8.9	10.1
Fund Count	483	482	477	464	323

Multicap Core

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Aptus Behavioral Momentm	53.8	2.6	7.3	22.7	N.A.
Catalyst Insidr Buying;A	56.7	-0.7	6.5	18.0	8.6
TCW:New America Prm Eq;I	21.6	2.6	5.2	26.4	N.A.
American Funds AMCP;A	62,335.3	1.0	4.3	18.5	13.9
Federated MDT LCG;A	87.8	-0.3	4.2	19.5	12.8
Nuveen LC Core;I	586.7	2.2	3.4	17.3	N.A.
Nuveen LCG;I	317.6	1.3	3.1	18.9	N.A.
Meridian Contrarian;Leg	653.1	0.4	2.8	22.3	13.5
Jns Hndsn:Contrarian;D	2,538.2	-0.5	2.8	5.9	8.0
PowerShares Dynam Mkt	153.7	0.9	2.5	17.7	12.9
Category Average:	1,527.4	0.1	-0.6	11.5	11.0
Fund Count	808	808	791	764	561

Midcap Value

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Invesco Amer Value;A	1,442.8	2.3	3.7	12.1	9.2
Rnhrt Mid Cap PMV;Adv	211.3	2.4	3.3	10.3	10.5
Hotchkis:Mid Cap Val;I	1,805.1	5.2	3.1	11.7	9.9
Huber Cap MC Val;Inst	1.7	3.7	2.0	14.8	N.A.
T Rowe Price MC VI	13,521.2	1.9	1.3	10.5	11.9
J Hancock II:Mid Val;NAV	1,385.7	1.9	1.2	10.1	11.7
Fidelity Low-Prcd Stk	37,380.0	2.1	1.0	15.1	10.9
Heartland:MdCp Val;Inv	7.7	1.4	0.3	6.8	N.A.
Guggenheim:MCV Inst;Inst	75.1	2.2	0.3	10.5	9.6
Guggenheim:MC Val;A	465.5	2.0	0.1	10.5	9.3
Category Average:	722.6	0.5	-1.6	7.4	10.0
Fund Count	186	185	184	174	123

Multicap Value

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Copley Fund	93.9	0.4	12.3	20.2	10.5
Mt Lucas US Focus Eq;I	9.0	3.2	5.3	24.9	13.3
Deep Value	129.7	0.2	3.3	25.5	N.A.
Athena Value Fund;I	11.1	1.3	2.8	9.0	N.A.
Federated MDT ACC;Inst	153.6	0.04	2.7	17.2	13.3
Invesco Exchange	59.4	2.6	2.2	12.1	8.3
Kempner MC Deep Val;Inst	80.7	1.2	1.8	12.0	7.5
Hotchkis:Value Opps;I	597.8	3.8	1.6	13.3	11.9
Madison:Lg Cap Val;A	93.1	2.8	1.2	12.9	10.3
O'Shaughnessy Mkt Ld V;I	97.2	2.1	0.7	20.5	N.A.
Category Average:	591.8	0.6	-1.9	9.2	10.0
Fund Count	373	374	374	354	263

Midcap Growth

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Virtus:KAR Mid-Cap Gr;A	113.1	0.4	12.5	30.3	13.3
Federated Kaufmann;R	6,075.1	0.2	9.3	26.0	16.0
PowerShares Russ MdCp PG	127.1	0.5	7.7	31.1	12.7
Dreyfus BC S/MC Gro;I	1,464.5	-0.3	7.1	23.0	13.9
Morg Stan I:MCG;I	585.5	-1.3	7.0	26.9	8.7
WM Blair:Mid Cap Gro;I	63.5	1.0	6.9	20.7	10.4
Am Beacon:Md Cp Gro;Inst	121.9	0.6	6.6	22.9	12.3
BlackRock:MC Gro;A	1,294.0	0.1	6.3	21.7	16.5
Tocqueville:Opportunity	83.7	-1.9	5.7	28.2	13.6
AB Discovery Gr;Adv	2,209.1	-0.2	5.7	24.3	13.6
Category Average:	630.0	-0.6	2.4	16.8	12.1
Fund Count	390	391	387	378	304

Multicap Growth

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Zevenbergen Genea;Inst	14.2	0.7	14.6	40.8	N.A.
Baill Giff US EG;K	1.6	1.8	12.6	31.8	N.A.
Virtus:Zeven Inn Gr St;I	34.0	3.0	12.2	29.2	17.4
Zevenbergen Growth;Inst	9.9	2.9	12.2	28.6	N.A.
Baron Opportunity;Rtl	332.1	2.1	11.4	28.5	13.5
Sparrow:Growth Fund;A	15.0	0.3	9.8	31.9	10.7
Rock Oak Core Growth	12.6	1.2	9.0	22.8	13.6
Morg Stan MultiCp Gr;A	5,910.0	0.8	8.8	33.8	19.1
WM Blair:Growth Fund;I	348.5	2.0	8.5	22.9	13.5
AT All Cap Growth;Inst	155.9	1.1	8.2	24.4	12.6
Category Average:	754.2	0.1	2.9	18.1	13.2
Fund Count	508	506	503	489	382

Pacific Region Funds

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
iShares:MSCI Singapore	693.3	5.9	7.7	26.4	3.1
iShares:MSCI Malaysia	657.1	-0.4	7.5	19.2	-1.1
Gbl X FTSE SE Asia	21.0	1.3	5.2	24.7	2.2
Templeton China Wd;A	233.2	1.5	5.2	26.0	5.2
Matthews Asia:Chn SC;Inv	46.7	-1.3	5.1	38.7	13.0
iShares:MSCI Chna Sm-Cap	23.6	1.8	4.9	22.0	7.9
Guggenhm China SC ETF	90.5	1.7	4.7	29.5	8.7
Matthews Asia:China;Inv	1,075.4	-2.0	4.1	40.0	11.1
iShares:Edge MSCI Jpn MV	27.8	1.1	3.6	18.3	N.A.
Neuberger Gr Chn Eq;Is	119.0	-1.7	3.6	45.1	N.A.
Category Average:	433.6	-0.8	0.1	22.4	7.9
Fund Count	252	252	247	234	161

Emerging Markets

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
VnEck Vctrs:Egypt Idx	76.2	4.8	23.0	46.5	-0.2
iShares:MSCI S Arabia	135.4	4.9	17.8	26.5	N.A.
Glbl X MSCI Nigeria ETF	76.1	3.4	12.3	46.1	-14.0
iShares:MSCI Qatar	51.5	6.4	9.2	-15.5	N.A.
BlackRock:EM Eq Strt;Inst	27.1	2.7	8.2	23.1	N.A.
iShares:MSCI Thai	495.8	0.4	6.6	30.3	3.6
T Rowe Price Af&ME	158.5	0.1	6.0	23.6	7.3
T Rowe Price Ins Af&ME	206.8	unch.	6.0	23.5	7.7
Glbl X MSCI Pakistan ETF	65.0	-1.5	5.9	-20.7	N.A.
Glbl X MSCI Greece	426.6	11.5	5.3	27.5	-8.1
Category Average:	678.2	-2.0	-0.1	18.0	3.9
Fund Count	885	885	871	828	481

Science and Technology

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
SPDR S&P Internet	3.8	1.0	14.0	33.6	N.A.
ETFMG Prime Cybr Sec ETF	1,230.2	5.2	13.8	24.5	N.A.
Frst Tr:DJ Internet Idx	6,991.9	2.7	12.7	34.2	23.4
iShares:N Amer Tech-Soft	1,349.1	2.3	12.4	33.0	21.0
SPDR FS Innovative Tech	13.1	0.1	12.4	33.6	N.A.
Frst Tr II:NASDAQ Cyber	458.0	3.2	12.0	21.1	N.A.
SPDR S&P Sftwre & Svc	64.1	2.5	11.7	30.6	18.4
PowerShares NASD Intrnt	600.8	1.0	11.7	30.3	22.9
PowerShares Dyn Sftwre	145.5	2.2	11.6	32.5	18.7
Firsthand Tech Opptys	164.7	2.7	11.2	42.3	22.5
Category Average:	941.4	-0.5	4.6	24.5	18.7
Fund Count	175	177	173	167	135

Latin American Funds

Fund	Assets ($ millions)	Total return (%) April	YTD	1-yr	5-yr*
Xtrackers MSCI Br Hdg Eq	5.4	0.5	12.1	24.8	1.1
Glbl X MSCI Colombia ETF	100.0	6.9	10.0	19.2	-9.2
iShares:MSCI Colombia	21.5	6.6	8.9	18.7	N.A.
iShares:Lat Amer 40	1,770.7	-1.6	7.4	19.7	-1.0
Franklin ETF:FTSE Brazil	44.6	-4.0	7.3	N.A.	N.A.
Fidelity Latin America	666.1	-3.2	7.0	18.3	-3.7
BlackRock:Latin Amer;A	198.6	-2.2	6.9	19.6	-3.2
iShares:MSCI Peru	189.3	2.9	6.8	34.7	3.7
Frst Tr AlDex:Lat America	22.2	-1.9	6.7	19.6	-0.9
iShares:MSCI Brazil	8,933.6	-4.1	5.8	17.4	-2.6
Category Average:	454.4	-1.1	4.4	17.6	-1.9
Fund Count	33	33	32	30	24

N.A.: Not applicable; fund is too new * Annualized Note: For funds with multiple share classes, only the largest is shown.

Leaders and Laggards

Data provided by LIPPER

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of April 30; assets are as of March 30. All data are final.

Best-Performing Stock Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) April	YTD	1-year	Annualized 3-year	5-year
Rex VolMAXX Lng VIX FS	VMAX	3.3	-8.6	77.9	-35.4	N.A.	N.A.
iPath ETN Glbl Carbon A	GRN	5.7	2.7	74.2	240.6	24.3	37.3
iPath Bloomberg Cocoa A	NIB	45.7	9.7	50.7	54.7	-3.5	1.6
iPath ETN SP500 VIX ST A	VXX	870.3	-13.6	47.7	-30.6	-50.8	-49.0
VelShs VIX ShTm ETN	VIIX	8.8	-13.6	47.7	-30.6	-50.8	-49.0
ProShs II:VIX ST Fut ETF	VIXY	112.4	-13.6	47.1	-31.2	-51.0	-49.2
ProShs II:UltVIX STF ETF	UVXY	323.6	-20.7	45.9	-73.3	-85.9	-83.5
UBS PS Daily 3x Lng Crd	WTIU	11.8	17.2	44.0	108.8	N.A.	N.A.
ProShs II:UltPro 3x CO	OILU	16.2	17.1	43.4	107.0	N.A.	N.A.
Crdt Suis AT3X L Brnt CO	UBRT	25.3	26.4	42.8	N.A.	N.A.	N.A.
USCF:US 3x Oil	USOU	5.5	16.2	42.1	N.A.	N.A.	N.A.
VelShs 3x Long Crude ETN	UWTI	112.9	16.3	41.8	100.0	-54.6	-58.4
VelShs 3x Long Crude	UWT	170.1	16.3	41.7	99.7	N.A.	N.A.
ProShs II:Ult Blm CrO	UCO	411.1	11.7	29.7	73.6	-32.1	-36.1
VelShs Dly 2x VIX ST ETN	TVIX	459.4	-27.3	25.4	-76.9	-86.7	-84.0
VelShs Dly 2x VIX MT ETN	TVIZ	6.7	-13.9	24.6	-39.3	-49.7	-47.8
VelocityShares Lng LIBOR	ULBR	14.3	6.0	24.6	N.A.	N.A.	N.A.
VnEck Vctrs:Egypt Idx	EGPT	76.2	4.8	23.0	46.5	-7.9	-0.2
ProShares:UIS Cons Gd	SZK	2.5	7.8	19.8	2.7	-13.6	-18.1
iPath ETN S&P GSCI CTR A	OIL	585.8	7.5	19.4	49.3	-14.2	-18.4
DB Commodity Db Lng ETN	DYY	1.4	11.6	18.7	49.7	-8.3	-19.1
Direxion:MSCI RE Bear 3X	DRV	14.4	-4.8	18.3	3.8	-21.2	-25.0
ProFunds:Internet;Inv	INPIX	166.5	3.7	18.2	51.1	32.7	33.3
iShares:MSCI S Arabia	KSA	135.4	4.9	17.8	26.5	N.A.	N.A.
Selective Oppty;Fndtn	SLCTX	47.3	1.7	17.5	33.6	N.A.	N.A.
iPath ETN SP500 VIX MT A	VXZ	29.2	-6.9	16.5	-17.2	-24.6	-23.9
VelShs VIX MdTm ETN	VIIZ	0.9	-6.9	16.5	-17.2	-24.6	-23.9
DB Crude Oil Long ETN	OLO	7.6	6.2	16.3	38.7	-7.9	-13.9
PowerShares S&P SC H Cre	PSCH	400.0	2.9	16.3	40.0	20.1	24.3
ProShs II:VIX MT Fut ETF	VIXM	24.9	-7.0	16.2	-17.6	-24.8	-24.2

Best-Performing Bond Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) April	YTD	1-year	Annualized 3-year	5-year
iPath ETN Trs 10Y Bear A	DTYS	63.0	9.7	27.8	35.9	5.7	-0.6
Barclays Inv US TC ETN	TAPR	16.8	9.0	26.4	13.4	-5.2	N.A.
iPath ETN Trs Lng Bear A	DLBS	18.6	8.0	25.6	12.6	-1.1	-5.0
Direxion:20+Y Trs Br 3X	TMV	408.6	7.2	18.1	-2.8	-10.9	-15.8
ProShares:UPSh 20+ Trs	TTT	94.5	6.2	17.2	-2.7	-10.3	-14.8
iPath ETN Trs 5Y Bear A	DFVS	1.3	6.0	16.1	26.9	4.9	-0.01
iPath ETN Trs 2Y Bear A	DTUS	9.4	3.9	11.6	27.4	6.6	-0.3
ProShares:UIS 20+ Yr Trs	TBT	2,059.4	4.2	11.6	-0.8	-5.6	-8.9
Direxion:7-10Y Trs Br 3X	TYO	23.7	4.4	10.5	8.0	-3.8	-6.3
ProShares:UIS 7-10Y Trs	PST	156.6	2.8	7.4	7.3	-0.7	-2.6
Oppenheimer Ro NJ M;A	ONJAX	258.2	1.4	7.2	-0.4	1.4	1.2
Direxion:M7-10Y B 2x;Inv	DXKSX	4.5	3.0	7.0	5.9	-1.7	-3.6
Rydex:Inv Gv LB Str;Inv	RYJUX	116.9	2.7	6.9	0.4	-1.5	-3.2
ProShs II:UltSht AUD	CROC	7.1	4.0	6.8	-3.6	-2.5	5.8
Direxion:20+Y Trs Br 1X	TYBS	5.1	2.5	6.2	0.4	-2.2	-4.1
VnEck Vctrs:ChinaAMC ChB	CBON	4.8	0.7	6.2	13.8	2.1	N.A.
Rochester Sh Dur HYM;A	OPITX	1,084.7	1.8	6.0	-0.4	0.2	0.3
Pac Fds:Curr Strat;P		62.6	0.9	6.0	-1.7	4.2	2.0
ProShares:Sht 20+ Treas	TBF	659.4	2.2	6.0	0.3	-2.3	-4.3
ProShares:Inflation Expc	RINF	8.5	3.9	5.6	5.6	-0.3	-4.0
ETF Mgr:Sit Rising Rate	RISE	40.3	1.8	5.0	7.4	0.8	N.A.
Oppenheimer Ro HY M;A	ORNAX	5,650.0	1.7	4.9	3.9	6.9	5.1
Oppenheimer Ro PA M;A	OPATX	626.3	1.4	4.8	-0.7	3.5	2.7
WisdomTree:Neg Dur HY Bd	HYND	23.0	2.0	4.7	7.3	4.5	N.A.
Franklin Inv:Cv Sec;Adv	FCSZX	2,707.3	-0.4	4.6	14.2	9.3	10.2
PowerShares Chinese YDS	DSUM	103.5	-0.1	4.5	14.0	3.2	2.6
ProShs II:Ult Yen	YCL	3.2	-5.7	4.5	-0.4	2.0	-7.5
KraneShs:E Fd Ch Com Ppr	KCNY	13.0	-0.4	4.4	12.9	2.2	N.A.
WisdomTree:Chn Yuan Str	CYB	36.9	-0.2	4.3	12.9	2.2	2.0
Oppenhmr/Roch Muni;A	RMUNX	5,007.5	1.0	4.1	2.9	5.0	3.0

Worst-Performing Stock Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) April	YTD	1-year	Annualized 3-year	5-year
Rex VolMAXX Sh VIX FS	VMIN	13.3	8.8	-91.6	-86.3	N.A.	N.A.
ProShs II:ShVIX STF ETF	SVXY	693.3	6.4	-90.3	-83.0	-31.9	-11.4
VelShs VIX Short Vol Hdg	XIVH	5.3	2.4	-82.3	-73.5	N.A.	N.A.
iPath Bloomberg NatGas A	GAZ	0.4	-14.3	-65.9	-90.9	-68.7	-58.4
VelShs VIX Var L/S ETN	LSVX	4.7	-6.8	-52.0	-51.3	N.A.	N.A.
ProShs II:UltPro 3x SCO	OILD	27.0	-18.4	-40.6	-72.6	N.A.	N.A.
UBS PS Daily 3x Inv Crd	WTID	4.4	-18.3	-40.4	-72.4	N.A.	N.A.
Catalyst Macro Strat;I	MCXIX	11.8	-3.0	-40.0	-21.9	-15.8	N.A.
USCF:US 3x Short Oil	USOD	1.2	-17.8	-39.9	N.A.	N.A.	N.A.
VelShs 3x Inv Crude	DWT	230.1	-17.7	-39.5	-71.2	N.A.	N.A.
VelShs 3x Inv Crude ETN	DWTI	8.1	-17.7	-39.4	-71.2	-36.2	-17.6
Crdt Suis AT3X I Brnt CO	DBRT	24.9	-23.9	-38.6	N.A.	N.A.	N.A.
VelShs VIX Tail Risk ETN	BSWN	5.0	-10.8	-37.6	-49.4	N.A.	N.A.
Direxion:Hbldrs&Sup Bl3X	NAIL	60.4	-8.1	-36.7	48.0	N.A.	N.A.
ABR Dynamic Vol;Inst	ABRSX	4.0	7.0	-30.6	N.A.	N.A.	N.A.
Direxion:S&P OG EP Br 3X	DRIP	35.2	-31.3	-29.2	-56.3	N.A.	N.A.
ProShs II:UIS Blm CrO	SCO	200.4	-12.2	-27.9	-54.9	-14.5	-2.2
DB Crude Oil Db Sht ETN	DTO	24.0	-11.1	-26.5	-51.1	0.6	8.1
Upright Growth Fund	UPUPX	14.1	4.7	-26.1	-45.4	-13.7	-0.5
iPath Bloomberg Sugar A	SGG	63.0	-6.1	-25.3	-34.0	-11.6	-18.2
Direxion:MSCI RE Bull 3X	DRN	86.0	3.1	-23.1	-18.0	-0.9	4.0
Direxion:S&P Btech Br 3X	LABD	59.6	-2.3	-22.8	-62.2	N.A.	N.A.
VelShs Dlylnv VIX MT ETN	ZIV	113.4	7.0	-22.8	5.5	15.6	16.4
VelShs 1x Dly Inv VSTOXX	EXIV	26.4	17.5	-22.4	N.A.	N.A.	N.A.
Direxion:Jr Mnr Bull 3X	JNUG	757.8	1.8	-22.3	-23.7	-31.2	N.A.
VelShs 3x Long Nat Gas	UGAZ	514.3	-2.0	-22.1	-72.4	-73.1	-73.9
Day Hagan Hedged Strat;I	DHJIX	19.7	0.3	-21.7	-16.9	N.A.	N.A.
Teucrium:Sugar	CANE	8.5	-7.5	-21.6	-31.3	-9.2	-13.6
Direxion:Reg Bnk Bear 3X	WDRW	2.6	-7.7	-21.2	-47.9	N.A.	N.A.
Direxion:Gold M Id Bl 3X	NUGT	1,312.7	2.9	-20.7	-22.9	-36.2	-52.5

Worst-Performing Bond Funds

Fund	Ticker	Assets ($ millions)	Total Return (%) April	YTD	1-year	Annualized 3-year	5-year
Third Avenue:Foc Cr;Inst	TFCIX	29.2	...	-57.2	-65.9	-36.1	-23.8
Direxion:20+Y Trs Bl 3X	TMF	94.3	-7.3	-17.8	-6.3	-4.9	-0.5
ProShares:Ult 20+ Yr Tr	UBT	42.5	-4.2	-11.4	-2.7	-1.6	1.7
Direxion:7-10Y Trs Bl 3X	TYD	6.2	-4.3	-10.2	-10.3	-2.6	-0.9
ProFunds:US Gov Pl;Inv	GVPIX	15.7	-3.3	-8.4	-2.4	-1.9	0.5
Rydex:Gv LB 1.2x Str;H	RYHBX	129.0	-3.2	-8.2	-2.3	-1.4	N.A.
PIMCO ETF:25+ Yr US Tres	ZROZ	157.1	-2.8	-7.9	1.4	0.9	3.0
PIMCO:Extend Dur;Inst	PEDIX	1,297.5	-2.8	-7.5	1.0	1.0	2.9
iPath ETN Trs 5Yr Bull	DFVL	4.8	-3.2	-7.4	-10.3	-2.8	-0.7
Chou:Income	CHOIX	13.6	-1.9	-7.4	-13.0	-2.5	-0.6
Direxion:M7-10Y T 2x;Inv	DXKLX	10.1	-3.0	-7.2	-7.6	-2.8	-1.5
Vanguard Ext Dur T;Inst	VEDTX	1,770.7	-2.5	-7.1	1.7	0.9	2.9
ProShares:Ult 7-10 Yr Tr	UST	43.8	-2.7	-6.9	-7.3	-1.7	-0.4
CurShs:Swedish Krona	FXS	22.6	-4.3	-6.9	-0.4	-3.0	-6.7
FlexShs:CS US Lng Crp Bd	LKOR	20.7	-1.9	-6.5	2.2	N.A.	N.A.
Wasatch:Hois US Tr;Inv	WHOSX	328.3	-2.3	-6.5	0.5	-0.03	2.0
iPath ETN Trs 2Y Bull A	DTUL	4.0	-2.4	-6.4	-12.6	-4.2	-0.7
iShares:10+ IG Corp Bd	LLQD	9.70	-2.0	-6.4	N.A.	N.A.	N.A.
iPath ETN Trs 10Y Bull A	DTYL	5.1	-2.7	-6.3	-7.6	-2.0	-0.5
Vanguard Lg-Tm Inv;Adm	VWETX	16,238.0	-1.9	-6.3	2.1	3.3	3.7
Delaware Ext Dur Bd;Inst	DEEIX	695.4	-2.0	-6.2	1.9	2.3	3.2
Vanguard LT Corp Bd;ETF	VCLT	2,898.7	-1.9	-6.1	2.2	3.2	3.6
Ryan Labs Long Credit	RLLCX	91.7	-2.0	-6.0	1.6	N.A.	N.A.
T Rowe Price Inst:LD Cr	RPLCX	39.2	-1.9	-6.0	1.3	2.5	N.A.
SPDR Ptf LT Corp Bond	SPLB	303.4	-2.0	-5.9	2.5	3.5	3.6
SEI Inst Inv:L Dur Cr;A	SLDAX	3,847.4	-2.0	-5.9	2.2	3.3	3.6
iShares:10+ Credit Bd	CLY	717.2	-2.0	-5.8	2.4	3.1	3.2
Vanguard Lg-Tm Bd;Inst+	VBLIX	10,422.7	-2.0	-5.7	1.2	2.2	2.9
Schroder:LgDur IG Bd;Inv	STWLX	81.0	-1.9	-5.6	0.9	1.5	3.2
SEI Inst Inv:Long Dur;A	LDRAX	1,935.6	-2.0	-5.6	2.1	2.9	3.4

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

SUSTAINABLE INVESTING

Do-Good ETFs Finally Pay Off for Investors

After years of mediocre results, ESG-focused funds are outperforming—but will it last?

BY DAN WEIL

ESG EXCHANGE-TRADED funds are having their day.

Over the past 10 years, ETFs with a focus on environmental, social and governance issues have fallen short of broad stock-market returns. But in the 12 months through March of this year, most ESG exchange-traded funds outperformed the broad market.

That is a promising omen for ESG funds, also known as sustainable, impact, or socially responsible funds. But it's too soon to tell if the positive performance is sustainable. "Long-term studies show these funds have a chance to outperform, but you can't draw any conclusions from one year," says Hortense Bioy, director of passive-fund research in Europe for investment researcher Morningstar.

A study from research firm ETF.com shows that 26 of the 47 socially responsible ETFs that have been around for more than a year, or 55%, outperformed the broad market as represented by **SPDR S&P 500 ETF Trust** (SPY) for the 12 months through March 31.

That is quite a contrast to the 10 years ended that date. The eight funds that have existed for that period all trailed SPY's 10-year performance, with only two coming close.

ESG exchange-traded funds also have drawn a growing amount of money from investors in the past couple of years. Net inflows totaled $1.43 billion for the 12 months ended March 31 of this year, up from $1.01 billion the previous year, making it the biggest inflow for any year ending on March 31 since 2008, according to Morningstar.

PATRICK T. FALLON/BLOOMBERG NEWS

Some of the ETFs focus narrowly on solar-power efforts, like this plant in Riverside, Calif.

'Money where their mouth is'

So what changed over the past year? "You can never reach into the mind of investors, but I'd like to say they are putting their money where their mouth is," says Dave Nadig, managing director of ETF.com, a unit of Cboe Global Markets Inc. "We have heard that institutional investors are interested in ESG for a long time. Now we're starting to hear from advisers that the same is true for individual investors," particularly millennials and wealthy women.

Structural changes in the funds also have helped draw investors and boost performance, analysts say.

In the past, managers of ESG funds largely built their portfolios by simply eliminating stocks with negative ESG ratings, but recently their focus has turned more to choosing the companies that have the best financial performance among those with positive ESG ratings, reflecting a change in emphasis among investors.

"There has been an evolution," Mrs. Bioy says. "Now investors prefer products with companies that are best in class in a certain category," such as limiting carbon emissions.

To be sure, investors shouldn't necessarily expect their 401(k) plans to be full of ESG options. The Labor Department, which oversees 401(k) plans, issued a notice in April saying companies "must not too readily treat ESG factors as economically relevant" to investing choices. "It does not ineluctably follow from the fact that an investment promotes ESG factors, or that it arguably promotes positive general market trends or industry growth, that the investment is a prudent choice for retirement or other investors," the department wrote in its guidance.

Ground to Make Up

ESG-focused exchange-traded funds with 10-year records have all trailed the market (measured by the SPY fund).

FUND	TICKER	10-YEAR ANNUALIZED TOTAL RETURN
SPDR S&P 500 ETF	(SPY)	14.64%
iShares MSCI KLD 400 Social	(DSI)	13.99
iShares MSCI USA ESG Select	(SUSA)	13.55
VanEck Vectors Environmental Services	(EVX)	9.46
PowerShares Cleantech Portfolio	(PZD)	4.83
First Trust Nasdaq Clean Edge Green Energy	(QCLN)	-1.04
PowerShares Global Clean Energy	(PBD)	-4.36
VanEck Vectors Global Alternative Energy	(GEX)	-5.26
PowerShares WilderHill Clean Energy	(PBW)	-7.03

Note: Data through March 31, 2018 Source: ETF.com THE WALL STREET JOURNAL.

Top return

The top-returning ESG exchange-traded product over the past year was the exchange-traded note **iPath Global Carbon** ETN (GRN), with a return of 197%. That points to another factor boosting the category: improved statistics. "Ten years ago, finding out the carbon impact of a small-cap, emerging-markets company was impossible," Mr. Nadig says. Now, data sets are more available, he says, widening the pool of stocks available to portfolio managers. In addition, fund issuers can do more-detailed research on companies' financial performance, thanks to advances in analytics, so it's easier for them to find the most promising stocks in that wider pool.

Another bullish factor for ESG funds over the past year is that newer entrants into the category have adopted a tighter focus. The top returners after GRN during the past year were **WisdomTree China ex-State-Owned Enterprises** ETF (CXSE), with a return of 52%; **Guggenheim Solar ETF** (TAN), 42%; **WisdomTree Emerging Markets ex-State-Owned Enterprises** ETF (XSOE), 27%; and **Barclays Return on Disability** ETN (RODI), 26%.

"The narrow focus makes it easier to find outliers," Mr. Nadig says. "China ex-State-Owned Enterprises is a smaller set of securities, and the opportunity for outperformance goes up."

Analysts warn, though, that those tight targets are a double-edged sword. "The narrower focus works in certain environments and hurts in others," says Todd Rosenbluth, director of ETF and mutual-fund research at research firm **CFRA**. Chinese technology stocks generated stellar returns last year, while fossil-fuel stocks sagged. But that almost certainly won't be the case every year. "The law of small numbers is that some will hit it out of the park, and some will strike out," Mr. Rosenbluth says.

Psychic benefit

Another thing to keep in mind in considering the performance of ESG exchange-traded funds is that it's difficult to tell how much the performance of the stocks they hold stems from ESG factors. Indeed, "what drives individual stocks often has nothing to do with ESG," Mr. Rosenbluth says. For example, the top holding of **iShares MSCI USA ESG Select** ETF (SUSA), which returned 13% in the past year, is **Microsoft Corp.** "I'm not sure exactly why Microsoft did well last year, but it has less to do with ESG than broader demand for its products," he says.

One approach for investors interested in ESG would be to treat funds that closely track broad market indexes as core holdings and funds that are narrower as satellite holdings, says Morningstar's Mrs. Bioy. For example, **SPDR S&P 500 Fossil Fuel Reserves Free** ETF (SPYX) could substitute for the SPY S&P 500 fund as a core position. And the tightly focused funds cited above could be satellite positions.

Given that ETFs represent passive investments, what investors should hope for is returns in line with broad market indexes plus a psychic benefit, Mr. Rosenbluth says.

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NEWS CHALLENGE: FUNDS AND INVESTING

Test Your Smarts on...Stock-Market Cycles

BY ROB CURRAN

IT HAS BEEN a while since the last U.S. recession and a bear market in stocks, so investors can be forgiven for forgetting what tough times look like.

High time for a refresher.

Stock-market volatility is back with a vengeance, credit costs are rising steadily and the prospects of a trade war are casting a shadow on economic forecasts.

Here, then, is a quiz on some of the terms and concepts that could soon be on investors' minds:

1. *When does a bull market officially become a bear market?*

A. When a broad U.S. stock-market index, usually the S&P 500, drops 20% from a closing peak.

B. When a broad U.S. stock-market index falls 20% in a single day.

C. When the chairman of the Federal Reserve declares it officially.

D. When a groundhog named Charles Dow emerges from its hole in Punxsutawney, Pa., and claws downward instead of upward.

ANSWER: A. The S&P 500 is more than 8% below its record close of 2872.87 on Jan. 26. Should it close below 2298, it would be 20% below the record, resulting in the first U.S. bear market in almost a decade.

2. *What's the difference between a bear market and a correction?*

A. Nothing. They are different terms for the same phenomenon.

B. Trick question. There's no agreed definition for a stock-market correction.

C. A bear market is a decline of 20% in the S&P 500 from a recent peak; a correction is a decline of 10% in the S&P 500 from a recent peak.

D. A correction means a bear market has extended it losses an additional 20%.

ANSWER: C. On Feb. 8, the S&P 500 closed at 2581.00, more than 10% below its Jan. 26 high. That was the fourth time during the current bull market that the index had been in official correction territory.

3. *When did the current bull market begin, and why is it dated back to that moment?*

A. Oct. 20, 1987. Bull markets start the

JOHN W. TOMAC

day after a stock crash.

B. March 9, 2009. That's the day the Federal Reserve cut rates to zero.

C. Dec. 15, 1989. Coincidentally, when the "Charging Bull" bronze statue was installed on Wall Street.

D. March 9, 2009. That's when the S&P 500 reached the low point of the last bear market, closing at 676.53.

ANSWER: D. A bull market happens when a major index sustains a 20% advance from a bear-market low. On March 9, 2009, the stock market didn't feel very bullish. The despair was almost as palpable as it was on the day that Lehman Brothers failed. It's this kind of "capitulation"—unfettered anguish throughout the stock market—that often turns out to be the painful birth of a new bull market.

4. *Where does the current bull market rank in terms of longevity among the longest bull markets?*

A. It's the shortest bull market since 1937.

B. It's the longest bull market in history.

C. It's the second-longest, trailing only the bull market of 1987 to 2000.

D. It's the third-longest, trailing the bull market of 1987 to 2000 and the "What Great Depression?" bull market that ran from 1929 to 1945.

ANSWER: C. The bull market turned nine in March. At its most recent peak, in January, the S&P 500 had more than quadrupled from its low.

5. *What's the difference between a cyclical bull market and a secular bull market?*

A. Cyclical bull markets end as soon as a bear-market decline occurs. A secular bull market, though, continues as long as stocks reach "higher highs" in the aftermath of a bear market where stocks didn't breach the previous bear market's lows.

B. A cyclical bull market happens every four years.

C. A secular bull market doesn't include stocks associated with religious matters, while a cyclical bull market consists only of economically cyclical stocks.

D. A cyclical bull market refers to a pattern on stock charts that looks like a bicycle.

ANSWER: A. On March 9, 2009, the S&P 500 closed at 676.53, far below the trough of 776 during the prior bear market in 2002. As a result, the charts showed that the secular bull market that began in 1982 had officially ended in 2007, the pre-financial-crisis peak. During those 25 years, there had been several corrections, a couple of bear markets and even a couple of crashes by some definitions (the most common of which is a 20% drop in a short period). Some portion of the gains amassed during each cyclical bull market had always been retained during those selloffs, however. In the brutal 2007-09 bear market, the work of not one but two cyclical bull markets was undone.

6. *What is a recession?*

A. A recession is loosely defined as two consecutive quarters of negative economic growth. In the U.S., this indicator is confirmed by a finding from the National Bureau of Economic Research.

B. A recession is defined as four consecutive quarters of negative economic growth.

C. A recession is when the stock market falls 20% from a recent peak at the same time that the unemployment rate rises above 5%.

D. A recession is when the unemployment rate rises above 5%.

ANSWER: A. As a rule of thumb, a recession is happening in the U.S. when the Commerce Department's gross-domestic-product report shows that the economy has contracted for two quarters in a row. A committee convened by economists' nonprofit guild, the National Bureau of Economic Research, confirms the statistics by publishing a declaration that the U.S. is in recession.

7. *Does a bear market mean that a recession is on its way?*

A. In theory, no. But in practice, almost always yes.

B. No. The stock market has no link to the real economy.

C. Yes, the Federal Reserve will officially declare a recession when a bear market occurs.

D. Yes. An increase in the bear population, particularly grizzlies, is bad for the economy.

ANSWER: A. While there is no direct connection between the price of individual securities and the rate of GDP growth, there are plenty of indirect connections. "Since 1929 there have been 16 bear markets that in all but one period coincided with a recession," say analysts at brokerage Janney Montgomery Scott in a research note.

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