THE WALL STREET JOURNAL.

DOW JONES | News Corp ******

TUESDAY, MAY 1, 2018 ~ VOL. CCLXXI NO. 101

WSJ.com

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What's News

Business & Finance

Trump eased trade pressure on the EU and other top U.S. allies, giving them more time to negotiate deals to avoid steel and aluminum tariffs. **A1**

◆ **The Justice Department** urged a judge to consider "alternative remedies" if he decides not to block the AT&T-Time Warner deal. **A1**

◆ **U.S. stocks eased,** hurt by health-care and industrial shares. The Dow fell 148.04 points to 24163.15, cutting its April gain to 0.2%. **B14**

◆ **T-Mobile and Sprint** face a high bar to convince regulators and antitrust enforcers to clear their deal. **B1**

◆ **China's HNA** dropped its pursuit of SkyBridge Capital amid resistance from a U.S. national security panel. **B1**

◆ **The Fed's inflation gauge** rose 2% in March from a year ago, hitting its target as spending and pay rose. **A2**

◆ **Retailers are cutting** staff faster than they shut stores, resulting in fewer clerks. **B1**

◆ **Credit-card firms** and banks are discussing ways to identify gun purchases. **B1**

◆ **VW is nearing** a deal with ride-hailing firm Didi on a joint venture in China. **B3**

◆ **Walmart is selling** Asda to Sainsbury in a $10 billion deal that would create Britain's No. 1 grocery chain. **B7**

◆ **Autonomy's ex-finance** chief was found guilty of falsifying financial statements ahead of its sale to H-P. **B2**

◆ **Hellman & Friedman** is paying $3.02 billion for robo adviser Financial Engines. **B5**

World-Wide

◆ **Israeli leader Netanyahu** presented what he called new evidence that Iran maintained a secret plan to build nuclear weapons but repeatedly lied about it. **A1**

◆ **Missile strikes** on Syrian government bases overnight killed dozens of pro-regime forces, raising the risks of a wider regional war. **A7**

◆ **Ten Afghan journalists** were among dozens of people killed in attacks in one of the bloodiest days of the war for Afghan media. **A6**

◆ **The U.S.-led coalition** against Islamic State closed the headquarters of its ground forces in Iraq. **A6**

◆ **Officials** said they have started processing some asylum-seeking immigrants from a caravan of Central Americans. **A5**

◆ **Mueller outlined** earlier this year for Trump's legal team more than 40 questions he planned to ask in a possible interview with the president. **A4**

◆ **Arizona faced** a fourth day of walkouts by teachers, who are demanding a pay increase of 20%. **A3**

◆ **Detroit regained** full control of its finances, more than three years since the city exited bankruptcy. **A3**

◆ **The Supreme Court** agreed to hear appeals in two cases that expand its scrutiny of class actions. **A3**

◆ **An Australian judge** ruled Cardinal George Pell will be tried on charges of sexual offenses. **A16**

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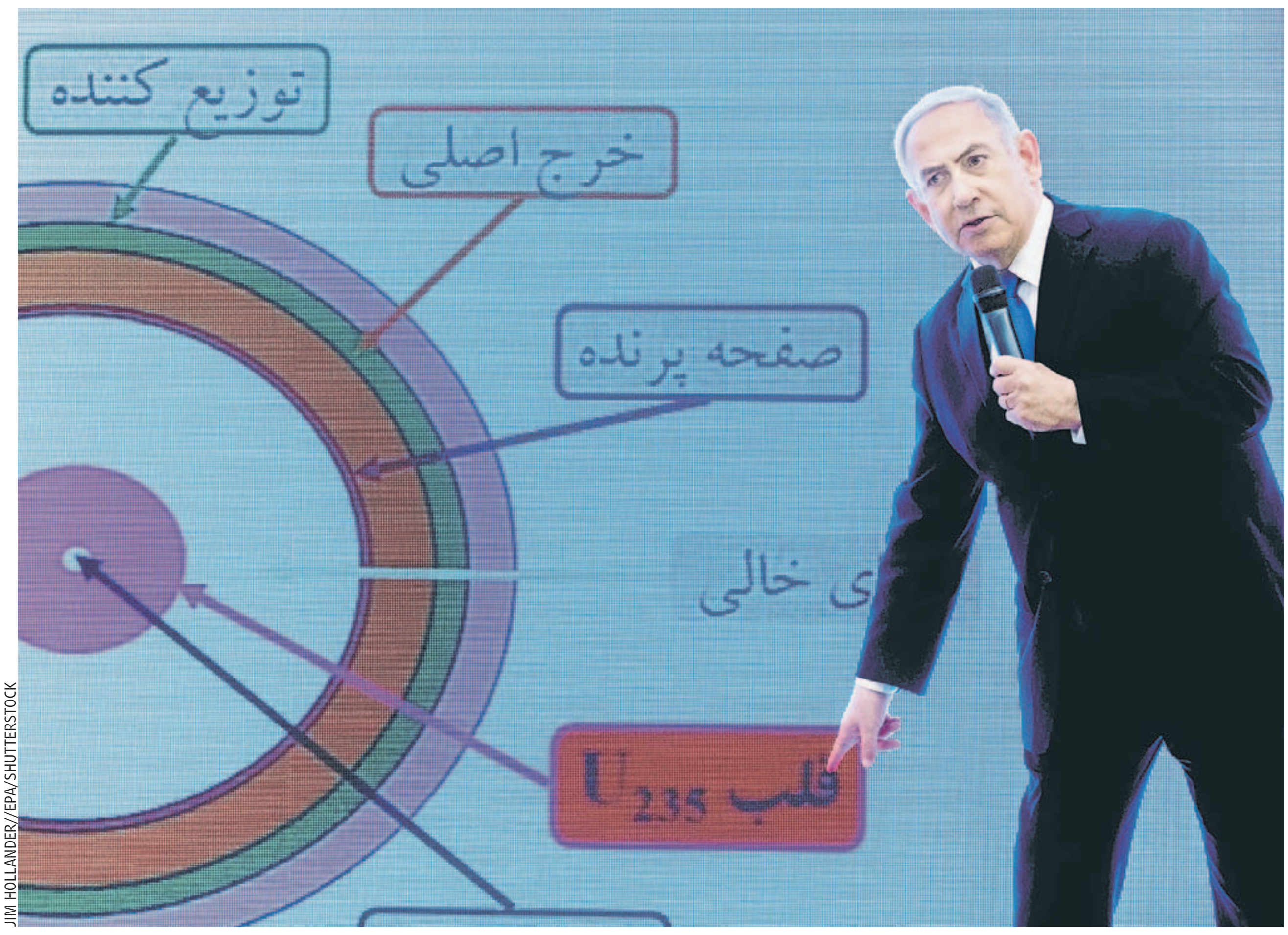

JIM HOLLANDER/EPA/SHUTTERSTOCK

Benjamin Netanyahu, Israel's prime minister, gave a TV presentation on Monday in which he described how Iran had allegedly continued with its nuclear capabilities with the purpose of making atomic weapons. The move came days ahead of a U.S. decision on the Iran nuclear deal.

Israel Targets Iran Accord

Netanyahu presents what he calls evidence Tehran lied about plans to develop weapons

By Felicia Schwartz in Washington and Dov Lieber in Tel Aviv

Israeli Prime Minister Benjamin Netanyahu delivered a broadside to the Iran nuclear deal ahead of a deadline for the U.S. to decide on whether to withdraw, presenting what he called new evidence that Iran maintained a secret plan to build nuclear weapons but repeatedly lied about it.

Mr. Netanyahu's Monday allegations, broadcast in Israel and the U.S., came as President Donald Trump nears a self-imposed May 12 deadline to make a call on the international agreement, which halted Iran's nuclear program in exchange for economic benefits. Iran has threatened to restart its program if the U.S. leaves the deal.

Mr. Trump and critics of the 2015 agreement said the material shows why the deal should be overhauled or killed. But many experts and former officials said it provided no new information because the U.S., Europe and international nuclear inspectors have long held that Iran pursued a nuclear-weapons program until 2003 and that some of these activities continued as late as 2009.

Mr. Netanyahu said the documents—which he said Israel obtained from a hidden archive in Tehran, without specifying how—included 100,000 files on paper and disks, and show "Iran is brazenly lying when it says it never had a nuclear-weapons program."

Mr. Netanyahu, displaying replicas of binders and CDs, said the 2015 agreement was a mistake and urged Mr. Trump to do "the right thing." Iran's false denials, he argued, represented a violation of the agreement.

Mr. Trump maintains the agreement was a mistake, saying it would allow Iran to resume nuclear activities in seven years.

"That is just not an acceptable situation," Mr. Trump said at a press conference with Nigerian President Muhammadu Buhari, after he was asked about Mr. Netanyahu's presentation. He added that his criti-

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Trump Delays Tariffs On Allies

By Michael C. Bender And William Mauldin

WASHINGTON—President Donald Trump eased trade pressure on top U.S. allies Monday, giving the European Union and some nations outside the bloc more time to negotiate deals that would exempt them from U.S. steel and aluminum tariffs.

The White House said broad tariffs of 25% on steel and 10% on aluminum—already in effect against China, Russia, Japan and others—won't take effect for the EU Tuesday as previously planned. Instead, Europe will have an additional month to keep talking with the U.S. about a new pact to avoid the tariffs.

As expected, Canada and Mexico were given an extension, also until June 1, while talks about rewriting the North American Free Trade Agreement proceed.

The White House said it has agreements in principle with Argentina, Brazil and Australia to avoid the tariffs. While the details haven't been finalized, the countries have agreed to quotas, and their exports won't face U.S. duties on Tuesday, a senior administration official said.

The Trump administration is backing broad restrictions on the trade of metals to limit the direct and indirect effects of Chinese steel and aluminum production on the U.S. market. "In all of these negotiations, the administration is focused on quotas that will restrain imports, prevent transship-

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Cities Offer Cash To Lure Workers

Booming towns short on people provide student-debt relief, home-buying assistance

By David Harrison And Shayndi Raice

HAMILTON, Ohio—Jobs at the paper mills and safe manufacturers on this stretch of the Great Miami River mostly dried up by the early 2000s, leaving behind closed factories and an abandoned downtown.

Today, a spruced-up waterfront, loft apartments and help-wanted signs give the appearance of economic renewal. All that's missing are workers—and that has prompted a novel experiment.

Relocate to Hamilton and the city promises $5,000 to help pay student loans. Pack up for Grant County, Ind., and claim $5,000 toward buying a home. Settle in North Platte, Neb., and the chamber of commerce will hold a ceremony in your honor to present an even bigger check.

In this new phase of the U.S. economy, one marked by a shortage of workers rather than jobs, civic leaders in Hamilton and elsewhere are asking themselves: Why not pay people to move here?

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Inflation Hits Fed's 2% Target

Ahead of a key meeting, new data show that consumer prices are starting to rise. A2

Personal-consumption expenditures price index, change from a year earlier

Source: Commerce Department

U.S. Broaches Fallback In AT&T Merger Trial

By Brent Kendall And Drew FitzGerald

WASHINGTON—In a twist during closing arguments of a six-week trial, the Justice Department urged the judge in the AT&T Inc. merger case to consider "alternative" remedies if he decides not to block the planned acquisition of Time Warner Inc. outright.

The move Monday came after months of legal maneuvering in the biggest antitrust case of recent years led some observers to believe AT&T and Time Warner had made headway in court with their argument that the merger won't harm consumers.

A dramatic day of accusations and counter-accusations ended with the promise of more drama to come. U.S. District Judge Richard Leon, with a tinge of emotion in his voice, said he would announce his ruling at a hearing June 12—nine days before the companies' merger agreement is set to expire.

In an unexpected step, Justice Department attorney Craig Conrath used part of his argument time to lay out a fallback position for the government. Short of blocking the whole deal, the judge should consider forcing AT&T to make a "partial divestiture," the lawyer said, meaning the company wouldn't be able to retain all of Time Warner's assets.

Mr. Conrath said Judge Leon could allow AT&T to buy parts of Time Warner, but not the Turner networks, which are a focal point in the government's case. He also floated the possibility of other types

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INSIDE

ASSOCIATED PRESS

TEN AFGHAN JOURNALISTS ARE KILLED

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ASSOCIATED PRESS

THE BASEBALL SEASON OF STRIKEOUTS

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The Exclusive Airport Lounge Has Become a Lot More Inclusive

* * *

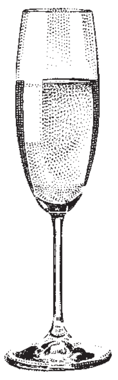
Travelers bemoan the crowds jamming the buffet, using their credit-card perks

By AnnaMaria Andriotis

Dustin Scott didn't mind a six-hour layover in Atlanta's Hartsfield-Jackson airport. The 30-year-old was looking forward to using an airport lounge, courtesy of his Sapphire Reserve credit card.

What he envisioned: a quiet space where he could relax and eat free before boarding his flight to Ukraine. What he found: A packed room with no available seats. A buffet with barely any food left. Toilet paper on the bathroom floor.

"You think, 'Oh man, I have this lounge access, I can go in there and chill and there will be a bunch of business people on their laptops,'" said Mr. Scott, who works in promotions for a bike-share company. "And you go in and it's like Disney World."



Glass half empty

Airport lounges were once a perk for business travelers and high spenders, a haven from the chaos of modern travel. Then more rewards credit cards started offering lounge access. And what was once an oasis now is more like a mall food court.

Losing that "1%" feeling has been jarring. Grousers say gourmet meals once on offer are now finger foods, and beverages are more likely to be guzzled than sipped. Overcrowding means seats of-

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U.S. NEWS

Inflation Rises, Hits Fed's 2% Target Level

By Harriet Torry And Andrew Tangel

WASHINGTON—Inflation hit an important milestone for Federal Reserve officials as they prepare for a policy meeting in Washington, fresh evidence that the long economic expansion is rousing dormant consumer prices.

The Commerce Department said Monday that its price index for personal-consumption expenditures, the Fed's preferred inflation gauge, was up 2% in March from a year earlier, the first time in more than a year it was on target. Inflation is now above the median of Fed officials' projections from their March meeting, which put it at 1.9% by the end of this year.

Makers of everything from sticky notes, household paint and washing machines are signaling they plan to raise prices to offset rising bills for steel, oil and other inputs amid pressure from higher labor and transportation costs.

3M Co., the St. Paul, Minn., maker of myriad products, including office supplies like Post-it Notes as well as industrial adhesives and films, highlighted the cost of crude oil as a major driver of inflation. 3M said higher prices world-wide contributed 0.7 percentage point of its global sales increase of 7.7% in the first quarter.

"For the year, we expect price growth to remain strong and that it will more than offset raw-material inflation," 3M Chief Financial Officer Nick Gangestad said in a call with analysts in April.

The PCE index was flat on the month from February, thanks in part to a decline in energy prices. But prices show some signs of rising outside that volatile sector. Excluding food and energy costs, prices rose 0.2% in March from February and were up 1.9% from a year earlier.

'For the year, we expect price growth to remain strong…' says 3M's financial chief.

Six months earlier, core year-over-year inflation stood at 1.4%. The gains have been driven in part by higher services inflation as firms compete to hire scarcer workers. Services inflation rose 2.8% in March from a year earlier, while prices for long-lasting durable goods were down 2.4% from a year earlier.

Anemic inflation has been a key factor behind the Fed's policy of raising rates only gradually in recent years.

Several factors are pointing toward a sustained pickup in inflation in the months ahead. A weak dollar and trade tariffs could push up prices on imported goods. Meantime, low unemployment could put modest upward pressure on wages. Consumer spending also could pick up as households feel the impact of the $1.5 trillion tax-cut package signed into law in December.

Inflation softened last year, in part because mobile-phone service providers slashed prices. That has now washed through the system and Steven Blitz, chief U.S. economist at TS Lombard, said "the great disinflation scare of 2017 appears to have ended," in a recent note to clients.

Some American manufacturers say they plan to pass along mounting raw-material costs to their customers in the months ahead.

"It's a scramble," said Nicholas Heymann, an industrials analyst at William Blair. "They're raising prices big time."

New U.S. tariffs on steel and aluminum have boosted costs for the metals as global economic growth has been fueling increasing demand for oil and other commodities. The cost run-up has been faster than some firms expected.

Appliance maker **Whirlpool** Corp. said in April it began raising prices on washers and dryers in the U.S., as it expects to pay more for steel, resin and other raw materials this year.

"U.S. steel is right now significantly elevated versus the rest of the world, and that's just the reality," Chief Executive Marc Bitzer told analysts in a call last month.

United Technologies Corp. said a price increase of as much as 6% for its Carrier Corp. and other heating and air-conditioning systems would start in July as the company grapples with increased input costs.

"Copper has gone up, aluminum has gone up, steel has gone up, second-tier supply has gone up," Chief Executive Gregory Hayes said in a call with analysts in April.

Final Preparations Under Way as Kentucky Derby Nears

CHARLIE RIEDEL/ASSOCIATED PRESS

MORNING WORKOUT: The track at Churchill Downs saw some action Monday, ahead of the 144th Run for the Roses on Saturday.

U.S. WATCH

COURTS

Trump Tweet Leads To Defamation Suit

Stephanie Clifford, the former adult-film actress professionally known as Stormy Daniels, filed a lawsuit Monday against President Donald Trump in Manhattan federal court, accusing him of defaming her in a recent tweet.

Mr. Trump posted the tweet on April 18, in response to a sketch Ms. Clifford released of a man who allegedly threatened her in 2011. According to Ms. Clifford's lawsuit, a few weeks after she had agreed to discuss with a magazine an alleged sexual encounter she had with Mr. Trump, a man approached her in a Las Vegas parking lot and said, "Leave Trump alone. Forget the story."

A day after the man's sketch was released, Mr. Trump tweeted: "A sketch years later about a nonexistent man. A total con job, playing the Fake News Media for Fools (but they know it)!"

White House representatives didn't immediately return a request for comment on the lawsuit. They have previously denied any sexual encounter took place between Mr. Trump and Ms. Clifford.

—Nicole Hong

PENNSYLVANIA

Cosby's Own Words Were Damning: Juror

Speaking out for the first time, the jury that convicted Bill Cosby at his sexual assault retrial said Monday its decision was influenced only by what happened in court. The youngest member of the panel said the comedian's own words sealed his fate.

Harrison Snyder, 22 years old, said on ABC that Mr. Cosby's deposition—in which he admitted giving women quaaludes to have sex with them—was the evidence that made him believe he was guilty. Mr. Snyder said it "wasn't an open and shut case," but that he had no doubt the jury made the right decision Thursday in convicting Mr. Cosby on three counts of aggravated indecent assault.

Mr. Cosby, 80, faces the prospect of spending the rest of his life behind bars as he awaits sentencing, likely within the next three months. His publicist has declared his conviction a "public lynching," and his lawyers have said they would appeal.

—Associated Press

WASHINGTON

New Chief of CDC Will Get a Pay Cut

Robert Redfield, the new head of the Centers for Disease Control and Prevention, will get a pay reduction at his request, federal officials said Monday.

The 66-year-old HIV researcher, who was picked in March to head the CDC, had been set to earn $375,000 a year.

That sum was at least $150,000 more than any previous CDC director had received. It also was well above the compensation of other top federal health officials—including Dr. Redfield's boss, Department of Health and Human Services Secretary Alex Azar.

On Monday, HHS officials said Dr. Redfield has asked for a pay reduction because the topic had become a distraction. They said his compensation will be adjusted, but didn't answer questions about what the new amount is or when it will be announced.

—Associated Press

THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660)
(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters:
1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays.
Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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Trump Puts Kelly In the Mix to Lead Veterans Affairs

By Peter Nicholas

WASHINGTON—The search for a new Veterans Affairs chief is wide open, with President Donald Trump considering as potential nominees a former Republican congressman, a hospital executive and his White House chief of staff, John Kelly, people familiar with the matter said.

Dr. Ronny Jackson, the president's doctor, pulled out of the running last week amid allegations of misconduct, which he has denied. Mr. Trump has publicly said he wants someone with "political capability" to run the 370,000-person department. But another priority is picking someone with a strong chance of winning Senate confirmation, a person close to the White House said.

Mr. Kelly, who took over as chief of staff last year with a mandate to bring discipline to a White House beset by infighting, is a retired Marine Corps general who previously served as secretary of homeland security. The Senate confirmed him for the homeland-security post 88-11.

"There have been discussions among the senior staff and the president directly about the possibility of Gen. Kelly going there [to the VA]," one person familiar with the matter said.

Mr. Trump has chafed at times under Mr. Kelly's methods, finding ways to bypass him when talking to other White House aides. Yet moving Mr. Kelly to a cabinet post would add disruption to a White House marked by record-setting turnover.

The White House didn't immediately respond to a request for comment about whether the president might tap Mr. Kelly for the job.

On Monday, NBC News reported that Mr. Kelly had insulted the president's intelligence and called him "an idiot." Mr. Kelly put out a rare statement calling the story "total BS."

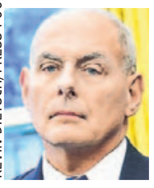
"I spend more time with the president than anyone else and we have an incredibly candid and strong relationship," he said. "I am committed to the president, his agenda, and our country."

The president sent out a tweet Monday night that appeared to back up Mr. Kelly. He made reference to a CNN story that quoted Mr. Kelly as calling the president "unhinged."

"The Fake News is going crazy making up false stories and using only unnamed sources (who don't exist). They are totally unhinged …" he wrote.

Another candidate in the mix for the VA post is Anthony Tersigni, the president and chief executive of U.S. hospital giant Ascension, according to people familiar with the matter.

Mr. Tersigni, 68, has some backing inside the Trump administration. He was an early advocate of a program created by Congress in 2014 to allow veterans to get care outside VA facilities under some circumstances, following a scandal over wait times for veterans.



KEVIN DIETSCH/PRESS POOL

John Kelly, a retired Marine Corps general, became the White House chief of staff in 2017.

Mr. Tersigni called for "a solid public-private partnership" under the new program in The Hill days after former President Barack Obama signed the program into law. Ascension has since seen about 10,000 veterans through the program.

A spokesman for Ascension said Mr. Tersigni declined to comment. Mr. Tersigni's consideration for the job was first reported by Modern Healthcare.

Also on the shortlist is former Florida congressman Jeff Miller, who supported the president in the 2016 campaign. Mr. Miller headed the House Veterans' Affairs Committee before leaving Congress in 2017 and was one of the president's informal advisers on veterans' issues during the campaign.

Mr. Miller declined to comment.

CORRECTIONS & AMPLIFICATIONS

Apple Inc. has accumulated $122 billion in debt over the past five years. In some editions Monday, a Heard on the Street article incorrectly said $162 billion.

Abbott, Texas, was misspelled as Abbot in an Off Duty article on Saturday about Willie Nelson.

A graphic with a Page One article Friday about rising oil prices showed the price of crude-oil futures in dollars per barrel. The chart was mislabeled as dollars per gallon.

Microsoft **Corp.** estimates current-quarter revenue in its Productivity and Business Processes segment will grow about 13% from a year earlier, its Intelligent Cloud segment will grow about 16%, and its More Personal Computing segment will grow about 13%. A Technology article on Friday incorrectly gave the estimates as 9%, 22% and 18%, respectively.

Ha Tae-keung, a South Korean lawmaker, said that Im Jong-seok, the South Korean presidential chief of staff, "is not a North Korea sympathizer." An April 25 World News article about Mr. Im incorrectly quoted Mr. Ha as saying that Mr. Im "has never been a North Korea sympathizer."

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

MATT YORK/ASSOCIATED PRESS

State teachers rallied for a 20% pay increase outside of Arizona Republican Gov. Doug Ducey's offices in Phoenix on Monday.

Arizona Teacher Walkout Drags On

By Tawnell D. Hobbs And Michelle Hackman

Arizona parents kept scrambling to find alternative arrangements for their children as the state faced a fourth day of teacher walkouts Tuesday.

It is estimated that at least 800,000 Arizona students have been affected by the walkouts that started Thursday, with some districts in the state closed until further notice. Teachers want the Legislature to boost their pay by 20%.

By Monday evening, with no sign of the two sides being any closer, some districts across the state canceled classes for Tuesday. But a legislative deal that could resolve the strike was making progress, an official with knowledge of the process said Monday.

Churches, community centers, youth clubs, food banks and other organizations are offering free and discounted services to help take care of students. School districts also are opening their doors to provide meals and allow for after-school programs to operate.

"We're providing breakfast, lunch and snacks," said Chuck Smyers, an administrator at the Springs Church in Chandler, part of the Phoenix metropolitan area. "We're kind of predicting that the longer this thing goes on, people are finding more of a need."

Arizona parent Jennifer Goehring, a nurse and former teacher, said she supports the teachers but not the walkouts.

"It's holding the parents hostage, because they are having to scramble to find people to watch their kids," said Mrs. Goehring, who has alternated with her husband watching their children and several others whose families couldn't take off work during the walkout. "It's placing an undue hardship on families just trying to stay afloat."

Teachers in states including Arizona, Colorado, Kentucky, Oklahoma and West Virginia have taken an activist stance in demanding better pay and benefits by walking out.

Arizona's strike kicked off with teachers demanding the Legislature boost their pay through a combination of tax increases, among other demands. Arizona Republican Gov. Doug Ducey has proposed funding a pay increase through existing revenue—he is opposed to tax increases.

For decades, Arizona's teacher pay was roughly aligned with the U.S. median tracked by the National Education Association teachers union. That changed when the state's large construction industry retreated following the 2008 housing bust and tax revenue dried up.

A decade later, state revenues have recovered, but school funding hasn't. Arizona's spending on education has fallen 10% since 2008, adjusted for inflation, according to its annual reports. Teacher salaries are down 8% and are now seventh worst in the U.S., according to NEA data.

Many parents have spoken out in support of teachers, though some acknowledge the inconvenience of needing alternative child-care plans.

Detroit Emerges From State Oversight

By Kris Maher

Detroit's elected officials regained full control of the city's finances on Monday, more than three years after it emerged from the largest municipal bankruptcy in U.S. history.

The Detroit Financial Review Commission, which had decision-making power over Detroit's budgets and contracts greater than $750,000 since it was created in late 2014, released the city from oversight.

Detroit Mayor Mike Duggan celebrated the move, noting it marked the end of an era of state and federal oversight of various municipal operations that began in the 1970s.

"For the first time in four decades, Detroit's elected leadership will be in complete control of government functions," Mr. Duggan said. City officials regained the ability to negotiate contracts and make budget changes without the state commission's approval.

Mayor Mike Duggan celebrated the end of four decades of state, federal oversight.

Under the guidance of a state-appointed emergency manager, Detroit filed for bankruptcy in July 2013 with liabilities of more than $18 billion, marking the nation's largest chapter 9 filing.

The long-struggling automotive capital's population had fallen to about 700,000, from a high of about two million in 1950, and poor city services.

The city exited from bankruptcy on Dec. 10, 2014, with a plan approved by state legislators called the "Grand Bargain" that included cutting $7 billion in debt and spending $1.7 billion on improving services over a decade.

"It wasn't long ago we entered into the Grand Bargain to lift up a bankrupt Detroit," Gov. Rick Snyder said Monday. "Today's vote validates Detroit's remarkable progress."

The city regained control of its finances, in part, by posting surpluses in each of the past three years. Its general fund balance was up to $592.8 million at the end of the 2017 fiscal year, compared with a $73 million deficit at the end of the 2013 fiscal year.

The state commission will continue to exist through its 10-year term but will remain inactive as long as the city continues to balance its budget and meet other financial requirements.

Detroit had been under some form of oversight since 1977, when its water and sewerage department began more than three decades of court-ordered federal oversight over environmental issues.

High Court to Heighten Class-Action Scrutiny

By Jess Bravin

WASHINGTON—The Supreme Court is expanding its scrutiny of class actions, saying Monday it would hear appeals in two separate cases from California that could curb remedies for alleged small harms corporations caused for large numbers of individuals.

In a case involving **Alphabet** Inc.'s Google search engine, lower courts in 2015 approved an $8.5 million settlement after some 129 million people had alleged privacy violations through Google searches between 2006 and 2014.

But rather than try to distribute that money among so many people, the parties agreed instead to award a portion of the settlement—$5.3 million—to organizations that promised to spend the money promoting "public awareness and education" or supporting "research, development and initiatives related to protecting privacy on the internet."

The other $3.2 million went to plaintiffs' attorneys fees and administrative costs.

That award was made under a principle known by the French term "cy pres," under which a court attempts to do the next closest thing when it can't comply with the literal terms of a bequest or other legal instrument.

Conservative groups have been critical of cy pres awards, saying they are easily abused.

In objecting to the Google settlement, they said research centers based at Harvard and Stanford universities, among those slated for awards, had connections to both sides in the case: Google already supported the centers, and some plaintiffs' attorneys had attended the schools.

In a legal brief urging the Supreme Court to stay out, Google said the arrangement was fair.

The company said that despite an "extensive campaign" to alert the public regarding the proposed settlement, "only 13 of the 129 million putative class members—about one in ten million—opted out of the class, and only five class members (including the two petitioners) entered written objections."

The petitioners, Ted Frank and Melissa Holyoak, are attorneys with the Competitive Enterprise Institute, a conservative advocacy group.

In a separate case, the justices said they would review whether an employee automatically waives the right to class arbitration when his employment contract requires that disputes be resolved through private arbitration.

Wild Political Currents Race Through Kansas

CAPITAL JOURNAL
By Gerald F. Seib

CHRIS NEAL/THE TOPEKA CAPITAL-JOURNAL/ASSOCIATED PRESS

Kansas Gov. Jeff Colyer, left, and Secretary of State Kris Kobach at a gubernatorial debate April 13.

Lawrence, Kan.
In an odd and turbulent political year, no state has more odd and turbulent forces in play than does Kansas.

Kansas, as reliably red as any state in the nation in recent years, could elect a Democrat to the U.S. House this year for the first time in a decade. It might even elect two.

That's as good a sign as any of the Democratic tide building in 2018.

The state's congressional delegation and its farmers, generally friendly to President Donald Trump, are squirming over the damage the trade war the Republican president threatens with China could do to agriculture markets. The political consequences of that unease are yet to play out.

Meanwhile, Kansas is staging a version of the national tax-cut debate, though at a more advanced stage. The state legislature passed its own big tax cut six years ago, then last year reversed it amid persistent fiscal problems and a school-funding crisis, and now is debating whether to partially roll back taxes again.

Above all, Kansas hosts one of the year's most intriguing governor's races. It features Gov. Jeff Colyer, a pleasant, pro-business, anti-abortion, Reagan-admiring physician, who in more normal times would be considered the conservative champion. But he's being attacked from the right by the state's hard-edged, Trump-friendly secretary of state, Kris Kobach, who is best known for his work on national immigration and voter-identification causes—and who recently was found to be in contempt of court in a voting-rights case.

Waiting in the wings are newly optimistic Democrats, though their prospects are clouded by a wealthy independent candidate, Greg Orman, who could play spoiler in the governor's race.

All told, it's quite the political stew. Much of it is a reaction to the era of Sam Brownback, a former senator who was elected governor in 2010, and immediately sponsored a big tax cut, which he argued would lure businesses and usher in robust growth.

Instead, in part because lawmakers bought into the tax cut but not some of the offsetting measures Mr. Brownback proposed to lessen the revenue loss, fiscal problems arose and persisted. Ratings on state debt were downgraded. Economic growth disappointed, and public dissatisfaction grew.

Mr. Brownback was reelected in 2014, but barely, and other conservatives suffered at the polls. Finally, last year, the legislature rolled back much of the tax cut—and Mr. Brownback resigned to head the State Department's Office of International Religious Freedom.

That brought to office Mr. Colyer. He has moved quickly to improve relations with the state legislature and establish an image as a low-key problem-solver. In an interview, he describes Kansans' view of state government as: "We have challenges here. Fix them." The Kansas City Star, which had been critical of Mr. Brownback, wrote in a Sunday editorial praising Mr. Colyer: "On key issues, he's demonstrated steady and productive leadership."

Yet, oddly, the governor has lower name identification at this point than Mr. Kobach, who is well-known for a relentless focus on illegal immigration. He helped Arizona write a tough-on-immigration law, worked on homeland-security issues for the Trump transition and was co-chairman of a national commission investigating voter fraud.

Mr. Kobach has carried those issues into the governor's race, along with full-throated defense of gun owners. He hosted a gun-rights rally at which he declared that students marching for greater protections against gun violence in schools should "stay in class and spend that half hour studying the history of the Second Amendment." Mr. Kobach seems intent on ensuring that "nobody's getting around him on the right," says Burdett Loomis, a political-science professor at the University of Kansas.

The question is whether Kansans are moving toward a more centrist politics—and the biggest test is over school funding. After the Kansas Supreme Court ruled the state hadn't met its constitutional requirements, the legislature in April passed a bill boosting school funding by $534 million.

Mr. Colyer, sensing public unease with the state of schools, has embraced the increase. Mr. Kobach has called the plan a disaster.

"The two big issues for us are education and growing the economy," Mr. Colyer says. (Mr. Kobach's campaign didn't respond to multiple requests for an interview.)

Their battle reflects the unsettled political climate of Kansas—the national struggle of a Republican Party still seeking its identity in the Trump era.

Mueller Outlined 40 Queries For Trump

By Rebecca Ballhaus

WASHINGTON—Special counsel Robert Mueller earlier this year outlined for President Donald Trump's legal team more than 40 questions he planned to ask in a possible interview with the president as part of his investigation into Trump associates' ties to Russia, according to a person familiar with the matter.

The list of questions, a copy of which was reviewed by The Wall Street Journal, focuses largely on the president's decisions to fire former FBI Director James Comey last spring as the agency's Russia investigation was under way and to oust former national security adviser Mike Flynn, who has pleaded guilty to lying to investigators about his contacts with Russia.

"Regarding the decision to fire Mr. Comey: When was it made? Why? Who played a role?" asks one of the questions. "What did you mean when you told Russian diplomats on May 10, 2017, that firing Mr. Comey had taken the pressure off?" reads another.

The questions first reported by the New York Times, also include one on whether the president had contacted Mr. Flynn about "immunity or a possible pardon."

Asked about whether he would pardon Mr. Flynn after the former adviser pleaded guilty in December, Mr. Trump told reporters he didn't "yet" want to discuss pardoning his former aide.

The list offers new insight into the direction of Mr. Mueller's nearly year-old investigation, which has remained largely opaque, save for the occasional public filing, while indicting or obtaining guilty pleas from 19 people. A spokesman for the president's legal team declined to comment, and a representative of the special counsel didn't immediately return a request for comment.

STEEL

Continued from Page One

ment, and protect the national security," the White House said in a statement.

Top Trump administration trade officials met with the president late Monday afternoon to decide on a course of action as a self-imposed midnight deadline approached, with some allies uncertain until the last minute about which direction the U.S. would choose.

Uncertainty was especially heightened for the EU. French President Emmanuel Macron and German Chancellor Angela Merkel both made personal visits to the White House last week but left without sufficient assurances or concessions on trans-Atlantic trade issues.

"The decision lies with the president," Ms. Merkel said in a press conference with Mr. Trump.

Following through on threats to impose tariffs would have escalated tensions between the U.S. and its European allies at a moment when other high-stakes discussions were under way on the Iran nuclear deal, U.S. sanctions against Russia, how to confront economic challenges from China and other issues.

A spokesman for the EU had no immediate comment Monday evening.

A spokesman for the U.K. government, which is negotiating an exit from the EU, called the White House move "positive" and said, "We will continue to work closely with our EU partners and the U.S. government to achieve a permanent exemption, ensuring our important steel and aluminium industries are safeguarded."

Mr. Trump announced the global tariffs in March, seeking to relieve the U.S. steel and aluminum industries, which had been buffeted in recent years by cheap import competition. A glut of production from China found its way through global markets into the U.S., despite U.S. barriers.

Trade hawks in the Trump administration saw implementation of tariffs against a wide range of trading partners as a way to wall off the U.S. domestic industry from these global forces. Labor groups, the domestic steel industry and their supporters want to limit the economies that get exemptions to the tariffs.

"I'm not worried by temporary extensions, but I don't believe they should be unconditional or indefinitely left in place," said Scott Paul, president of the Alliance for American Manufacturing, which backs domestically focused industry in the U.S. "There's some good evidence the pressure applied by the tariffs, or the threat of tariffs, is squeezing China."

Lawmakers, business groups and foreign officials lobbied for an array of permanent exemptions from the tariffs, with some countries touting their strategic cooperation with Washington or bringing offers to crack down on allegedly dumped or subsidized steel from China.

The White House is using a decades-old law to impose the steel and aluminum tariffs on trading partners on national-security grounds. Trump administration officials have argued that a shrinking U.S. metals industry threatens defense capabilities and economic security. But many U.S. lawmakers were wary of punishing the EU, which includes most nations in the North Atlantic Treaty Organization.

In a warning to Mr. Trump, the EU threatened to retaliate against more than $3 billion in U.S. exports, including items from the home states of House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell, both Republicans. The threat of retaliation will now be put on hold but could reemerge if the two sides don't hammer out a deal.

Europe's steel industry was bracing for the worst, and some complained about the uncertainty of the last-minute U.S. decision-making.

"To prepare you need to know what's going to happen," Charles de Lusignan, a spokesman for the Eurofer trade group representing all European steelmakers, said before the U.S. decision.

Now that the EU has more time, officials from both sides will need to find common ground if they want to make the exemption permanent. Some European officials said the bloc wouldn't negotiate under threats, and some trade advisers in Washington doubted whether additional weeks will be enough to yield a deal between the EU and the Trump administration.

One sticking point is whether European allies will accept quotas on their metals exports, something they resisted, and which they said violated rules of the World Trade Organization.

South Korea, by contrast, accepted limits on exports, often called "voluntary export restraints," and won a long-term tariff exemption. Seoul agreed earlier with U.S. officials on a path to avoid the tariffs, and the White House said Monday a final agreement had been reached.

In Washington, many GOP lawmakers have criticized the broad reach of the metals tariffs, backed by U.S. companies that import steel and aluminum, which say the levies raise the price of everything from beer cans to auto parts.

The European steel industry has already felt the fallout of U.S. tariffs. Big exporters to the U.S.—countries like Brazil, Turkey, Russia, South Korea, Egypt and China—have ramped up exports to the European market to avoid American trade barriers, dragging down prices for domestic producers.

Steel imports in the EU rose 300,000 metric tons to 2.9 million tons in the first quarter of 2018, versus the same period a year ago, according to Eurofer.

—Zeke Turner in Berlin contributed to this article.

STEFAN SIMONSEN/EPA/SHUTTERSTOCK

A steel furnace in Germany. President Donald Trump delayed steel tariffs on the EU until June 1, allowing for more time to reach a deal.

Mexico Auto Industry Opposes U.S. Nafta Proposal

By Robbie Whelan

MEXICO CITY—Mexico's auto-manufacturing industry rejected a proposal presented last week by U.S. trade authorities that would impose new rules on the origin of components used in cars and pickup trucks sold tariff-free under the North American Free Trade Agreement.

Last Thursday in Washington, the U.S. Nafta negotiating team presented a proposal requiring 40% of the parts used in light vehicles and 45% of parts used in pickup trucks to originate in high-wage countries, according to Eduardo Solis, president of the Mexican Automotive Industry Association, known as AMIA.

Such content "has to be made in places where today the wages are at least $16 per hour, which means it must be made in the U.S. or Canada," Mr. Solis said.

The U.S. proposal requires 75% of all components in a vehicle be North American-made to qualify for tariff-free importation under a new deal, up from the current level of 62.5%.

Mr. Solis said the Americans were asking for an additional 75% North American content requirement for a list of "core parts" including engines, transmission, chassis, suspension, batteries for electric cars, and 70% of aluminum and steel used in vehicles must be from North America under the proposed rules.

Auto makers in the U.S., Mexico and Canada would have four years to comply with the new rules for light vehicles and two years for pickup trucks.

"The U.S. proposal isn't acceptable. The percentage, the transitions, the restrictions. You have to understand the U.S. proposal is like putting padlocks on padlocks," Mr. Solis said of the two-layered rule of origin.

"Imagine a car that does comply with the percentage, but doesn't comply with all the core parts. Or you comply with core parts but don't meet the steel and aluminum requirements. Or you comply with the first three but you don't meet the wage requirements….It has the potential to influence investments, influence production in all three countries," he said.

Mr. Solis said the Mexican auto industry was working on its own proposal for rules of origin and hoping to have it ready for next week. Ministerial talks resume May 7 in Washington.

"Our goal is to keep the North American auto industry competitive," Mr. Solis said.

The administration of President Donald Trump triggered a renegotiation of the 23-year old trade pact in May 2017, and renegotiations officially began last fall.

U.S. Officials Begin to Process Caravan Migrants

By Alicia A. Caldwell

TIJUANA, Mexico—U.S. immigration officials said late Monday that they have started processing some asylum-seeking immigrants from a caravan of Central Americans more than a day after reporting that the port of entry was full.

U.S. Customs and Border Protection said in a statement that it expected the delays in processing to be temporary.

A caravan of nearly 200 Central American migrants has been waiting to ask for asylum since arriving at the border crossing in Tijuana on Sunday afternoon. Customs and Border Protection didn't say how many people were allowed to ask for asylum Monday.

The Justice Department, meanwhile, said 11 people from the caravan were being charged with illegally crossing the border, a federal misdemeanor levied against foreigners caught crossing into the U.S. without going to a legal border crossing. It isn't illegal to go to a U.S. port of entry and ask for asylum.

Organizers of the migrant caravan that arrived in Tijuana last week have denied that anyone in the group tried to cross the border illegally, and suggested anyone arrested by the U.S. Border Patrol was unrelated to the group.

The Central American migrants had been making their way to the U.S. from southern Mexico for nearly a month. As many as 300 people arrived in Tijuana last week, though only about 180 made the final push to the border on Sunday afternoon.

It was unclear Monday how long Mexican authorities would allow the group to camp in the plaza adjacent to the port of entry, where a colorful array of blankets and tarps stretched out across the concrete. Alex Mensing, who helped organize the caravan, said Mexican officials urged the group to move to migrant shelters in the city Sunday, citing health and safety concerns. The officials relented, Mr. Mensing said, when mothers in the group objected.

EDGARD GARRIDO/REUTERS

Members of a caravan of migrants from Central America slept near Tijuana, where they hoped to enter the U.S. to apply for asylum.

The caravan has gained international attention—and the ire of President Donald Trump.

Mr. Trump on Monday said he has been watching the caravan's progress and reiterated earlier comments that U.S. immigration laws were "weak," "obsolete" and "pathetic." The president wouldn't say how many of the caravan migrants he thought deserved U.S. asylum. "We are a nation of laws, we have to have borders," he said, repeating his call for tougher physical barriers at the southern border.

At its peak, the caravan had more than 1,000 people and organizers.

Ana Suaso, 37 years old, and her three sons spent the night in the plaza with dozens of others, concerned over the possibility of being separated from her children during the asylum process.

"We don't know anything yet," Ms. Suaso said in Spanish, referring to whether she would be allowed to apply for asylum Monday. "But I have faith in my heart that we will make it."

Ms. Suaso said she and her boys hope eventually to make their way to New Orleans, where her mother is a legal resident.

Trump's Pick to Lead ICE Decides He Will Retire Instead

By Laura Meckler And Alicia A. Caldwell

WASHINGTON—President Donald Trump's pick to lead Immigration and Customs Enforcement is retiring in June after a tumultuous tenure as the agency's acting director.

Thomas Homan was nominated to the top post by Mr. Trump in November, but the Homeland Security Department hadn't submitted his required paperwork to the Senate, and he never had a confirmation hearing.

That delay came about at least in part because Mr. Homan was unsure he wanted the post, according to one person familiar with his thinking. He made the decision to leave early this year, but it wasn't announced until Monday, officials said.

Mr. Homan was a divisive figure as he ramped up arrests of people living in the U.S. illegally, discarding enforcement priorities of the Obama administration that targeted criminals but left alone otherwise law-abiding undocumented immigrants.

His nomination was expected to draw little if any Democratic support in the Republican-controlled Senate.

But his decision to step away was motivated more by a tense relationship with Homeland Security Secretary Kirstjen Nielsen, according to three people close to him. He felt sidelined during immigration negotiations with Congress earlier this year, and frustrated she wasn't acting quickly enough on his recommendations, two of these people said.

Ms. Nielsen personally represented the department during congressional negotiations and didn't bring with her the heads of the component agencies. Mr. Homan wanted Ms. Nielsen to move ahead with his suggested policies, including the separation of children from their parents when they cross the border together, so that the parents can be held in detention and prosecuted, according to the two people familiar with the matter.

A spokesman for Ms. Nielsen said this characterization was false but declined to offer a specific response. Another Nielsen aide said Ms. Nielsen attended the meetings as the representative of the department and brought lower-level aides along to back her up. He said Mr. Homan was too senior to have served in that role.

In a message to DHS employees, Ms. Nielsen praised Mr. Homan's long service. "Tom is a patriot and a true public servant who has consistently put service before self," the message said in part.

Mr. Homan was preparing for retirement when Mr. Trump took office and then-DHS Secretary John Kelly asked him to stay on as acting director of ICE. In a statement, Mr. Homan, 56 years old, attributed his departure to family considerations.

Mr. Homan also claimed victory for his agency's tougher approach. "We have made significant progress this past year in enforcing our nation's immigration and customs laws, and in protecting public safety and national security," he said.

Democrats and immigration advocates have been critical of his tenure, saying he made little distinction between criminals who needed to be removed from the U.S. and law-abiding undocumented immigrants who had in some cases lived in the U.S. for many years.

AT&T

Continued from Page One

of "structural" changes to soften the deal's impact on consumers.

Before Monday, the department hadn't made such explicit fallback arguments to Judge Leon.

Mr. Conrath indicated from the lectern that both sides had been asked to address the issue of merger remedies in their post-trial court papers, in the event the judge finds that the transaction raises competition concerns. Judge Leon hasn't made such an order on the public court docket, and AT&T didn't offer such a fallback position in its closing argument.

YURI GRIPAS/BLOOMBERG NEWS

AT&T Chief Executive Randall Stephenson, left, arrived at federal court in Washington, D.C., on Monday.

The Justice Department's suggestions were the same ones it made to AT&T during conversations before the government filed its lawsuit in November. At the time, AT&T rejected the idea of making such changes to the deal, deeming them unnecessary.

On Monday, AT&T attorney Dan Petrocelli said the government's proposed alternatives were all "an effort to kill the deal."

"There is only one just outcome here" and that is to approve the deal, Mr. Petrocelli told the judge.

After a lengthy trial, the judge gave each side 90 minutes Monday to make their final pitch, and neither side pulled punches.

Mr. Conrath accused AT&T of building a legal defense based on exaggeration and innuendo, and questioned whether some testimony from company Chief Executive Randall Stephenson could be believed.

The merger would cost consumers hundreds of millions of dollars and "have a massive impact on the structure of the pay-TV industry," Mr. Conrath said.

Mr. Petrocelli in his closing presentation never mentioned President Donald Trump's opposition to the deal, but his arguments tiptoed near the company's previously stated concerns that the case had been spurred by politics, including Mr. Trump's criticisms of Time Warner's CNN.

The government's case was "manufactured" from the start and "vanished before our very eyes" because it had no evidence the deal would lead to higher prices, Mr. Petrocelli said, adding the lawsuit "should never have been brought in the first place."

Judge Leon asked occasional questions throughout the trial that indicated skepticism of the government's claims, and that trend continued Monday.

Mr. Conrath during his presentation said the "critical fact" of the trial was that AT&T could use Time Warner's Turner networks, like TNT and CNN, as leverage to force rival pay-TV providers to pay higher prices for the channels. Otherwise, those rivals would face the prospect of a Turner blackout and possible customer defections to AT&T's DirecTV, Mr. Conrath said.

The judge asked questions indicating skepticism of the government's claims.

Judge Leon asked what evidence the government had to support it. He also suggested that "everybody threatens everybody" in contract negotiations, but a blackout "never ends up happening."

The Justice Department lawyer cited an array of industry witnesses, such as executives from Charter Communications Inc. and Dish Network Corp., who had testified to concerns about AT&T having newfound power to use Turner as leverage.

Those concerns, Mr. Conrath said, were supported by the government's chief economic witness, University of California, Berkeley professor Carl Shapiro, who ran an economic analysis showing the deal would lead to higher consumer prices.

The Justice Department also cited notes written by AT&T's Mr. Stephenson before a board presentation that asked how Time Warner could "advantage" AT&T's distribution business. The CEO testified earlier this month that his jotted-down bullet point was a reminder of what the deal couldn't do, not what it could do.

Mr. Conrath said Monday that explanation "really kind of strains credibility."

Mr. Petrocelli, the AT&T lawyer, spent much of his presentation attacking the economic calculations by Mr. Shapiro, describing the professor's model as "garbage in, garbage out." He also said Turner took the issue of blackouts "off the table" by offering to arbitrate any fee disputes with rivals.

The judge lamented not having more time for the trial and for his decision, but commended both sides for "a truly amazing achievement" in litigating the case on an accelerated timeline.

Attacks Leave 10 Afghan Journalists Dead

Years of war have made the country one of the most dangerous for the media

KABUL—In one of the deadliest days for journalists anywhere, 10 Afghan reporters, photographers and cameramen were among dozens of people

By Craig Nelson, Habib Khan Totakhil and Ehsanullah Amiri

killed in attacks in the capital and eastern Afghanistan, highlighting the heavy price the media is paying covering the country's 16-year-old war.

At least 26 people, most of them civilians, were killed and 47 were wounded in the bloodiest attacks, when two suicide bombers, the first on a motorcycle and the other disguised as a photographer, set off their bombs during Kabul's morning rush hour near the headquarters of the National Directorate of Intelligence, Afghanistan's spy agency.

As police and rescue personnel converged on the area where the motorcyclist had detonated his bomb amid pedestrians streaming to work in nearby government buildings, the second attacker arrived on foot carrying a tripod and a video camera, a senior security official said. The man approached a group of journalists who had been corralled by police onto a street corner, stood for a moment and then blew himself up, the official said. Nine journalists were killed.

Hours after the Kabul bombings, a tenth journalist, an Afghan reporter for the British Broadcasting Corp., Ahmad Shah, was shot and killed in eastern Khost province, the broadcaster said. No one claimed responsibility.

An often independent-minded media has been one of Afghanistan's great accomplishments since the U.S.-led invasion in 2001 that drove the Taliban from power. But years of war between the Western-backed government and an array of insurgent groups has made Afghanistan one of the most dangerous countries in the world for journalists, with hundreds killed.

"This is one of the bloodiest and darkest days in the history of Afghan media," said Najib Sharifi, head of the Afghanistan Journalists Safety Committee, who confirmed the number of journalists killed.

Within minutes of the Kabul bombings, the Taliban, which last week announced the start of their spring fighting season, warning of attacks on foreign troops and Afghan security forces, denied any involvement in it. Later, in a statement issued by its Amaq news agency, Islamic State said it had carried out the Kabul attacks.

Who, or what group, actually carried out the attack was far from certain.

Islamic State's local affiliate is known to claim responsibility for some attacks it doesn't carry out, while the Taliban, the country's largest insurgency, often denies their role in bloodshed if they deem civilian casualties too high. Both groups, however, appear to be turning to ever more ferocious, high-profile attacks in Kabul and other Afghan cities to offset pressure they are under from U.S. and Afghan government forces in the countryside.

Among the dead Kabul journalists was Shah Marai, a photographer for Agence France-Presse whose loss, the agency said, was "devastating."

A police official said Mr. Marai, the father of six children, including a 15-day-old boy, was the first journalist to arrive at the scene. The police official said he warned the photographer against getting too close to the site, saying "What's more important? Photos or your life?"

"Photos," Mr. Marai answered.

—Preetika Rana in Hong Kong contributed to this article.

ANDREW QUILTY/AGENCE FRANCE-PRESSE/GETTY IMAGES

Friends and family of Agence France-Presse photographer Shah Marai carry his coffin to his burial site near the capital.

Coalition Shuts Ground-Forces Center in Iraq

SUSANNAH GEORGE/ASSOCIATED PRESS

U.S. Army Sgt. Kaylin Jones, in profile, on duty in western Iraq.

By Isabel Coles And Ghassan Adnan

BAGHDAD—The U.S.-led coalition against Islamic State closed the headquarters of its ground forces in Baghdad, signaling the end of major combat operations in Iraq ahead of an election there in May.

Iraq claimed victory over Islamic State in December after more than three years of war, but militants remain active in parts of the country and have resorted to insurgent attacks elsewhere—exposing a persistent weakness of the local security forces.

The closure of the Combined Joint Forces Land Component Command on Monday reflects the changing role of the U.S.-led coalition, which helped Iraqi forces on the battlefield with advisers, airstrikes and intelligence gathering.

Now that Islamic State no longer controls any significant territory in Iraq, the U.S.-led coalition has switched its focus to training and building up the capabilities of local forces so they can prevent a resurgence of Islamic State or other extremist groups in the future.

Brett McGurk, the U.S. special presidential envoy to the coalition, in a tweet Monday said the coalition would continue "supporting Iraqi forces to root out terrorist cells and protect Iraqi borders."

In 2011, the U.S. withdrew its forces from Iraq after eight years, only to be pulled back to the battlefield when Islamic State overran around one-third of Iraqi territory in 2014 and Iraqi security forces partially collapsed.

Missile Strikes On Syrian Base Kill Iranians

BY SUNE ENGEL RASMUSSEN

BEIRUT—Missile strikes on Syrian government bases overnight killed dozens of pro-regime forces, raising the risks of a wider regional war weeks after Israel was blamed for hitting an air station in Syria used by Iranian elite forces.

"Enemy missiles" targeted military bases in Aleppo and Hama, Syrian state news agency SANA reported Monday. The Syrian Observatory for Human Rights said 27 people, most of them Iranians, were killed in Hama. There were no immediate details about casualties in Aleppo.

Footage circulated on social media showed a large fireball, purportedly from an explosion at a military base in Hama believed to house Iranian Revolutionary Guards forces. The base in Aleppo is also widely thought to be used by Iranian forces and allied militias.

Syrian media close to the regime of Syrian President Bashar al-Assad said photos from the site revealed Israel as being behind the attack, purportedly using GBU-39 bombs fired by F-35 jet fighters.

Israeli military declined to comment, in line with a policy of neither confirming nor denying strikes in Syria.

Israel has amped up strikes on the country in recent months. In the first years of the Syrian war, it launched airstrikes only against weapons convoys bound from Iran to Hezbollah, the Lebanese militia supported by Iran, which helps prop up Mr. Assad.

But fearing that Tehran would establish weapons factories and military sites in Syria, threatening Israeli territory, Israeli Prime Minister Benjamin Netanyahu has shifted stance. Israeli air force has recently begun hitting sites deep into Syria with higher frequency.

"The policy is clear: Iran won't be allowed to establish a northern front [on Syria's border with Israel]," the country's Intelligence Minister Yisrael Katz told Army Radio, addressing the allegations that Israel was behind the strikes in the night from Sunday to Monday.

On April 9, in a strike that Russia blamed on Israel, missiles struck another Syrian base, killing at least 14 pro-regime forces, including seven Iranians.

Iran has been a vital ally of Mr. Assad, sending thousands of Revolutionary Guard forces into Syria as well as training and arming foreign militias.

AL-EKHBARIYA AL-SOURIA/AGENCE FRANCE-PRESSE/GETTY

A Syrian TV image of the purported blast from the missile strikes.

IRAN

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cism of the accord "doesn't mean I wouldn't negotiate a new agreement."

Iran's lead negotiator in the talks leading to the 2015 nuclear deal told Iranian state television that Mr. Netanyahu's presentation was "a childish, ridiculous show."

"How would Iran keep such important documents in a deserted industrial warehouse?" Abbas Araghchi said. "The fact that Netanyahu performs this show 10 days before Trump's decision...makes it clear that it is an orchestrated play to influence Trump's decision," he said.

The Israeli leader's comments came a day after he met with U.S. Secretary of State Mike Pompeo in Tel Aviv. Messrs. Netanyahu and Trump spoke by telephone on Saturday, the White House said.

Mr. Netanyahu said the U.S. has vouched for the authenticity of the materials Israel uncovered and has shared the documents with the U.S.

Mr. Pompeo told reporters traveling with him that he discussed the material with Mr. Netanyahu on Sunday. "We've known about this material for a while," Mr. Pompeo said. "I can confirm to you that these documents are real, they're authentic."

He said the U.S. is still reviewing the documents.

The White House issued a statement Monday saying the materials show Iran "has a robust, clandestine nuclear weapons program that it has tried and failed to hide from the world and from its own people," but later corrected the statement to say Iran "had" such a program.

Israeli officials hope Europe will join in a hard line against Iran, and Mr. Netanyahu's office said he spoke by phone on Monday with French President Emmanuel Macron and German Chancellor Angela Merkel. He also spoke with Russian President Vladimir Putin.

But Mr. Macron said during a visit to the White House last week that France would abide by the international agreement, and the European Union's foreign-policy chief, Federica Mogherini, one of the deal's negotiators, on Monday said Mr. Netanyahu didn't say anything questioning Iran's compliance.

"The deal was put in place exactly because there was no trust between the parties, otherwise we would not have required a nuclear deal to be put in place," she said in Brussels.

U.S. intelligence officials and Mr. Pompeo also have said Iran is complying with the 2015 agreement.

Defense Secretary Jim Mattis said in testimony to the Senate Armed Services Committee last week that the nuclear deal is "written almost with an assumption that Iran would try to cheat, and that the verification procedure is "actually pretty robust as far as our intrusive ability to get in."

The Trump administration charges the deal provides Iran too much in economic benefits for too few nuclear restrictions, and has been negotiating a way to address its concerns with European officials.

Mr. Pompeo said the documents call into question why Iran would preserve material about its nuclear-weapons program.

"The world can decide if this was for the Iranian museum, if they decided to hold onto them," he said, en route from Jordan to Washington Monday.

Mr. Netanyahu has lobbied furiously against the nuclear agreement since before it was reached. On Monday, he displayed photos and documents he said were part of Iran's "Project Amad," engineering and design work on weapons and the nuclear core of a warhead. He said officials who were in charge of the country's weapons efforts held defense positions that would enable them to return one day to their previous pursuits. Mr. Netanyahu has been issuing dire warnings about Iran's nuclear ambitions since 1996.

The United Nations' International Atomic Energy Agency, in information published in 2011, concluded that the Amad project was a coordinated effort to build a nuclear weapon that was shelved in 2003. In a 2015 report, the IAEA assessed that while there were some nuclear weapons-related activities after 2003, they didn't take place in a coordinated fashion.

—Michael R. Gordon in Washington, Asa Fitch in Dubai and Sune Engel Rasmussen in Beirut contributed to this article.

THOMAS COEX/ASSOCIATED PRESS

Israeli Premier Benjamin Netanyahu, right, greeted Secretary of State Mike Pompeo in Tel Aviv Sunday.

Tehran Prohibits Messaging App

Iran moved to shut down the messaging app Telegram on Monday, highlighting the regime's concern over the popular platform's role in organizing widespread unrest that has rippled through the country.

Using the app was prohibited as of Monday under a ruling by a Tehran-based court, according to the official Islamic Republic News Agency.

The app, however, was still working on Monday.

—Asa Fitch

OUNGE

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ren't available.

uce Douglass, a 63-year- T executive who has been ng airport lounges for 25 , said lounge staff used to oach him to ask if he d like a drink, and the available would be a full e.

day, Mr. Douglass has to l in line for a Coke. He the food options consist heese squares, crackers, and "what passes for ."

unges in the U.S. "have y gone downhill," he said. avelers say a turning came in 2016 when JP- an Chase & Co. launched apphire Reserve credit card. It became a huge hit, offering big rewards to offset a $450 annual fee. One of those was a Priority Pass membership that provides entry for the cardholder to around 60 lounges at U.S. airports and around 1,200 worldwide—with as many guests as desired.

Other cards also offer Priority Pass access, including the Platinum card from American Express Co. and the Prestige card from Citigroup Inc.

Priority Pass benefits have become so widespread that wait lists at lounges are now a thing. Mary Osorno and her husband tried to visit one in March at the Dallas Fort Worth International Airport. A receptionist told Ms. Osorno to expect a 45 minute wait to get in. Ms. Osorno said they didn't bother—the wait would be longer than their layover.

Still, Ms. Osorno has been on the other side. After running the Boston marathon in April, she visited a lounge at Boston's airport, and brought in seven of her friends as guests. They spent an hour or so drinking and eating popcorn before their flight.

'You think, I can go in there and chill… and it's like Disney World.'

Sheryl Pflaum, an executive vice president at Collinson, the parent company of Priority Pass, said "unfortunately, lounges may reach capacity from time-to-time" and that the company works with lounge operators to address problems. The company said a new lounge in the Dallas airport will open this summer and will more than double the current seating.

Bill McGuinness, a 57-year-old real-estate developer, was at a Centurion Lounge, which is open to certain American Express cardholders, in Seattle in April when a woman placed her toddler on a bar table. She stripped him down to his diapers and changed him into his pajamas. Mr. McGuinness said the woman then ordered a cocktail and talked on her phone while her son was "running laps" around the lounge for the next hour.

His biggest pet peeve about the various lounges he has visited: people stacking piles of food from the buffet on their plates and loading up on cheap Chardonnay. "The whole thing is so bleak," he said. People are behaving like "farm animals."

"The majority of our card members report having very positive experiences within our Centurion lounges," said an AmEx spokeswoman. Spokeswomen for Citigroup and JPMorgan, which don't own or manage Priority Pass affiliated lounges, declined to comment.

Garett Ng admits to getting carried away. He had drunk three glasses of free "bottom-shelf whiskey" he said at a Priority Pass affiliated lounge in Boston last November when he realized his flight to San Francisco was boarding. The 36-year-old health-care analytics manager ran to the snack bar and stuffed five granola into his jacket—"the c ones for kids."

"It was just a panic said. "I often joke I have undergrad mentality, 'Oh food, you have to gra quickly.' "

Lounges are trying to things in. Following compl from cardholders, AmEx panding some of its Cent lounges and restricting a to holders of Platinum Centurion cards, which c annual fees of $550 $2,500, respectively, and business cardholders.

Priority Pass, meanwh dealing with the crowds new way. It's offering foo booze credits of around per person, with one c People have to leave lounge to use them at re rants in the airport.

ASH

nued from Page One

e idea has spread where ong economy, an aging ation and an exodus of ger workers have trig- l severe labor short- —often places with very unemployment rates and er-than-average wage th. That's why small s across America, instead fering incentives to em- ers, such as Amazon.com are giving it to workers— by one.

ke Allgrunn, an econo- t the University of South ta, calls the financial in- ves "a modern-day Home- Act," referring to the law offering public land ettlers willing to move . A similar deal now s in Marne, Iowa, where parcels are available to le who move there.

me of the relocation pro- s show promise, but it is order. The pull of oppor- and amenities in large is hard to resist.

he mere fact that they're what they're doing high- s the headwinds they are g," said Enrico Moretti, onomist at the University lifornia, Berkeley. "There one in San Francisco try- o pay people to move ."

e 2007-09 recession red the movement of g people to big cities, cularly those from rural rica. The number of peo- n prime working years, 25 to 54, grew almost 6% ger metropolitan areas 2008; it fell in towns rural areas, and stag- d in smaller cities and rbs.

rough the first years of recovery, with jobs still e, many places could ig- the shift. With the U.S. omy now fully recovered, er communities face a shrunken labor force, a tion likely to worsen.

e 4.1% U.S. unemploy- rate is at a 17-year-low. ral Reserve officials fore- 3.6% by next year, which d be the lowest in half a ury. Small business ranks shortages as the biggest ern for the first time 2000, the National Fed- on of Independent Busi- found.

ving too few workers is a threat to communities. If oyers can't fill jobs, they eave, pushing towns into wnward economic spiral.

ow unemployment rates, yone thinks of that as a thing and it is, but 's a downside," Mr. Allg- said. "Eventually you run f people to do the work."

ng out

Hamilton, about a third e 81 workers in Dave Lip- s firm are near retire- . Mr. Lippert, 63 years sn't far behind them. His pany, Hamilton Caster & Co., which makes metal ls and casters, was ded by his great-grandfa- in 1907.

worries who will do the in the years ahead. Less a quarter of Mr. Lippert's oyees are younger than vailable machinists are so that Mr. Lippert has had ain some of his other ers to do the job.

ither of his daughters is to take over the family d firm. One is an Air e doctor, and the other is ing to move to Nashville,

ate statistics show about 0 jobs remain unfilled in ilton, a city of 62,000.

FROM TOP: FABRIZIO COSTANTINI FOR THE WALL STREET JOURNAL; ANDREW SPEAR FOR THE WALL STREET JOURNAL

Chelsea Khabbaz and her husband, Robert, above, got a grant to move to St. Clair County, Mich. Left, Damian Avina, 65, has worked at Hamilton Caster & Mfg. Co. in Hamilton, Ohio, for 39 years.

This year, a local community foundation took applications for 11 scholarships—$5,000 toward student loans of people in engineering, technology, science or the arts, if they agree to live for two years in downtown Hamilton, 45 minutes from Cincinnati.

On High Street downtown, storefronts are nearly fully occupied, compared with a ghost-town occupancy rate of 2% a decade ago. By converting some older buildings into residential lofts, as well as new construction, city leaders believe that adding residents will enliven downtown, especially at night. A vibrant neighborhood would draw more young people and fill jobs, they say.

So far, a dozen people have applied for the grants, though they all live and work in the region. Kathryn Keefe, 24, works part time as an environmental educator for the city of Fairfield, Ohio, and part time at the Cincinnati Zoo. She pays $200 a month for student loans.

"For us, it's a financial thing," said Ms. Keefe, of Forest Park, Ohio, about a 20-minute drive from Hamilton. "It really does depend on the scholarship or not because there are other places in the area that are cheaper to live."

David Kerill, 29, was set on applying for the Hamilton program and moving from his Philadelphia suburb. The grant would "shave years off" his $30,000 in student debt, he said.

But a Philadelphia-based tech company offered him a dream job that pays an extra $100 a month toward his students loans.

Katie Braswell, the vice president of the Hamilton Community Foundation, said the scholarships should bring more local residents to downtown but acknowledged it would eventually need to draw more out-of-towners. "I'm not real sure yet how this is going to work out," she said.

Brian Woods was the sole employee when he started ODW Logistics & Transportation Services LLC in 2009. His company provides custom technology in supply chain and transportation management to manufacturers, construction firms and food and beverage companies.

Mr. Woods now has 64 employees, with four more joining in June. He said he was considering leaving when he couldn't find office space large enough to accommodate the number of new employees he anticipates hiring in the future. The city then rented him office space in a municipal building at below-market rent.

Barclays opened a customer service center in Hamilton that has grown from 48 employees when it opened in 2016 to more than 500. They need more, starting at $15 an hour. The company has opened part-time slots to help alleviate the worker shortage, said spokesman Matt Fields. He hopes the scholarship program extends the city a "halo effect from a hiring perspective."

Unless Hamilton can attract new blood, Mr. Lippert said, its future is grim. Since 2010, local employers have added more than 1,300 jobs, but Hamilton's prime working-age population has fallen by 2,800.

"If every company works on culture and trying to make it an attractive place to work, and the city is an attractive place to live, I think that things will happen," Mr. Lippert said. "If we don't, we're not going to be around."

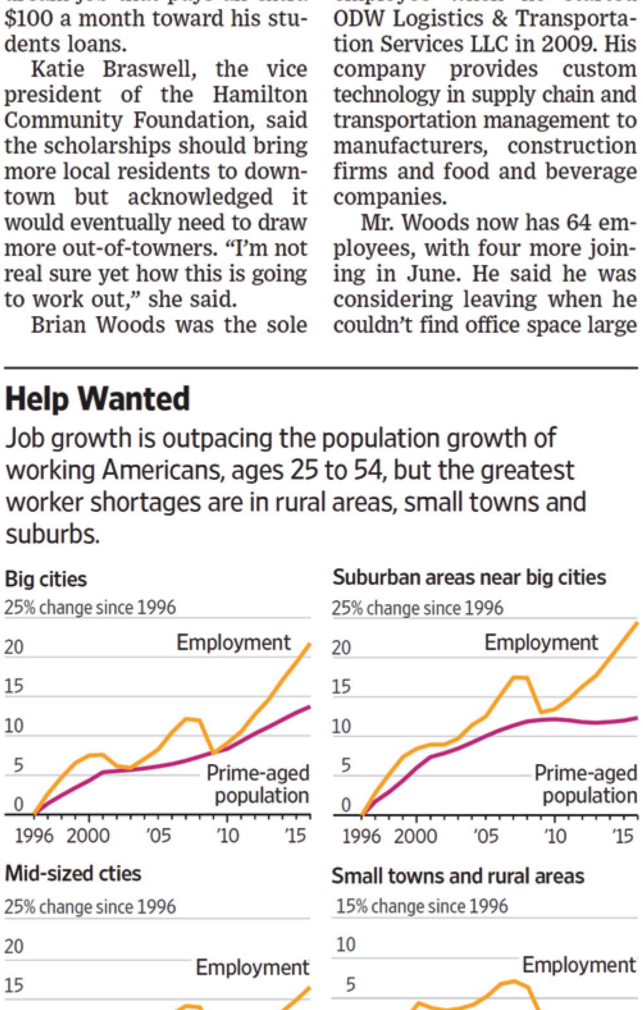
He and his wife, Teresa, raised their daughters in the four-bedroom house where the couple still live. He built the house in 1982, back in the days when the city boasted of being "The Safe Capital of the World."

Mr. Lippert runs a book club with 13 managers from his company who are reading "Help Them Grow or Watch Them Go," a book to help them understand younger employees.

"This urban deal is going to be more the wave of the future," he said, pinning his hopes on a resurgent downtown Hamilton.

Help Wanted

Job growth is outpacing the population growth of working Americans, ages 25 to 54, but the greatest worker shortages are in rural areas, small towns and suburbs.



Note: Big cities refer to core counties of metropolitan areas with a population of more than one million. Suburban areas are part of counties within those metro areas. Mid-sized cities are between 50,000 and 1 million in population.
Sources: U.S. Census, Labor Department

THE WALL STREET JOURNAL.

'Sign of the times'

The program in Hamilton was modeled after a similar effort in St. Clair County, Mich., which started its student-loan scholarships in 2016. The Community Foundation of St. Clair County has awarded eight grants from among 40 applicants and recently raised its award to $15,000 from $10,000, targeting local young people who have moved away.

One of the first recip was Chelsea Khabbaz. couldn't wait to leave St. County after graduating high school in 2006, she to "try something new."

Ms. Khabbaz secured gree in medical laborator ence at Michigan State Un sity, moved outside De and worked as a lab scie at Beaumont Hospital-R Oak in Royal Oak, Mich.

After a few years away missed her hometown of Huron, Mich., and sta making the 60-mile trip frequently. She picked some weekend work at th cal hospital and met Ro Khabbaz, who lived in t When they decided to m they had to choose whe live. Her mother read a the reverse scholarship i newspaper.

"The scholarship mad no-brainer to find a hou St. Clair County," Ms. Kha said of the windfall. The ple bought a house the June 2016, two months b getting married. Ms. Kha now works full time a McLaren Port Huron Hos Her husband is a real-e agent.

In Grant County, Ind. economic development c offers $5,000 toward a l for people moving to the The requirements are a and advanced training college degree. The m must be repaid if recip leave within five years.

About 100 newcomers bought houses through program, said Tim Eckerl ecutive director of the G County Economic Gr Council.

The chamber of comm is developing a $9,000 s arship program to help r student loans, which comb with the housing gr would pay newcomers $14 to settle in Grant County

Employers in Marne, I population 100 or so, struggle to find workers, Randy Baxter, the to mayor. The state has an u ployment rate of 2.8%, o the lowest in the U.S. A committee in Marne c newcomers free land to bu house.

"There are jobs here, t decent jobs," Mr. Baxter "We just need people to c in and fill the jobs."

The town's free-lots gram—funded by donatio began before the recessio far, though, only one hom been built, Mr. Baxter sa

The North Platte, chamber of commerce year started offering u $10,000 to move into tow a job. At the time, Gary son, the chamber's presi said the money was inte to encourage people to down some roots," while ing the town of 24,00 some of its hundreds of jobs. The chamber and pa pating employers would the cost.

The first grant went to drey Bellew, a 25-year-ol school graduate. She gre nearby and had planned t turn home. The money he pay for her move and pro support while she studie the bar exam and prepare a job at a local law firm.

The town has landed a ond newcomer, a phy therapist who moved Colorado with her husba check presentation is in works.

Earning those two vict showed Mr. Person how cult it is to give money a if the requirement is livi North Platte.

"It's a sign of the times said, "how difficult it is t cruit talent."

GREATER NEW YORK

Corruption Retrial Begins for Silver

The former state lawmaker is accused of using his power to net millions in profit

By Corinne Ramey

Twice in the past three years, former New York state Assembly Speaker Sheldon Silver has sat in the same Manhattan federal courtroom and heard opening statements in his public-corruption trial.

"Power. Greed. Corruption," then-Assistant U.S. Attorney Carrie Cohen repeated in her November 2015 opening statements, in a courtroom that included former-Manhattan U.S. Attorney Preet Bharara.

"Quid pro quo. This for that," Assistant U.S. Attorney Damian Williams stated in a similar fashion on Monday.

Monday marked opening statements in the retrial of Mr. Silver, now 74 years old, on charges of honest-services fraud, extortion and other crimes. Federal prosecutors have accused Mr. Silver of using his state power for personal gain, netting millions in profit.

Lawyers for Mr. Silver, who has pleaded not guilty, say the longtime legislator's activities may appear distasteful but aren't criminal. If convicted, Mr. Silver faces up to 20 years in prison.

In 2015, a jury convicted Mr. Silver of seven counts and, the following year, U.S. District Judge Valerie Caproni sentenced him to 12 years in prison. After the U.S. Supreme Court narrowed the definition of some public-corruption crimes, a federal appeals court last year vacated Mr. Silver's conviction.

LOUIS LANZANO/BLOOMBERG NEWS

Former New York state Assembly Speaker Sheldon Silver arrived Monday at Manhattan federal court.

Judge Caproni, who also presided over Mr. Silver's first trial, estimated the current trial would take about a month. Mr. Silver, who wore a headset that appeared to be a hearing-aid type device, sat quietly during the proceeding.

In his opening statement, Mr. Williams portrayed Mr. Silver, a powerful Democrat who for decades represented lower Manhattan, as greedy and deceitful.

"This was not politics as usual," Mr. Williams said. "This was politics for profit, and no one played that game better than Sheldon Silver."

Mr. Williams outlined two schemes. In the first, he said, Mr. Silver steered hundreds of thousands of dollars in state funds to a prominent mesothelioma doctor. In exchange, the doctor sent patients to law firm Weitz & Luxenberg P.C., which paid Mr. Silver referral fees. The firm didn't respond to a request for comment Monday.

In a second scheme, the government alleged, Mr. Silver supported policies to benefit certain developers, which steered its business to the Goldberg & Iryami law firm that also paid Mr. Silver fees.

In all, Mr. Silver netted about $4 million, which grew to roughly $5 million after he invested it, Mr. Williams said.

Michael Feldberg, a lawyer for Mr. Silver, argued that Mr. Silver's acts weren't criminal.

"Imagine you're Shelly Silver," Mr. Feldberg said, before continuing to give much of his opening statement in the second person. You devoted your life to public service, and you were so good at serving that you got elected to be speaker of the state Assembly, he said. And while you served, he said, you had another job.

A slide flashed on a projector showed two teal circles, with the words "outside income" and "legal" connected by a large equal sign.

He said everything Mr. Silver had done had not only been legal, but intended to help people, including those with cancer. Referral fees are legal, accepted and common, Mr. Feldberg added.

JOAN MARCUS

'Summer,' the musical that chronicles the life of late disco diva Donna Summer, features many of her hits, including 'Last Dance.'

'Summer' Is Hot Stuff on Broadway

By Charles Passy

Never mind the negative reviews. "Summer," the Donna Summer musical that opened on Broadway this past week, is proving itself hot stuff at the box office.

The show grossed slightly above $1 million for the seven-day period ended Sunday, according to the Broadway League, the trade group that tracks the industry. That put it ahead of several other shows, including such long-running musicals as "Anastasia," "Beautiful," "A Bronx Tale," "Chicago," "Kinky Boots," "The Phantom of the Opera," "School of Rock" and "Waitress."

"Summer" producers noted that the show's take would have been even higher were it not for the fact so many complimentary tickets were distributed for opening night, a standard practice in the industry.

The musical, which chronicles the life of the late disco diva, features many of her hits, including "Love to Love You Baby," "She Works Hard for the Money," "Last Dance" and, yes, "Hot Stuff."

The show's early sales success might come as a surprise given much of the harsh critical opinion that greeted the production.

The trade journal Variety called it "a narrow-minded jukebox musical." The New York Post gave it one out of a possible four stars, using one of Ms. Summer's lyrics to describe the show: "When I'm bad, I'm so, so bad."

But lead producer Tommy Mottola, the music executive who increasingly has turned his attention to Broadway of late, considers the critics irrelevant when it comes to "Summer."

"I think we are an audience and crowd pleaser," he said.

Mr. Mottola said he believes Ms. Summer's global popularity makes the show a draw for foreign tourists. "We're marketing to that," he said.

"Summer" also may be benefiting from the fact that there hasn't been a Broadway musical to truly tap into the '70s disco craze since "Saturday Night Fever" ran nearly two decades ago.

Early sales don't always serve as a reliable indicator of a show's success because some ticket buyers lock in their purchases before the reviews come out.

"Summer" will face competition in the months ahead from other new jukebox musicals—most notably, "The Cher Show," based on the life of Cher, which is set to open on Broadway in December.

Mayor to Petition For Primary Slot In Governor's Bid

By Joseph De Avila

Bridgeport Mayor Joe Ganim plans to appeal directly to Democratic voters in Connecticut to gauge whether they are willing to put a felon on the ballot for this summer's primary for governor.

On Monday, Mr. Ganim, who in January announced his intention to run for governor, said he will collect signatures to qualify for the August Democratic Party primary. His campaign will need to collect nearly 15,500 signatures from registered Democrats to compete in the primary. The signatures are due by June 12.

"Certain Democratic Party insiders are trying to select the party's gubernatorial candidate, rather than leaving it up to Democratic voters," Mr. Ganim said. "By collecting petition signatures, we will ensure our place on the primary ballot."

In response to Mr. Ganim's claim that party insiders are working to keep him off the ballot, Nick Balletto, chairman of the Connecticut Democratic Party, said the mayor is "trying to score a couple of quick political points."

"We are focused on building a grass-roots infrastructure that will deliver victory this fall for whomever nominee will be and all of our Democratic candidates up and down the ballot," Mr. Balletto said.

Mr. Ganim served as Bridgeport's mayor for five terms before he was convicted in 2003 on 16 felonies, including racketeering and extortion. His conviction involved a scheme in which associates gave him hundreds of thousands of dollars in cash, entertainment, food and home furnishings in exchange for city contracts.

He returned to Bridgeport politics in 2015 and defeated incumbent Democratic Mayor Bill Finch in the primary and later won in the general election.

KEVIN HAGEN FOR THE WALL STREET JOURNAL

Joe Ganim will need nearly 15,500 signatures from registered Democrats to compete in the primary.

During his mayoral comeback election, Mr. Ganim apologized for his actions and persuaded Bridgeport voters to give him a second chance. He has called himself "an unperfect candidate" for governor who is willing to talk to voters about what having that second chance has meant to him.

The mayor of Connecticut's most populous city said he holds out hope of obtaining a spot on the primary ballot by qualifying at the Democratic convention in May. The convention process requires winning the support of 15% of the Democratic Party delegates. He said he will pursue both options to make sure he is on the ballot for the primary.

For his gubernatorial campaign, Mr. Ganim has raised more than $400,000 and had $335,500 in available cash, according to finance records filed with the state in April.

Other Democratic candidates for governor include Greenwich businessman Ned Lamont and Susan Bysiewicz, Connecticut's former secretary of the state. Current Gov. Dannel Malloy, a Democrat, declined to run for a third term.

State Will Spend $100 Million to Fix Potholes

By Paul Berger

After a brutally long winter, comes the brutal bump of potholes—followed by a line of bent, cracked and scratched wheels at the auto repair shop.

On Monday, Gov. Andrew Cuomo announced that the state would spend $100 million to repair highways across New York. That would be in addition to the $65 million already included in the state budget to repair pothole-damaged local roads and the $300 million that had been allocated this year to repave state highways.

In a statement, Mr. Cuomo, a Democrat, said the funds are "critical to our transportation system and essential for community growth and regional economic competitiveness."

Robert Sinclair, a spokesman for the AAA, welcomed the additional funding.

"Everything that can be done to improve the roads is a good thing," he said.

Potholes are created when water seeps into the road and then freezes, causing the pavement to crack. They are prevalent after a freeze-thaw cycle such as the one seen this winter when temperatures through February and March fluctuated from highs in the 70s to below freezing.

Al Eisenberg, the owner of Al's Hubcaps on Long Island, said customers with damaged wheels started coming in later than usual this year, beginning around March.

"Right now it's late in the season for there still to be an excessive amount of holes out there," he said. "But they're still there and we're hitting May."

Mr. Cuomo is facing a primary challenge from actress Cynthia Nixon in his bid for a third term.

SL Green Head Will Step Down

BY KEIKO MORRIS

The founder and chairman of **SL Green Realty** Corp., one of New York City's largest commercial landlords, will be stepping down from his position as chairman of the board, the company announced Monday.

After more than 20 years as chairman, Stephen L. Green, 80 years old, will assume the title of chairman emeritus, the real-estate investment trust said in a financial filing. Mr. Green intends to continue serving as a director of the company.

Stephen L. Green was chairman of the real-estate company for more than 20 years.

Chief Executive Marc Holliday will succeed Mr. Green, taking on the additional role of chairman in January 2019. Mr. Holliday has been SL Green's chief executive officer since 2004, and joined the company as its chief investment officer in 1998.

Mr. Green's departure from the chairman role likely will have little effect on the company's long-term strategy, said Alexander Goldfarb, senior REIT analyst with Sandler O'Neill + Partners LP.

Mr. Holliday and SL Green President Andrew Mathias, who have long served in their executive positions, have been "the drive and the energy of the company," Mr. Goldfarb said. In the last few years, Mr. Green has stepped back, he noted.

"In REIT land, succession is not something that the industry has done well," Mr. Goldfarb said. "Here, I think Steve Green deserves a lot of credit for bringing in Marc and Andrew early on and handing over the reins."

Mr. Green started his real-estate career buying and renovating older, underperforming loft buildings in Manhattan, and founded SL Green's predecessor firm in 1980, according to the company's website.

Before SL Green's initial public offering in 1997, he was involved in the acquisition of more than 50 Manhattan office buildings, containing more than 10 million square feet.

He has served as chairman since 1997.

Spring Is Showing Its Colors in New York City

BRENDAN MCDERMID/REUTERS

BLOOMIN' FUN: A child was bundled up on Monday as temperatures settled in the low 50s for much of the day. The National Weather Service has forecast a warm spell, with high temperatures near 77 degrees Tuesday, 83 on Wednesday and 84 on Thursday.

GREATER NEW YOR WATCH

TERRORISM SENTENCE

Man Gets 10 Years For Terror-Plot Role

A man who admitted discussing plans to explode bombs in Times Square and other New York locations received a 10-year prison sentence Monday for conspiring with others, including his older brother, to support a terrorist organization.

Nader Saadeh had faced a maximum of 15 years but received a lighter sentence because his cooperation helped the government prosecute four other men, including his older brother, Alaa. The brother pleaded guilty and was sentenced to 15 years in 2016.

At his plea hearing in 2015, Mr. Saadeh acknowledged looking at diagrams for making the bombs and discussing plans to use them at the New York locations.

Citing Mr. Saadeh's cooperation, prosecutors had sought a sentence of 10 to 12 years. His attorney, Frank Arleo, had sought a sentence of about seven years.

—Associated Press

NEW JERSEY

Bridge-Scandal Costs Surpass $15 Million

The cost to New Jersey taxpayers of former Republican Gov. Chris Christie's legal response to the George Washington Bridge lane-closing scandal in 2013 has climbed to over $15 million, and the tab is expected to climb further as appeals play out.

The new total reflects additional billing by data forensics firm Stroz Friedberg. Records reviewed by the Associated Press show its charges have topped $4 million, including $700,000 last year and $60,000 this year.

Two former Christie aides were convicted in 2016 of fraud and other charges for causing traffic jams on the bridge between New Jersey and New York City to punish a mayor who wouldn't endorse the Republican governor for re-election. They are appealing.

The attorney general's office says Stroz Friedberg is continuing to maintain data in the cases. Two other law firms also submitted bills.

—Associated Press

NEW YORK

Man Gets 125 Years For Fatal Shooting

A Bronx man was sentenced to 125 years to life for fatally shooting a Mount Vernon nightclub owner on Christmas day, 2016.

Errol Hillary was sentenced on Monday in a Westchester County court after being found guilty of murder. Prosecutors said he killed Mansion nightclub co-owner O'Neil Bandoo as security tried to forcibly remove him from the club following a disturbance.

—Associated Press

ALBANY

Tougher Penalties For Some Drug Sales

The New York state Senate has voted to toughen the penalties for selling drugs near a drug or alcohol treatment center.

The measure, which passed the Senate on Monday, would make the sale of a controlled substance within 1,000 feet of a treatment center, rehab facility or methadone clinic a felony.

The bills now move to the Assembly.

—Associated Press

LIFE & ARTS

BRIAN STAUFFER

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

An App for Consenting to Sex

With a few taps on a smartphone, potential partners specify their preferences for physical intimacy

YOU'RE ON A DATE, everything's going great, and you'd like to become intimate. How do you tell your partner?

There are apps for that.

In the wake of the #MeToo movement and a rash of sexual-harassment scandals, software companies are creating digital ways for people to give their consent to have sex. Apps such as uConsent allow potential sexual partners to tell each other what level of physical intimacy they are comfortable with and record their eventual agreement so there is no misunderstanding.

The apps are aimed at young people, particularly college students, who are comfortable using technology to communicate, surrounded by an array of potential sexual partners (and often alcohol), and relatively new to the nuances of sex. Sexual-assault allegations aren't uncommon on campuses: One in five women say they have been assaulted while in college, according to the Campus Sexual Assault Study, funded by the U.S. Department of Justice. One in 16 men say they have. Often, those who are accused of sexual assault claim the sex was consensual, while those who say they were assaulted said they never agreed to the encounter. The problem has prompted at least four states—California, New York, Connecticut and Illinois—to pass laws in the past four years that require schools to teach students about affirmative consent, stressing that the message should be "yes means yes," rather than the old "no means no," according to the Affirmative Consent Project, a nonprofit based in Jacksonville, Fla., that works to stop sexual assault in colleges and high schools.

Potential partners sometimes disagree on what constitutes consent: At least 40% of current or recent college students believe that undressing, getting a condom or nodding yes establishes consent for sexual activity, and at least 40% said those same actions do not, according to a 2015 Washington Post-Kaiser Family Foundation poll. Young men may misinterpret a woman's style of dress or her flirtiness to mean she wants to have sex, even when she declines. Often, when a woman says no, a man takes that as a challenge to push harder. "Some men hear these refusals but they choose to ignore them," says Kristen Jozkowski, an associate professor of community health promotion at the University of Arkansas, who studies sexual violence and consent.

Proponents of the consent apps say they are meant to address these issues—protecting both parties by encouraging a frank discussion over what is desired and then recording a clear agreement. "A lot of problems come from miscommunication," says Alison Morano, founder of the Affirmative Consent Project. "If you have an actual conversation, it will help you make a decision you won't regret in the morning."

Cody Swann, CEO of Gunner Technology, which owns uConsent, says he designed the app so that two people have to be in the same room together when they give consent, in order to facilitate a discussion. One person types what he or she is requesting into the app, but must orally tell the other person what it is. That person then types into his or her phone what he or she will agree to, and a bar code is generated. The two people then hold their phones together and the app captures the bar code and makes sure that what was requested matches what was granted. This info is then encoded and stored securely in a cloud-based database.

> Psychologists and other experts say the apps ignore the complexities of consent.

But psychologists and other experts say the apps ignore the complexities of consent, which can shift from moment to moment. The idea that a person who gives consent to have sex at 8 p.m. will absolutely still want to have sex at 10 p.m., or even 8:30, is unrealistic, says Helen Fisher, a biological anthropologist. "You might say yes to the overall interest in sex with somebody, but then you get with them and they don't smell good or they act strange or they get aggressive and you are frightened..We are constantly adding up the pros and cons of the situation at hand and changing our mind."

Critics also say the apps are too narrow in scope—they allow people to give a blanket consent to sex, rather than specifying exactly what they do and don't agree to do. And they worry that they will be seen as a substitute for an open and honest conversation about sex.

"Consent requires a complex communication," says Paul Reynolds, a reader in sociology and social philosophy at Edge Hill University in Ormskirk, England, who has studied consent for 20 years. "In order to make a decision about whether you want to have sex with someone, there should be a conversation about what kind of sex is acceptable and whether it will be a one-time experience or long-term relationship, so you know what you are getting into. These apps don't do that."

There are also legal concerns: What happens if one partner decides that he or she no longer wants to have sex, after giving consent on the app? Some apps have no way for people to withdraw their consent. Others require the person to log back on to withdraw it, even though this might be difficult to do in the moment. An oral withdrawal of consent should be honored, of course. But if an assault does occur, that original recorded consent could be used against the victim in court, experts say. "If sex was forced or changed and someone is now saying she didn't want to consent, you now have this video evidence saying, 'No, you said yes,' " says the University of Arkansas's Dr. Jozkowski.

And what about privacy issues? Some apps, like uConsent, don't require users to log in with any identifiable information and encrypt the consent agreement and store it in the cloud, not on people's phones. Others have access to billing information and your phone's contact list. It's always good to read the app's privacy policy.

Mr. Swann, of uConsent, declined to discuss how many times the app has been downloaded. He says he is looking to improve it with features such as a panic button so that someone could hit to withdraw consent instantly (right now there is no way to do this on the app) and a state-of-mind test, such as a math problem, that allows the app to gauge if someone is drunk.

"This is not a legally binding contract," Mr. Swann says. "This is like a digital handshake agreement. You talk about what you are agreeing to, and then you shake on it."

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her at Facebook, Instagram and Twitter at EBernsteinWSJ

How to Have a Conversation About Sexual Consent

Decide what you want in advance. Be honest with yourself about what you are looking for—it could be the type of sex or whether you want it to be casual or part of a continuing relationship.

Make talking a priority. You probably shouldn't be having sex with someone you can't talk to openly about the experience.

Start early. If you have a date but don't want to have sex that night, tell the person beforehand. And give a reason. "I am eager to go out with you tonight but have to get home early." This will make sure everyone is on the same page.

Send clear signals. Men don't always read sexual signals well, says Helen Fisher, a biological anthropologist who studies the brains of people in various stages of love. "They aren't good at reading posture, gesture or tone of voice," she says. "You have to be much clearer than you realize." If you don't want to have sex, she says, be mindful of all the signals you are sending.

Remember that you can say no at any point—even after sex has begun. Consent is an ongoing process. You can say yes one moment and no the next. You don't need an app for that.

Be nice. Saying no to sex doesn't mean you have to hurt someone's feelings. If the person is someone you might be interested in down the road, say so. Dr. Fisher suggests saying: "I like you, but I am not doing it tonight."

FILM

AFTER 'JUNO,' LIFE'S OTHER CHANGES

BY ELLEN GAMERMAN

DIABLO CODY IS WRITING her way through life's transitions, from a girl evolving into a grown-up in "Juno" to a woman refusing to let go of her teenage years in "Young Adult" to a mother watching parenthood close the door on her youth in her new movie, "Tully."

The screenwriter's latest film, opening Friday, stars Charlize Theron as Marlo, a sleep-deprived mother of three who hires a nurse to handle the night shift with her new baby. Marlo is at risk of getting swallowed up whole by motherhood. Enter Tully, the nanny played by Mackenzie Davis, who changes everything.

The comedy drama, which like "Juno" and "Young Adult" is directed by Jason Reitman, came to the 39-year-old Los Angeles writer after the birth of her third child. Ms. Cody, a former stripper whose real name is Brook Maurio, talked about her own winding path to adulthood. Here, an edited transcript:

WSJ: You hired a night nurse after the birth of your third son two years ago. Is that how you got the idea for "Tully"?

Diablo Cody: I was born in Illinois and I grew up in the suburbs and I had literally never heard of a family employing a night nanny before. I first heard of the concept when I moved to L.A., which was like 10 years ago, and there was a woman talking, rhapsodizing about her night nurse and how well rested she was. I thought to myself, 'Oh my God, that's insane, you would pay somebody to come and take care of your baby at night?' It seemed really weird to me. I started thinking about the creative possibilities in a story like that because I'm always interested in stories that haven't been told and I hadn't heard that one before.

Are the birth scenes in the film autobiographical? The scenes in the hospital are completely drawn from my own experiences, 100%. I had these medicated hospital births where there was no screaming and there was no

Please see FILM page A11

FROM LEFT: AXELLE/BAUER-GRIFFIN/FILMMAGIC/GETTY IMAGES; FOCUS FEATURES

The latest film by screenwriter Diablo Cody, above, is 'Tully,' with Mackenzie Davis as a night nurse, left.

EXHIBITION REVIEW

What We Could Have Done

An exhibition takes a nuanced look at America's efforts—or lack thereof—to stop the Holocaust

BY EDWARD ROTHSTEIN

Washington

WHAT DID WE KNOW and when did we know it? And what could have been done?

These are the questions posed by a new long-term exhibition at the United States Holocaust Memorial Museum, "Americans and the Holocaust." And behind them is a long-simmering indictment. The accusations: that there was a continuous refusal before World War II to accept larger numbers of Jewish refugees; that there was a seeming refusal during the war to accept the scale of the murders; and that there was an outright refusal late in the war to expend any military effort in disrupting the Nazi killing machine.

The scholarly literature is immense and still growing. But this exhibition, curated by historian Daniel Greene, is (for the most part) so careful yet so involving that we begin to see why little about this subject is simple. We see the newsmagazines of the 1930s that reacted to Hitler's rise; newsreels giving voice to native-grown American fascist wannabes; polls that revealed a resistance to getting involved in the growing conflicts; and excerpts of movies like "Casablanca" and "The Great Dictator" that began to confront the storm. The narrative carries considerable weight, partly because of the effort expended in understanding American action and inaction. It would have carried still more had other impulses not interfered.

In treating the history chronologically the exhibition draws our attention to the sentiments of the period. There is, for example, the strong pull of isolationism in the 1930s (a force that President Franklin D. Roosevelt felt compelled to placate) as well as fear of economic collapse and wariness of foreign refugees. These attitudes, we also see, were not the result of ignorance. A crowdsourced sampling of American regional newspapers from the 1930s is offered on a touch-screen map, showing that Nazi mistreatment of Jews was widely reported. Touch-screen access to later reporting gives cogent evidence of how much was known about Nazi atrocities.

The refugee issue gets particular attention in a gallery dominated by graphics that suggest an ever increasing need was met by ever increasing resistance. The Immigration Act of 1924 permitted a maximum of 25,957 visas from Germany annually. But in 1933, only 1,241 were issued and there was a three-year waiting list. In 1939, when Nazi territories included Austria (with a 27,370 quota) and others (2,874), the limits were met but left a 11-year waiting list. In 1939, bills that proposed admitting 20,000 German refugee children never made it through Congress. After late 1941, there was no escape: Germany banned Jewish emigration from its territories.

More affecting still are stories accessed through a touch-screen table. In 1939, Flora Hochsinger, living in Nazi-occupied Vienna, wrote to a woman referred to her: Harriet Postman in Waltham, Mass. Hochsinger said she had a Ph.D., worked for 32 years as a mathematics teacher, studied psychology with Alfred Adler, ran a children's home in Vienna, knew needle-work and belt-making, and sought work. Ms. Postman contacted the White House, the State Department, celebrities, the agency B'nai B'rith and friends, but never found a sponsor. Hochsinger was deported from Vienna in 1942 and executed by a Nazi killing squad.

To where do these accounts lead? In the final galleries, we see the duplicity of at least one official at the State Department—Breckinridge Long—intent on keeping out Jewish refugees. We learn about the too-little-known War Refugee Board established by Roosevelt early in 1944 to help address a problem belatedly acknowledged; among its modest achievements was a camp of 982 refugees from 18 countries established in Oswego, N.Y. And why wasn't say, Auschwitz bombed? An animated map shows the slow Allied progress compared with the killing centers' speedy work: By D-Day more than 5 million Jews had already been murdered. But even in late 1944, something might have still been done. Two letters in the exhibition capture the vexed nature of the issue: Dohn Pehle, director of the war Refugee Board, urges that bombing take place; Assistant Secretary of War John McCloy responds that the priority must be "the earliest possible victory over Germany."

We are not permitted a simple verdict. But there is also an impulse here that nearly upsets the exhibition's balance. Its view of villainy is in an opening video about 1920s and '30s America peppered with newsreel-style titles: "Fearful of Communism," "Closed to Immigrants," "Segregated by Race," "Panicked by the Great Depression." Images include lynchings, bread lines, a Ku Klux Klan march. The impression is of a nation about as xenophobic as the one it would soon be fighting. Add to this, paranoia among those who feared a German "fifth column" of spies among refugees.

This caricature ignores too much. It is also incorrect to dismiss German espionage as a chimera or portray concern as American hysteria. England, for example, went further; for a time it interred Jewish refugees as enemy aliens.

Such sweeping assertions of American narrow-minded venality almost seem aimed at contemporary political debates; this would certainly be in keeping with the museum's declared ambitions. "Think about what you saw," posters outside the museum urge, "the next time you witness hatred" or "the next time you see injustice." This stance—now familiar in Holocaust museums—suggests that history may be more important because of how it teaches us to behave than because of what it helps us understand.

This has a cost. But this exhibition, thankfully, does not overly indulge. It suggests that American reactions to the Holocaust were a mixture of willful blindness if not anti-Semitism, well-meaning practical fears, and disbelief at the nature of the crimes—all later complicated by the waging of an unprecedented war.

Americans and the Holocaust
United States Holocaust Memorial Museum, through 2021

Mr. Rothstein is the Journal's Critic at Large.

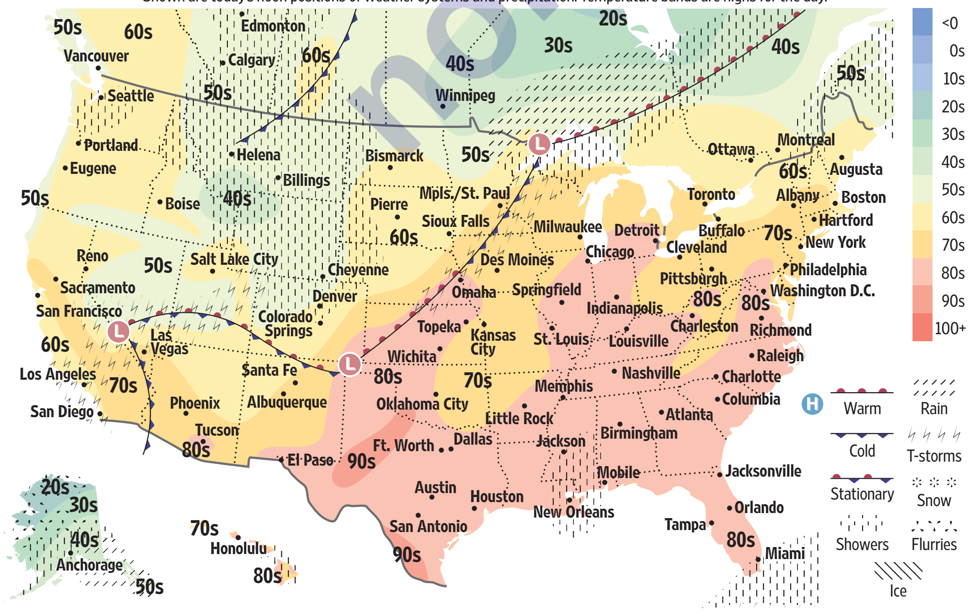
Clockwise from above: U.S. officials process Alien Registration documents (June-November, 1940); Jewish refugee children wait to board SS Mouzinho in Lisbon (Aug. 20, 1941); President Franklin D. Roosevelt broadcasting to the nation (1933)

CLOCKWISE FROM TOP LEFT: FRANKLIN D. ROOSEVELT PRESIDENTIAL LIBRARY; U.S. CITIZENSHIP AND IMMIGRATION SERVICES HISTORY OFFICE & LIBRARY; U.S. HOLOCAUST MEMORIAL MUSEUM

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

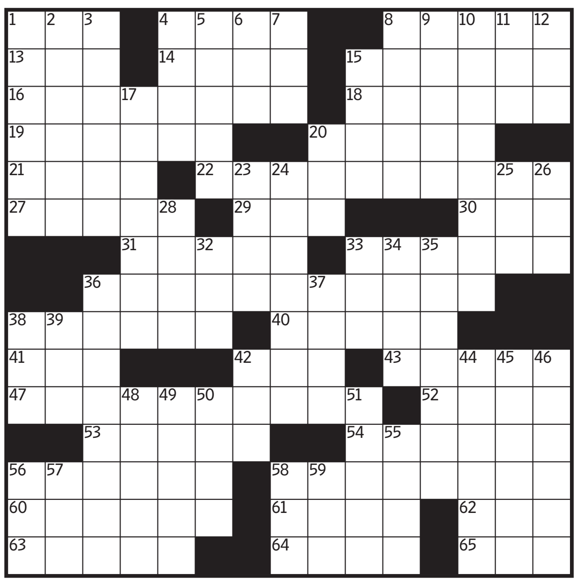
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	47	35	c	47	37	c
Atlanta	81	58	s	84	60	s
Austin	84	68	c	87	66	pc
Baltimore	80	55	s	88	64	s
Boise	64	41	pc	70	46	s
Boston	64	56	c	84	62	s
Burlington	68	56	pc	81	60	c
Charlotte	82	54	s	84	58	s
Chicago	81	64	pc	78	66	c
Cleveland	77	58	s	79	64	pc
Dallas	82	69	c	86	68	pc
Denver	61	43	t	61	36	c
Detroit	80	61	s	79	67	c
Honolulu	82	69	c	83	73	r
Houston	83	69	pc	87	72	pc
Indianapolis	80	59	s	82	66	pc
Kansas City	78	68	c	83	66	r
Las Vegas	70	54	pc	68	55	c
Little Rock	83	64	pc	84	69	pc
Los Angeles	62	54	t	61	52	pc
Miami	82	74	pc	82	74	t
Milwaukee	78	61	pc	73	55	t
Minneapolis	72	49	t	69	51	c
Nashville	82	62	s	83	65	s
New Orleans	84	69	pc	85	67	s
New York City	76	64	s	86	68	s
Oklahoma City	79	68	c	82	67	t
Omaha	80	58	t	73	57	t
Orlando	84	62	pc	85	63	pc
Philadelphia	79	59	s	87	66	s
Phoenix	79	59	pc	76	58	c
Pittsburgh	76	57	s	80	65	pc
Portland, Maine	61	48	c	79	59	pc
Portland, Ore.	63	46	c	76	50	pc
Sacramento	78	50	pc	79	51	pc
St. Louis	82	66	pc	85	71	pc
Salt Lake City	65	47	c	59	47	t
San Francisco	68	54	pc	68	53	pc
Santa Fe	70	45	pc	65	34	pc
Seattle	61	46	c	70	49	pc
Sioux Falls	66	48	c	68	48	c
Wash., D.C.	81	59	s	87	66	s

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	53	42	r	61	43	c
Athens	82	63	pc	81	65	pc
Baghdad	87	69	pc	91	71	pc
Bangkok	87	76	t	90	79	t
Beijing	73	54	c	74	50	c
Berlin	61	41	pc	61	51	pc
Brussels	56	40	pc	61	41	c
Buenos Aires	67	60	c	69	61	pc
Dubai	96	83	s	95	82	pc
Dublin	51	38	r	52	39	pc
Edinburgh	55	40	r	54	36	pc
Frankfurt	60	40	pc	67	48	pc
Geneva	58	44	sh	63	49	r
Havana	87	68	pc	85	68	pc
Hong Kong	86	76	pc	85	75	pc
Istanbul	73	57	pc	74	59	s
Jakarta	91	76	pc	90	76	pc
Jerusalem	81	64	c	82	62	s
Johannesburg	67	49	pc	67	50	pc
London	57	44	pc	53	40	r
Madrid	60	38	t	65	46	pc
Manila	96	81	c	97	82	s
Melbourne	72	57	c	72	60	c
Mexico City	78	56	pc	77	56	pc
Milan	67	53	sh	61	55	r
Moscow	76	57	sh	78	53	t
Mumbai	91	82	pc	90	82	pc
Paris	57	39	c	60	40	c
Rio de Janeiro	86	72	s	84	72	s
Riyadh	97	76	pc	96	77	pc
Rome	65	57	r	76	57	t
San Juan	86	76	sh	87	75	pc
Seoul	75	60	t	68	45	r
Shanghai	88	69	t	77	59	t
Singapore	89	80	c	89	79	t
Sydney	74	60	s	74	61	pc
Taipei City	89	76	c	91	73	pc
Tokyo	79	64	pc	75	67	c
Toronto	75	57	s	74	61	t
Vancouver	58	44	s	60	46	c
Warsaw	79	51	pc	72	57	t
Zurich	59	43	c	65	48	pc

The WSJ Daily Crossword | Edited by Mike Shenk



LOVED ONES | By Zhouqin Burnikel

Across

1 Skyping need
4 Romanov sovereign
8 Fleeting flash of light
13 "___ Beso"
14 Can't bear
15 Robotic vacuum cleaner
16 *Pistols and swords
18 Bee or flea
19 Natural sweetener
20 Sleep clinic study
21 It separates Cairo from Giza
22 *Not easily acquired
27 Yoga posture
29 Early automobile brand
30 Graphic shirt
31 In stacks
33 Whenever one is ready
36 *Disturbed the peace, in a way
38 Like many churches
40 "Loot" playwright Joe
41 Platform whose latest version is High Sierra
42 Long-running CBS procedural
43 Cocktail glass parts
47 *Place for a stud
52 Bloke from Bath
53 Gives out hands
54 Country west of Kenya
56 Show to be false
58 Cherish, and what the asterisked answers do literally
60 Clears off
61 The Mets' home before Citi Field
62 Address for the general
63 Union issue
64 Like busybodies
65 Attempt

Down

1 Producer of Citation Longitude jets
2 "Given the situation..."
3 Ford's first car
4 Language of Southeast Asia
5 White House press secretary Sanders
6 Corner store convenience
7 Hi-___ graphics
8 "Never ___ Give You Up"
9 Postgame sulker
10 "That wasn't a joke!"
11 "Meet the Press" network
12 Body image, slangily
15 Harvest-ready
17 72, on many courses
20 Hubbub
23 Trapezoid measure
24 Courting gift
25 Sushi fish
26 Neighbor of Md.
28 Congressional staffer
32 Called the shots
33 Take steps
34 Bout enders, in brief
35 Spoiled
36 Mishmash
37 Diva delivery
38 Pacifying gesture
39 Letter resembling a pitchfork
42 LP successors
44 Physicist Rutherford
45 Like some fighter jet refuelings
46 Filled with twinklers
48 Get extra mileage from
49 Props for Willy Wonka and Mr. Peanut
50 Fraternal order with lodges
51 Referee's concern
55 Aussie "Howdy!"
56 Drops at dawn
57 Historic stretch
58 QVC alternative
59 "Just as I thought!"

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

Previous Puzzle's Solution

BOOKS

The Inspiration for 'Warlight'

A 'fairytale' line about abandoned children sparks a new novel by Michael Ondaatje, the author of 'The English Patient'

BY CARYN JAMES

MICHAEL ONDAATJE'S "Warlight" was inspired by an idea that became the novel's first line: "In 1945 our parents went away and left us in the care of two men who may have been criminals."

His books usually are prompted by "a specific clue I have to unravel," Mr. Ondaatje says. For "The English Patient," which won the Booker Prize in 1992 and was adapted into an Oscar-winning movie, "it was a man in a bed talking to a nurse."

The impetus for "Warlight," which will be published May 8, was less concrete. "It was something like that first sentence," he says. "Almost one of those fairytale lines, a moment of abandonment and what happens then." That next step led to a deeply researched story with a postwar setting new to Mr. Ondaatje's work. Yet the book is laced with echoes of his personal history and previous fiction.

The narrator, Nathaniel, is 14 when his parents leave him and his 16-year-old sister in London to be looked after by a stealth-like music lover they nickname the Moth and a former boxer known as the Darter. When the children find that their mother's trunk, packed for a year-long trip to Singapore, is still in the basement, the discovery sets Nathaniel on a lifelong quest to solve the mystery of her past.

That search, which Nathaniel recalls decades later, sends the story into places as different as canals along the Thames and a former abbey turned into an explosives factory. The characters become involved in espionage, the black market and other colorful experiences.

"I'm always interested in their professions," Mr. Ondaatje says of his characters. They include a British spy named Marsh Felon, who worked as a roof thatcher as a boy. "I watched old black and white footage of thatchers and met a thatcher family," the author says.

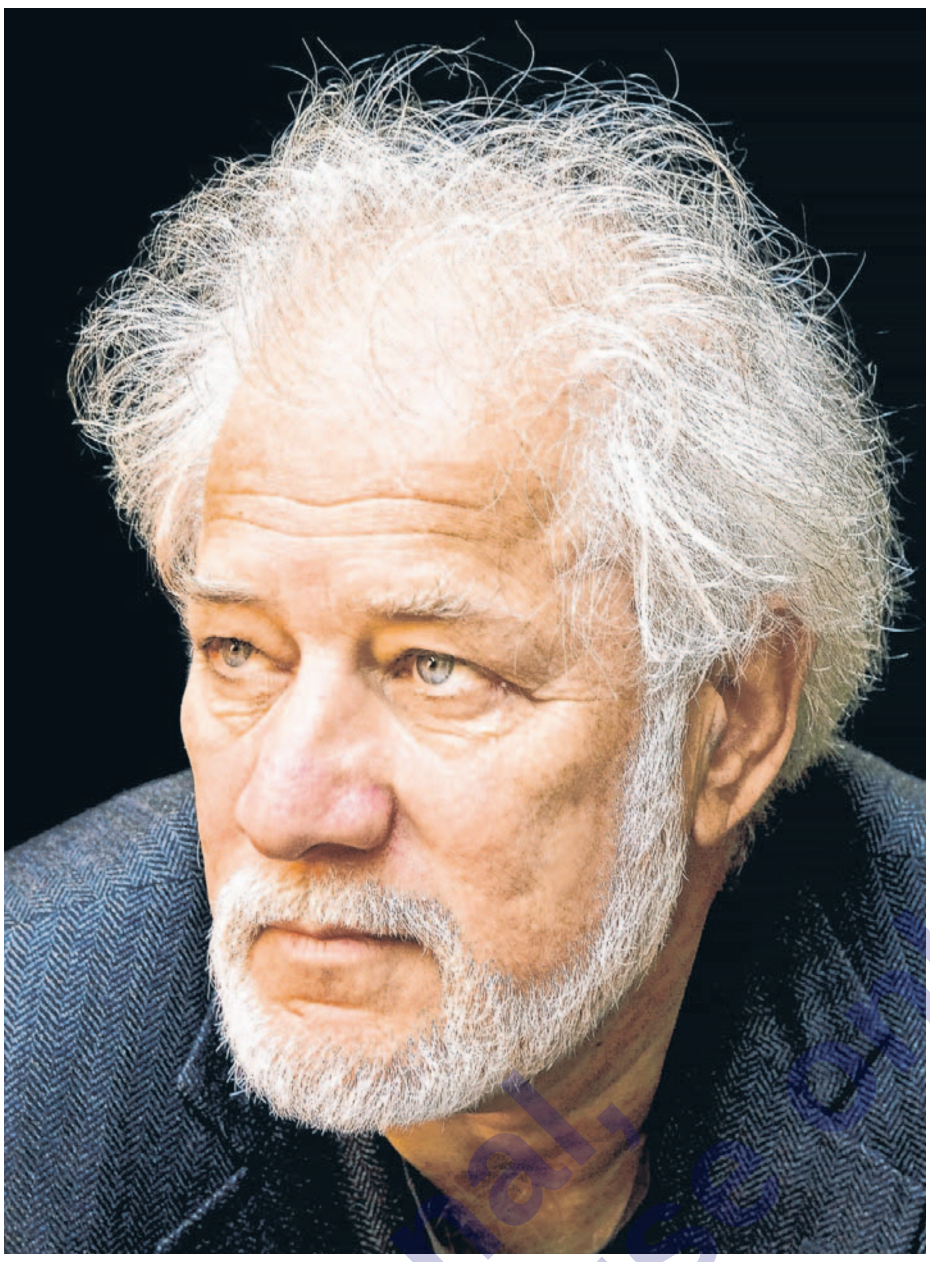
For the Darter, Mr. Ondaatje learned the ins and outs of smuggling, drugging and racing greyhounds. While researching his 1987 novel, "In the Skin of a Lion," he visited the Greyhound Hall of Fame in Abilene, Kansas, but the dogs never made their way into that book. They resurfaced for "Warlight," he says, when a friend told him, " 'Greyhounds are like silent movie stars.' It was just perfect for these silent ghost-like characters," who waft through Nathaniel's life.

The espionage plot itself isn't the point, Mr. Ondaatje says. He uses it as a suspenseful backdrop for characters' personal discoveries. It's a similar tactic, he says, to one he used in "The English Patient," which shares the lyrical prose and intricate narrative of "Warlight."

The first section of "Warlight" is set in 1945, he says, because, "the bridge from war to peace, or peace to war, that's when sometimes worse things happen. That's where all the trouble begins for the next war."

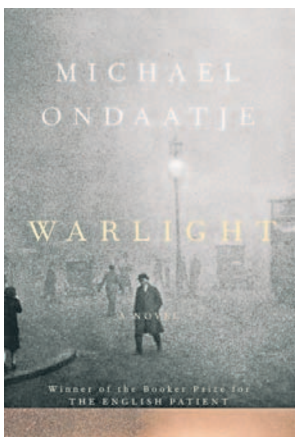
Nathaniel's dual perspective, as a man and a boy, is a familiar theme of Mr. Ondaatje's writing: adults looking back, trying to make sense of their childhoods. He uses the device in his fictionalized 1982 memoir "Running in the Family," his 2007 novel "Divisadero," and his most recent one, "The Cat's Table" (2011).

"The Cat's Table" echoes the 74-year-old author's own journey from Ceylon, now Sri Lanka, where he was born. When he was 11, his parents separated and he was sent alone on a ship to join his mother in England. Mr. Ondaatje went to college in Canada and has been based there ever since.



DANIEL MORDZINSKI

Michael Ondaatje, left, often writes about adults trying to make sense of their childhood.



"In Sri Lanka, families are really large, with lots of uncles and aunts, so it didn't feel as bad to me as it might have done," he says of that childhood separation from his mother. While writing "Warlight," he says, "Nathaniel's abandonment didn't feel like it was *my* abandonment. It was more that I was curious to give myself another role, as if I was an actor in a play, in another situation." But he recognizes the pattern in his work. "I'm sure lots of things are subconsciously in a novel even if I'm not consciously trying to evoke that."

Writer and producer Simon Beaufoy is turning "In the Skin of a Lion" into a movie, set in early 20th-century Canada. Could "Warlight" also become a movie? "I don't see how it can be," Mr. Ondaatje says. "I think the two time periods would be tough." Of course, "The English Patient" also once seemed unadaptable. "Yeah," he admits, "I didn't think that could happen either."

FROM TOP: FOCUS FEATURES; FOX SEARCHLIGHT/EVERETT COLLECTION

FILM

Continued from page A9

comical Lamaze breathing like you see in movies. There are a million different ways to give birth. In my case, I showed up, got an epidural, and a doctor looked at the monitor and told me when to push. I know a lot of people who have had that type of birth. I'd never seen that in a movie. It's always screaming and, 'There's the head!' I actually find the truth more exciting even if it's not as cinematic.

How is the third child different, especially for an older mother?

It did feel like the closing of a chapter. I knew I wasn't going to have any more kids. It was my first "geriatric pregnancy," the term for women over 35, which is lovely. My 30s had been this complete fog of childbirth and taking care of little kids and suddenly that fog was lifting and I could really see my life for what it was. The last time I had that kind of clarity, I'd been young. Now here I was on the other side of it and I wasn't young anymore, and that was jarring.

Charlize Theron gained 50 pounds for the role. Why was her weight important in the film?

I've grappled with this before in other projects, all the things that are expected of women. It's not enough to be a good mom anymore, you're also supposed to be a provider, hot, fit, a good sex partner. You're supposed to gain exactly 15 to 20 pounds with each pregnancy and lose it immediately. I just think to myself, no wonder people are depressed. There used to be a time where it was OK for a woman to let herself go in midlife, it was expected.

This movie is the third in an unofficial trilogy with Jason Reitman. Could there be a fourth?

We weren't even aware we were making a trilogy. It's something we realize now—something kind of came from our shared creative subconscious. It's really about: How do we reconcile who we have become with who we used to be? It's crazy for me to look back on my life and realize that I'm somehow the same person I was in first grade.

What about it is hard to connect?

I feel like your experiences rearrange you completely and you become many people over the course of a lifetime. We talk about the ship of Theseus in the film—if you took a boat and replaced every board in it one by one, is it the same boat at the end or is it a completely new boat?

What's the answer?

I have no idea, and that's what I'm grappling with all the time because I feel like pretty much every board has been replaced at this point.

Top, Charlize Theron plays Marlo in 'Tully'; above, Ellen Page in the 2007 film 'Juno,' portrayed a girl transforming into a grown-up.

SPORTS

MLB

Striking Out at a Record Clip

Major-league batters are whiffing more often than they record hits, the ultimate distillation of the realities of modern baseball

BY JARED DIAMOND

FIVE DECADES AGO, in the now infamous summer of 1968, baseball faced a serious problem: Nobody could score.

St. Louis Cardinals legend Bob Gibson posted a 1.12 ERA, still a record for the live-ball era, which began in 1920. Hitters reached base less than 30% of the time, a level of ineptitude that harkened back to the 19th century. Teams finished with a combined .237 batting average, the lowest in history, resulting in just 3.42 runs a game. That winter, the league lowered the mound in an effort to generate offense, in a season known as the "Year of the Pitcher."

But as ugly as that looked, it in some ways doesn't compare to the state of affairs today. For the first time ever, major-league batters strike out more often than they record hits, the ultimate distillation of the realities of modern baseball, where power—on both sides of the ball—reigns.

Never before had MLB seen a full month with more total strikeouts than hits. There hadn't even been a month where the gap between the two was less than 100. April 2017 was the closest the sport had come to strikeouts overtaking hits, with a difference of 138. Until now, that is.

Heading into Monday's slate, the final 11 scheduled contests on the April schedule, hitters had whiffed 7,163 times. They had collected just 6,808 hits. Nearly 35% of all plate appearances this season have ended in a walk, strikeout or home run, up from less than 29% 10 years ago.

Home runs and strikeouts aren't inherently bad for baseball on their own. MLB commissioner Rob Manfred and union chief Tony Clark have both pointed out that fans generally enjoy those plays and consider them exciting.

Taken together, these are alarming numbers, signaling a potentially crisis-level event, as balls in play continue their descent into endangered-species status. Fewer balls in play means more dead time and players standing on the field not doing much—is a product difficult to sell to new fans.

"Where it gets troubling from a fan perspective is tons and tons of strikeouts, no action, lots of pitching changes," Manfred said last summer. "That combination is troubling to me."

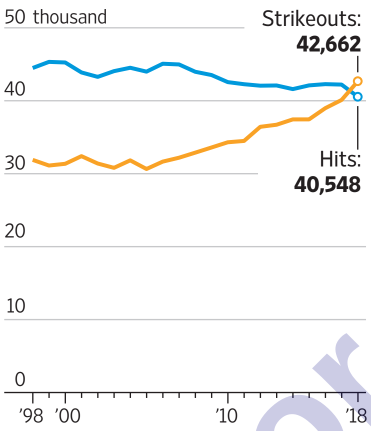
The current issue isn't that teams can't scratch runs across. Overall run-scoring is almost identical to this time last season and actually above that of Aprils from 2011 through 2016, thanks largely to the rise of the homer. Hits per game haven't changed from April

KATHY WILLENS/ASSOCIATED PRESS

Batters swing and miss more frequently than ever before, making contact on just 76.6% of swings so far this season.

The K Zone

The 2018 season so far is the first year in MLB history with more strikeouts than hits.



Note: Data as of April 29; data for 2018 is estimated pace for the season

Source: MLB

2017. The pendulum hasn't swung completely in favor of the pitcher quite yet.

The biggest culprit is the remarkable amount of strikeouts—8.74 per nine innings in 2018 through Sunday, which would be a new record.

None of this should come as too much of a shock to anybody paying attention. MLB has set a new strikeout record every year since 2008, while 2017 was the most homer-happy season to date, shattering the previous mark by more than 400. There were only 2,111 more hits than strikeouts last year, the smallest gap ever by far—a sign that barring a major course correction, a new paradigm would soon arrive.

This April has suggested that it has come sooner than expected, and looking at the data, it isn't too hard to see why: Batters swing and miss more frequently than ever before, making contact on just 76.6% of swings so far this season, down from 79.4% in 2013 and 80.7% in 2008.

There are clear reasons for this phenomenon. Most of them, like virtually every other significant change to baseball these days, have been brought about by analytics.

Strikeouts have climbed steadily throughout history. Bill James, the godfather of advanced statistics in baseball, wrote in 2012 that this is likely because teams are incentivized to seek them out: High-strikeout pitchers are, on the whole, more effective than their low-strikeout counterparts. Meanwhile, perhaps counterintuitively, hitters who strike out a lot are as productive—if not more productive—than hitters who don't strike out much, as high-strikeout hitters tend to bash more home runs.

"This asymmetry pushes strikeout totals higher over time," James wrote, adding, "strikeouts, in my opinion, will continue to go up."

He was right. Baseball now has an army of pitchers who throw harder than ever, with the average fastball now approaching 93 mph, up from 90.7 mph a decade ago. Relievers bring even more fire, with their average fastballs nearing 94 mph. In 2017, 65 different relievers threw a pitch that traveled at least 99 mph, up from 37 in 2012.

And that's scary for batters, since starting around the sixth inning, they can count on seeing a fresh bullpen arm ready to unleash the heat. Gone are the days where a hitter could count on seeing a tired, worn-down starter late in games. Now, pitchers are instructed to throw as hard as they possibly can for as long as they possibly can, knowing they have help behind them.

An evolution in hitting strategy has contributed as well. The strikeout has lost its stigma, as teams, relying on data, are "figuring out the cost benefit of an all-or-nothing swing," one high-ranking American League official said. In other words, sacrificing contact for power is smart strategy, and the idea of a hitter changing his approach with two strikes to avoid a strikeout is largely antiquated.

"There have been dramatic changes in the game, the way the game's taught, the way the game is played at the big-league level," Manfred said.

It's too early to say for certain that there will be more strikeouts than hits over the course of the season. After an unseasonably cold April across large swaths of the country, offense should improve as the weather starts to warm up.

"Other sports have been more aggressive about managing what's going on on the field in terms of what their game looks like than we have been, and I'm certainly open to the idea that we should take a more aggressive posture," Manfred said.

SOCCER

HOW REAL MADRID SOLVED THE CHAMPIONS LEAGUE

BY JOSHUA ROBINSON

Madrid

IF REAL MADRID has made one thing abundantly clear this season, it's that it is far from the strongest team in Europe. The club no longer blows opponents away. Its defense is shaky. And Cristiano Ronaldo's powers are plainly on the wane.

But for all those flaws, Los Blancos remain the unquestioned favorites to win the Champions League for a third consecutive season. Because when it comes to European competition, nothing seems to shake Real's greatest strength: the sheer, unwavering arrogance of being a 12-time champion.

"We're making the impossible look easy," Real captain Sergio Ramos said here on Monday. "Nobody had won two in a row and it looked easy."

In many ways, the team's obvious shortcomings on the field have highlighted the power of Real's conviction this year. Los Blancos sit third in La Liga, far adrift of Barcelona, and last fall they finished second in their Champions League group.

And yet the club is 90 minutes from a third consecutive Champions League final. After beating Bayern Munich 2-1 on the road last week, all Real needs from the second leg is a draw or even a 1-0 defeat. No club has appeared in three consecutive finals since the dawn of the Champions League era in 1992. Prior to that, no one had managed it in the European Cup since Bayern Munich in the early 1970s.

What makes Real's current era of dominance so improbable is that the club has achieved it without an obvious philosophy of how to win. The side doesn't have the artistry of Pep Guardiola's Barcelona or the high-concept tactics of AC Milan in the 1980s, for instance. Real simply does what is necessary.

That is in large part down to the club's manager, Zinédine Zidane, one of the most stylish players of his generation and now one of its most pragmatic coaches. He was handed the keys to the club two years ago without having the slightest top-tier management experience. But as a former Real star, he was fully indoctrinated in Real's trophy-hoarding. Zidane's coaching isn't wedded to any particular approach. The best tactic is whatever gets it done on any particular night. He is a killer without a signature.

Much of the time, that boils down to keeping things just about under control at the back and waiting for one individual to do something brilliant. That individual tends to be Ronaldo.

Last season, that approach worked like a charm. Ronaldo saved his most electric form for the knockout rounds, where he scored 10 goals in five games after the round of 16. But this year, at 33, he has done more of his damage in the group stage—one absurdly spectacular overhead kick against Juventus aside.

There is a larger truth here about this club. Whether or not it's pretty doesn't matter, because Real Madrid doesn't play for right now. It plays for 30 years from now when people who never watched them scroll through lists of winners. Those fans won't see the bouts of stultifying, sloppy soccer. They will only see Real's name, over and over, in the winners' column.

Which makes their success all the more galling for Real's victims. Bayern was by far the superior side for most of last week's match—it had 13 scoring opportunities, including a golden chance to make it 2-0 in the first half.

"I've never seen a Real team allow so many chances, so we haven't given up," Bayern manager Jupp Heynckes said afterward.

Bayern isn't the only club to figure this out. Over the past three Champions League campaigns, Real has presented every one of its opponents with a genuine opportunity to kill it off. And yet, no one has seized them.

"To win the Champions League, some time along the way, you need one day of luck," former Real midfielder Xabi Alonso says. "When you don't play well and you don't deserve to win, but you win."

The veterans on the team have pulled off enough miracles to convince itself these things are commonplace.

"A lot of our players have played in plenty of big games and we can stay calm in difficult situations because we know we can beat everybody," midfielder Toni Kroos said.

MATTHIAS SCHRADER/ASSOCIATED PRESS

At the age of 33, Cristiano Ronaldo's powers are plainly on the wane but Real Madrid remains the favorite to win a third straight Champions League title.

OPINION

A Crisis on Each End of Asia

GLOBAL VIEW
By Walter Russell Mead

One of the world's oldest and ugliest frozen conflicts, dating back to 1950, appears to be thawing. North and South Korea are vowing to end their state of war. Kim Jong Un is offering one concession after another on his nuclear program, while progress continues toward a summit between Mr. Kim and President Trump.

At the same time, the U.S. and its Middle Eastern allies are tightening the screws on Iran. America's newly confirmed secretary of state, Mike Pompeo, made his first trip to the region in his new role this week. As he orchestrated a series of anti-Iranian statements with Arab and Israeli leaders, bunker-busting bombs (presumably Israel's) hit Iranian bases in Syria.

These developments are closely related. Throughout Mr. Trump's tenure, his foreign-policy team has juggled two crises: First, North Korea's progress on missiles that could carry its nuclear weapons to the U.S. mainland threatened to upset the balance of power in Northeast Asia. If Mr. Kim destroyed Tokyo, would the U.S. really retaliate and put the American homeland at risk?

Second, the Obama administration's bungled attempt to stabilize the Middle East by softening its approach to Iran had the opposite effect. Longtime American allies became jittery about Iran's imperial ambitions, even as sectarian war and jihadist violence erupted across Syria and Iraq.

The dilemma for the White House was that neither challenge could be ignored, but managing *two* explosive crises, one at each end of Asia, would stretch America's political and military capacities to the limit. Complicating matters further, North Korea is a client of China, while Iran is an ally of Russia. An aggressive approach risked pitting the U.S. against Beijing and Moscow at the same time.

The big question was whether one of the two crises could be put on hold. In his unconventional way, Mr. Trump has been probing to see whether China or Russia is willing to cooperate. With China, he linked trade negotiations to Beijing's help on the Korea issue, even as he raised the temperature by signaling that U.S. military action against Mr. Kim was on the table. With Russia, Mr. Trump has consistently spoken of his desire for better relations and made clear that Moscow's help with Iran could lead to sanctions relief.

Mr. Trump seems to have believed initially that Russia would be more likely to choose engagement, but Moscow has so far stuck by Iran.

China, in contrast, has twisted Mr. Kim's arm to de-escalate. This makes sense: Although a rising China may be a greater long-term threat to the U.S. than a declining Russia, China has more powerful motives for working with the U.S. than Russia does.

Modest success on North Korea is giving the U.S. breathing room to focus on Iran.

To start, China is deeply invested in its trade relationship with the U.S. A trade war would hurt both countries, but China has more at stake. It's poorer, with a financial system under great stress, and it depends heavily on exports.

Further, China does not want North Korea to upset the nuclear balance in Northeast Asia. If Japan begins to doubt its protection under America's nuclear umbrella, it will go nuclear itself. Taiwan and South Korea would soon follow. Yes, China would like to maintain North Korea as a buffer against the West, but it does not want nuclear adversaries along its coastline. Reining in Mr. Kim helps both China and the U.S.

China and the U.S. also have some interests in common in the Middle East. They both want low oil prices and a stable geopolitical environment. If disruption in the region jacks up energy prices, China loses, given that it is the world's largest energy importer, and Russia wins, since high prices would prop up its shaky economy and make Vladimir Putin's foreign ambitions more affordable. Whenever Chinese leaders reflect on these truths, it is a good day for Washington and a bad day for Moscow.

Mr. Kim's concessions thus far do not mean that the nuclear standoff on the Korean Peninsula is over. China may be interested in preventing North Korea's missile program from destabilizing East Asia, but forcing Pyongyang to give up its existing arsenal would be much harder. Still, even a temporary freeze of the missile program gives the U.S. breathing room to focus its efforts on the Middle East.

The early signs are that the Trump administration intends to make the most of this North Korean opportunity. By responding positively to Mr. Kim's overtures and continuing preparations for the promised summit, the White House is signaling its appreciation for China's help and paving the way for intense negotiations with Beijing and Pyongyang over both security and trade. That will let the U.S. ratchet up the pressure even further in the Middle East. Moscow and Tehran would be well-advised to study their copies of "The Art of the Deal."

The Population Bomb Was a Dud

MAIN STREET
By William McGurn

"Hell is other people." These oft-misquoted words were written by Jean-Paul Sartre. But it would take a Stanford biologist, Paul Ehrlich, to elevate them into a full-fledged ethos that would be used to justify outrages inflicted on millions of innocent people—most of them weak, vulnerable and poor.

Fifty years ago this month, Mr. Ehrlich published "The Population Bomb." In it he portended global cataclysm—unless the world could be persuaded to stop producing so many . . . well . . . people. The book sketched out possible scenarios of the hell Mr. Ehrlich believed imminent: hundreds of millions dying from starvation, England disappearing by the year 2000, India doomed, the average American's lifespan falling to 42 by 1980, and so on.

Mr. Ehrlich's book sold three million copies, and his crabbed worldview became an unquestioned orthodoxy for the technocratic class that seems to welcome such scares as an opportunity to boss everyone else around. In this way the missionary fervor once directed toward Christianizing the globe found its late-20th-century expression as proselytizing for population control. Thus Robert McNamara, whose leadership would prove even more destructive at the World Bank than it had been in Vietnam, would declare overpopulation a graver threat than nuclear war—because the decisions to have babies or not were "not in the exclusive control of a few governments but rather in the hands of literally hundreds of millions of individual parents."

In his day Mr. Ehrlich's assertion about the limited "carrying capacity" of the Earth was settled science. Never mind that it is rooted in an absurdity: that when a calf is born a country's wealth rises, but when a baby is born it goes down. Or that the record shows that when targeted peoples resist the prescription—don't have babies—things quickly turn coercive, from forced abortions in China to contraceptive injections given to black women in apartheid-era South Africa.

Enter Julian Lincoln Simon.

Simon was a professor of business and economics at the University of Illinois at Urbana-Champaign. In 1981, when this columnist first met him, Julian would smile and say the doom-and-gloomers had a false understanding of scarcity that led them to believe resources are fixed and limited.

The evidence, by contrast, was that by almost any measure—life expectancy, infant mortality, caloric intake—things were getting better all the time. The reality, Julian liked to say, is that we live amid "an epidemic of life."

In 1981 he put his findings together in a book called "The Ultimate Resource." It took straight aim at Mr. Ehrlich. In contrast to the misanthropic tone of "The Population Bomb" (its opening sentence reads, "The battle to feed all humanity is over"), Julian was optimistic, recognizing that human beings are more than just mouths to be fed. They also come with minds.

Paul Ehrlich got it wrong because he never understood human potential.

Ultimately their clashing views led to a famous wager in 1980. If Mr. Ehrlich was right, prices for commodities would grow more expensive as they became scarcer. If Simon was right, they would become cheaper as humans found more cost-effective ways of extracting them or cheaper alternatives. Mr. Ehrlich picked the commodities—nickel, copper, chromium, tin and tungsten—but in 1990 lost the bet.

The larger victory, however, was not about the price of tin. It was the idea that the finite supply of any given natural resource is only one part of the equation. The other is human ingenuity, which adapts to circumstances and turns what were once luxuries into everyday amenities. That's why Julian called the human mind "The Ultimate Resource." And that's why it never runs out.

Julian left us in 1998 but his spirit can be detected in any number of thinkers. Matt Ridley, author of "The Rational Optimist," is one. The economist Thomas Sowell is another. So is anyone who stands up to say: Give people free markets and property rights, and you will be astonished by how much they will improve their lot—and ours.

Fifty years out, alas, Mr. Ehrlich remains as impervious to the evidence as ever. In an interview two months ago in the Guardian, Mr. Ehrlich decreed the collapse of civilization a "near certainty" in the next few decades. Which may be a good reminder that skepticism is in order whenever someone waves the flag of "science" to justify the latest Malthusian nostrum.

Because it turns out hell isn't other people after all. To the contrary, human beings constantly find new and creative ways to take from the earth, increase the bounty for everyone and expand the number of seats at the table of plenty. Which is one reason Paul Ehrlich is himself better off today than he was when he wrote his awful book—notwithstanding all those hundreds of millions of babies born in places like China and India against his wishes.

Write to mcgurn@wsj.com.

Tough Sledding for Amazon?

By Gregg Opelka

Open up your brokerage firm's technical-analysis platform, and your eyes will drown in a sea of mystical metrics. Moving averages and relative-strength indicators are passé. Today's traders can choose from a far more exotic menu. Perhaps the Aroon Oscillator is your chosen oracle? Are you an Elder Ray Bull Power man? A Chaikin Money Flow lady? Or do you prefer the Ichimoku Cloud with an overlay of VWAP?

If you find all this technical mumbo-jumbo overwhelming, then I have good news, gentle trader. You can chuck your charts and abandon those abstruse arbiters. There's now only one weather vane you'll ever need to make money in the stock market. I hereby unveil the BDI: the Bezos Dogsled Indicator.

Named for Amazon founder and CEO Jeff Bezos, the BDI is a swing trader's dream come true. You don't even need an Amazon Prime membership to use it.

How does the BDI work? It's simple. On April 23, four days before Amazon released its much-anticipated quarterly earnings report, Mr. Bezos, an intermittent Twitter user at most, posted a short video of himself "dog sledding above the Arctic Circle in Norway."

If you followed the BDI and the BCSO, you made a killing.

This triggered an immediate "buy" signal from the BDI. You don't need to be a Jesse Livermore to realize that Mr. Bezos would hardly be cavorting on canine conveyances if the coming earnings report were anything less than stellar. Or as a neighboring Scandinavian, Hamlet, once put it: "There needs no ghost, my lord, come from the grave to tell us this."

Now, any good technical analyst will say that relying on only one indicator is dangerous. The professional chartist seeks corroboration. Was there a reliable way of confirming the BDI? Yes—a simple one.

Unless you've been living under a rock for the past two months, you know that President Trump has waged a one-man Twitter war against Amazon, accusing the company of dodging taxes and taking advantage of the U.S. Postal Service. An analytical trader never stoops to consider such lowly, undignified matters as politics—he merely weighs the situation from a dispassionate, nonpartisan position.

But consider this: While President Trump railed against Amazon in tweet after tweet, Mr. Bezos never once replied. This set off a second technical indicator, the BCSO, or Bezos Cold Shoulder Oscillator. (Yes, you're getting not one but two metrics in this essay.)

The BCSO was triggered when Mr. Bezos refused to take the complainer in chief's bait. An astute trader could safely assume that the Amazon CEO was content to let the coming earnings report serve as his only retort.

This was all the confirmation Amazon bulls needed. The BDI and the BCSO were simultaneously flashing vivid buy signals. Had you gotten in the moment Mr. Bezos's dogsled tweet appeared and then sold your shares either after hours the day of the earnings report or the next morning in the premarket, you'd have pocketed a four-day gain of 8% to 10%.

Forget Fibonacci. Ditch your Donchian Channels. If you want to beat the market these days, there's only one word you need to know: mush. And if you don't believe that—tough sledding.

Mr. Opelka is a musical theater composer-lyricist.

BOOKSHELF | By Andrew Roberts

The Villain Wore a Crown

Richard III

By Chris Skidmore
(St. Martin's, 432 pages, $29.99)

Richard III is Britain's most notorious monarch, and even 533 years after his death at the Battle of Bosworth, it's not hard to understand why. Self-styled "Ricardians" argue that he was a loyal brother, fine soldier and astute administrator. They add that there is no actual evidence that he murdered his nephews, the so-called Princes in the Tower, who had a better claim to the throne than he did.

Set against them is William Shakespeare, who depicted Richard as a "carnal cur" and an "lump of foul deformity" who, in his pursuit of power, personified the very concept of the evil monarch. Ricardians denounce Shakespeare as a lickspittle hack who favored Henry Tudor—the winner at Bosworth and Elizabeth I's grandfather—over Richard's branch of the House of York.

So it is good to have the scholarly and genuinely objective view of Chris Skidmore, a British member of Parliament and the author of three earlier fine studies of what he describes as "the shifting sands of the brutal world of 15th-century politics."

Mr. Skidmore's "Richard III: England's Most Controversial King" covers Richard's coup d'état after the death of his elder brother, King Edward IV; the 788-day reign that followed; and the bloody events at Bosworth Field in 1485. The author clearly admires much about Richard but also give the reader plenty of reasons to conclude that Shakespeare was essentially right, since the king consistently went wildly beyond the norms of even what was considered politically acceptable at the time.

For a short period, Mr. Skidmore reminds us, Richard was charged with protecting the young Edward V, who was only 12 when his father died in April 1483. Indeed, Richard possessed the title of Lord Protector, a role that did not suit him. At one point he tried to argue that Edward V (who was never officially crowned) was illegitimate through his father's supposed bigamy. Within a couple of months, he had sent Edward and his brother Richard (age 10) to the Tower. That they were never heard from again—and that the Tower was then under the control of one of Richard's henchmen—should provide enough circumstantial evidence to condemn the king. Does it matter that we don't know the method of the princes' murder, considering that their corpses were never found?

As it happens, Richard's own corpse was sensationally found under a car park in Leicester in 2012. And it turns out that he did indeed have scoliosis, or curvature of the spine, which left him a bit shorter than the average male of the day but did not prevent him from living a normal life and fighting bravely at the battles of Barnet, Tewkesbury and Bosworth. So that part of Shakespeare's description was exaggerated.

Has Richard III been treated unfairly by history and by Shakespeare, for whom he was a 'carnal cur' and a 'lump of foul deformity'?

Mr. Skidmore is adept at placing in proper perspective the dilemmas that faced Richard when his brother unexpectedly died at age 40. England had been devastated by 28 years of the Wars of the Roses—the battle for dynastic supremacy between the House of Lancaster and the House of York—and the Yorkists had finally won. Edward IV was their first king. No one wanted to return to the uncertainty posed by having a 12-year-old on the throne.

Yet the Yorkist regime was riven between the old aristocracy, led by Richard, and the upstart Woodville family of Edward IV's beautiful widow, Queen Elizabeth. There was clearly a compromise to be had by giving Richard the position of Lord Protector for the period of Edward V's minority, ruling the country through the Privy Council until Edward was old enough to rule for himself. Yet the distrust between the factions was made toxic by class snobbery and hatred, since the Woodvilles were a mere gentry family. Each side suspected the other of attempting a takeover.

Richard worried that if he did faithfully undertake the role of Protector, he would be punished for the persecution of Queen Elizabeth's Woodville relatives once Edward V attained his majority. Mr. Skidmore does an excellent job of showing how Richard's options progressively closed down the further he got into the machinations necessary to keep himself in power, until the murder of the princes was his only route to (possible) safety. The coup itself was flawlessly executed, with soldiers brought down from York, Edward V's coronation suddenly "postponed," potential Woodville supporters eliminated, the young king moved to the Tower "for his own safety" and the nobility squared with threats and promises.

It was only after regime change that the moment of evil hubris came, if you take Shakespeare's line: Richard saw that he needed to undertake one more outrage to secure his throne, since no one seemed to accept the argument that the princes were illegitimate. This led him to commit a crime too far. Although Edward IV had the Lancastrian King Henry VI secretly murdered in the Tower in 1471, to close off the enemy dynasty, Richard couldn't get away with the same thing with his own kith and kin 12 years later.

For the princes were "innocents," and despite much cynicism regarding what one could do to adults, the medieval conscience was deeply affected by the concept of harming children. Innocents' Day, Dec. 28, when Herod was supposed to have carried out his massacre, was a sacred moment in the calendar. When it became clear that Richard had indeed killed the princes, the usurper was in danger of being usurped, not least when their mother, Queen Elizabeth, entered into a secret alliance with the Tudor family to exact a fantastically bloody revenge at Bosworth. You need a strong constitution to read Mr. Skidmore's account of what happened to Richard's body both before and after his death there.

Thus this highly readable chronicle comprises vaulting ambition, familial betrayal, moral corruption, high politics, foul murder and a beautiful queen lusting for revenge. Shakespeare can hardly be blamed for a little exaggeration.

Mr. Roberts's "Churchill: Walking With Destiny" will be published in November.

REVIEW & OUTLOOK

The Iran-Israel Shadow War

The 2015 nuclear deal has financed Iran's Syria military buildup.

The shadow war between Israel and Iran in Syria is heating up, and on Monday Israeli Prime Minister Benjamin Netanyahu raised the stakes by revealing that Tehran is secretly maintaining its nuclear-weapons program.

In a presentation on national TV, Mr. Netanyahu revealed that Israel's spooks had obtained "half a ton" of documents and CDs from a secret facility in the Shorabad District in southern Tehran. The Israeli leader claims the files "conclusively prove" that Iran lied about its nuclear-weapons program before signing Barack Obama's 2015 nuclear pact, and that it has since worked to preserve its nuclear-weapons related capabilities.

Mr. Netanyahu offered photographs, videos, charts and blueprints from the intelligence haul relating to Tehran's Project Amad, which the Israeli leader called "a comprehensive program to design, build and test nuclear weapons." The Iranians have always denied the existence of such a program, and the United Nations downplayed Tehran's nuclear ambitions in 2015.

It's no coincidence that Iranian Foreign Minister Javad Zarif mentioned that 2015 U.N. assessment in a tweet Monday as evidence that Tehran should be trusted. Perhaps the U.N.'s International Atomic Energy Agency inspectors would like to revisit those findings in light of this new evidence?

Mr. Netanyahu also claimed that the underground Fordow uranium enrichment facility was designed "from the get-go for nuclear weapons as part of Project Amad," and misled the U.N. about its activities. The Iranians preserved Project Amad's documentation and have kept its research team, headed by Mohsen Fakhrizadeh, largely in place in a new organization housed within the Defense Ministry.

The Israelis have shared this information with the U.S., and Trump Administration officials said Monday it seems authentic. Mr. Trump has said he'll decide by May 12 whether to withdraw from Mr. Obama's Iran nuclear deal, and the Israeli intelligence findings are surely relevant. If Tehran is waiting until the deal sunsets starting in 2025 to rev up its reactors, then the evidence tilts toward withdrawal unless the deal can be reworked to make it permanent.

Meantime, Israel is taking action against Iran's increasing military buildup in Syria near the Golan Heights. On Sunday Syria's state news agency reported missile strikes hit military bases in Aleppo and Hama, destroying an arms depot and killing more than 20 fighters. Some of the dead were reported to be Iranians, though Iran denied it. Israel has a policy of not commenting on such strikes, but the force and accuracy of the strike could only have come from a state power like Israel. As long as both sides pretend not to be doing what they're doing, they have an easier time avoiding escalation.

The intrigue was magnified by Mike Pompeo's swing through Israel and other U.S. Middle East allies on his first trip as Secretary of State. One of his goals is to build a new alliance against Iranian aggression in the region. On Sunday he said that Iran is "the greatest sponsor of terrorism in the world, and we are determined to make sure it never possesses a nuclear weapon," adding that "the Iran deal in its current form does not provide that assurance."

The issues are linked because Iran has used the windfall from the nuclear deal to fund its regional aggression. The sooner the world pushes back against Iranian imperialism, the better the chance of avoiding a much larger war.

Gone With the Windrush in Britain

The Brits rebel against the results of their immigration policies.

Amber Rudd lost her job as U.K. Home Secretary this weekend amid a widening immigration scandal. Yet there's every chance Britain's political class—and voters—will let this crisis go to waste.

Ms. Rudd's resignation is the latest fallout from the Windrush scandal. For two decades starting in the late 1940s, the U.K. accepted migrants from across the Empire (later, the Commonwealth) to rebuild after World War II. Known as the "Windrush generation" because one of the first ships to bring them was the HMT Empire Windrush, hundreds of thousands and their children worked hard, paid taxes, and assimilated into U.K. society.

A 1971 law granted these migrants permanent U.K. residence and a path to citizenship. But an unknown number either never obtained formal proof of their immigration status because they didn't realize they needed it, or have lost the relevant paperwork. Now they're running afoul of a 2012 law that requires employers, landlords and even hospitals to verify the immigration status of prospective tenants, employees or patients. Some face deportation.

That law was a product of Prime Minister Theresa May's promise, when she was Home Secretary, to create a "hostile environment" for illegal immigrants. David Cameron had pledged in 2010 to reduce annual net migration to below 100,000. Since Britain couldn't limit arrivals from EU countries, Prime Minister Cameron and Mrs. May had to limit other skilled immigrants. They also concluded that ramping up deportations might help meet their targets.

Ms. Rudd resigned after misleading Parliament last week about whether the Home Office targeted a specific number of deportations each year. The Home Office did, going back to Mrs. May's tenure, and Ms. Rudd said it didn't. Ms. Rudd is taking the fall for policies first implemented on Mrs. May's watch.

Voters shocked by the Home Office's mistreatment of the Windrush generation might ask what they thought would happen when they elected politicians committed to blunt numerical targets. A Sky Data poll last week found that 53% of voters support deportation quotas, but 54% believe the suffering of Windrush migrants is "not a price worth paying" to discourage illegal immigration. The teachable moment here is that Draconian immigration restrictions are, well, Draconian—a lesson that also applies to America's debate over the Dreamers brought to the U.S. illegally as children.

The temptation will be to view Windrush as a scandal of bureaucratic incompetence, and there's plenty of that on display. But the bigger scandal is that pandering politicians and indecisive voters have goaded each other into immigration policies that shock the public when they come to light.

When T-Mobile Met Sprint

The telecom merger should increase competition in 5G.

On-again-off-again wireless couple Sprint and T-Mobile have agreed to a $26 billion merger, which by all indications would benefit customers and promote competition. Regulators broke up the union four years ago, but the Trump Administration should give its blessing.

The T-Mobile-Sprint deal would unite the U.S.'s third and fourth largest wireless carriers. With 100 million customers, the combined company would be able to go toe-to-toe with Verizon Wireless (116 million) and AT&T (93 million). Their combined LTE networks would cover 96% of the U.S. population, which is slightly less than Verizon and AT&T.

We're always skeptical about claims of savings from "synergies"—$6 billion in this case—but there's no doubt T-Mobile and Sprint possess complementary spectrum. While Sprint has loads of high-band spectrum that can carry more data at faster speeds, T-Mobile has been amassing low-band spectrum that covers large geographic areas and penetrates buildings.

Unable to compete with Verizon Wireless and AT&T on coverage, Sprint and T-Mobile have tried to expand their market share by slashing prices and offering unlimited data plans. But lo, Verizon and AT&T have followed. In 2016 wireless prices fell by 13%.

Declining prices are great for consumers, but it's unlikely Sprint and T-Mobile over time will be able to maintain customer subsidies and build out their networks. The two companies have racked up $60 billion in debt and will struggle to survive on their own in the looming 5G era, which will require huge capital investments.

Sprint and T-Mobile have allocated half as much on capital spending this year as Verizon and AT&T. Spectrum is expensive—T-Mobile spent $8 billion acquiring more of the low-band type at the government's last auction—and will become even more valuable in the Internet of Things.

A T-Mobile-Sprint tie-up fell apart last fall because of disagreements between management over control, but the two sides have reached an amicable division of labor. The greater danger now is that government regulators will interfere in the union.

The Obama Justice Department blocked a merger between AT&T and T-Mobile in 2011, concluding that the broadband market needed at least four national players to be competitive. In 2014 the Obama Administration put the kibosh on a tie-up between T-Mobile and Sprint. And last year the Trump Justice Department sued to block AT&T's acquisition of Time Warner—the first vertical merger it has challenged in 40 years. A federal judge is expected to rule on the case soon.

Government regulators may try to take credit for increased wireless competition, but prices might not have fallen had Congress not impelled the Federal Communications Commission to auction off more spectrum in 2015 and 2017. Yet data download speeds on unlimited plans are often slow, and data may be restricted while roaming.

Consolidation in an industry with high fixed costs is probably inevitable but shouldn't worry regulators since the market is dynamic. Comcast has rolled out a wireless service with Verizon Wireless. AT&T intends to provide wireless service to homes. Dish Network has been hoarding spectrum that could be used for a proprietary network or in a partnership. A T-Mobile-Sprint condominium would make the market more competitive.

LETTERS TO THE EDITOR

It Says 'Science,' Does That Mean It's Right?

In "How Bad Is the Government's Science?" (op-ed, April 17), Peter Wood and David Randall bring attention to the reproducibility of published scientific results. Reproducibility is one of the cornerstones of science, but the authors don't examine the factors underlying reproducibility with enough nuance to avoid drawing inaccurate conclusions. This leads to the unsupported statement that many studies underlying government rules aren't reproducible and to misguided proposals for strict reproducibility standards that may exclude valuable evidence.

Many of the most sensational claims regarding reproducibility issues are related to statistical analyses in population-based studies in fields including psychology and epidemiology. Steps have been taken to provide recommended practices for addressing these issues. At the journal Science, editors use specialized statistical reviewers to identify potential concerns and raise standards for data analysis during peer review of research.

It's important to understand that a failure to reproduce scientific results doesn't necessarily mean the original work was incorrect. Nor should one extrapolate from reproducibility problems in one study or a single discipline to mean that the whole of science is in crisis. Work is under way to determine effective approaches for assessing and improving reproducibility.

Important decisions including those related to public policy are based on large bodies of data and rarely on single publications. Appropriately trained scientists are well equipped to integrate multiple sources of information from the peer-reviewed literature. While the scientific community continues to work on understanding and addressing reproducibility concerns, it is unwise to introduce dramatic changes to standards for evidence. It is important to get the diagnosis right before selecting the appropriate treatment.

Jeremy Berg
American Association for the Advancement of Science
Washington

This bizarre, unfounded extrapolation from Messrs. Wood and Randall's thoughtful message about irreproducibility flies in the face of science-based public policies that protect our environment, our health and so much more. The authors' call for remedies to their "irreproducibility crisis" is a valuable service, but their unsubstantiated negativity toward government policies founded in science is a distinct and dangerous disservice.

Em. Prof. William Barker, M.D.
University of Rochester
Rochester, N.Y.

Nobody should be surprised that the majority of research, in particular studies conducted in the more "soft sciences," isn't replicable. Look at what motivates scientific research in both the private (e.g., drug companies) and public (e.g., academia) sectors. Industry is driven by commercialism and profit while academics are often motivated through a "publish or perish" mentality that can correlate with increases in salary or merit pay.

Lois Baron, Ph.D.
Montreal

A plausible explanation for the large number of such studies is that results are commonly reported as "valid at the 95% confidence level." Thus 5% of "statistically valid findings" can be expected to be invalid. Given the huge number of reported studies, there are a lot of invalid, irreproducible findings in circulation, leading to poor policy decisions.

Em. Prof. E.S. Savas
Baruch College, CUNY
Tenafly, N.J.

Lighthizer Should Take a Longer-Term View

U.S. Trade Representative Robert Lighthizer's all-or-nothing approach to overseas investment is very shortsighted ("Nafta Proposal Jolts Energy Sector," U.S. News, April 25). A U.S. firm might choose to invest in another country for multiple reasons. In the energy sector, location of natural resources plays a key role in that decision. For other sectors, it could be the trade-off between the costs associated with exporting a product overseas compared to the benefit of being closer to your customer base through foreign direct investment. Furthermore, overseas investment typically is associated with complementary job increases at home. According to one study, a 10% increase in employment at a Mexican affiliate of a U.S. multinational leads to a 1.3% increase in U.S. parent-company employment.

Investor-state dispute settlement plays a key role, not only in protecting the interests of American companies against unfair treatment by host countries, but also in strengthening the U.S. hand in shaping the global agenda through economic integration. Dispute-settlement rules also create certainty for the average American citizen who holds stock in these companies. Given these reason, it's hard to see how weakening the rule of law fits with the president's "Make America Great Again" agenda.

Pinar Cebi Wilber, Ph.D.
Chief Economist
American Council for Capital Formation
Washington

The Many Advantages of U.S. 'Baby Bonds'

Regarding the April 24 letters in response to my proposal for stock-and-bond index birthright accounts for newborns of average working families ("America Needs Federal 'Baby Bonds,'" op-ed, April 16): Opposition appears to stem from two extremes. On the far right, there is unfounded suspicion that participants will somehow abuse the program. But that is hardly a certainty. Critics also wrongly assume that every American would receive such an account, creating an enormous fiscal shock to the economy. It is only newborn children who would participate.

Other conservatives misunderstand the proposal, which isn't some "giveaway to the poor." Birthright accounts could be the trade-off for a poverty reform plan that puts able-bodied folks on welfare back to work. So far, welfare reform is being stymied in Congress.

On the far left, the thought of introducing average folks to the miracle of financial compounding is disturbing precisely because it would make the demonization of free-market capitalism a lot more difficult. Face it, capitalism in America's universities is under massive assault. The main charge: The economy increasingly delivers its fruits through equity markets not wages, so the mere wage earner loses out. Birthright accounts would be a small first step in confronting this criticism. More important, the plan has the potential to create an entire new generation of free-market capitalists.

Critics of birthright accounts who offer no alternative plan are being shortsighted. Many of the basic pillars of Western society—democratic elections, freedom of speech, free-market capitalism—are under assault. It doesn't take a rocket scientist to conclude that maintaining the status quo is a risky bet.

David M. Smick
Washington

Flight of Connecticut High Earners Hurts Income Rate

You point out in "The Regressive State of America" (Review & Outlook, April 26) that personal-income growth in Connecticut has been among the lowest of the 50 states since 2012. I agree increased state income and sales taxes have been a contributing factor.

Due to technology our most affluent citizens may now live wherever they wish, yet still manage their wealth or business from a location distant to Wall Street. They have moved to states with no or lower income taxes. Some still have a home in Connecticut but moved their tax domicile to out of state.

The exodus of high earners out of Connecticut is what has caused low growth in personal income in recent years.

Christine Radu
Wilton, Conn.

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Pepper ... And Salt

THE WALL STREET JOURNAL

"I tried working at home but couldn't sustain the terror that keeps me going here."

OPINION

How Sports Ate Academic Freedom

By Jay M. Smith

DAVID GOTHARD

Citing “levels of corruption” grave enough to threaten the survival of the sport, Condoleezza Rice and her NCAA-appointed Commission on College Basketball have proposed reforms that aim to “put the ‘college’ back in college basketball.” They hope to do this by cracking down on corruption, reducing the flow of illicit money into players’ hands and fortifying the National College Athletic Association’s punitive powers.

But like previous reform attempts, the commission’s approach is intended to shore up the current model of college athletics rather than solve the fundamental problem. Corruption in college sports is merely one consequence of their outsize role, which has grown to the point of undermining universities’ core commitments to truth, discovery and free inquiry.

The experience of one basketball-crazed school, the University of North Carolina, shows how prioritizing sports can negatively affect athletes’ academic lives—along with the administrative culture that helps to shape those lives. Between 1993 and 2011, athletes made up about half the students enrolled in hundreds of nonexistent classes, earning high grades for minimal work submitted to a departmental secretary. A 2014 landmark report detailed the scheme. Yet the university has resisted owning up to its failure.

Big-money athletics undermine universities’ core commitments: truth, discovery and free inquiry.

While under investigation by the NCAA in 2017, UNC leaders simply denied that the university had engaged in conduct that met the NCAA’s definition of fraud, twisting the organization’s bylaws. The chancellor had apologized in 2015 for the university’s fraudulent behavior while seeking to retain UNC’s academic accreditation, but she explained to the NCAA two years later that the written confession had been a “typo.” By denying reality and daring the NCAA to call its bluff, the university escaped punishment for offering sham classes.

As these events unfolded, I coauthored a book that chronicled UNC’s handling of its scandal and placed the story in the context of the relationship between academics and athletics. Later, I developed a history course on big-time college sports. In that course, students learned about the conflicts of interest that had defined intercollegiate athletics from their beginning in the 19th century. They read about how the prime beneficiaries of college sports—coaches, university presidents, alumni and governing boards, the NCAA—had created a system that kept money rolling in but kept athletes always disadvantaged. They learned about the long-term origins of the systematic educational fraud that the UNC case exemplified.

UNC administrators, and the boosters to whom they answer, were not pleased about the new course. (When the athletic director heard about it, he insisted that he teach it in my place.) The course had flown under the radar of academic administrators in 2016, but when they discovered that I planned to teach it again in 2017, they intervened to suppress it.

The dean of the College of Arts and Sciences, a longtime friend to athletics, pressured the chairman of the history department to yank my course from the schedule. He made ominous noises about the history department being “over-resourced.” He asked the chairman to consider whether it was “strategic” for the course to be offered. He ended by saying, “This is not a threat”—but it would be a bad idea for the department to schedule the course in 2017. The department chairman told me to find something else to teach.

After a nine-month battle, administrators relented and allowed the course to be taught this spring. That news came days after I had submitted a formal grievance to the faculty committee charged with enforcing the rules of faculty governance. The faculty committee decided unambiguously in my favor, scolding the dean for interfering in the scheduling of a course that happened to cover controversial issues. They called on administrators to reaffirm their support for academic freedom.

The findings of the faculty committee had no effect. Exercising their prerogative to override any faculty decision, the administrators simply rejected the recommendations. In the face of a report that highlighted administrative bullying (“this is not a threat, but”), the chancellor wrote, “I do not believe that the Dean . . . violated existing tenets for providing proper administration” of curricular programs. Since the grievance process is advisory only—a sign of the powerlessness of faculty in the modern university—administrators were free to assert that intimidation is a legitimate academic practice. Controversial courses will remain vulnerable to suppression.

It would be hard to imagine a more demoralizing example of the tail wagging the dog. UNC is a “public ivy.” Its faculty win Nobel, Pulitzer and Guggenheim awards. Since 1987, UNC ranks first among public universities in competitions for Rhodes scholarships. Chapel Hill is not the typical football factory. Yet UNC’s leaders were willing to carry water for the athletic department—even in the wake of an enormous athletic scandal. They were also willing to limit what their students could learn, threaten the academic freedom of a tenured professor, use intimidation tactics against a distinguished department, and risk the reputation of the university.

At UNC, the power of big-money sports led administrators to defend the legitimacy of fake classes that had no professor. It then led them to wage an all-out war against a real class that asked common-sense questions about sports in institutions of higher learning. Michigan, Minnesota, Washington and Syracuse, to name several recent examples, have run their own bold experiments in curricular flimflam. Nor is a tradition of success in sports a precondition for athletics-inspired corruption (Binghamton, we’re looking at you).

Before we “put the ‘college’ back in college basketball,” we need to get academic values back into college. Parents with college-bound children should ask: “Have we prepared our kids for university, and taken on huge financial burdens, so that people who worship at the altar of athletics can set their educational agenda?” If the answer is no, the time to speak up is now.

Mr. Smith is a professor of history at UNC-Chapel Hill and a co-author of “Cheated: The UNC Scandal, the Education of Athletes, and the Future of Big-Time College Sports.”

Red States Are Tickled Pink Over The Economy

By Jason DeSena Trennert

‘If it bleeds, it leads”—the old journalistic saying is true among the financial media. The most recent source of media-inspired economic anxiety is the idea that earnings growth is too good and American companies are reaching “peak” earnings. The assumption is that the tax cut’s impact on the economy and markets will be ephemeral, a small dose of adrenaline before a return to the “new normal” of subpar growth.

True, the tax cut created some one-time earnings benefits. But it is unreasonable to expect the stimulative effects of a major tax reform to realize themselves fully within a few months.

It has been intriguing to my colleagues and me, at a firm that provides research to institutional investors around the world, that a disproportionate share of pessimism about the tax cut is coming from blue states. Meanwhile, some investors in red states are positively giddy about the country’s economic potential.

But blue-state investors have the blues, because tax reform helps Main Street more than Wall Street.

Some of this no doubt reflects feelings toward President Trump. But there are three additional reasons for such divergent attitudes among professional investors whose job is to get it right regardless of politics:

• *Blue-state investors benefit less.* Many highly compensated financial professionals, and their clients, live in high-tax states like New York, Massachusetts and California. Because of the new limit on deductibility of state and local taxes, their overall tax cut is smaller.

• *Geographic bias.* “Wall Street is the only place that people ride to in a Rolls Royce to get advice from those who take the subway,” Warren Buffett famously observed. At least part of Mr. Buffett’s success as an investor is because he still lives in Omaha, Neb., far from the madding crowd and its groupthink. If you personally don’t know someone who makes his living in the industrial economy, it is harder to appreciate fully the inducements for capital expenditures embedded in the newly passed tax plan.

• *The investment industry’s own headwinds.* Although the major stock indexes have registered gains for the past nine years, these have been tough times for the money-management business and the firms like ours that service them. A surfeit of easy money has contributed to higher correlations among stocks and lower dispersion of stock returns, making active managers vulnerable to low-priced passive-investment vehicles like exchange-traded funds. The profitability of an industry that has seen nearly 35 years of uninterrupted growth has come under pressure. Our own difficulties can sometimes make it difficult to appreciate the good fortune of others.

The most contrarian investment view today is that the tax cut has the potential to extend the business cycle. After nine years, it is natural to believe that the economy is late in its current expansion. Still, this was a very unusual business cycle. Until recently, a combination of perpetually low interest rates and an uncertain regulatory environment prompted many companies to seek opportunities to boost earnings through financial engineering—issuing bonds and buying back stock—rather than genuine long-term capital investment.

The ability of corporations to fully deduct capital expenditures for the next five years, along with a move to a territorial tax system that frees up trillions of dollars in unrepatriated corporate profits, provides enormous incentives for companies to invest in their own businesses. That, in turn, could boost productivity (conspicuously absent in the expansion), support profit margins, and keep unit labor costs low enough so that the Fed has little need to choke off an expansion at a time when wages are finally starting to rise.

One casualty of the financial crisis and its aftermath appears to be the ability for many of us to enjoy good fortune. Investors, and the media who cover the financial markets, should consider the possibility that the best for the economy may be yet to come.

Mr. Trennert is chairman and CEO of Strategas.

Israel and Its Neighbors Need an Iran Deal Overhaul

By Danny Danon

President Trump will soon announce his intentions regarding continued U.S. participation in the Iran nuclear deal, known as the Joint Comprehensive Plan of Action or JCPOA. The possible outcomes, including U.S. withdrawal, provide multiple opportunities to right the wrongs of the agreement and shore up regional stability. After the intelligence revealed Monday by Prime Minister Benjamin Netanyahu, one thing is clearer than ever: The Iranian regime has lied repeatedly about its nuclear program and cannot be trusted. No matter what happens on May 12, May 13 must not see a return to the status quo ante July 2015.

The ideal outcome would be a complete overhaul of the JCPOA. This solution would entail all the partners—the permanent members of the United Nations Security Council and Germany—closing the gaping loopholes that caused Israel to object to the pact from its outset.

First, international inspectors must be granted full and uninhibited access to all suspicious nuclear sites in Iran. This includes military installations that were inexplicably left out of the agreement. Second, monitoring and increased oversight are needed over the financial windfall awarded to Iran. If Iran continues to provide extremist groups with money and arms, the international community must take steps to end the regime’s role as the world’s largest state sponsor of terrorism.

Third, Iran must end the development and testing of its advanced ballistic missile program. These rockets are created with one purpose in mind—to deliver a nuclear weapon.

Give inspectors full access to nuclear sites, and stop money and arms flowing to Hezbollah and Hamas.

Finally, the so-called sunset clause must be removed so the international community has time to act if Iran makes the final leap toward becoming a nuclear superpower.

These are only a few examples of the flaws that must be rectified. While we can hope for this outcome, as realists we recognize that this scenario seems unlikely. In the event that the U.S. decides to reinstate the sanctions it lifted in 2015 and 2016, the result does not need to be Iran’s redoubling its efforts to obtain a nuclear weapon. Tools exist that can help the free world mitigate the threats.

Despite our criticism of the outcome, there is much to be learned from the process that prompted Iran’s leaders to come to the table and negotiate. The most significant motivator was the crippling financial pain caused by international sanctions on Iran. The peak of this sanctions regime came with Security Council Resolution 1929 in 2010 and additional restrictions put in place by the U.S. and European Union that led to Iran’s oil exports dropping by half from 2011 to 2013. These demoralizing constraints made clear to the dictators in Tehran that there was a real price for their bad behavior.

The tragedy of 2015 was that this winning formula was abandoned too soon. To reach the consensus for the JCPOA, the U.S. and its allies made damaging and dangerous concessions. Cash flowed into Iran unchecked, eventually funding the terrorists of Hezbollah, Hamas and the Houthis and supporting the quest for an extremist Shiite crescent from the Persian Gulf to Syria’s Mediterranean coast.

American negotiators are trying to rectify these flaws. Yet without the capitulating tactics of the past, we must prepare for the scenario in which they do not succeed in convincing all JCPOA signatories to force Iran to change the terms of the deal.

Even if consensus is not reached, these principles—the understanding that bad behavior will not be tolerated by the world’s moral majority—can still serve as a powerful tool. This means that in lieu of the breadth of consensus-supported pacts of the past, a series of ad hoc bilateral and multilateral agreements can keep Iran in check. If targeted correctly, linkage can be formed between the threat of additional punitive measures and the expectation to close the gaps in the JCPOA.

If companies and financial institutions have to choose between doing business with Iran or the U.S. and its close allies, it will not be a difficult decision. Additionally, now that the Iranian people have gotten a taste of prosperity, it is likely that they would rather adhere to new restrictions on their leaders’ aggressive behavior than give up their newfound wealth.

The next few months promise to be tenuous. That’s why our region needs the steady hand and moral authority of the U.S. more than ever. President Trump has stated his intent to change the game and implement real accountability when it comes to Iran. We think that he can be successful in making the Middle East a safer place, and in doing so send the message that destabilizing behavior and dangerous regimes will no longer be tolerated.

Mr. Danon is Israel’s ambassador to the United Nations.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Notable & Quotable: Facebook

From “Are Democrats finally ready to unfriend Facebook and Silicon Valley?” by Thomas Frank, TheGuardian.com, April 29:

Do you remember? The 2008 campaign, which elevated Obama to the White House, was described by the enlightened as “the Facebook election.” We had seen a community organizer, ably assisted by a Facebook co-founder, win the presidency by organizing communities—by organizing them online! The combination of idealistic togetherness and awesome futurific-ness was thought to be too much for those plodding, selfish Republicans.

Obama’s state department, led by Hillary Clinton, became the country’s main institutional proponent of the thesis that, wherever the internet went, there also went markets, and entrepreneurship, and liberation. Clinton called the state department’s new mission “internet freedom” (she introduced the idea in a speech given, ironically, at a museum of journalism); she intended to take what she called a “venture capital approach” to the problem of overcoming state censorship and battling the tyrants of the world. . . .

But then the narrative went all wrong. Instead of overthrowing unsavory regimes in the Middle East, the internet overthrew its high-minded comrades in the Democratic party. It turned out that even an obtuse cad like Donald Trump could tweet.

Trump Considers Sites for Korea Summit

Singapore and DMZ come up; Moon says Trump deserves the Nobel Peace Prize

BY MICHAEL C. BENDER AND JONATHAN CHENG

KOREA SUMMIT PRESS POOL/ASSOCIATED PRESS

South Korean President Moon Jae-in and North Korean leader Kim Jong Un spoke at the border village of Panmunjom in April.

President Donald Trump said he was considering Singapore and the demilitarized zone on the Korean Peninsula as the venue for his summit with Kim Jong Un, signaling a debate inside the White House over whether to hold the high-profile meeting in a neutral location or on the doorstep of the North Korean leader.

Mr. Trump also raised expectations for the summit by saying he would define success only as persuading North Korea to abandon its nuclear-weapons program.

"I think the summit will happen; personally I think it will be a success," Mr. Trump said at a joint news conference Monday with Nigerian President Muhammadu Buhari in Washington. "You got to get rid of the nuclear weapons. If it's not a success, I will respectfully leave. It's very simple."

Mr. Trump has said he expects the summit to take place by mid-June.

Where the summit is held will further indicate how the U.S. and North Korea are approaching the meeting. Singapore—the preferred destination for some in the administration—would avoid the impression the U.S. president is ceding to the North Korean leader by traveling to his backyard.

Meanwhile in Seoul, South Korean President Moon Jae-in said Mr. Trump deserves the Nobel Peace Prize for helping bring North Korea to the negotiating table.

Mr. Moon's remarks came three days after he met with Mr. Kim at the inter-Korean demilitarized zone and agreed to push for a permanent peace treaty to formally end the Korean War.

"President Trump should win the Nobel Peace Prize," Mr. Moon said on Monday during a cabinet meeting, a spokesman for the presidential office in Seoul said. "The only thing we need is peace."

For the U.S., peace has meant that North Korea abandons its nuclear weapons. North Korea has said it would shut its nuclear test site by May, though U.S. officials have expressed caution about the pledge.

The peace prize has already been awarded once for diplomacy with North Korea—in 2000, to South Korea's then-president, Kim Dae-jung, who met with Kim Jong Un's father, Kim Jong Il, in Pyongyang.

This year, a group of private citizens formed a committee to nominate Mr. Moon for the Nobel Peace Prize, but disbanded a day later under pressure from the presidential office. "Such movements are not desirable," the Blue House said at the time, calling it "embarrassing."

Mr. Moon's comments represented the latest attempt by the South Korean government to credit Mr. Trump with kick-starting the sudden burst of diplomacy that began at the beginning of the year and continued through the Winter Olympics in South Korea.

The peace drive follows a year in which Mr. Trump traded insults and threats with Mr. Kim and directed a campaign of "maximum pressure" that increased sanctions against the North.

Beijing Seeks a Bigger Role in Korean Negotiations

BY JEREMY PAGE AND EVA DOU

BEIJING—China is sending its foreign minister to North Korea as Beijing seeks to avoid being sidelined by its neighbor's top-level negotiations with Seoul and Washington.

Chinese Foreign Minister Wang Yi is scheduled to visit North Korea on Wednesday and Thursday at the invitation of his North Korean counterpart, Ri Yong Ho, the Chinese Foreign Ministry said Monday.

Though no agenda was released, Mr. Wang's visit comes on the heels of Friday's summit between the leaders of North and South Korea, where the two sides agreed to seek a peace treaty to end the Korean War. On Sunday, the South Korean presidential office said the North's Kim Jong Un had committed to closing the country's nuclear test site in May.

With planning under way for a summit between Mr. Kim and President Donald Trump in coming weeks, analysts said Beijing is anxious to gain insight into those negotiations and secure a Chinese role in any multilateral talks that might follow.

"One very important thing for China is to know what happens, as it happens, before it happens. China needs to feel it knows what is going on," said James Reilly, an associate professor of international relations at the University of Sydney. He pointed to China's and North Korea's strained relations of recent years, saying "trust has been damaged and this is the process of rebuilding it and opening communication."

ALEXANDER SHCHERBAK/TASS/ZUMA PRESS

China's Foreign Minister Wang Yi is set to visit North Korea.

China is North Korea's only ally and biggest trade partner. Relations soured over North Korea's nuclear and missile programs and more recently over Beijing's tighter enforcement of trade sanctions.

Mr. Kim made a fence-mending trip to Beijing in late March—his first ever meeting with President Xi Jinping—to secure China's backing ahead of its recent diplomatic efforts, analysts said, and to pave the way for loosening United Nations sanctions that have squeezed the North Korean economy. Foreign Minister Wang may discuss plans for a follow-up visit by Mr. Xi to Pyongyang, analysts said.

Chinese officials have long urged Pyongyang and Washington to hold direct talks.

Amid the recent weeks of fast-moving diplomacy, however, China has grown concerned that it is being marginalized in negotiations over the Korean Peninsula and a potential agreement among Pyongyang, Seoul and Washington might not reflect Chinese interests, diplomats and analysts said.

Hosting Chinese Foreign Minister Wang and briefing him on Mr. Kim's meeting with South Korean President Moon Jae-in is a way "to show North Korea really respects China and wants to keep close coordination with China going forward," said Zhao Tong, a fellow at the Carnegie-Tsinghua Center for Global Policy in Beijing.

Mr. Zhao said China likely will want to secure a role in the dismantling of North Korea's test site. South Korea's presidential office said on Sunday that Mr. Kim committed to close the site by May and to discuss inviting U.S. and South Korean experts and journalists to verify the closure.

Colombia Denies Probe of Ex-Rebel Commander

BY JUAN FORERO

BOGOTÁ, Colombia—The Colombian government denied reports it is investigating a top former rebel commander for conspiring to traffic in drugs, allegations that have added further uncertainty to fragile peace accords that ended a half-century of conflict.

On Saturday, The Wall Street Journal, quoting people familiar with the matter, reported that U.S. and Colombian authorities are investigating Luciano Marin, a 62-year-old ex-commander of the former rebel group known as FARC, for allegedly conspiring to traffic in cocaine. That report came nearly three weeks after the country was rocked by the arrest here of another former rebel leader, Seuxis Hernández, on drug charges.

The two men, who are close, have denied the allegations of drug trafficking. They accused authorities of seeking to damage the peace process by accusing them of committing crimes after signing the peace pact in 2016. Both commanders disarmed their forces and are now among the leaders of a political party.

President Juan Manuel Santos and other officials, concerned that the former rebels could lose further confidence in the process, insisted that Colombian law-enforcement agencies aren't investigating Mr. Marin, best known as Ivan Marquez.

"The Attorney General's office and the police, the two institutions that can investigate Ivan Marquez, are not investigating him," Mr. Santos said in a telephone interview with The Journal on Sunday night.

Attorney General Nestor Humberto Martinez, in a news conference Monday, also said there was no investigation against Mr. Marin, but he criticized FARC leaders for accusing him of using his office to torpedo the peace process. He has outlined the evidence presented against Mr. Hernández, who is in custody and may be extradited to the U.S., and in recent months has embarked on investigations to uncover hidden assets of the FARC.

"Those who are wiping out the peace are those people who reintegrate into democratic civilian life and continue narco-trafficking," he said.

—Kejal Vyas contributed to this article.

Chinese Factory Activity Slackens

BEIJING—China's factory activity decelerated a tick in April amid weakening demand that economists said is clouding the economic outlook along with trade tensions with the U.S.

The official manufacturing purchasing managers index inched down to 51.4 in April from 51.5 in March, with new orders from domestic and foreign firms growing at a slower pace, the National Bureau of Statistics said Monday. April's reading came in slightly below economists' forecasts.

For the third straight month, more companies said they are coping with more expensive labor, logistics and loans, according to the statistics bureau.

Those rising costs and the trade uncertainties, along with a slowing money supply all suggest the Chinese economy is losing steam, and that is hurting demand, said Tommy Xie, an economist with Oversea-Chinese Banking Corp.

"Chinese companies are having a much harder time this year than last year, as borrowing costs have risen a lot," Mr. Xie said.

At last week's meeting of the Politburo, the Communist Party's top decision-making body pledged to step up its efforts to spur domestic demand to ensure steady economic growth. Beijing aims to keep the growth rate around 6.5% this year.

The State Council, or cabinet, also unveiled a plan to lower taxes for businesses, especially technology firms, startups and small companies, reducing the tax burden on companies and individuals by more than 60 billion yuan this year ($9.5 billion).

—Liyan Qi and Grace Zhu

WORLD WATCH

AUSTRALIA

Cardinal's Sex-Abuse Case to Go to Trial

Cardinal George Pell, one of the Vatican's most senior officials, will be tried on multiple charges of "historical sexual offenses," a judge ruled Tuesday.

The offenses are alleged to have occurred decades ago.

The cardinal stepped away from his role as the Vatican's finance chief last year after police in Victoria state charged the 76-year-old cleric with sexual offenses involving a number of complainants.

A lawyer for the cardinal has said he will plead not guilty to all charges.

—Robb M. Stewart

ITALY

Party Talks to Form A Government Fail

A fourth attempt to forge a deal between political parties to create a new government failed, increasing the possibility of fresh elections. The latest effort came undone over the weekend as former Prime Minister Matteo Renzi urged the Democratic Party not to support a coalition with the 5 Star Movement.

A March 4 election produced a Parliament roughly divided into three blocs.

—Giovanni Legorano

PAVEL GOLOVKIN/ASSOCIATED PRESS

AIRBORNE: Demonstrators launched paper airplanes in a street in Moscow on Monday to protest against the government's move to block parts of the internet in Russia.

U.K.

Appointment Comes Amid Public Outcry

Prime Minister Theresa May appointed second-generation Briton to lead the department responsible for immigration and security, as she tried to contain swelling criticism over the government's mistreatment of a group of long-term residents from British colonies, many of whom arrived as children.

The appointment of Sajid Javid, 48 years old, as home secretary on Monday comes at a critical time for the prime minister, who has lost four cabinet ministers in six months and is under increasing scrutiny over tough immigration policies critics say led to the scandal. Amber Rudd, the previous home secretary, resigned late Sunday after allegedly misleading Parliament about the existence of deportation targets.

—Jenny Gross

MEXICO

Economy Grew 1.1% In the First Quarter

Economic activity accelerated in the first quarter, growing at its fastest rate in six quarters as industrial production recovered and services picked up.

Gross domestic product, a measure of output in goods and services, expanded 1.1% seasonally adjusted from the fourth quarter of 2017, the National Statistics Institute said Monday.

The increase, which translates into an annualized rate of 4.6%, was the highest since the third quarter of 2016, and above the 0.8% expansion in the previous quarter. Industrial output was up 0.7%, services grew 1.2% and agricultural production increased 0.8%.

—Anthony Harrup

INDONESIA

Finance Minister Offers Reassurance

The country's financial system is stable despite recent jitters over the possibility of faster interest-rate rises in the U.S., Finance Minister Sri Mulyani Indrawati said.

Speaking at a news conference after a monthly meeting with the heads of the central bank and the financial-services regulator, she said "the stability is supported by Indonesia's strong economic fundamentals, improving performance of financial institutions" and local business strength.

—I Made Sentana

PERSONAL TECHNOLOGY: WHAT FACEBOOK HAS ON YOU, MORE OR LESS B5

BUSINESS & FINANCE

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Sprint, T-Mobile Face Tough Sell

Companies need to convince regulators that their deal won't hurt competition

By Drew FitzGerald And Brent Kendall

It took months of discussions spanning three continents and four public company boards before **T-Mobile US** Inc. and **Sprint** Corp. signed the merger agreement that had eluded them for years.

Now comes the hard part.

The country's No. 3 and No. 4 wireless carriers by subscribers must convince U.S. regulators and antitrust enforcers that their $26 billion union won't hurt industry competition. It is a tough hurdle to clear. The companies aborted their last merger attempt in 2014 after government officials told executives they weren't likely to approve the deal.

The market's initial reaction showed investors' worries about the risk of another thwarted merger, even under a Republican administration. Sprint shares fell 14% to $5.61 Monday, a discount to the price implied by the all-stock deal. Based on T-Mobile's share price, which fell 6.2% on Monday, Sprint holders would get stock worth $6.21 for each Sprint share.

JUSTIN LANE/EPA/SHUTTERSTOCK

CEOs Marcelo Claure of Sprint, left, and T-Mobile's John Legere discussed their agreement at the New York Stock Exchange on Monday.

The deal would leave the U.S. with three national wireless network operators, a scenario that Obama administration regulators opposed. Antitrust experts have debated whether a stronger third player would drive more competition than a market with two giants—AT&T Inc. and **Verizon Communications** Inc.—and two smaller rivals, T-Mobile and Sprint, that have been driving down prices in recent years.

The would-be partners said they don't expect the proposed transaction to close until next year. It is subject to review by both the Federal Communications Commission, the country's main telecom regulator, and antitrust officials at the Justice Department. State officials will also vet the deal.

Sprint and T-Mobile do have some new arguments they lacked a few years ago. For one, they point out that there are more choices for wireless phone service. Cable companies like **Comcast** Corp. and **Altice USA** Inc. now sell their customers cellphone plans that compete for wireless customers, though they still rely on Sprint and Verizon to run their cellular network.

To make their case for the *Please see DEAL page B2*

◆ Heard on the Street: T-Mobile must stay a maverick........ B14

HNA Scuttles Deal for SkyBridge

Chinese conglomerate **HNA Group** Co. dropped its pursuit of **SkyBridge Capital**, the investment firm founded by former White House communications chief Anthony Scaramucci, after resistance from a U.S. national-security panel.

The multiagency panel, called the Committee on Foreign Investment in the U.S., privately told both firms it would only approve the deal subject to concessions that would have essentially left the two companies operating separately, people familiar with the matter said. Both sides decided to move on, the companies said in a news release Monday evening, confirming The Wall Street Journal's earlier report.

By Julie Steinberg, Kate O'Keeffe and Rob Copeland

A spokesman for the Treasury Department, which leads the panel, declined to comment.

Mr. Scaramucci will return full time to SkyBridge as co-managing partner and oversee efforts that could include a joint venture with HNA.

The arrangement being discussed would involve the firms selling products together in Asia, an arrangement that would be less lucrative than the deal that once looked to make Mr. Scaramucci much wealthier.

Talks are continuing but they may yet fall apart, people briefed on them said.

HNA, investment partner **RON Transatlantic** EG and SkyBridge announced the deal in January 2017, with HNA executives hailing the investment as a way to build a global asset-management business.

SkyBridge, which helps clients invest money in hedge funds, had about $10 billion in assets under management or advisement as of February. The deal would have valued SkyBridge at around $200 million, The Wall Street Journal reported at the time it was announced. SkyBridge has continued to shed client assets since then.

The CFIUS panel, which can recommend the president block transactions, has grown wary of Chinese deals. Critics say such investments can pose disproportionate risks to national security because Chinese companies may be directed and subsidized by the government of China, a chief economic and military rival.

—Stella Yifan Xie contributed to this article.

STREETWISE | By James Mackintosh

The Real Peril Is Believing That Volatility Is Risk

Which risk should you be more scared by: U.S. cities being vaporized by North Korean nuclear missiles or the VIX spiking above 20? Judging by recent market reactions, investors are much more worried about volatility than they are by the prospect of nuclear armageddon.

In one way this is a grossly unfair comparison, but it also goes to the heart of one of the most important questions in investment: What is risk?

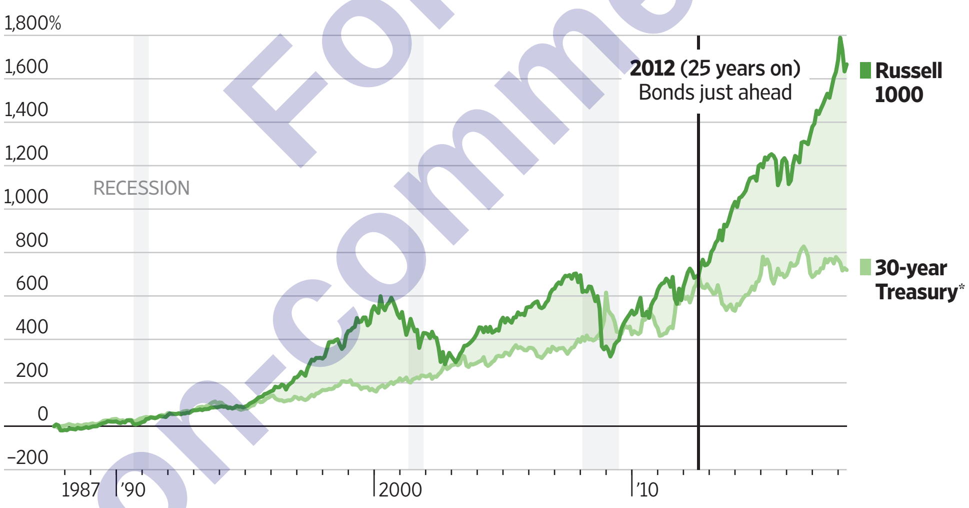
Investors almost entirely ignored what many thought was a rising prospect of nuclear war on the Korean Peninsula last year, and they have also pretty much ignored the welcome prospect in the past week of peace breaking out. Investors realize they have no idea what the cost of war is and aren't even any good at assessing whether it has gone up or down. By contrast, February's "volmageddon" had a direct impact on stock prices. The Cboe Volatility Index and its equivalents in other markets are treated by many investors, academics and policy makers as a proxy for risk generally.

This is a mistake.

Look back over the 20th century and it is obvious that the biggest risk to investors was indeed geopolitics, in the form of communist revolutions and the first and second world wars.

Going Long

30-year Treasurys beat U.S. stocks over 25 years from their 1987 peak, in total return.



*Constant maturity Treasury series
Source: Thomson Reuters Datastream

THE WALL STREET JOURNAL.

Investors who owned Russian stocks in 1917 or Chinese stocks in 1949 lost everything. London Business School market historians Elroy Dimson, Paul Marsh and Mike Staunton calculate that shares in Austria—which lost two wars and an empire—lost money after inflation over 97 years, even when counting dividends. Shareholders in Belgium, Germany, Italy, France and Japan were down in real terms for more than half a century, as were Spanish investors, who endured a destructive civil war and dictatorship.

Yet, can any of this guide your investments? There is good reason to ignore most of the twists and turns of geopolitics: It is just too hard to assess, as Korea shows. Five months ago, North Korea tested a missile capable of hitting U.S. cities and talk was of a U.S. preemptive strike. On Friday, Kim Jong Un became the *Please see STREET page B13*

Stores Slash Staffs And Watch Lines Grow

By Suzanne Kapner

Many of America's biggest retailers, under assault from **Amazon.com** Inc., have been slashing staff even faster than they have been closing stores, a dynamic that has left fewer clerks and longer checkout lines at remaining locations.

Despite operating roughly the same number of stores as it did a decade ago, **Macy's** Inc. has shed 52,000 workers since 2008. At **J.C. Penney** Co., workers have disappeared twice as fast as department stores. That has led to an average of 112 total Penney employees for every store today, down from 145 a decade ago, according to a Wall Street Journal analysis.

Similar per-store staff declines occurred over the past decade at **Kohl's** Corp., **Nordstrom** Inc., **Target** Corp. and **Walmart** Inc., regardless of whether the retailer opened or closed stores, according to the Journal's analysis. The employment figures are for all full- and part-time staff and don't distinguish between store, warehouse and headquarters workers. Industry executives say store employees make up the vast majority of retailers' workforce.

"Retailers are shooting themselves in the foot trying to save pennies by lowering labor costs, and that's costing them dollars on the top line," said Rogelio Oliva, a business school professor at Texas A&M University. He recently analyzed the relationship between sales and labor at a women's clothing retailer and found that many of the stores were understaffed by as much as 15%, leading to potentially lower sales.

Some companies attribute the declining head count to staff cuts at headquarters and a switch to smaller stores that need fewer workers. Others have added technology such as self-checkout lanes or shelf- *Please see CLERKS page B2*

◆ Heard on the Street: Walmart makes best of it in U.K..... B14

INSIDE

Banks Draw Bead on Guns

Banks and credit-card companies are discussing ways to identify purchases of guns in their payment systems, a move that could be a prelude to restricting such transactions, according to people familiar with the talks.

By AnnaMaria Andriotis, Telis Demos and Emily Glazer

JOE RAEDLE/GETTY IMAGES

A new credit-card code for gun dealers is an idea being discussed.

The discussions are preliminary but could be deeply controversial. Gun-rights groups have long resisted any effort to monitor which Americans own guns; there are federal laws limiting the government's use of electronic databases of gun sales.

The financial companies have explored creating a new credit-card code for firearms dealers, similar to how they code restaurants or department stores, according to people familiar with the matter. Another idea would require merchants to share information about specific firearm products consumers are buying, some of the people said.

Such data could allow banks to restrict purchases at certain businesses or monitor them. The talks, which are informal and might not lead to any action, have occurred against the backdrop of the national debate around guns in the wake of the Parkland, Fla., high-school shooting, which left 17 dead.

Financial firms already have come under pressure from both sides in the gun debate. Senate Banking Committee Chairman Mike Crapo (R., Idaho) last week sent letters to **Citigroup** Inc. and **Bank of America** Corp. criticizing moves by the banks to enforce new policies on gun-industry clients or to stop doing business with certain gun makers.

The prior week, the American Federation of Teachers announced it would cut ties with **Wells Fargo** & Co. over what it said was the bank's failure to discuss with the union its relationship with the National Rifle Association and gun manufacturers.

"There's a privacy angle here," said Adam Levitin, professor of law at Georgetown University. "There's the slippery *Please see GUNS page B2*

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

INDEX TO PEOPLE

BUSINESS & FINANCE

Guilty Verdict in Autonomy Case

By Jay Greene

A federal jury found **Autonomy** Corp.'s former financial chief guilty of falsifying financial statements and exaggerating the British software maker's value before its sale to Hewlett-Packard for $11 billion in 2011.

If upheld, the fraud conviction of Sushovan Hussain after a six-week trial in San Francisco would offer some vindication to H-P executives who have long alleged Autonomy's management cooked the books before one of its biggest acquisitions.

H-P initially billed the acquisition as key to transforming itself into a software powerhouse and anchor for its forays into hot fields like data and analytics. Instead, the deal was an embarrassment for H-P, which took an $8.8 billion charge and grappled with shareholder lawsuits. H-P later split into two companies and sold off parts of Autonomy.

The federal jury found Mr. Hussain guilty on 16 separate counts of wire and securities fraud after prosecutors brought charges against him in November 2016 for engaging in a "fraudulent scheme" to deceive Autonomy's investors and H-P about the company's financial health and prospects for growth.

Acting United States Attorney Alex G. Tse said Mr. Hussain's false and misleading statements defrauded HP of more than $11.7 billion.

"The jury verdict affirms that corporate criminals who cook their company's books to the detriment of victims in the United States, and specifically this district, will be held to account in our courts," Mr. Tse said.

Mr. Hussain's lawyer, John Keker, said he was disappointed and intends to appeal. "Defense evidence of Hewlett-Packard's conduct in the year following the acquisition, which would have shown the jury that HP was not in fact misled at all, was excluded from evidence and will be one basis for the appeal," Mr. Keker said.

Prosecutors accused Mr. Hussain of artificially inflating Autonomy's revenue, making false and misleading statements about company finances and issuing false and misleading quarterly and annual reports.

The verdict could aid in a lawsuit filed in the U.K. in 2015 by H-P against Mr. Hussain and Autonomy's former CEO, Mike Lynch, seeking $5.1 billion in damages. Mr. Lynch countersued, seeking more than $150 million in damages and placing the blame for the deal on H-P's mismanagement.

Hewlett-Packard split into two companies in 2015—**Hewlett Packard Enterprise** Co. and **HP** Inc.—and HPE eventually sold off parts of Autonomy. The company said on Monday it was pleased with the verdict.

GUNS

Continued from the prior page

slope danger if it's guns today maybe it is pornography tomorrow and the day after it's right-wing literature."

Gun-control advocates counter that banks keep tabs on all sorts of transactions to manage risk and to prevent illegal activity.

"Knowing where the customers are shopping isn't a slippery slope to anything, it's just one data point," said Nicholas Suplina, director of criminal-justice policy and enforcement at Everytown for Gun Safety, an advocacy group whose advisory board includes Warren Buffett and former New York City Mayor Michael Bloomberg. "I don't think anybody's asking financial institutions to determine whether a transaction is good or bad, but it may very well be a good idea for them to understand risks inherent in firearm sales."

"A bank could say, 'We're not going to do business with gun manufacturers,' " said Jeremy Stein, a former member of the Federal Reserve board of governors who currently is an economics professor at Harvard University. "But when it gets into using the information, you're getting into the same issues Facebook and others had problems with."

A dividing line, he added, would be whether banks are monitoring transactions for criminality.

Divisions exist within the financial-services industry, which previously has resisted pressure to restrict purchases of controversial products such as tobacco. "We don't think it's a good idea for banks to decide what products and services Americans can buy," Wells Fargo CEO Timothy Sloan said at the bank's annual meeting last week. "It should not be up to me, to us, to decide that. It should be up to folks following the laws and folks making decisions."

Citigroup, following the Feb. 14 Parkland shooting, adopted a new code of conduct for gun dealers and manufacturers the bank does business with. The code includes firearms retailers restricting sales for buyers under age 21.

CEO Michael Corbat said at that bank's annual meeting that the policy "is intended to preserve the rights of responsible gun owners like myself, while relying on best sales practices to keep firearms out of the wrong hands."

Card companies currently have little to no insight into purchases of guns.

The policy "does not impact the ability of Citi customers to use their credit and debit cards for the legal purchase of firearms," according to a bank spokesman. He added that the bank "is focused on implementing its firearms policy and not on conversations around identifying gun purchases."

A spokesman for Bank of America said the bank's policy is to stop making new loans to manufacturers of certain kinds of assault rifles sold to civilians. He said the bank isn't involved in discussions about credit cards.

Separately, discussions among some banks and card networks around possible gun-related actions related to cards so far have centered on so-called merchant-category codes. These identify the type of merchant where consumers are shopping. One possibility is the creation of a new code that categorizes gun dealers.

Currently, card companies, including networks and banks that issue credit cards, have little to no insight into gun purchases. Gun sellers fall into broader categories such as sporting-goods retailers.

At least one large U.S. bank has had early conversations with lawmakers about potential legislation to require merchants to share information about gun-related products consumers are buying with their cards, according to people familiar with the matter.

CLERKS

Continued from the prior page

ready packaging that they say makes existing workers more productive. And still others have hired more full-time workers, eliminating the need for two or three part-timers.

Now, some retailers are discovering they may have gone too far and are beginning to replenish staff—just as the booming U.S. economy is creating historic labor shortages and forcing companies to pay higher wages and offer perks such as better training and benefits.

Kroger Co. said last month it will hire 11,000 workers to improve customer service and speed checkouts at its nearly 2,800 grocery stores.

Dick's Sporting Goods Inc. wants to increase store labor by about 10%, said Chief Executive Edward Stack, reversing a decadelong trend. As is typical for retailers over the holidays, Dick's added more cashiers "because if there's one thing that drives me nuts, it's waiting at the register," Mr. Stack said in an interview.

Macy's said it is adding staff this year at 50 stores, in areas where the extra bodies will have the most impact, including in fitting rooms and in its dress, women's shoes and handbag departments.

Retail staffing hasn't kept pace with growth in the broader economy or population gains in the past decade. The number of salespeople at retailers grew by 1.5% over the past decade, even though the population served by each store has increased 12.5%, according to government data. At clothing and accessories stores, the number of cashiers is off more than 50% from 2007.

CONSTANTIN JOFFE/CONDE NAST/GETTY IMAGES

Actor Basil Rathbone, with his daughter Beatrice Straight, at a Saks Fifth Avenue fitting.

"Many retailers are at the tipping point of cutting too much labor," said Craig Rowley, a senior partner in the retail division of Korn Ferry International, an executive-search firm. "If you cut staff every year, pretty soon you're at minimal staffing."

Gilbert McGarvey has worked at the flagship **Saks Fifth Avenue** store in New York City for 24 years, most recently in the shoe department. "It used to be what we sold was service," he said, "Now, they've cut that to the quick."

Saks last year closed the service desk at its flagship store and reduced support staff, which has meant that sales associates now have to process returns and spend more time restocking shelves and fulfilling online orders, tasks that take them away from selling, Mr. McGarvey said.

A spokeswoman for **Hudson's Bay** Co., which owns Saks, said the Manhattan store had trimmed support staff by 2%, but added 15 service advisers near the store's entrances to help guide shoppers.

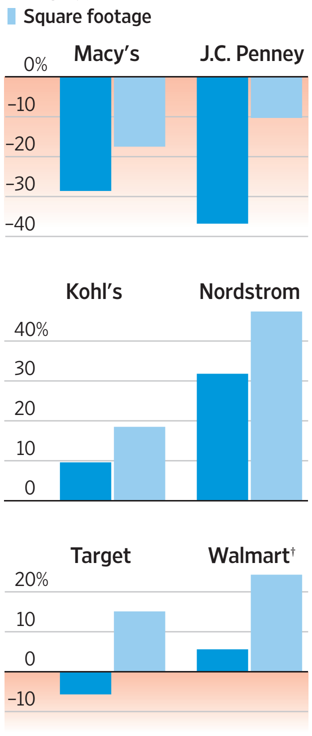
Across the board, workers had been stretched so thin that the Retail, Wholesale and Department Store Union stipulated in its latest contract, signed last year, that its members have the right to drop all other responsibilities to help take care of customers first.

"If brick-and-mortar retailers can't compete on price in an online environment, the only thing that allows them to survive is to provide a positive in-store experience," said Stuart Appelbaum, the union's president.

Jessica Tokarski recently stopped by a Target store in Orchard Park, N.Y., to buy a phone case. But the 23-year-old couldn't find anyone to unlock it from the rack, so she left without making a purchase.

Help Wanted

Percentage change from 2008 to 2018 in...



Note: All years fiscal, ending in Jan./Feb.
*Includes full- and part-time employees
†U.S. stores, excluding Sam's Club
Sources: company SEC filings
THE WALL STREET JOURNAL.

"I've turned to online shopping, because customer service in stores has gotten really bad," Ms. Tokarski said.

A Target spokeswoman said the retailer has added workers to its stores over the past year and is providing them with more training. She said a large part of Target's head-count reduction was the result of the 2015 sale of its pharmacy business to CVS Health Corp., which shifted 15,000 jobs.

In the past 12 months, 86% of U.S. consumers say they have left a store due to long lines, according to a survey by Adyen, a credit-card processor and payment system. That has resulted in $37.7 billion in lost sales for retailers, Adyen estimates.

Retailers typically set staffing as a percent of sales, but a growing body of research suggests it should be based on foot traffic.

"If you've got a lot of foot traffic, but a lull in sales, you need to put more staff in your stores," said Mark Ryski, the chief executive of HeadCount Corp., a data-analytics firm that tracks footfall at stores around the country.

Some companies are listening. After installing cameras last year, **Cycle Gear** Inc., a 130-store chain that sells motorcycle apparel and accessories, noticed sales dipped during the afternoon at its Orlando, Fla., store even though it was packed with shoppers.

"That told us the salespeople were overwhelmed," said Rodger O'Keefe, a vice president. "We added two more salespeople during those hours, and sales have been up since then."

—Theo Francis contributed to this article.

DEAL

Continued from the prior page

combination, the companies also highlighted plans to speed the rollout of fifth-generation, or 5G, networks in the U.S. and pledged to create U.S. jobs, two themes that align with Trump administration goals.

"We think the rise in the government interest in creating an attractive investment climate for 5G deployment improves the odds for the deal's approval," New Street Research analyst Blair Levin wrote in a recent note to clients.

That argument could factor into the FCC's review because the agency is allowed to consider a deal's public-interest merits rather than focusing solely on its competitive effects, according to former FCC commissioner Robert McDowell, a partner at law firm Cooley LLP, which has advised T-Mobile on the merger.

The five-member FCC has three Republicans and is now led by a GOP chairman, Ajit Pai, who has relaxed some regulations on the industry.

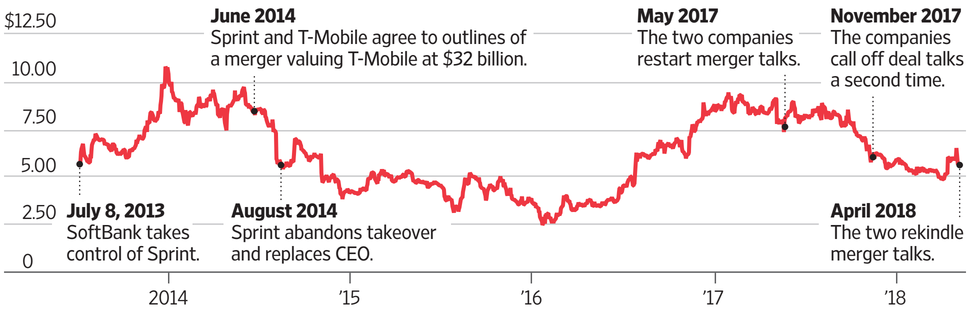
"They realize that the clock is ticking and if they're ever going to get the deal approved, they need it now," Mr. McDowell said.

There are other signs Mr. Pai could hear out the chief executives' arguments when they visit Washington this week. The FCC's annual report last year found the wireless market had "effective competition" for

Ebb and Flow

Sprint Chairman Masayoshi Son has been pursuing a deal with T-Mobile off and on since he entered the U.S. wireless market.

Sprint's daily share price



Source: FactSet
THE WALL STREET JOURNAL.

the first time since 2009, a move that could help clear a path for the companies.

Neither the race with China to deploy 5G nor U.S. jobs would be relevant in a Justice Department antitrust review, in which the government studies whether a deal would lead to higher prices or otherwise harm competition.

AT&T declined to comment, while Verizon said it is focused on building its network "not just a proposal that may or may not happen in the next couple of years."

In that regard, the merger review will provide another major test for the Trump administration and its Justice Department's antitrust chief, Makan Delrahim. Mr. Delrahim has been more aggressive on enforcement than officials in other recent Republican administrations, suing to block AT&T's planned acquisition of **Time Warner** Inc.

"The odds of approval are not great but neither are the costs of trying," Mr. Levin said. "Meanwhile, the benefits are great. So we think it is worth the companies' time and effort to try."

Deal to Forge Biggest U.S. Refiner

Marathon Petroleum Corp.'s $23 billion deal to buy rival **Andeavor** will create the largest American oil refiner, just as an oil-price surge and growing global demand for fuels set the stage for an extended industry rally.

The U.S. refining business,

By Dana Cimilluca, Dana Mattioli and Bradley Olson

once seen as cash-gobbling assets that weighed down lucrative drilling units, has been one of the most profitable sectors in the U.S. economy in the past five years.

Marathon's shares have nearly tripled since the company was spun out of parent **Marathon Oil** Corp. in 2011. Andeavor also has had a meteoric rise in that time, quintupling as it moved to buy refineries from giants such as **BP** PLC and consolidate plants from New Mexico to Minnesota.

"The time is right now because for this industry, the wind is behind our backs," Andeavor Chief Executive Greg Goff said.

The cash-and-stock deal values Andeavor at $152.27 a share, a roughly 24% premium over Andeavor's closing price Friday after the stock surged about 50% in the past year. The Wall Street Journal reported Sunday that such a deal could be announced Monday.

The refining tie-up is the second major oil-and-gas merger in the past 30 days, following a $9.5 billion deal between two major producers, **Concho Resources** Inc. and **RSP Permian** Inc., in the West Texas Permian basin. This transaction gives Findlay, Ohio-based Marathon access to Andeavor's two refining plants near the Permian hot spot, which is set to produce as much as Iran or Iraq within a few years.

The deal also reflects growing confidence in rising oil prices after a prolonged slump

LUKE SHARRETT/BLOOMBERG NEWS

Marathon Petroleum plans to acquire rival Andeavor for $23 billion amid surging global demand for fuels and rising oil prices.

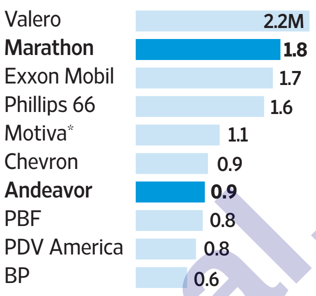
led to billions in losses and tens of thousands of job cuts throughout the industry. U.S. crude prices are up about 50% in the past year. Many analysts see refiners, which use oil to make fuels such as gasoline, in a prime position to capitalize on the U.S. energy boom.

Demand for fuels such as gasoline, diesel and other products is poised to increase faster than global refining capacity in the next several years, according to advisory firm Evercore ISI.

Marathon, which says it is currently the second-largest American independent refiner, has focused on its pipeline and transportation assets in recent years, as well as expanding through convenience stores. Marathon-branded gasoline is sold in 20 states, and its Speedway unit owns the nation's second-largest convenience-store chain. It also owns a master limited partnership with about 11,000 miles of crude oil and light-product pipelines.

Capacity Coup

Marathon's acquisition of Andeavor would make it the largest U.S. refiner by capacity.



*50% Royal Dutch Shell, 50% Saudi Aramco
Note: data as of Jan. 1, 2017
Source: Energy Information Administration
THE WALL STREET JOURNAL.

Andeavor, based in San Antonio and formerly known as Tesoro, has followed a similar model, mostly focused on the Western U.S. The company has 10 refineries in that region with total capacity of more than 1.2 million barrels a day. Part of the rationale of the deal centers on the companies' complementary footprints; with Marathon in the East and Andeavor in the West, regulatory approval could be easier to win.

If the deal closes, Marathon will become the largest U.S. refiner, with 16 plants and about 3 million barrels a day of capacity, a massive pipeline network through two partnerships it would control, and a retail network of thousands of gas stations, according to Tudor Pickering Holt & Co. The company would control about 16% of U.S. refining capacity.

"We do not foresee any regulatory problems given the disparate geographical markets of each company," Tudor Pickering analysts said Monday in a research note.

The deal is expected to produce potential savings of about $1 billion a year and close in the second half of the year, the companies said.

Marathon shares fell 8% to $74.91 on Monday, while Andeavor rose 13% to $138.32.

Marathon Chief Executive Gary Heminger is expected to run the combined company and Andeavor's Mr. Goff would join Marathon as executive vice chairman.

Utilities and energy merger activity has surged this year as oil prices recover. There have been about $164.5 billion of deals in the year to date, more than double the comparable figure last year, according to Dealogic.

Marathon's financial adviser was Barclays and its legal adviser was Jones Day. Andeavor's financial adviser was Goldman Sachs & Co. and its legal adviser was Sullivan & Cromwell.

—Cara Lombardo contributed to this article.

Volkswagen Teams Up With Didi In China

By William Boston

BEIJING—**Volkswagen** AG and ride-hailing giant **Didi Chuxing** said Monday they are closing in on a joint venture to share technology and develop mobility services in China.

The deal, which could be announced early next week, would mark the first step for a potential broader alliance between the world's biggest auto maker by sales and the global leader in ride-hailing, as China races to get ahead in mobility services such as car sharing.

It is also highlights that even as China begins to loosen requirements on joint ventures, foreign manufacturers are wary of going it alone and want a strong local partner to boost their chances of success in the country.

"The joint venture with Didi is not just about ride-hailing. We want to explore mobility projects as well as autonomous driving and robo-taxis," said Weiming Soh, board member in charge of strategy at Volkswagen's China subsidiary.

As a first step in the joint venture, Volkswagen has agreed to provide around 100,000 vehicles, plus electric and autonomous-vehicle technology, and manage the fleet of vehicles. Volkswagen won't be the venture's exclusive provider of vehicles, but Mr. Soh said the company would be Didi's sole equity partner in the venture.

Initially, Volkswagen would hold 40% in the venture and acquire another 10% at a later date to give the two partners equal stakes.

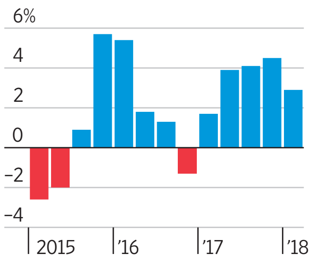
Didi's business with its ride-hailing app would remain outside the venture, but the company is eager to tap Volkswagen's experience in fleet management.

—Yoko Kubota contributed to this article.

Fast-Food Chains Battle Over Breakfast

McDonald's posted slower U.S. sales growth in the first quarter as the fast-food chain faced more breakfast competition.

U.S. same-store sales, change from previous year



Sources: the company; Kalinowski Equity Research LLC
THE WALL STREET JOURNAL.

DHIRAJ SINGH/BLOOMBERG

McDonald's Corp.'s global sales and profit growth in the first quarter was overshadowed by weakness in its U.S. market.

The company said Monday that customer visits in the U.S. fell in the quarter because of increased competition at breakfast. Breakfast had long been a McDonald's strong suit, especially when the chain started selling many breakfast items all day in late 2015.

Chief Executive Steve Easterbrook acknowledged that breakfast had become a "market-share fight overall." Taco Bell sells breakfast items for $1 and Burger King has a two-for-$4 breakfast deal. Some McDonald's franchisees in March began offering their own two-for-$4 breakfast promotion, but it was too late in the quarter to make a difference, Chief Financial Officer Kevin Ozan said.

Same-store sales in the U.S. rose 2.9%, thanks to higher menu prices and customers adding extra items to their orders from the chain's new $1, $2, $3 value menu.

Revenue fell 9.5% to $5.14 billion, as McDonald's sold more restaurants to franchisees. On a constant-currency basis, revenue fell 15%, McDonald's said.

McDonald's reported a profit of $1.38 billion, or $1.72 a share, during the quarter, up 13% from a year earlier.

—Julie Jargon

BUSINESS WATCH

PANASONIC

Bribery Case Triggers $280 Million Payment

A unit of **Panasonic** Corp. admitted to violating an accounting provision of the main U.S. anti-bribery law, triggering payments to authorities totaling more than $280 million.

Panasonic Avionics Corp., a wholly owned subsidiary of Panasonic Corp. of Japan, agreed to pay a $137.4 million criminal penalty to resolve claims it violated the Foreign Corrupt Practices Act. The law bars bribing foreign officials to get, or keep, a business advantage, as well as hiding those payments in a company's books.

The parent company, Panasonic Corp., will pay about $143 million of disgorgement—giving up funds gained via its wrongdoing—to the Securities and Exchange Commission.

Panasonic Avionics entered into a deferred-prosecution agreement with the Justice Department charging it with causing the falsification of the financial records of its parent company. The avionics company agreed to continue to cooperate with Justice Department inquiries, enhance its compliance program and retain an independent compliance monitor for at least two years.

—Henry Cutter

MARRIOTT VACATIONS

A $4.5 Billion Deal For Time-Share Firm

Marriott Vacations Worldwide Corp. plans to buy time-share company **ILG** Inc. for about $4.7 billion, the companies said Monday.

ILG shareholders would receive $14.75 and 0.165 Marriott Vacations share for each ILG share under terms of the deal. Based on Friday's closing prices, that is about a 13% premium over ILG's price.

ILG operates vacation programs under the Hyatt, Sheraton and Westin brands.

—Cara Lombardo

DANA

Stock Declines 5% On Drop in Margin

Shares of automotive-parts maker **Dana** Inc. fell 5% on Monday after the company reported a lower first-quarter operating profit margin.

Dana posted strong earnings at the net and operating level, but said its adjusted earnings before interest, taxes, depreciation and amortization margin fell to 11.6% in the first three months compared with 12.1% in the year-earlier period.

The axle and transmission manufacturer attributed the margin headwind to elevated vehicle-launch costs, primarily from the debut of **Fiat Chrysler Automobile** NV's new Jeep Wrangler.

Dana's stock was down $1.25 to $23.73 in 4 p.m. New York Stock Exchange composite trading Monday.

—Chester Dawson

Amazon's Out of Fashion in Europe

Amazon.com Inc. might look like it is taking over the world. But it hasn't conquered Europe.

Two decades after the internet behemoth's first international foray into the region, it is still working to gain traction selling apparel and footwear.

*By **Jeannette Neumann** in Madrid and **Laura Stevens** in San Francisco*

That weakness in a major, growing market illustrates Amazon's challenge as it expands abroad and tries to replicate its U.S. dominance of e-commerce.

To explain Amazon's struggles in conquering apparel in Europe, retail executives and analysts point to an absence of top fashion brands, a website they say isn't conducive to browsing for clothes and a fragmented market full of plucky competitors.

In the U.S., Amazon accounts for nearly half of online sales, according to Euromonitor International, and is also No. 1 in apparel and footwear, with 35% of that market. In Western Europe, it is the biggest e-commerce site by a wide margin, with 22% of the market, but it has just 8% of apparel and footwear.

To woo more shoppers, Amazon is broadening its selection.

It is also encouraging U.S. merchants to ship abroad and in recent months has launched three of its own clothing brands in Europe.

"That really is our goal: Earth's largest selection for our customers," said Eric Broussard, a vice president who oversees the company's international marketplaces. An Amazon spokeswoman declined to comment further.

Amazon doesn't provide financial details on Europe, but for 2017 its overall international business saw sales rise 23% to $54.3 billion, and it reported an operating loss of $3.06 billion.

European rivals have so far kept Amazon at bay in clothes and shoes by focusing on adding an increasing number of fashion brands, something they achieve in part by providing those brands with more data on shoppers, industry executives say.

"Major fashion players in Europe, of course, don't want to underestimate the threat of Amazon, because Amazon seems to be able to do anything," said Marguerite Le Rolland, a Euromonitor analyst. "However, our clients still feel relatively safe. They feel [Amazon] hasn't convinced consumers yet on its fashion credentials."

Hasna Siddika, a 34-year-old social worker in London, says she hasn't bought clothes on Amazon.

"I just never consider it," Ms. Siddika said. "I tend to think of Amazon and eBay not as clothes specialists, but more for gadgets and practicalities."

She said that she buys clothes online from **Inditex** SA-owned Zara as well as Britain's **Asos** PLC and **Boohoo.com** PLC.

Berlin-based **Zalando** SE is Western Europe's top online apparel-and-footwear company, with a 9.6% market share, according to Euromonitor.

Zalando launched in 2008, a decade later than Amazon, and analysts partly attribute its growth to a partnership program that allows brands such as Adidas and Tommy Hilfiger to access data on what shoppers are buying. Brands can also compare sales to their sector broadly, valuable insights Amazon generally doesn't hand over.

Sharing such data has helped Zalando attract top brands, which, in turn, pulls in fashion-conscious shoppers, said Carsten Keller, Zalando's vice president of partner solutions.

Analysts say a focus on apparel is also an advantage.

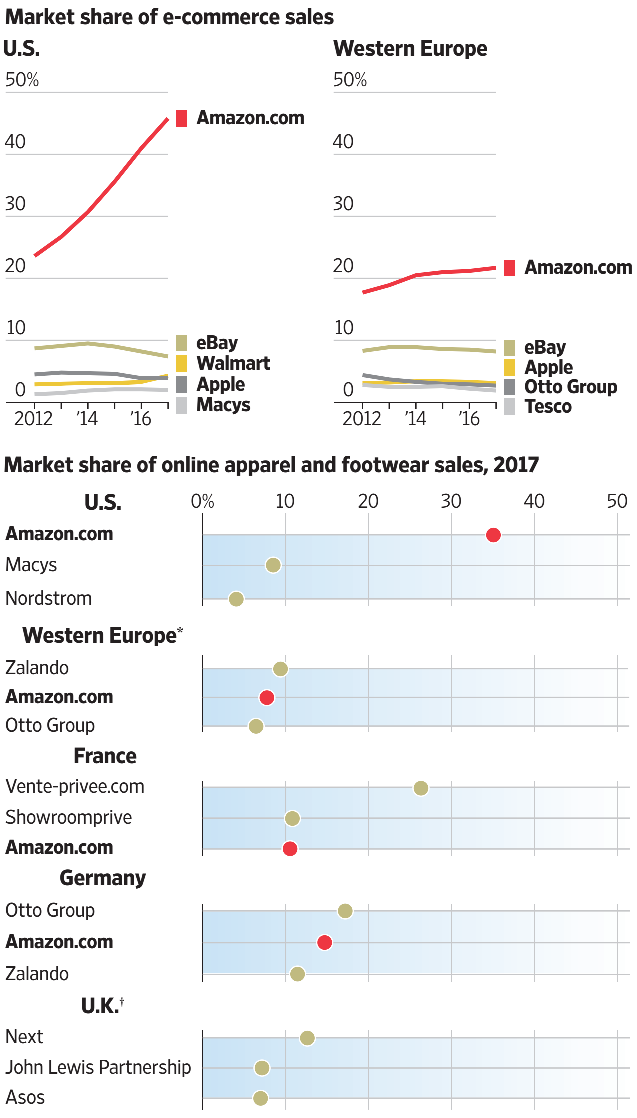
There is also abundant local competition.

In the U.K., Amazon ranks No. 7 in online apparel-and-footwear sales, with a 4.8% market share, behind local chains **Next** PLC, **John Lewis** and **Asos**, Euromonitor data show.

In France, it is No. 3, and in Germany, No. 2 behind Otto Group, a domestic conglomerate that runs several apparel sites, including Bonprix and About You. Otto also owns U.S.-based Crate & Barrel.

Struggles in Europe

Amazon dominates overall e-commerce in the U.S. and Europe. But in Europe, Amazon trails behind local players in online apparel and footwear sales.



*Includes France, Germany and U.K. †Amazon is 7th with 4.8% market share

Source: Euromonitor International

THE WALL STREET JOURNAL.

Chico's Joins Merchants on E-Commerce Giant

Chico's will soon sell its no-iron shirts and statement necklaces through **Amazon.com** Inc.'s website, making it the latest apparel brand to turn to the fast-growing online retailer.

Chico's FAS Inc., whose other brands include White House Black Market and Soma, said Monday Chico's apparel and accessories will be available on Amazon beginning in mid-May and eligible for free shipping through Amazon's Prime membership program.

The decision highlights Amazon's growing power over the retail landscape as traditionally brick-and-mortar retailers face declining foot traffic and have online presences that are dwarfed by Amazon, which offers everything from grocery delivery to streaming videos.

Chico's operates 1,460 stores in the U.S. and Canada and in its fourth quarter, comparable sales dropped 5.2% from the prior year.

Chico's said it doesn't expect sales through Amazon to be material to results for its current fiscal year.

The company generated $2.28 billion of sales in its past fiscal year.

Shares in Chico's fell 2.4% in Monday trading.

Some companies, including **Nike** Inc., have tried to avoid adding their wares to the site, believing their brands are powerful enough without the help. But Nike reversed course last year and decided to add its sneakers and clothes to the site after being one of Amazon's biggest holdouts.

Sears Holdings Corp., facing declining appliance sales, also began selling its Kenmore appliances through Amazon last year.

Amazon last week said it would increase the price of its Prime membership program to $119 from $99.

—Cara Lombardo

Twitter Had Tie to Figure in Data Flap

By Georgia Wells

Twitter Inc. said it sold data to the Cambridge University academic who had separately shared user data he gleaned from **Facebook** Inc. with third parties including the controversial research firm Cambridge Analytica.

The disclosure adds more detail about the activities of Cambridge University psychology professor Aleksandr Kogan, though in this instance there are no allegations user privacy was compromised.

In 2015, Global Science Research, the firm Mr. Kogan created, had one-time access to a random sample of public tweets from December 2014 through April 2015, Twitter said. Twitter said it conducted an internal review and didn't find that GSR had access to any private data about people who use Twitter.

"Twitter is public by its nature. People come to Twitter to speak publicly, and public tweets are viewable and searchable by anyone," a spokeswoman for Twitter said in a written statement.

Cambridge Analytica said in a tweet on Monday that it has never received Twitter data from GSR or Mr. Kogan, and has never done any work with GSR on Twitter data.

Twitter said it removed Cambridge Analytica as an advertiser, but will allow the organization to maintain regular Twitter profiles.

Mr. Kogan couldn't be reached for comment.

Separately, on Monday, **Walt Disney** Co. and Twitter announced that they reached an agreement for Disney brands from ESPN to ABC and Disney Channel to create ad-supported live content for distribution on the platform.

WhatsApp Loses Second Founder

By Deepa Seetharaman

Jan Koum, **Facebook** Inc. director and co-founder of its WhatsApp unit, is leaving the messaging service after what people familiar with the matter described as disagreement over putting advertising on its app and frustration over the confines of working in a big company.

Mr. Koum, who was chief executive of WhatsApp, gave no reason for leaving in a Facebook post on Monday about his departure. The move follows the exit last year of his fellow WhatsApp co-founder Brian Acton, who has since been publicly critical of the social-media giant. The two men, both privacy advocates who started their encrypted-messaging app nearly a decade ago, joined Facebook after it acquired WhatsApp in 2014 for $22 billion, making them both billionaires.

Mr. Koum's departure followed an internal debate over whether to put advertising in WhatsApp, a move that Mr. Koum opposed, as did Mr. Acton, according to a person familiar with the matter.

Mr. Koum didn't respond to questions about the reason for his departure. A Facebook spokeswoman declined to answer questions, including whether Mr. Koum would remain on Facebook's board of directors.

Mr. Koum is up for reelection as a Facebook director, according to Facebook's proxy filing earlier this month.

—Kirsten Grind contributed to this article.

Robo Adviser Sold In $3 Billion Deal

By Anne Tergesen And Miriam Gottfried

Private-equity firm **Hellman & Friedman** LLC will pay $3.02 billion for robo adviser **Financial Engines** Inc., highlighting Wall Street's intensifying interest in providing financial-planning products to investors nearing retirement.

Hellman & Friedman plans to combine the Sunnyvale, Calif., company, which manages $169 billion in 401(k) and similar accounts, with its **Edelman Financial Services** LLC unit, which is one of the largest firms dedicated to providing families with in-person financial planning advice.

While robo-advisory services, which pair algorithms with human help, have long been popular because of their low fees, the deal underscores the efforts of many asset managers to provide financial planning that includes both retirement and taxable accounts, at varying price levels.

"The right product at the right time for millions of people is real financial advice," said Allen Thorpe, a New York-based partner with Hellman & Friedman.

Founded in 1996 by Stanford University economist William Sharpe, Financial Engines is the leader in the rapidly growing market for 401(k) managed accounts, which compete with target-date funds that automatically reduce stockholdings and increase allocations to bonds as an investor ages.

Shares of Financial Engines surged 32% to $44.65, just shy of Hellman & Friedman's $45-a-share proposal.

—Allison Prang contributed to this article.

PERSONAL TECHNOLOGY | By Katherine Bindley

Facebook Shares the Shared

CHIP SOMODEVILLA/GETTY IMAGES

Mark Zuckerberg on Capitol Hill. The company has improved users' access to their uploaded data.

Facebook Inc. has begun rolling out an updated tool that lets you download information you have uploaded and shared over the years.

You could already do this but now there are more categories, such as Search History and Likes and Reactions. Facebook now also shows you posts from other apps (like Instagram), your location history and payment history, among others.

It still isn't close to everything Facebook has on you, but it makes for an interesting—and at times potentially alarming—read.

If you use the tool, here's what you can expect:

Your search targets

One of the new categories is your search history. You could already view this on Facebook by going into the Activity Log. (It's a menu option when you click the arrow in the top-right corner on Facebook's website.) Now, there's an even better view of most of this information, the Access Your Information tool, which you can get to by going to facebook.com/your_information.

If you don't look people up much, perusing your search history could be uneventful. On the other hand, if you have done a bit of Facebook stalking, it could be jarring.

What's to like?

Facebook has added a list of all your likes and reactions to its new download tool. But a walk down memory lane it is not. Instead, the list just shows you the date of the like, the person who put the thing you liked on Facebook, and whether you were liking a photo, comment or post.

Facebook says that's because the download-your-information tool contains data you have provided to Facebook; someone else's post isn't yours.

Your best bet, again, is checking the Activity Log, where you'll see exactly what you liked, and you can take back your like if you feel differently now.

More advertiser fun!

When you download your information on Facebook, you may be surprised to see that hundreds of advertisers supposedly have your contact info. I had 201, including around 50 I'd never heard of. Our information can have value to a truly appalling range of companies—not to mention a candidate for New Hanover County commissioner, country-music superstar Dierks Bentley and Mexican drug lord El Chapo. (This gave me pause until I realized that's a TV show.)

The language describing this section has also changed: It used to say "Advertisers With Your Contact Information." Now it says "Advertisers Who Uploaded a Contact List With Your Information." Right below that are some more clarifying details: "Advertisers who run ads using a contact list they uploaded that includes contact info you shared with them or with one of their data partners."

Data partners are those big guys Facebook works with, like Acxiom and Epsilon, which collect your information independently and market it to advertisers that want reach you on Facebook.

As my colleague Joanna Stern has noted, if you want them to get rid of your information, you have to contact the data brokers directly.

The same, but different

In this new download tool, Facebook has otherwise improved the way it makes your content and data available to you.

Before, you simply got a giant file to unzip; now you can select from a bunch of categories of information—25 to be exact—and pick what to download. You can just retrieve your photos and videos, if that's all you want.

It still kind of sounds like a lot, right? It is, and isn't. Facebook doesn't offer any information that wasn't previously unavailable somewhere on its website. And it's still withholding some very important data, for example, which of the websites I visit use Facebook's Pixel advertising software—which can track you whether you are a Facebook user or not—and how often I am tracked or targeted as a result. Also out of reach is what specific personal information the company is sharing across its various products, including WhatsApp and Instagram, and how many people have given it my info by syncing their own contacts.

In other words, all the mysteries that weren't resolved when CEO Mark Zuckerberg spent about 10 hours testifying on Capitol Hill still aren't answered here.

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Special Advertising Feature

The Lure of Emerging Brands

NEW NAMES IN THE SECTOR PROSPER WHEN UNDERPINNED BY STRONG FRANCHISE EXPERIENCE

By Julie Bennett

Early last month, Tye Featherstone, of Clovis, Calif., launched The Great American Barbershop, a franchise concept that combines a hip atmosphere—each shop looks like a garage, complete with toolboxes and resident motorcycles—with old-time services such as beard trims and shoulder massages.

According to the FRANdata research firm in Arlington, Va., Mr. Featherstone is one of about 300 new franchisers that will begin selling units this year. Based on a study FRANdata recently prepared in collaboration with the Washington-based trade group, the International Franchise Association, "Emerging Brands" were defined as those that have started offering franchises within the past five years. The firm's senior research analyst, Anya Nowakowski, says that 1,740 brands started franchising between 2012 and 2017 and now operate an aggregate total of over 15,000 franchised and company-owned businesses contributing to local economies across the country.

HIGH REWARD POTENTIAL

"Joining a new franchise company can be more risky than joining an established brand," says Ron Feldman, chief development officer of alternative lender ApplePie Capital, in San Francisco, "but the rewards can be high. For example, I once invested about $200,000 to open an educational preschool with a new franchise brand. Today, that brand has hundreds of units and a new one requires an investment of about $700,000."

Established brands often sell out territories, says Tom Portesy, president and chief executive officer of MFV Expositions in Paramus, N.J. "Sometimes you can find an emerging brand in the same sector and develop units with them instead. More important, all of the major franchisers today started out as emerging brands. We've been running franchise expos for 25 years and several hundred concepts that are now household names were once emerging brands at our shows."

Most emerging brands are founded by people like Mr. Featherstone, who started one business that was so successful he opened two or three more, then decided to franchise. "The problem," says Mr. Portesy, "is that the skill sets necessary to be successful in business may not translate into running a franchise company."

FRANdata reports that emerging brands with seasoned owners and/or executives are often able to leverage their experience and existing networks to open twice as many franchises and close fewer units by their fifth year in franchising, compared to emerging franchisers with no franchise experience.

When Bill Chemero and his partner, John Eucalitto, bought Wayback Burgers, in Cheshire, Conn., from its original owner in 2009, they each had decades of franchise experience. "We knew that a franchise company must be built on solid systems and strong relationships with its franchisees. The original owner sold two franchises in two years. We sold 17 units in our first year," Mr. Chemero says, "and now have 152 restaurants open with more under development."

> "A franchise company must be built on strong relationships with its franchisees."

Phoenix-based Dogtopia, a franchise that provides day care, boarding and spa services for dogs, has a similar story. Alex Samios, vice president of franchise development, says "I'm part of a leadership team with strong franchise experience and resources. Our original founder opened 26 units in 10 years of franchising; in two years since acquiring the company, we now have 72 units operating, with over 150 sold. Sophisticated franchisers provide a level of support and comfort that is paramount in attracting franchisees and growing a brand."


DIANA MEDRANO FOR MAIN STREET HUB


EMILY BERGER/DOGTOPIA ENTERPRISES © 2017


MONSTER TREE SERVICE

Growing success: The Great American Barbershop (left); Dogtopia (top); Monster Tree Service (above).

INDUSTRY EXPERIENCE

When Josh Skolnick, the founder of Monster Tree Service in Doylestown, Pa., decided to franchise his tree-care business in 2013, he hired a director of franchise development who had been in the industry for 20 years. "We sold seven units in our first year and now have 57 franchise units open," Mr. Skolnick says.

Mr. Featherstone opened his first Great American Barbershop in 2015 and had opened two more before he teamed up with an experienced franchise executive—who also happened to be a loyal customer—to launch a franchise program this year. "We sold three franchises—to another customer—in our first week," Mr. Featherstone says.

Here are some tips to help you find the right emerging franchise brand:

- Attend franchise expos. MFV has scheduled the International Franchise Expo in New York (May 30-June 2); Expo Midwest in Rosemont, Ill. (September 14-15) and Expo West in Los Angeles (November 1-3);
- Ask about the franchise experience of its principals;
- Examine the franchiser's financial statements. "If they don't look strong, that's a red flag for any bank you ask to lend you money," says Mr. Feldman;
- Talk to current franchisees about their experiences.

Julie Bennett is a freelance writer specializing in franchising.

The Wall Street Journal news organization was not involved in the creation of this content

WPP Weighs Asset Sales

By Nick Kostov

WPP PLC shares rose sharply after the advertising giant exceeded sales forecasts and opened the door to asset sales following the recent exit of founder and Chief Executive Martin Sorrell.

Alongside its first financial report since Mr. Sorrell stepped down, WPP said it would continue to keep confidential the details of a probe that triggered his departure. Mr. Sorrell resigned in mid-April after the board investigated what it described as an allegation of personal misconduct.

Investors, though, focused on the prospect of asset sales and less-dire-than-expected revenue. The world's largest advertising company said comparable net sales—a measure used to judge its underlying performance—declined just 0.1% for the three months ended March 31. Analysts were braced for a 1% drop.

WPP shares rose 8.6% in London trading Monday.

The firm said it was keeping its forecast for zero revenue growth this year.

Executive Chairman Roberto Quarta has appointed Mark Read, previously chief executive of WPP agency Wunderman, and Andrew Scott, who was WPP's corporate development director and chief operating officer for Europe, as joint chief operating officers amid a search for a new chief executive.

In an interview, Mr. Read signaled that asset disposals, or selling down stakes in certain businesses, were options.

WPP reported that its revenue declined 4% to £3.56 billion ($4.91 billion).

Walmart Looks Beyond U.K. Grocer

A $10 billion sale of Asda to J Sainsbury would free U.S. retailer from competitive sector

By Saabira Chaudhuri

SIMON DAWSON/BLOOMBERG NEWS

The merger of Britain's No. 2 and No. 3 grocers would create a giant with a 27% U.K. market share. A Sainsbury supermarket bakery.

LONDON—**Walmart** Inc. on Monday said it would sell its British arm, **Asda Group** Ltd., to rival **J Sainsbury** PLC, a deal that values the chain at about £7.3 billion ($10.1 billion) and would, if successful, create the largest participant in the U.K.'s fiercely competitive grocery market.

The deal, under which Walmart gets a 42% stake in the combined company and almost £3 billion in cash, will free the U.S. retailer from having to drive growth in a challenging market while allowing it to benefit from greater heft.

Asda has been one of Walmart's most profitable businesses since it was acquired in 1999 but sales growth has been capped by competition from a resurgent **Tesco** PLC, **Amazon.com** Inc.—which has been pushing further into online groceries—and increasingly popular discounters **Aldi** and **Lidl**.

The move is part of a broader shift by Walmart to form joint ventures in competitive markets and focus investments in areas executives think will provide growth.

Walmart is also in talks to sell its controlling stake in its Brazilian operations and is in advanced discussions to buy a majority stake in **Flipkart Group**, India's largest e-commerce company, according to people familiar with the retailer's plans.

Walmart is facing its own struggles in the U.S. where rival Amazon has broadened its branded food and own-label offerings while improving delivery options, and is also grappling with slower growth in some promising international markets such as Mexico.

Sainsbury Chief Executive Mike Coupe said he met Walmart's former international chief David Cheesewright to discuss a potential deal last year and the two sides had been in talks since. Mr. Cheesewright retired in January.

The deal will likely draw major antitrust scrutiny in the U.K. amid concerns the combined company would have too much power over food prices. The U.K. grocery market is already highly consolidated, with the top four players comprising more than 60%.

The combined company would operate 2,800 stores and command a 27% market share, according to Kantar. Sainsbury and Asda had total revenue of £51 billion last year.

The deal to combine the No. 2 and No. 3 players marks the biggest U.K. grocery consolidation since **Wm. Morrison Supermarkets** PLC bought Safeway PLC in 2004 and was forced to sell dozens of stores. Industry leader Tesco more recently completed the acquisition of **Booker Group** PLC for £3.7 billion—another bid to gain heft, but that deal combined a wholesaler and a retailer rather than two retailers.

Sainsbury buying Asda "would represent a remarkable step-up in U.K. industry consolidation, if cleared," said Jefferies analyst James Grzinic, adding that the two companies would have to be "willing to accept very punishing conditions to secure an approval."

Nevertheless, Sainsbury's Mr. Coupe said the company, in seeking regulatory approval, wouldn't close any stores. He said online shopping and the rise of discounters made the industry more competitive today than when previous consolidations had required store disposals. The company, whose shares rose 15% Monday in London, expects the deal to close in the second half of next year. Mr. Coupe didn't rule out selling stores.

Sainsbury said buying Asda will add at least £500 million to earnings before interest, taxes, depreciation and amortization, as it benefits from bulk buying and opening branches of Argos—which sell everything from irons to chairs—in Asda stores. Sainsbury bought Argos owner Home Retail Group in 2016 for £1.4 billion.

The companies plan to keep both the Sainsbury and Asda brands, which serve different customers, the former being more upmarket.


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Coffee Art by Sam DeBey

MARKETS DIGEST

EQUITIES

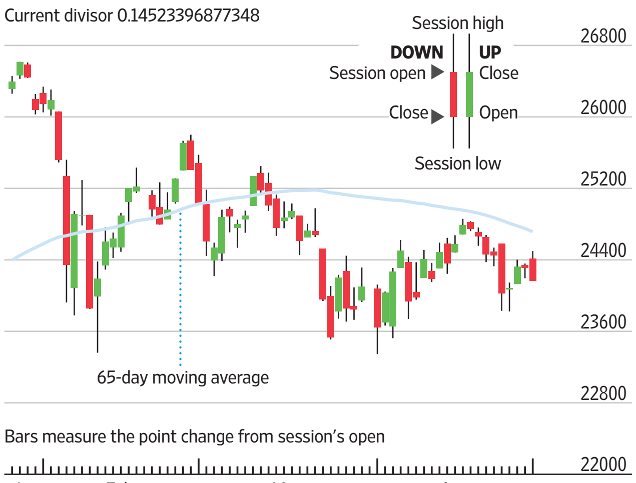
Dow Jones Industrial Average

24163.15 ▼148.04, or 0.61%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	23.99	20.47
P/E estimate *	16.17	17.83
Dividend yield	2.21	2.33
All-time high	26616.71, 01/26/18	

Current divisor 0.14523396877348



Bars measure the point change from session's open

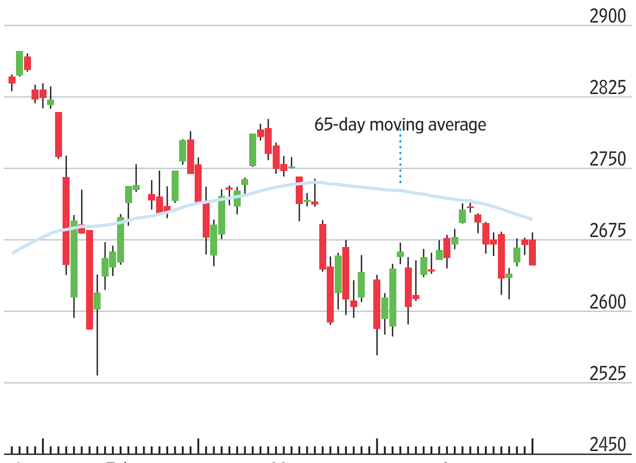
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2648.05 ▼21.86, or 0.82%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	24.09	24.17
P/E estimate *	16.99	18.42
Dividend yield	1.95	1.97
All-time high	2872.87, 01/26/18	



Nasdaq Composite Index

7066.27 ▼53.53, or 0.75%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	25.01	26.04
P/E estimate *	19.97	20.75
Dividend yield	1.04	1.09
All-time high:	7588.32, 03/12/18	

Major U.S. Stock-Market Indexes

	Latest High	Low	Close	Net chg	% chg	52-Week High	Low	% chg	% chg YTD	3-yr. ann.
Dow Jones										
Industrial Average	24498.23	24163.08	**24163.15**	-148.04	**-0.61**	26616.71	20606.93	**15.5**	-2.2	**10.6**
Transportation Avg	10617.34	10414.30	**10423.57**	-125.83	**-1.19**	11373.38	8783.74	**14.9**	-1.8	**6.6**
Utility Average	711.85	706.13	**707.01**	-1.67	**-0.24**	774.47	647.90	**1.1**	-2.3	**6.4**
Total Stock Market	27808.35	27452.62	**27452.69**	-224.70	**-0.81**	29630.47	24391.29	**10.7**	-0.8	**8.0**
Barron's 400	718.21	708.88	**708.88**	-7.06	**-0.99**	757.37	624.99	**10.5**	-0.3	**7.7**
Nasdaq Stock Market										
Nasdaq Composite	7169.80	7065.41	**7066.27**	-53.53	**-0.75**	7588.32	6011.24	**16.0**	2.4	**12.7**
Nasdaq 100	6712.50	6593.60	**6605.57**	-50.78	**-0.76**	7131.12	5580.55	**17.3**	3.3	**14.4**
S&P										
500 Index	2682.92	2648.04	**2648.05**	-21.86	**-0.82**	2872.87	2357.03	**10.9**	-1.0	**8.3**
MidCap 400	1901.43	1872.40	**1872.45**	-19.78	**-1.05**	1995.23	1691.67	**7.8**	-1.5	**7.7**
SmallCap 600	960.02	947.51	**947.51**	-8.67	**-0.91**	979.57	817.25	**10.8**	1.2	**10.5**
Other Indexes										
Russell 2000	1563.65	1541.88	**1541.88**	-14.35	**-0.92**	1610.71	1355.89	**9.6**	0.4	**8.1**
NYSE Composite	12641.93	12515.36	**12515.36**	-78.66	**-0.62**	13637.02	11423.53	**8.5**	-2.3	**4.2**
Value Line	556.07	549.26	**549.26**	-5.02	**-0.91**	589.69	503.24	**4.8**	-2.3	**2.6**
NYSE Arca Biotech	4573.13	4474.83	**4474.83**	-80.56	**-1.77**	4939.86	3507.64	**22.0**	6.0	**5.9**
NYSE Arca Pharma	532.44	524.44	**524.45**	-7.00	**-1.32**	593.12	511.84	**2.5**	-3.8	**-3.1**
KBW Bank	109.19	107.00	**107.00**	-1.35	**-1.24**	116.52	88.87	**16.2**	0.3	**13.2**
PHLX§ Gold/Silver	82.11	81.11	**81.15**	-1.78	**-2.15**	93.26	76.42	**0.5**	-4.8	**3.7**
PHLX§ Oil Service	157.67	155.55	**155.83**	-0.74	**-0.47**	165.78	117.79	**3.3**	4.2	**-11.2**
PHLX§ Semiconductor	1265.74	1239.78	**1244.40**	-13.71	**-1.09**	1445.90	1004.62	**22.5**	-0.7	**21.9**
Cboe Volatility	16.35	15.13	**15.93**	0.52	3.37	37.32	9.14	**57.6**	44.3	**3.1**

§Nasdaq PHLX

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of $2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	After Hours Last	Net chg	% chg	High	Low
Washington Prime Group	WPG	17,491.3	6.53	0.06	**0.93**	6.54	6.47
SPDR S&P 500	SPY	16,868.4	264.27	-0.24	**-0.09**	266.59	264.16
Oasis Petroleum	OAS	10,269.6	11.00	-0.03	**-0.27**	11.03	10.97
Microsoft	MSFT	5,812.7	93.60	0.08	**0.09**	94.35	93.50
Pfizer	PFE	4,240.2	36.65	0.04	**0.11**	36.81	36.54
Bank of America	BAC	4,041.9	29.94	0.02	**0.07**	30.17	29.92
AT&T	T	3,805.2	32.70	...	**unch.**	32.96	32.68
Yamana Gold	AUY	3,779.3	2.89	0.02	**0.70**	2.92	2.87

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Karyopharm Therapeutics	KPTI	248.1	16.29	3.21	**24.54**	17.46	13.01
Inogen Inc.	INGN	59.8	170.26	29.68	**21.11**	173.00	140.58
Nutrisystem	NTRI	490.1	32.05	3.05	**10.52**	33.40	29.00
Integrated Device Tech	IDTI	165.1	29.30	1.47	**5.28**	29.80	27.45
Allison Transmission	ALSN	187.6	40.80	1.81	**4.64**	42.00	38.99

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Cognex	CGNX	537.1	38.26	-7.99	**-17.28**	46.38	36.48
Xperi	XPER	74.7	21.21	-0.80	**-3.61**	22.10	21.21
Transocean	RIG	156.7	11.95	-0.42	**-3.40**	12.51	11.90
First Ind Realty Trust	FR	75.3	30.55	-0.56	**-1.80**	31.13	30.55
Senior Housing Prop Tr	SNH	59.2	15.35	-0.22	**-1.41**	15.57	15.35

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,007,255,667	8,924,773
Adv. volume*	280,917,857	4,043,722
Decl. volume*	713,350,565	4,486,384
Issues traded	3,073	321
Advances	1,105	128
Declines	1,850	173
Unchanged	118	20
New highs	71	3
New lows	50	13
Closing tick	11	9
Closing Arms†	1.36	0.74
Block trades*	6,618	138

	Nasdaq	NYSE Arca
Total volume*	1,949,312,091	240,959,668
Adv. volume*	517,042,389	60,045,720
Decl. volume*	1,408,911,322	175,548,648
Issues traded	2,983	1,328
Advances	953	396
Declines	1,897	902
Unchanged	133	30
New highs	58	18
New lows	45	15
Closing tick	87	95
Closing Arms†	1.37	1.13
Block trades*	8,230	1,357

* Primary market NYSE, NYSE American NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Latest Net chg	% chg	YTD % chg
World	**The Global Dow**	**3061.65**	–11.80	**–0.38**	–0.8
	DJ Global Index	**394.78**	–1.22	**–0.31**	–0.6
	DJ Global ex U.S.	**265.82**	0.51	**0.19**	–0.3
Americas	**DJ Americas**	**635.73**	–4.92	**–0.77**	–1.0
Brazil	**Sao Paulo Bovespa**	**86115.50**	–329.16	**–0.38**	12.7
Canada	**S&P/TSX Comp**	**15607.88**	–61.05	**–0.39**	–3.7
Mexico	**S&P/BMV IPC**	**48358.16**	73.55	**0.15**	–2.0
Chile	**Santiago IPSA**	**4282.26**	14.65	**0.34**	1.7
EMEA	**Stoxx Europe 600**	**385.32**	0.68	**0.18**	–1.0
Eurozone	**Euro Stoxx**	**390.43**	1.19	**0.31**	1.3
Belgium	**Bel-20**	**3910.30**	–2.62	**–0.07**	–1.7
Denmark	**OMX Copenhagen**	**885.76**	0.52	**0.06**	–4.5
France	**CAC 40**	**5520.50**	37.31	**0.68**	3.9
Germany	**DAX**	**12612.11**	31.24	**0.25**	–2.4
Israel	**Tel Aviv**	**1465.24**	–8.72	**–0.59**	–3.0
Italy	**FTSE MIB**	**23979.37**	51.76	**0.22**	9.7
Netherlands	**AEX**	**555.73**	0.79	**0.14**	2.0
Russia	**RTS Index**	**1153.96**	–13.16	**–1.13**	–0.04
South Africa	**FTSE/JSE All-Share**	**58252.12**	799.08	**1.39**	–2.1
Spain	**IBEX 35**	**9980.60**	55.20	**0.56**	–0.6
Sweden	**OMX Stockholm**	**577.45**	–1.93	**–0.33**	1.5
Switzerland	**Swiss Market**	**8886.26**	43.24	**0.49**	–5.3
Turkey	**BIST 100**	**104282.78**	–3331.49	**–3.10**	–9.6
U.K.	**FTSE 100**	**7509.30**	7.09	**0.09**	–2.3
U.K.	**FTSE 250**	**20285.05**	13.42	**0.07**	–2.1
Asia-Pacific					
Australia	**S&P/ASX 200**	**5982.70**	29.10	**0.49**	–1.4
China	**Shanghai Composite**	**3082.23**	...	**Closed**	–6.8
Hong Kong	**Hang Seng**	**30808.45**	527.78	**1.74**	3.0
India	**S&P BSE Sensex**	**35160.36**	190.66	**0.55**	3.2
Japan	**Nikkei Stock Avg**	**22467.87**	...	**Closed**	–1.3
Singapore	**Straits Times**	**3613.93**	36.72	**1.03**	6.2
South Korea	**Kospi**	**2515.38**	22.98	**0.92**	1.9
Taiwan	**TAIEX**	**10657.88**	104.45	**0.99**	0.1
Thailand	**SET**	**1780.11**	2.09	**0.12**	1.5

Sources: SIX Financial Information; WSJ Market Data Group

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
SteadyMed	STDY	4.70	2.05	**77.36**	7.50	2.60	**-34.5**
Check-Cap	CHEK	12.79	3.77	**41.80**	26.40	3.12	**-50.9**
Financial Engines	FNGN	44.65	10.70	**31.52**	45.00	24.45	**3.7**
Atossa Genetics	ATOS	4.38	1.01	**29.97**	19.08	2.64	**-41.6**
First Data Cl A	FDC	18.10	2.82	**18.46**	19.23	14.73	**14.4**
Arsanis	ASNS	20.03	2.62	**15.05**	28.69	10.40	**...**
Dova Pharmaceuticals	DOVA	28.81	3.50	**13.83**	37.00	16.98	**...**
Pingtan Marine Enterprise	PME	3.98	0.48	**13.71**	4.82	1.99	**-13.5**
Turtle Beach	HEAR	5.50	0.66	**13.64**	5.75	1.64	**51.9**
Purple Innovation	PRPL	9.84	1.14	**13.10**	13.90	7.65	**-1.4**
Andeavor	ANDV	138.32	15.94	**13.03**	144.08	78.25	**75.4**
Aquantia	AQ	11.81	1.34	**12.80**	18.49	9.01	**...**
SuperCom	SPCB	2.42	0.26	**12.04**	4.95	2.01	**-11.7**
DCT Industrial Trust	DCT	65.57	6.82	**11.61**	66.53	49.62	**29.0**
Rafael Holdings Cl B	RFL	8.20	0.85	**11.56**	8.44	3.05	**...**

Percentage Losers

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	Low	% chg
Arconic	ARNC	17.81	-4.63	**-20.63**	31.17	17.60	**-34.6**
Benitec Biopharma ADR	BNTC	2.62	-0.59	**-18.38**	4.20	1.85	**6.1**
Fred's	FRED	2.40	-0.53	**-17.98**	16.27	2.36	**-84.3**
Sprint Corp.	S	5.61	-0.89	**-13.69**	9.22	4.81	**-38.4**
Karyopharm Therapeutics	KPTI	13.08	-2.07	**-13.66**	18.00	7.48	**28.6**
Renren A ADR	RENN	8.97	-1.26	**-12.32**	18.70	6.01	**22.2**
Sol-Gel Technologies	SLGL	8.34	-1.11	**-11.75**	16.48	8.06	**...**
Andeavor Logistics	ANDX	42.44	-5.37	**-11.22**	55.58	41.27	**-23.0**
OneSmart Intl Educ ADR	ONE	9.81	-1.20	**-10.90**	11.86	8.56	**...**
Foresight Autonomous ADR	FRSX	3.15	-0.38	**-10.76**	11.70	2.44	**...**
ChromaDex	CDXC	3.51	-0.41	**-10.46**	7.24	2.86	**9.3**
Ampio Pharmaceuticals	AMPE	2.59	-0.30	**-10.38**	4.95	0.38	**259.2**
Clementia Pharm	CMTA	16.27	-1.86	**-10.26**	20.15	11.72	**...**
Fate Therapeutics	FATE	10.10	-1.11	**-9.90**	14.45	2.52	**117.7**
Arcadia Biosciences	RKDA	12.41	-1.30	**-9.48**	66.56	3.60	**-12.5**

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Sprint Corp.	S	**106,460**	635.0	5.61	**-13.69**	9.22	4.81
Neovasc	NVCN	**88,009**	32.7	0.04	**-0.73**	1.89	0.03
SPDR S&P 500	SPY	**65,009**	-45.2	264.51	**-0.77**	286.63	235.43
Ford Motor	F	**64,829**	34.8	11.24	**-2.18**	13.48	10.14
Micron Technology	MU	**54,204**	-1.7	45.98	**-3.24**	63.42	26.85
Bank of America	BAC	**51,063**	-32.4	29.92	**-0.76**	33.05	22.07
Advanced Micro Devices	AMD	**49,887**	-20.6	10.88	**-2.07**	15.65	9.04
iShares MSCI Emg Markets	EEM	**47,904**	-37.7	46.92	**-0.72**	52.08	39.79
VS 2x VIX Short Term	TVIX	**47,814**	-3.6	7.18	**-0.14**	34.45	4.66
Oasis Petroleum	OAS	**46,957**	376.7	11.03	**2.13**	12.51	6.69

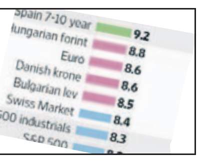
* Volumes of 100,000 shares or more are rounded to the nearest thousand

Volume Movers

Ranked by change from 65-day average*

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Mosaic Acquisition Cl A	MOSC	1,580	**11811**	9.65	**-1.06**	9.90	9.49
Biglari Holdings	BH	222	**3512**	342.26	**1.14**	443.80	290.05
PowerSh S&P 500 EW Energy	RYE	787	**1827**	60.36	**0.52**	63.47	48.58
Marriott Vacations	VAC	3,372	**1815**	122.61	**-8.79**	154.14	107.58
Check-Cap	CHEK	4,885	**1798**	12.79	**41.80**	26.40	3.12
iSh Edge MSCI Intl Qual	IQLT	470	**1364**	29.87	**-0.24**	31.40	27.06
John Hancock Multi SC	JHSC	111	**1340**	25.76	**-0.85**	28.27	24.27
Financial Engines	FNGN	5,885	**1334**	44.65	**31.52**	45.00	24.45
DCT Industrial Trust	DCT	7,695	**1225**	65.57	**11.61**	66.53	49.62
PIMCO 1-3 US Trea Idx	TUZ	102	**1110**	49.96	**0.06**	50.80	49.90

* Common stocks priced at $2 a share or more with an average volume over 65 trading days of at least 5,000 shares †Has traded fewer than 65 days

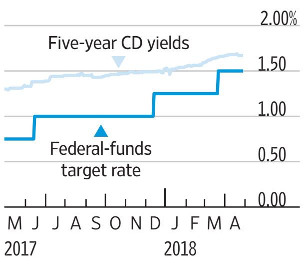


CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

5-year CDs

Bankrate.com avg†:	**1.67%**
Popular Direct	**2.90%**
New York, NY	800-274-5696
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
M.Y. Safra Bank, FSB	**2.88%**
New York, NY	212-652-7200

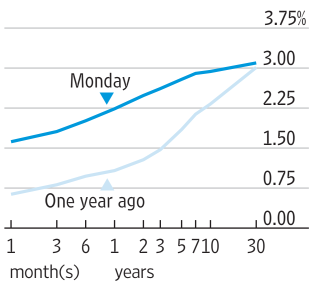
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	**1.50-1.75**	1.50-1.75	0.75	1.50	**1.50**
Prime rate*	**4.75**	4.75	4.00	4.75	**1.50**
Libor, 3-month	**2.36**	2.36	1.17	2.37	**2.08**
Money market, annual yield	**0.41**	0.36	0.25	0.41	**0.05**
Five-year CD, annual yield	**1.67**	1.68	1.29	1.69	**0.23**
30-year mortgage, fixed†	**4.56**	4.51	3.73	4.62	**0.76**
15-year mortgage, fixed†	**4.01**	3.98	2.99	4.07	**0.95**
Jumbo mortgages, $424,100-plus†	**4.85**	4.77	4.21	4.96	**0.74**
Five-year adj mortgage (ARM)†	**4.58**	4.46	3.22	4.61	**1.38**
New-car loan, 48-month	**3.82**	3.82	2.85	3.87	**0.91**

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: SIX Financial Information; WSJ Market Data Group; Bankrate.com

Treasury yield curve

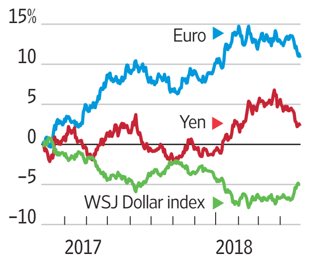
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; WSJ Market Data Group

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index	Close	Yield (%) Last	Week ago	52-Week High	Low	Total Return (%) 52-wk	3-yr
Treasury, Ryan ALM	1426.606	**2.804**	2.830	2.863	1.818	**–1.041**	0.241
10-yr Treasury, Ryan ALM	1665.591	**2.936**	2.973	3.026	2.058	**–3.002**	–0.675
DJ Corporate	369.286	**3.850**	3.855	3.899	2.879	**0.584**	2.142
Aggregate, Barclays Capital	1901.390	**3.290**	3.310	3.340	2.380	**–0.324**	1.067
High Yield 100, Merrill Lynch	n.a.	**n.a.**	5.939	n.a.	n.a.	**n.a.**	n.a.
Fixed-Rate MBS, Barclays	1954.330	**3.440**	3.470	3.510	2.660	**–0.390**	0.937
Muni Master, Merrill	n.a.	**n.a.**	2.585	n.a.	n.a.	**n.a.**	n.a.
EMBI Global, J.P. Morgan	n.a.	**n.a.**	6.191	n.a.	n.a.	**n.a.**	n.a.

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Mon in US$	per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0487	20.5302	**10.4**
Brazil real	.2854	3.5042	**5.8**
Canada dollar	.7787	1.2843	**2.1**
Chile peso	.001630	613.40	**–0.3**
Ecuador US dollar	1	1	**unch**
Mexico peso	.0534	18.7134	**–4.9**
Uruguay peso	.03515	28.4500	**–1.2**
Venezuela b. fuerte	.000015668	70.0001	**646496.1**
Asia-Pacific			
Australian dollar	.7528	1.3284	**3.7**
China yuan	.1579	6.3340	**–2.6**
Hong Kong dollar	.1274	7.8482	**0.4**
India rupee	.01505	66.460	**4.1**
Indonesia rupiah	.0000719	13913	**3.2**
Japan yen	.009146	109.34	**–3.0**
Kazakhstan tenge	.003051	327.72	**–1.5**
Macau pataca	.1241	8.0609	**0.2**
Malaysia ringgit	.2550	3.9218	**–3.4**
New Zealand dollar	.7036	1.4213	**0.8**
Pakistan rupee	.00865	115.600	**4.5**
Philippines peso	.0194	51.647	**3.4**
Singapore dollar	.7542	1.3259	**–0.8**
South Korea won	.0009342	1070.44	**0.3**
Sri Lanka rupee	.0063367	157.81	**2.8**
Taiwan dollar	.03374	29.636	**–0.1**
Thailand baht	.03170	31.550	**–3.2**
Vietnam dong	.00004393	22764	**0.2**
Europe			
Czech Rep. koruna	.04719	21.191	**–0.4**
Denmark krone	.1621	6.1682	**–0.6**
Euro area euro	1.2079	.8279	**–0.6**
Hungary forint	.003852	259.61	**0.2**
Iceland krona	.009883	101.18	**–2.3**
Norway krone	.1248	8.0156	**–2.3**
Poland zloty	.2850	3.5088	**0.9**
Russia ruble	.01588	62.966	**9.2**
Sweden krona	.1143	8.7491	**6.9**
Switzerland franc	1.0092	.9909	**1.7**
Turkey lira	.2462	4.0617	**7.0**
Ukraine hryvnia	.0381	26.2420	**–6.8**
UK pound	1.3765	.7265	**–1.8**
Middle East/Africa			
Bahrain dinar	2.6519	.3771	**...**
Egypt pound	.0566	17.6570	**–0.6**
Israel shekel	.2780	3.5975	**3.4**
Kuwait dinar	3.3228	.3009	**–0.2**
Oman sul rial	2.5972	.3850	**0.02**
Qatar rial	.2745	3.643	**–0.2**
Saudi Arabia riyal	.2666	3.7503	**...**
South Africa rand	.0802	12.4627	**0.8**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.60	0.29	0.35	**–0.44**

Sources: Tullett Prebon, WSJ Market Data Group

Commodities

	Close	Monday Net chg	% Chg	52-Week High	Low	% Chg	YTD % chg
DJ Commodity	**651.75**	1.49	**0.23**	658.32	532.01	**16.10**	4.22
TR/CC CRB Index	**201.98**	0.59	**0.29**	202.97	166.50	**11.23**	4.19
Crude oil, $ per barrel	**68.57**	0.47	**0.69**	68.64	42.53	**40.40**	13.49
Natural gas, $/MMBtu	**2.763**	-0.008	**-0.29**	3.63	2.55	**-14.06**	-6.43
Gold, $ per troy oz.	**1316.20**	-4.10	**-0.31**	1362.40	1208.60	**5.02**	0.76

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; $ per lb.							
May	3.0515	3.0655		3.0330	**3.0525**	0.0065	6,930
July	3.0720	3.0890		3.0575	**3.0740**	0.0045	127,740
Gold (CMX)-100 troy oz.; $ per troy oz.							
May	1309.60	1313.30		1309.60	**1316.20**	–4.10	413
June	1324.00	1325.90		1310.70	**1319.20**	–4.20	354,871
Aug	1330.60	1332.00		1317.00	**1325.30**	–4.40	57,886
Oct	1338.00	1338.00		1323.40	**1331.60**	–4.40	9,085
Dec	1343.00	1344.40		1330.00	**1338.10**	–4.40	59,533
Dec'19					**1377.80**	–4.50	3,521
Palladium (NYM) - 50 troy oz.; $ per troy oz.							
June	964.25	967.95		951.00	**960.55**	–2.45	18,725
Sept	961.85	961.85		947.00	**955.80**	–2.50	4,729
Dec	945.00	959.00	▼	936.00	**951.35**	–2.50	246
Platinum (NYM)-50 troy oz.; $ per troy oz.							
May	...	...		...	**899.00**	–12.00	20
July	916.40	917.50	▼	903.10	**904.40**	–12.00	74,029
Silver (CMX)-5,000 troy oz.; $ per troy oz.							
May	16.475	16.485		16.140	**16.312**	–0.094	4,822
July	16.555	16.580		16.225	**16.401**	–0.096	136,508
Crude Oil, Light Sweet (NYM)-1,000 bbls.; $ per bbl.							
June	68.15	69.34		67.17	**68.57**	0.47	536,864
July	68.04	69.25	▲	67.09	**68.48**	0.50	280,256
Aug	67.74	68.93	▲	66.80	**68.17**	0.54	149,982
Sept	67.23	68.44	▲	66.30	**67.68**	0.58	244,287
Dec	65.44	66.71	▲	64.67	**65.99**	0.56	287,952
Dec'19	58.95	60.00	▲	58.41	**59.42**	0.41	156,597
NY Harbor ULSD (NYM)-42,000 gal.; $ per gal.							
May	2.1510	2.1918	▲	2.1306	**2.1674**	.0165	5,863
June	2.1425	2.1726	▲	2.1080	**2.1493**	.0150	153,861
Gasoline-NY RBOB (NYM)-42,000 gal.; $ per gal.							
May	2.1194	2.1476	▲	2.0967	**2.1292**	.0023	6,833
June	2.1290	2.1523	▲	2.0981	**2.1308**	.0029	169,463
Natural Gas (NYM)-10,000 MMBtu.; $ per MMBtu.							
June	2.763	2.778		2.728	**2.763**	–.008	287,709
July	2.805	2.817		2.769	**2.800**	–.011	194,875
Sept	2.800	2.810		2.765	**2.790**	–.015	138,564
Oct	2.809	2.823		2.777	**2.800**	–.015	118,584
March'19	2.896	2.906		2.877	**2.890**	–.008	87,459
April	2.584	2.596	▼	2.577	**2.586**	–.003	88,385

Agriculture Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
May	390.75	395.75	▲	390.50	**392.50**	3.00	16,515
July	399.25	404.00	▲	399.00	**400.75**	2.25	803,366
Oats (CBT)-5,000 bu.; cents per bu.							
May	225.00	227.00		222.25	**225.50**	4.00	104
July	233.00	237.75		232.75	**235.75**	3.75	4,998
Soybeans (CBT)-5,000 bu.; cents per bu.							
May	1046.25	1056.50		1036.50	**1037.75**	–7.25	13,692
July	1057.25	1067.50		1047.00	**1048.50**	–7.75	443,169
Soybean Meal (CBT)-100 tons; $ per ton.							
May	394.60	401.60		391.00	**392.10**	–1.10	6,509
July	395.30	403.60	▲	392.80	**393.80**	–1.50	261,996
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
May	30.43	30.55		30.32	**30.35**	–.08	5,530
July	30.71	30.82		30.59	**30.62**	–.11	264,990
Rough Rice (CBT)-2,000 cwt.; $ per cwt.							
May	1275.50	1286.50		1275.50	**1278.50**	–2.50	363
July	1300.00	1313.50		1297.00	**1307.00**	6.50	6,499
Wheat (CBT)-5,000 bu.; cents per bu.							
May	500.00	515.50		499.75	**512.50**	17.00	2,513
July	500.75	513.25		500.75	**510.50**	12.00	242,973
Wheat (KC)-5,000 bu.; cents per bu.							
May	513.75	523.50		512.00	**518.50**	6.25	2,733
July	532.75	543.25		530.75	**537.50**	7.00	133,762
Wheat (MPLS)-5,000 bu.; cents per bu.							
May	608.50	621.25		608.50	**617.75**	11.50	2,097
July	610.25	621.00		610.00	**615.50**	7.50	33,130
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
May	142.800	143.000		139.850	**140.175**	–1.850	8,159
Aug	148.850	149.075		145.800	**146.200**	–2.050	23,024
Cattle-Live (CME)-40,000 lbs.; cents per lb.							
April	124.675	125.150		123.825	**123.750**	–.700	220
June	107.625	107.825		105.775	**106.100**	–.900	145,230
Hogs-Lean (CME)-40,000 lbs.; cents per lb.							
May	65.950	66.800		65.575	**66.300**	.200	3,084
June	72.750	73.600		72.200	**72.700**	.075	97,668
Lumber (CME)-110,000 bd. ft., $ per 1,000 bd. ft.							
May	571.40	580.00	▲	571.00	**577.20**	5.90	1,863
July	557.70	564.30	▲	557.70	**562.10**	4.20	4,427
Milk (CME)-200,000 lbs., cents per lb.							
April	14.50	14.51		14.50	**14.50**	–.01	3,344
May	15.10	15.20	▲	15.10	**15.18**	.11	3,940

	Open	High	hi lo	Low	Settle	Chg	Open interest
Cocoa (ICE-US)-10 metric tons; $ per ton.							
May	2,805	2,811		2,805	**2,845**	–6	75
July	2,828	2,840		2,739	**2,825**	–6	137,822
Coffee (ICE-US)-37,500 lbs.; cents per lb.							
May	120.05	120.80		120.05	**120.65**	.30	160
July	122.20	123.05		121.25	**122.80**	.40	147,985
Sugar-World (ICE-US)-112,000 lbs.; cents per lb.							
May	11.29	11.40		11.25	**11.52**	.30	26,794
July	11.60	11.79		11.52	**11.75**	.23	525,830
Sugar-Domestic (ICE-US)-112,000 lbs.; cents per lb.							
July	24.81	24.81		24.81	**24.81**	–.01	2,990
Sept	25.36	25.37		25.36	**25.36**	–.01	1,506
Cotton (ICE-US)-50,000 lbs.; cents per lb.							
May	84.63	84.63		84.43	**84.68**	–.65	105
July	84.54	84.73		83.32	**83.84**	–.67	135,968
Orange Juice (ICE-US)-15,000 lbs.; cents per lb.							
May	154.00	154.40	▲	151.95	**154.95**	1.25	895
July	153.80	155.75	▲	153.55	**155.70**	1.85	9,882

Interest Rate Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-$100,000; pts 32nds of 100%							
June	143-050	143-280		142-300	**143-270**	19.0	814,678
Sept	142-050	143-010		142-050	**143-000**	19.0	7,947
Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	119-155	119-210		119-120	**119-200**	4.0	3,682,252
Sept	119-030	119-095		119-020	**119-090**	4.0	23,700
5 Yr. Treasury Notes (CBT)-$100,000; pts 32nds of 100%							
June	113-137	113-165		113-120	**113-162**	2.0	3,641,689
Sept	113-027	113-055		113-027	**113-062**	2.0	31,251
2 Yr. Treasury Notes (CBT)-$200,000; pts 32nds of 100%							
June	106-007	106-010		106-000	**106-007**	–.2	1,981,619
Sept	105-260	105-260		105-260	**105-260**	–.2	9,881
30 Day Federal Funds (CBT)-$5,000,000; 100 - daily avg.							
April	98.308	98.310	▼	98.308	**98.308**	–.002	328,012
July	98.070	98.070	▼	98.060	**98.065**	...	321,640
10 Yr. Del. Int. Rate Swaps (CBT)-$100,000; pts 32nds of 100%							
June	93.047	93.297		93.016	**93.297**	.172	30,652
1 Month Libor (CME)-$3,000,000; pts of 100%							
May	...	...		...	**98.0825**	...	1,533
Eurodollar (CME)-$1,000,000; pts of 100%							
May	97.6650	97.6675		97.6450	**97.6500**	–.0125	391,987
June	97.6450	97.6500		97.6250	**97.6300**	–.0100	1,691,168
Dec	97.3650	97.3700		97.3500	**97.3550**	–.0150	2,047,204
Dec'19	97.0250	97.0350		97.0100	**97.0300**	–.0050	1,974,626

Currency Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Japanese Yen (CME)-¥12,500,000; $ per 100¥							
May	.9176	.9176		.9150	**.9158**	–.0022	185
June	.9193	.9201		.9164	**.9178**	–.0022	150,826
Canadian Dollar (CME)-CAD 100,000; $ per CAD							
May	.7809	.7809		.7778	**.7789**	–.0005	183
June	.7799	.7817		.7775	**.7794**	–.0006	115,262
British Pound (CME)-£62,500; $ per £							
May	1.3786	1.3788	▼	1.3734	**1.3755**	–.0042	923
June	1.3809	1.3822		1.3742	**1.3776**	–.0042	186,785
Swiss Franc (CME)-CHF 125,000; $ per CHF							
June	1.0161	1.0168		1.0119	**1.0132**	–.0030	79,798
Australian Dollar (CME)-AUD 100,000; $ per AUD							
May	.7571	.7571	▼	.7535	**.7530**	–.0050	795
June	.7582	.7583	▼	.7526	**.7530**	–.0050	135,732
July	.7571	.7574	▼	.7538	**.7532**	–.0050	339
Aug	.7549	.7578	▼	.7544	**.7533**	–.0050	175
Sept	.7584	.7585	▼	.7533	**.7535**	–.0050	1,021
Dec	.7540	.7573	▼	.7540	**.7542**	–.0050	412
Mexican Peso (CME)-MXN 500,000; $ per MXN							
June	.05328	.05329		.05276	**.05304**	–.00024	215,620
Sept	.05233	.05240		.05203	**.05230**	–.00024	1,592
Euro (CME)-€125,000; $ per €							
May	1.2132	1.2145		1.2078	**1.2093**	–.0041	1,070
June	1.2170	1.2181		1.2106	**1.2123**	–.0041	489,486

Index Futures

	Open	High	hi lo	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT)-$5 x index							
June	24358	24458		24110	**24131**	–152	100,453
Sept	24334	24463		24133	**24143**	–148	2,325
S&P 500 Index (CME)-$250 x index							
June	2675.50	2682.00		2646.00	**2647.00**	–24.40	70,736
Sept	...	2685.80		2649.80	**2651.50**	–24.30	9,027
Mini S&P 500 (CME)-$50 x index							
June	2670.50	2682.25		2645.00	**2647.00**	–24.50	2,853,010
Sept	2678.00	2686.00		2649.50	**2651.50**	–24.25	93,787
Mini S&P Midcap 400 (CME)-$100 x index							
June	1892.60	1903.20		1869.30	**1872.10**	–20.60	76,178
Mini Nasdaq 100 (CME)-$20 x index							
June	6668.0	6718.0		6595.5	**6613.0**	–56.8	221,940
Sept	6701.5	6742.0		6621.0	**6636.5**	–57.3	11,061
Mini Russell 2000 (ICE-US)-$100 x index							
June	1558.40	1567.00		1542.00	**1543.80**	–15.10	9,653
Mini Russell 1000 (ICE-US)-$100 x index							
June	1472.50	1473.90		1469.70	**1468.60**	–12.40	66
U.S. Dollar Index (ICE-US)-$1,000 x index							
June	91.35	91.71		91.28	**91.63**	.29	30,615
Sept	90.96	91.25		90.84	**91.18**	.29	1,408

Source: SIX Financial Information

Cash Prices | WSJ.com/commodities

Monday, April 30, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Monday
Energy	
Propane,tet,Mont Belvieu-g	0.9351
Butane,normal,Mont Belvieu-g	0.9831
NaturalGas,HenryHub-i	2.680
NaturalGas,TranscoZone3-i	2.640
NaturalGas,TranscoZone6NY-i	2.680
NaturalGas,PanhandleEast-i	1.790
NaturalGas,Opal-i	1.830
NaturalGas,MarcellusNE PA-i	1.610
NaturalGas,HaynesvilleN.LA-i	2.570
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	1314.88
Engelhard fabricated	1413.50
Handy & Harman base	1313.20
Handy & Harman fabricated	1457.65
LBMA Gold Price AM	*1317.70
LBMA Gold Price PM	*1321.50
Krugerrand,wholesale-e	1371.24
Maple Leaf-e	1384.43
American Eagle-e	1384.43
Mexican peso-e	1597.72
Austria crown-e	1295.39
Austria phil-e	1384.43
Silver, troy oz.	
Engelhard industrial	16.2800
Engelhard fabricated	19.5360
Handy & Harman base	16.3510
Handy & Harman fabricated	20.4390
LBMA spot price	*£12.0100
(U.S.$ equivalent)	*16.5300
Coins,wholesale $1,000 face-a	12070
Other metals	
LBMA Platinum Price PM	*911.0
Platinum,Engelhard industrial	908.0
Platinum,Engelhard fabricated	1008.0
Palladium,Engelhard industrial	968.0
Palladium,Engelhard fabricated	1068.0
Aluminum, LME, $ per metric ton	*2249.0
Copper,Comex spot	3.0525
Iron Ore, 62% Fe CFR China-s	65.4
Shredded Scrap, US Midwest-s,m	381
Steel, HRC USA, FOB Midwest Mill-s	880
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5875
Cotton,1 1/16 std lw-mdMphs-u	0.8284
Cotlook 'A' Index-t	*93.45
Hides,hvy native steers piece fob-u	62.500
Wool,64s,staple,Terr del-u,w	6.30
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u	113
Corn,No. 2 yellow,Cent IL-bp,u	3.6550
Corn gluten feed,Midwest-u,w	123.2
Corn gluten meal,Midwest-u,w	518.6
Cottonseed meal-u,w	260
Hominy feed,Cent IL-u,w	102
Meat-bonemeal,50% pro Mnpls-u,w	n.a.
Oats,No.2 milling,Mnpls-u	2.7800
Rice, Long Grain Milled, No. 2 AR-u,w	25.75
Sorghum,(Milo) No.2 Gulf-u	n.a.
SoybeanMeal,Cent IL,rail,ton48%-u	400.80
Soybeans,No.1 yllw IL-bp,u	10.0100
Wheat,Spring14%-pro Mnpls-u	7.6300
Wheat,No.2 soft red,St.Louis-bp,u	4.5400
Wheat - Hard - KC (USDA) $ per bu-u	5.1850
Wheat,No.1soft white,Portld,OR-u	5.9275
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	199.99
select 1-3,600-900 lbs.-u	183.09
Broilers, National comp wghtd-u,w	1.0906
Butter,AA Chicago	2.3700
Cheddar cheese,bbl,Chicago	148.75
Cheddar cheese,blk,Chicago	163.00
Milk,Nonfat dry,Chicago lb.	85.50
Cocoa,Ivory Coast-w	3066
Coffee,Brazilian,Comp	1.2180
Coffee,Colombian, NY	1.4218
Eggs,large white,Chicago-u	1.1650
Flour,hard winter KC	15.95
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	61.76
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	0.9261
Steers,Tex.-Okla. Choice-u	123.34
Steers,feeder,Okla. City-u,w	165.25
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	0.2870
Tallow,bleach;Chicago-h	0.2400
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 4/27

Source: WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

April 30, 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.	**1.84**	1.69	2.18	0.76

U.S. government rates

	Latest	Week ago	52-Week High	52-Week Low
Discount	**2.25**	2.25	2.25	1.50
Federal funds				
Effective rate	**1.7200**	1.7100	1.7200	0.8600
High	**1.9500**	1.9000	1.9500	1.0625
Low	**1.6500**	1.6800	1.7100	0.7000
Bid	**1.6800**	1.6800	1.7000	0.8200
Offer	**1.7100**	1.7100	1.7200	0.8300

	Latest	Week ago	52-Week High	52-Week Low
Treasury bill auction				
4 weeks	**1.680**	1.630	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				
Fannie Mae				
30-year mortgage yields				
30 days	**4.181**	4.205	4.275	3.253
60 days	**4.210**	4.233	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	**1.95**	1.95	2.31	1.01
Libor				
One month	**1.90932**	1.89711	1.90932	0.98856
Three month	**2.36294**	2.35954	2.36561	1.17122
Six month	**2.51175**	2.51563	2.52175	1.39906
One year	**2.77004**	2.76875	2.78031	1.69511
Euro Libor				
One month	**-0.401**	-0.402	-0.397	-0.420
Three month	**-0.356**	-0.365	-0.356	-0.389
Six month	**-0.317**	-0.321	-0.260	-0.339
One year	**-0.244**	-0.244	-0.138	-0.263
Euro interbank offered rate (Euribor)				
One month	**-0.371**	-0.372	-0.366	-0.374
Three month	**-0.329**	-0.328	-0.325	-0.332
Six month	**-0.269**	-0.270	-0.248	-0.279
One year	**-0.189**	-0.189	-0.121	-0.194

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	**1.827**	30.540	2.068	0.791
MBS	**1.844**	118.310	1.971	0.794

	Settle	Change	Open Interest	Implied Rate
DTCC GCF Repo Index Futures				
Treasury Apr	**98.187**	0.002	5672	1.813
Treasury May	**98.205**	0.010	1043	1.795
Treasury Jun	**98.055**	unch.	675	1.945

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.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

	Week Ended Apr 27	Apr 20	52-Week High	52-Week Low
Federal funds (effective)	**1.70**	1.69	1.70	0.88
Commercial paper				
Nonfinancial				
1-month	**1.82**	1.83	1.86	0.83
2-month	**1.90**	1.88	1.90	0.86
3-month	**2.01**	1.99	2.01	0.91
Financial				
1-month	**1.82**	1.85	1.85	0.93
2-month	**1.99**	1.99	2.05	0.98
3-month	**2.13**	2.17	2.28	1.04
Discount window primary credit	**2.25**	2.25	2.25	1.50
Conventional mortgages	**n.a.**	n.a.	n.a.	n.a.
Treasury yields at constant maturities				
1-month	**1.66**	1.66	1.71	0.71
3-month	**1.85**	1.81	1.85	0.81
6-month	**2.03**	2.01	2.03	0.98
1-year	**2.25**	2.18	2.25	1.06
2-year	**2.49**	2.42	2.49	1.27
3-year	**2.63**	2.56	2.63	1.40
5-year	**2.82**	2.73	2.82	1.65
7-year	**2.95**	2.83	2.95	1.90
10-year	**2.99**	2.88	2.99	2.07
20-year	**3.07**	2.96	3.07	2.43

	Week Ended Apr 27	Apr 20	52-Week High	52-Week Low
Treasury yields (secondary market)				
1-month	**1.62**	1.63	1.68	0.69
3-month	**1.81**	1.78	1.81	0.80
6-month	**1.98**	1.96	1.98	0.96
TIPS				
5-year	**0.73**	0.66	0.73	0.01
7-year	**0.82**	0.72	0.82	0.20
10-year	**0.82**	0.73	0.82	0.28
20-year	**0.91**	0.82	0.94	0.60
Long-term avg	**0.94**	0.86	0.96	0.65
Interest rate swaps				
1-year	**n.a.**	n.a.	n.a.	n.a.
2-year	**n.a.**	n.a.	n.a.	n.a.
3-year	**n.a.**	n.a.	n.a.	n.a.
4-year	**n.a.**	n.a.	n.a.	n.a.
5-year	**n.a.**	n.a.	n.a.	n.a.
7-year	**n.a.**	n.a.	n.a.	n.a.
10-year	**n.a.**	n.a.	n.a.	n.a.
30-year	**n.a.**	n.a.	n.a.	n.a.
Corporate bonds, Moody's seasoned				
Aaa	**n.a.**	n.a.	n.a.	n.a.
Baa	**n.a.**	n.a.	n.a.	n.a.
State and local bonds	**n.a.**	n.a.	n.a.	n.a.
Eurodollars				
1 month	**n.a.**	n.a.	n.a.	n.a.
3 month	**n.a.**	n.a.	n.a.	n.a.
6 month	**n.a.**	n.a.	n.a.	n.a.

Notes on data:

Federal-funds rate is an average for the seven days ended Wednesday, weighted according to rates on broker trades; **Commercial paper rates** are discounted offer rates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; **Discount window primary credit rate** is charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program; **rate** is average for seven days ended Wednesday; **Inflation-indexed long-term TIPS** average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more; **Swap rates** are International Swaps and Derivatives Association (ISDA(R)) mid-market par rates for a fixed-rate payer, who in return receives three-month Libor, and are based on rates collected at 11:00 a.m. ET by Garban Intercapital PLC; Source is Reuters; **Moody's triple-AAA** rates are averages of industrial bonds only; **Muni rates** are Thursday quotes based on the Bond Buyer Index for general obligation, 20 years to maturity, mixed quality debt; **Mortgage rates** are contract rates on commitments for fixed-rate first mortgages

Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, www.federalreserve.gov/releases/h15/data.htm

Bonds | WSJ.com/bonds

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Low	High
Broad Market Bloomberg Barclays					
1901.39	-2.2	U.S. Aggregate	3.290	2.380	3.340
U.S. Corporate Indexes Bloomberg Barclays					
2708.25	-3.2	U.S. Corporate	3.920	3.030	3.970
2568.80	-1.9	Intermediate	3.620	2.530	3.660
3703.52	-5.9	Long term	4.570	3.990	4.640
553.69	-2.5	Double-A-rated	3.370	2.470	3.410
699.04	-3.1	Triple-B-rated	4.210	3.340	4.250
High Yield Bonds Merrill Lynch					
n.a.	n.a.	High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Triple-C-rated	n.a.	n.a.	n.a.
n.a.	n.a.	High Yield 100	n.a.	n.a.	n.a.
n.a.	n.a.	Global High Yield Constrained	n.a.	n.a.	n.a.
n.a.	n.a.	Europe High Yield Constrained	n.a.	n.a.	n.a.
U.S Agency Bloomberg Barclays					
1618.99	-1.1	U.S Agency	2.750	1.690	2.780
1452.44	-0.7	10-20 years	2.640	1.510	2.660
3259.54	-3.7	20-plus years	3.380	2.730	3.460
2408.52	-2.2	Yankee	3.590	2.610	3.620
Mortgage-Backed Bloomberg Barclays					
1954.33	-1.7	Mortgage-Backed	3.440	2.660	3.510
1920.30	-1.7	Ginnie Mae (GNMA)	3.420	2.630	3.480
1146.06	-1.7	Fannie mae (FNMA)	3.450	2.670	3.520
1765.28	-1.7	Freddie Mac (FHLMC)	3.460	2.680	3.530
n.a.	n.a.	Muni Master	n.a.	n.a.	n.a.
n.a.	n.a.	7-12 year	n.a.	n.a.	n.a.
n.a.	n.a.	12-22 year	n.a.	n.a.	n.a.
n.a.	n.a.	22-plus year	n.a.	n.a.	n.a.
Global Government J.P. Morgan[†]					
541.54	-0.5	Global Government	1.580	1.300	1.650
751.17	-0.5	Canada	2.270	1.570	2.340
374.50	1.1	EMU§	1.099	0.956	1.311
712.65	0.3	France	0.890	0.690	1.040
506.10	-0.2	Germany	0.590	0.330	0.740
289.83	0.4	Japan	0.380	0.350	0.460
559.56	-0.2	Netherlands	0.680	0.460	0.830
923.52	-0.8	U.K.	1.630	1.340	1.830
n.a.	n.a.	Emerging Markets **	n.a.	n.a.	n.a.

*Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds † In local currency § Euro-zone bonds

** EMBI Global Index

Sources: Merrill Lynch; Bloomberg Barclays; J.P.Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Country/ Maturity, in years	Yield (%) Latest	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points Latest	Prev	Year ago
2.375	**U.S.** 2	2.484 ▲	2.484	2.266	1.266			
2.750	10	2.934 ▼	2.964	2.739	2.281			
4.500	**Australia** 2	2.055 ▼	2.092	2.024	1.666	-42.9	-39.2	40.0
2.250	10	2.780 ▼	2.832	2.608	2.589	-15.4	-13.1	30.7
0.000	**France** 2	-0.498 ▲	-0.505	-0.499	-0.457	-298.2	-298.9	-172.2
0.750	10	0.789 ▲	0.788	0.721	0.841	-214.5	-217.5	-144.1
0.000	**Germany** 2	-0.590 ▼	-0.571	-0.610	-0.727	-307.4	-305.5	-199.3
0.500	10	0.561 ▼	0.572	0.498	0.323	-237.3	-239.1	-195.9
0.050	**Italy** 2	-0.311 ▲	-0.329	-0.326	-0.082	-279.5	-281.3	-134.8
2.000	10	1.782 ▲	1.736	1.792	2.282	-115	-122.7	0.1
0.100	**Japan** 2	-0.136	-0.136	-0.136	-0.213	-262.0	-262.0	-147.9
0.100	10	0.056	0.056	0.048	0.014	-287.8	-290.8	-226.7
1.400	**Spain** 2	-0.350 ▼	-0.350	-0.350	-0.244	-283.4	-283.4	-151.0
1.400	10	1.278 ▲	1.258	1.163	1.635	-165.6	-170.6	-64.6
2.000	**U.K.** 2	0.773 ▼	0.799	0.822	0.074	-171.1	-168.5	-119.2
4.250	10	1.419 ▼	1.448	1.353	1.088	-151.	-151.6	-119.3

Source: Tullett Prebon

Corporate Debt

in that same company's share price.

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Maturity	Spread*, in basis points Current	One-day change	Last week	Stock Performance Close ($)	% chg
Apple	AAPL	2.850	May 11, '24	32	–30	63	165.26	1.81
Chevron	CVX	2.419	Nov. 17, '20	16	–20	n.a.	125.11	–1.19
HSBC Holdings	HSBC	6.250	March 23, '49	269	–13	256	50.26	0.06
PNC Bank NA	PNC	2.625	Feb. 17, '22	45	–12	n.a.	...	...
General Mills	GIS	3.150	Dec. 15, '21	74	–11	n.a.	43.74	–1.75
Honeywell International	HON	1.850	Nov. 1, '21	37	–8	n.a.	144.68	–1.53
Microsoft	MSFT	2.000	Nov. 3, '20	19	–8	26	93.52	–2.40
Verizon Communications	VZ	3.376	Feb. 15, '25	95	–8	n.a.	49.35	–4.30

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Prudential Financial	PRU	5.625	June 15, '43	150	17	n.a.	106.32	–1.21
RBS Capital Trust II	RBS	6.425	Jan. 3, '34	192	15	n.a.	...	...
Citigroup	C	4.750	May 18, '46	182	10	168	68.27	–1.04
Campbell Soup	CPB	4.150	March 15, '28	160	10	145	40.78	–3.09
UnitedHealth	UNH	3.450	Jan. 15, '27	87	10	n.a.	236.40	–1.57
United Technologies	UTX	4.500	June 1, '42	155	10	142	120.15	–1.89
Bacardi	BACARD	5.300	May 15, '48	230	9	n.a.	...	...
AT&T	T	5.150	Nov. 15, '46	218	9	204	32.70	–1.03

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Maturity	Bond Price as % of face value Current	One-day change	Last week	Stock Performance Close ($)	% chg
Continental Resources	CLR	4.900	June 1, '44	97.500	1.63	97.000	66.06	1.37
Ditech Holding	DHCP	9.000	Dec. 31, '24	74.250	1.25	70.000	5.70	...
PetSmart	PETM	8.875	June 1, '25	58.500	1.25	58.250	...	...
Mattel	MAT	2.350	Aug. 15, '21	90.230	1.11	88.125	14.80	4.45
McDermott Escrow 1	MDR	10.625	May 1, '24	100.969	0.97	99.375	...	...
Molina Healthcare	MOH	5.375	Nov. 15, '22	100.250	0.90	100.500	83.25	–1.96
Service Corp. International	SCI	4.625	Dec. 15, '27	98.280	0.78	97.875	36.51	–1.08
Charter Communications Operating	CHTR	5.375	May 1, '47	94.806	0.78	94.911	...	...

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Maturity	Current	One-day change	Last week	Close ($)	% chg
Sprint Capital	S	6.875	Nov. 15, '28	101.875	–2.75	101.625	...	...
DISH DBS	DISH	5.875	Nov. 15, '24	85.469	–2.28	89.250	...	...
Kinross Gold	KCN	6.875	Sept. 1, '41	109.001	–1.82	112.500	...	...
Murray Energy	MURREN	11.250	April 15, '21	43.500	–1.50	42.000	...	...
Ultra Resources	UPL	6.875	April 15, '22	73.500	–1.50	76.000	2.42	–2.02
L Brands	LB	6.875	Nov. 1, '35	94.500	–1.00	n.a.	34.91	–0.99
Teck Resources	TCKBCN	6.250	July 15, '41	106.000	–1.00	108.000	...	...
TeamHealth Holdings	TMH	6.375	Feb. 1, '25	87.500	–1.00	88.500	...	...

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread.
Note: Data are for the most active issue of bonds with maturities of two years or more

Sources: MarketAxess Corporate BondTicker; WSJ Market Data Group

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.
The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was $2 or higher.

Footnotes:
- ▲-New 52-week high.
- ▼-New 52-week low.
- **dd**-Indicates loss in the most recent four quarters.
- **FD**-First day of trading.
- **h**-Does not meet continued listing standards
- **lf**-Late filing
- **q**-Temporary exemption from Nasdaq requirements.
- **t**-NYSE bankruptcy
- **v**-Trading halted on primary market.
- **vj**-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, April 30, 2018

Stock	Sym	Close	Net Chg
A B C			
ABB	ABB	23.27	-0.01
ADT	ADT	8.91	-0.20
AES	AES	12.24	0.06
Aflac	AFL	45.57	-0.32
AGNC Invt	AGNC	18.92	-0.07
...			
AquaAmerica	WTR	35.15	0.14
Aramark	ARMK	37.39	-0.11
ArcelorMittal	MT	33.84	0.22
ArchCapital	ACGL	80.13	-1.55
ArcherDaniels	ADM	45.38	-0.67
▼ **Arconic**	**ARNC**	**17.81**	**-4.63**
AristaNetworks	ANET	264.55	1.80
ArrowElec	ARW	74.74	-0.33
AspenTech	AZPN	87.75	-2.04
AstraZeneca	AZN	35.53	-0.06
Athene	ATH	49.00	-0.54
Atlassian	TEAM	55.98	0.56
AtmosEnergy	ATO	86.89	-0.52
Autodesk	ADSK	125.90	-0.74
Autohome	ATHM	97.55	2.65
Autoliv	ALV	134.05	-2.62
ADP	ADP	118.08	-1.80
AutoZone	AZO	624.52	-4.15
...			
CIT Group	CIT	52.95	-0.52
CME Group	CME	157.68	0.32
CMS Energy	CMS	47.19	0.01
CNA Fin	CNA	50.46	1.20
▲ CNOOC	CEO	169.01	0.30
CPFLEnergia	CPL	13.69	-0.18
CRH	CRH	35.36	-0.28
CSX	CSX	59.39	-0.89
CVS Health	CVS	69.83	-0.12
CabotOil	COG	23.91	0.29
CadenceDesign	CDNS	40.06	0.10
CaesarsEnt	CZR	11.35	0.15
CamdenProperty	CPT	85.40	-0.71
CampbellSoup	CPB	40.78	-1.30
CIBC	CM	87.05	-0.20
CanNtlRlwy	CNI	77.28	-1.03
CanNaturalRes	CNQ	36.08	0.33
...			
▲ Cullen/Frost	CFR	114.45	-1.69
Cummins	CMI	159.86	-0.96
CurtissWright	CW	128.04	-3.45
D E F			
▼ DISH Network	DISH	33.55	-1.19
DTE Energy	DTE	105.40	-0.25
DXC Tech	DXC	103.06	-0.42
Danaher	DHR	100.32	-1.32
...			
MicroFocus	MFGP	17.32	-0.20
MicrochipTech	MCHP	83.66	-1.00
MicronTech	MU	45.98	-1.54
Microsemi	MSCC	64.69	0.10
Microsoft	MSFT	93.52	-2.30
MidAmApt	MAA	91.46	-0.45
Middleby	MIDD	125.84	-2.12
MitsubishiUFJ	MUFG	6.68	-0.03
MizuhoFin	MFG	3.64	-0.01
...			
People'sUtdFin	PBCT	18.29	-0.20
▼ PepsiCo	PEP	100.94	-0.77
PerkinElmer	PKI	73.36	-0.75
Perrigo	PRGO	78.14	-1.26
PetroChina	PTR	73.61	0.28
PetroleoBrasil	PBR	14.09	-0.05
PetroleoBrasilA	PBR.A	13.15	-0.02
Pfizer	PFE	36.61	-0.39
PhilipMorris	PM	82.00	-0.56
...			
SignatureBank	SBNY	127.15	-3.07
SimonProperty	SPG	156.34	0.20
SiriusXM	SIRI	6.33	0.03
▼ Skyworks	SWKS	86.76	-0.32
SmithAO	AOS	61.35	-1.02
Smith&Nephew	SNN	38.87	-0.23
Smucker	SJM	114.08	-2.10
Snap	SNAP	14.33	0.10
SnapOn	SNA	145.25	-1.98
...			
UGI	UGI	48.39	-0.11
US Foods	USFD	34.18	-0.61
UltaBeauty	ULTA	250.91	2.10
UltSoftware	ULTI	239.92	-1.60
UltraparPart	UGP	17.32	-0.51
UnderArmour A	UAA	17.76	-0.07
UnderArmour C	UA	15.35	-0.02
Unilever	UN	57.12	0.24
Unilever	UL	55.97	0.10
...			
YumChina	YUMC	42.76	0.71
ZTO Express	ZTO	16.50	0.16
ZayoGroup	ZAYO	36.30	-0.59
ZebraTech	ZBRA	134.83	-0.30
Zillow A	ZG	48.37	1.11
Zillow C	Z	48.49	1.23
ZimmerBiomet	ZBH	115.17	-1.75
ZionsBancorp	ZION	54.75	-0.85
Zoetis	ZTS	83.48	-1.36

Dividend Changes

Dividend announcements from April 30.

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Increased					
BankFinancial	BFIN	2.1	.09 / .08	Q	May25 / May16
Cheniere Energy Ptnr	CQP	7.0	.55 / .50	Q	May15 / May07
Community West Bancshares	CWBC	1.8	.05 / .04	Q	May31 / May11
Delek Logistics Partners	DKL	9.9	.75 / .725	Q	May15 / May07
Noble Midstream Partners	NBLX	4.5	.511 / .4883	Q	May14 / May07
North Eur Oil Royalty Tr	NRT	8.7	.19 / .17	Q	May30 / May18
Oaktree Capital Group	OAK	9.7	.96 / .76	Q	May11 / May07
Paychex	PAYX	3.7	.56 / .50	Q	May24 / May09
Peoples Fincl Svcs	PFIS	2.8	.33 / .32	Q	Jun15 / May31
SandRidge Mississip Tr	SDT	21.9	.0488 / .0422	Q	May25 / May11
SandRidge Permian Trust	PER	22.7	.125 / .113	Q	May25 / May11
Southside Bancshares	SBSI	3.4	.30 / .28	Q	Jun07 / May24
USD Partners	USDP	12.6	.3525 / .35	Q	May11 / May07
Xilinx	XLNX	2.2	.36 / .35	Q	Jun04 / May15
Stocks					
Stellar Biotechnologies	SBOT		1:7		/ May07

Company	Symbol	Yld %	Amount New/Old	Frq	Payable / Record
Foreign					
Agnico-Eagle Mines	AEM	1.0	.11	Q	Jun15 / Jun01
Aon PLC	AON	1.1	.40	Q	May15 / May01
Ardagh Group Cl A	ARD	2.8	.14	Q	May31 / May17
BanColombia ADR	CIB	3.1	.36157		Jul13 / Jun28
BBVA Banco Frances ADR	BFR	1.1	.23126		May21 / May08
Brasil DistrGrupo Pao ADR	CBD		.08392		Jun19 / May08
Delphi Technologies	DLPH	1.4	.17	Q	May16 / May08
Enel Americas ADR	ENIA	0.9	.2585		/ May18
Enel Chile ADR	ENIC	2.0	.18497		/ May11
GasLog Partners	GLOP	8.9	.53	Q	May11 / May07
Golar LNG Partners	GMLP	11.5	.5775	Q	May14 / May07
Golar LNG Ptrs Pfd. A	GMLPP	8.5	.54688	Q	May15 / May08
Imperial Oil	IMO	1.9	.14787	Q	Jul01 / Jun01
INVESCO	IVZ	4.1	.30	Q	Jun01 / May11
TransCanada	TRP	5.1	.53699	Q	Jul31 / Jun29

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; SO: spin-off.

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. **% CHG**-Daily percentage change from the previous trading session.

Monday, April 30, 2018

Stock	Sym	52-Wk Hi/Lo	% Chg
Highs			
AcornIntl	ATV	28.50	-2.4
AmerFirstMultifam	ATAX	6.45	...
AmericoldRealty	COLD	21.13	-1.0
AnadarkoPetrol	APC	68.18	0.4
Andeavor	ANDV	144.08	13.0
AtlCapitalBcshs	ACBI	20.00	-3.0
Attunity	ATTU	9.19	-0.9
BJsRestaurants	BJRI	57.65	-0.6
...			
DelekUS	DK	49.29	1.7
EOG Rscs	EOG	119.71	1.2
E*TRADE	ETFC	61.92	-1.0
EaglePointNts27	ECCY	26.75	-0.2
Ecology&Envt	EEI	13.45	1.6
ElectrumSpec	ELEC	10.46	...
ElevenBiotherap	EBIO	2.86	11.2
EnbridgeNts2078	ENBA	25.32	...
EncompassHealth	EHC	62.55	-1.2
EnovaIntl	ENVA	29.75	1.9
EnterpriseFinSvcs	EFSC	51.25	...
EvercoreA	EVR	103.85	0.7
EvolutionPetrol	EPM	9.40	1.6
ExtraSpaceSt	EXR	90.40	-0.2
F5Networks	FFIV	163.48	1.4
FTI Consulting	FCN	58.78	5.1
FarmersBancp	FMAO	46.00	-1.3
FarmersCapBk	FFKT	51.20	-0.6
58.com	WUBA	88.30	3.9
FirstBusFinSvcs	FBIZ	26.95	0.7
...			
MiXTelematics	MIXT	17.18	-1.1
MTechAcqnWt	MTECW	0.75	7.1
MudrickCapA	MUDS	9.67	0.5
Nasdaq	NDAQ	89.76	-0.5
NewparkResources	NR	10.75	2.4
NextEraEnergyUn	NEEpR	58.46	-1.1
OFGBancorp	OFG	13.95	-1.8
OccidentalPetrol	OXY	78.11	0.3
OneSmartIntlEduc	ONE	11.86	-10.9
OrthofixIntl	OFIX	61.86	-0.6
PBF Energy	PBF	39.24	3.0
PJT Partners	PJT	55.99	0.6
Pearson	PSO	11.50	0.6
Perficient	PRFT	24.76	0.4
Phillips66	PSX	113.32	...
PioneerNatRscs	PXD	204.55	1.1
Quidel	QDEL	57.43	1.3
RSP Permian	RSPP	50.53	1.6
Rayonier	RYN	37.76	-0.7
RecroPharma	REPH	12.42	0.7
...			
Visa	V	127.90	0.7
ValeroEnergy	VLO	113.32	1.0
Vericel	VCEL	13.59	3.9
VeriFoneSystems	PAY	23.14	-0.1
VistraEnergy	VST	23.01	0.5
VistraEnergyWt	VST.WS.A	0.63	6.8
WebsterFin	WBS	61.17	-0.9
WhitingPetrol	WLL	41.81	1.2
WildHorseResource	WRD	26.46	2.4
WW Ent	WWE	40.64	-1.3

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session

Monday, April 30, 2018

ETF	Symbol	Closing Price	Chg (%)	YTD (%)
AlerianMLPETF	AMLP	10.10	0.10	-6.4
CnsmrDiscSelSector	XLY	103.70	-0.39	5.1
CnsStapleSelSector	XLP	50.45	-0.63	-11.3
EnSelectSectorSPDR	XLE	73.81	-0.01	2.1
FinSelSectorSPDR	XLF	27.45	-0.90	-1.6
HealthCareSelSect	XLV	82.26	-1.53	-0.5
IndSelSectorSPDR	XLI	72.22	-1.33	-4.6
iShIntermCredBd	CIU	106.37	0.04	-2.6
iSh1-3YCreditBond	CSJ	103.74	-0.01	-0.8
iSh3-7YTreasuryBd	IEI	119.52	0.05	-2.2
iShCoreMSCIEAFE	IEFA	66.64	-0.43	0.8
iShCoreMSCIEmgMk	IEMG	56.85	-0.65	-0.1
iShCoreMSCITotInt	IXUS	63.32	-0.46	0.4
iShCoreS&P500	IVV	266.31	-0.77	-0.9
iShCoreS&P MC	IJH	186.96	-1.06	-1.5
iShCoreS&P SC	IJR	77.82	-0.89	1.3
iShS&PTotlUSStkMkt	ITOT	60.65	-0.82	-0.8
iShCoreUSAggBd	AGG	106.00	0.02	-3.0
iShSelectDividend	DVY	96.32	-0.70	-2.3
iShEdgeMSCIMinEAFE	EFAV	74.10	-0.32	1.5
iShEdgeMSCIMinUSA	USMV	52.04	-0.61	-1.4
iShEdgeMSCIUSAMom	MTUM	106.45	-0.74	3.2
iShFloatingRateBd	FLOT	51.03	0.02	0.4
iShGoldTr	IAU	12.62	-0.71	0.9
iShiBoxx$InvGrCpBd	LQD	115.22	-0.09	-5.2
iShiBoxx$HYCpBd	HYG	85.70	-0.07	-1.8
iShJPMUSDEmgBd	EMB	110.14	-0.32	-5.1
iShMBSETF	MBB	103.81	-0.02	-2.6
iShMSCI ACWI	ACWI	71.99	-0.58	-0.1
iShMSCIBrazil	EWZ	42.30	-1.76	4.6
iShMSCI EAFE	EFA	70.74	-0.32	0.6
iShMSCI EAFE SC	SCZ	65.62	-0.47	1.7
iShMSCIEmgMarkets	EEM	46.92	-0.72	-0.4
iShMSCIEurozone	EZU	44.33	-0.56	2.2
iShMSCIJapan	EWJ	60.64	-0.23	1.2
iShNasdaqBiotech	IBB	103.65	-1.86	-2.9
iShNatlMuniBd	MUB	107.97	0.06	-2.5
iShRussell1000Gwth	IWF	136.45	-0.65	1.3
iShRussell1000	IWB	147.24	-0.84	-0.9
iShRussell1000Val	IWD	120.34	-0.92	-3.2
iShRussell2000Gwth	IWO	190.99	-0.78	2.3
iShRussell2000	IWM	153.32	-0.89	0.6
iShRussell2000Val	IWN	124.13	-0.93	-1.3
iShRussell3000	IWV	156.84	-0.80	-0.8
iShRussellMid-Cap	IWR	206.07	-0.80	-1.0
iShRussellMCValue	IWS	86.83	-0.91	-2.6
iShS&PMC400Growth	IJK	215.67	-1.05	-0.1
iShS&P500Growth	IVW	155.45	-0.66	1.8
iShS&P500Value	IVE	109.89	-0.96	-3.8
iShUSPfdStk	PFF	37.13	0.08	-2.5
iShShortTreaBd	SHV	110.36	...	0.1
iShTIPSBondETF	TIP	112.61	0.08	-1.3
iSh1-3YTreasuryBd	SHY	83.27	-0.04	-0.7
iSh7-10YTreasuryBd	IEF	101.70	0.11	-3.7
iShRussellMCGrowth	IWP	121.73	-0.73	0.9
PIMCOEnhShMaturity	MINT	101.60	0.02	0.0
PwrShQQQ1	QQQ	160.94	-0.71	3.3
PwrShS&P500EW	RSP	99.85	-0.91	-1.2
PwrShSrLoanPtf	BKLN	23.11	-0.09	0.3
SPDR BlmBarcHYBd	JNK	35.87	...	-2.3
SPDR Gold	GLD	124.59	-0.73	0.8
SchwabIntEquity	SCHF	34.19	-0.35	0.4
SchwabUS BrdMkt	SCHB	64.03	-0.81	-0.8
SchwabUS Div	SCHD	48.48	-0.94	-5.3
SchwabUS LC	SCHX	63.28	-0.77	-0.8
SPDR DJIA Tr	DIA	241.54	-0.58	-2.4
SPDR S&PMdCpTr	MDY	340.51	-1.04	-1.4
SPDR S&P 500	SPY	264.51	-0.77	-0.9
SPDR S&P Div	SDY	90.88	-0.98	-3.8
TechSelectSector	XLK	65.46	-0.65	2.4
UtilitiesSelSector	XLU	51.56	-0.29	-2.1
VanEckGoldMiner	GDX	22.28	-1.98	-4.1
VangdInfoTech	VGT	170.96	-0.40	3.8
VangdSC Val	VBR	129.94	-1.04	-2.1
VangdSC Grwth	VBK	164.37	-0.66	2.2
VangdDivApp	VIG	100.11	-0.78	-1.9
VangdFTSEDevMk	VEA	44.81	-0.53	-0.1
VangdFTSE EM	VWO	45.68	-0.67	-0.5
VangdFTSE Europe	VGK	59.40	-0.49	0.4
VangdFinls	VFH	69.22	-0.93	-1.2
VangdFTSEAWxUS	VEU	54.68	-0.36	-0.1
VangdGrowth	VUG	142.27	-0.42	1.2
VangdHlthCr	VHT	154.93	-1.46	0.5
VangdHiDiv	VYM	82.60	-0.97	-3.5
VangdIntermBd	BIV	80.73	-0.02	-3.7
VangdIntrCorpBd	VCIT	83.67	-0.05	-4.3
VangdLC	VV	121.59	-0.81	-0.8
VangdMC	VO	153.91	-0.81	-0.6
VangdMC Val	VOE	109.88	-0.87	-1.5
VangdRealEst	VNQ	76.09	-0.39	-8.3
VangdS&P500	VOO	242.92	-0.82	-1.0
VangdST Bond	BSV	78.14	...	-1.2
VangdSTCpBd	VCSH	78.16	0.05	-1.4
VangdSC	VB	147.47	-0.87	-0.2
VangdTotalBd	BND	79.05	0.05	-3.1
VangdTotIntlBd	BNDX	54.60	...	0.4
VangdTotIntlStk	VXUS	56.81	-0.49	...
VangdTotalStk	VTI	136.33	-0.73	-0.7
VangdTotlWrld	VT	73.94	-0.67	-0.4
VangdValue	VTV	103.61	-1.09	-2.5

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-Ex-distribution. **f**-Previous day's quotation. **g**-Footnotes x and s apply. **j**-Footnotes e and s apply. **k**-Recalculated by Lipper, using updated data. **p**-Distribution costs apply, 12b-1. **r**-Redemption charge may apply. **s**-Stock split or dividend. **t**-Footnotes p and r apply. **v**-Footnotes x and e apply. **x**-Ex-dividend. **z**-Footnote x, e and s apply. **NA**-Not available due to incomplete price, performance or cost data. **NE**-Not released by Lipper; data under review. **NN**-Fund not tracked. **NS**-Fund didn't exist at start of period.

Monday, April 30, 2018

Fund	NAV	Net Chg	YTD %Ret
American Century Inv			
Ultra	45.33	-0.27	4.4
American Funds Cl A			
AmcpA p	32.85	-0.24	4.3
AMutlA p	39.99	-0.35	-1.5
BalA p	26.81	-0.12	-0.9
BondA p	12.52	+0.01	-2.2
...			
Baird Funds			
AggBdInst	10.54	+0.01	-2.2
CorBdInst	10.89	+0.01	-2.0
BlackRock Funds A			
GlblAlloc p	19.57	...	-0.7
BlackRock Funds Inst			
EqtyDivd	22.67	...	...
...			
US Small	35.62	-0.35	-0.7
US SmCpVal	37.52	-0.36	-1.1
US TgdVal	24.54	-0.25	-1.3
USLgVa	38.09	-0.39	-2.2
Dodge & Cox			
Balanced	103.90	-0.55	-1.3
GlblStock	13.58	-0.09	-2.0
...			
Lazard Instl			
EmgMktEq	19.82	-0.03	-1.0
Lord Abbett A			
ShtDurIncmA p	4.19	...	-0.2
Lord Abbett F			
ShtDurIncm	4.19	...	-0.2
...			
IncomeFd	NA	...	NA
Price Funds			
BlChip	103.59	-0.58	7.6
EqInc	32.72	-0.29	-1.5
EqIndex	71.12	-0.58	-0.4
Growth	65.88	-0.36	5.2
...			
IntlEqIdxInst	20.33	-0.06	0.8
Tweedy Browne Fds			
GblValue	29.18	+0.19	2.4
VANGUARD ADMIRAL			
500Adml	244.73	-2.02	-0.4
BalAdml	34.21	-0.16	-1.0
...			
TotIntlAdmIdx r	30.54	-0.07	0.3
TotStAdml	66.30	-0.55	-0.2
TxMIn r	14.42	-0.04	0.4
ValAdml	40.41	-0.46	-1.9
WdsrIIAdml	65.80	-0.58	-2.0
WellsIAdml	62.98	-0.18	-2.9
...			
WellsI	26.00	-0.07	-2.9
Wellltn	41.12	-0.24	-1.6
WndsrII	37.08	-0.32	-2.0
VANGUARD INDEX FDS			
500	244.72	-2.01	-0.4
ExtndIstPl	209.38	-1.64	0.4
...			

Foreign Demand for U.S. Debt Wanes

By Daniel Kruger

Foreign investors' appetite this year for U.S. debt hasn't grown at the same pace as the government's borrowing needs, which some analysts worry could push bond yields higher and eventually threaten to slow economic growth.

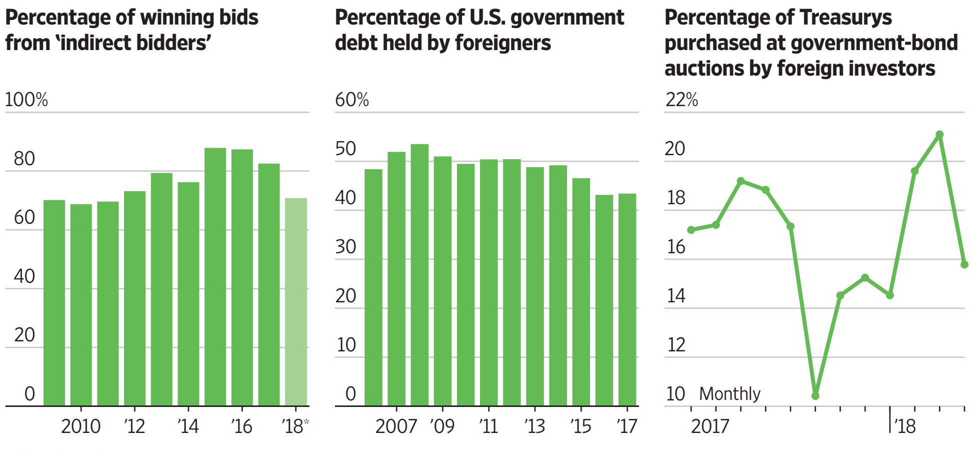
Investors in a broad category known as “indirect bidders,” which includes both mutual funds and foreign investors, have been winning the smallest percentage of the bonds they have bid for since 2011, according to bidding data for recent Treasury bond auctions. The average percentage of the auctions won by this group fell for the first time since 2012, a decline some analysts attribute to both lower demand from investors outside the U.S. and their recent tendency to post less-aggressive bids.

The behavior of these bidders is crucial for the ability of the U.S. to fund itself, at a time when the budget deficit is forecast to surpass $1 trillion by 2020 and remain above that level for the foreseeable future. Foreign investors currently hold about 43% of U.S. government debt, the lowest since November 2016, a proportion that has steadily declined from its peak of 55% during the 2008 financial crisis.

The decline in foreign demand comes as the yield on the 10-year U.S. Treasury note—a benchmark used to help set the interest rates for mortgages, credit cards and business loans—hit 3% last week for the first time since 2014. Many investors and analysts expect yields to climb further as the increase in U.S. borrowing due to tax cuts and higher spending expands the supply of debt outstanding. Higher borrowing costs could eventually become a drag on economic growth, increasing the potential for a slowdown in the long expansion.

Global Concern

Some analysts worry that waning demand from foreign investors could push bond yields higher and eventually threaten to slow economic growth.



*Through April

Source: Treasury Department

THE WALL STREET JOURNAL.

While the percentage of Treasurys held by foreign investors has declined, such buyers remain crucial to the bond market, holding roughly $6.3 trillion of government debt. Even simply rolling over maturing bonds at the auctions requires foreign investors' participation. They have bought at least 17% of government auctions each year since 2014, maintaining their support for the primary market during a period where the share purchased by bond dealers has consistently declined.

43%

The share of U.S. government debt held by foreign investors

“We cannot exist at these growth rates with these deficit projections without foreign participation,” said Andrea Dicenso, a portfolio manager and strategist at Loomis, Sayles & Co.

Demand for Treasurys from foreign investors has experienced a number of ebbs and flows over time, but the securities are enmeshed in globe-spanning financial relationships that serve to mute the impact of any one group, from central banks to broker-dealers. While some investors have expressed concerns that China could sell a significant block of its holdings, flooding the market with Treasurys at a period where the U.S. is increasing new-issue sales, economists and other investors argue such a move would run counter to China's own economic interests.

Foreign holdings of Treasurys rose last year for the first time since 2014, bucking the recent trend. In February, they climbed to $6.29 trillion of the $14.7 trillion of then-outstanding U.S. government debt, the Treasury said April 16, up from $6.26 trillion the prior month.

China's holdings rose by $8.5 billion to $1.18 trillion while, Japan's fell by $6.5 billion to $1.06 trillion.

The gains last year notwithstanding, a persistent shift in bidding would represent a crack in the mechanisms through which the Treasury has funded its operations through periods of both prosperity and crisis.

While auction data on “indirect bidders” doesn't break out which components of the broader category bid at what levels, extrapolating from trading during Asian and European market hours points to weaker bids from foreign investors, said Jim Vogel, head of government bond strategy at FTN Financial.

Foreign investors are probably going to be slower to adjust to the expansion of U.S. borrowing because “they have limited flexibility in terms of how many dollar investments they can make,” Mr. Vogel said.

A separate set of Treasury figures known as allotment data shows foreign demand fell below its five-year average in March, after rising to a 21-month high in February. And the backdrop for this year and the foreseeable future is more challenging.

The rise in government borrowing is happening at the same time the Federal Reserve is reducing its Treasury debt holdings. Some analysts think the Fed could continue to allow its Treasury bond portfolio to shrink to half its $2.4 trillion size, reducing a steady source of demand. It is also occurring at the same time the Trump administration is taking an increasingly confrontational approach to the U.S. trade relationship with China, which is the largest foreign holder of Treasurys.

A weak dollar is also making it more difficult for overseas investors to buy Treasurys by making it more expensive to hedge currency risk. While this is less of a problem for investors willing to bet on the greenback and for foreign central banks that buy the debt to weaken their own currencies, some investors have opted to buy European or Asian government debt instead.

Even as investors and analysts remain concerned about the level of foreign demand, global economic linkages and international trade create strong incentives for foreign investors to continue to buy Treasurys. Major exporters such as China and Japan, which are also the biggest foreign lenders to the U.S. government with a combined $2.23 trillion of its debt, have their own motives to lend to the largest customer for their exports and to keep their interest rates down, said David Ader, chief macro strategist at Informa Financial Intelligence.

“It behooves them to underwrite our debt because if we're in a recession or worse, it would hurt their economies as well,” Mr. Ader said.

JPMorgan Gets the Restamp Of Approval From Indonesia

By Ben Otto

JAKARTA, Indonesia—Indonesia is reappointing **JPMorgan Chase** & Co. as a primary dealer of government bonds almost a year and a half after the U.S. bank was banned from the business over a negative research report.

The finance ministry said Monday that the U.S.'s largest bank by assets would be a primary dealer again beginning May 2 along with 19 other banks and financial institutions. It didn't give a reason for the reinstatement.

The ministry appoints banks and securities firms as primary dealers to buy government bonds in auctions and then resell them in the secondary market.

“There are a lot of requirements, including ensuring there is no conflict of interests,” said Scenaider Siahaan, director of financing strategy and portfolio at the ministry's Directorate General of Budget Financing and Risk Management. He didn't elaborate.

“Our focus is on our clients and we believe a primary dealer license will strengthen our ability to service our clients who invest in Indonesia more effectively,” the bank said.

The ministry cut business ties with JPMorgan in January 2017, saying that a research report by the bank that downgraded Indonesian stocks in November 2016 wasn't credible and could destabilize the financial system.

That meant the bank could no longer serve as a primary dealer for the government's rupiah bonds nor underwrite the ministry's global offerings. The bank was still able to trade government bonds and the rupiah, and to underwrite stock and debt for private companies.

Shortly after being banned, JPMorgan upgraded its assessment of Indonesia stocks. Since then, the bank hasn't issued a downgrade report on Indonesian stocks or bonds, a person with knowledge of the reports said.

QILAI SHEN/BLOOMBERG

The insurer is spinning off its health-care unit, but demand for shares isn't as strong as expected.

Ping An IPO Appears a Bit Peaked

By Joanne Chiu

Tech stocks' global struggles and U.S.-China trade tensions may have cooled enthusiasm for what some said could have been one of Hong Kong's hottest-ever initial public offerings: **Ping An Insurance** Co. of China Ltd.'s sale of a piece of its health-care and technology unit.

“Demand is strong, but not as strong as what had been expected as a record-setting one,” said Alvin Cheng at Prudential Brokerage, citing as well the cutoff of U.S. components to Chinese telecom-equipment company **ZTE** Corp.

The Ping An unit, operator of the Good Doctor online health platform, is selling US$1.12 billion in stock in the city's biggest IPO so far this year.

The IPO's international offering is heavily oversubscribed, with more than 450 institutional investors looking for shares, according to the deal's term sheet. The retail portion has attracted more than 376 billion Hong Kong dollars (US$47.94 billion), according to brokerages. That is more than 650 times the amount of stock initially set to be made available to domestic investors. Final numbers will be released when the pricing occurs; trading is set to start Friday.

But it is short of the some HK$500 billion in orders received ahead of the November IPO of China Literature Ltd., the country's largest reading platform, being separated from internet giant **Tencent Holdings** Ltd.

Ping An Healthcare & Technology Co. is selling 160 million shares, or a 15% stake, with Ping An retaining 38%. Shares are set to be sold at HK$54.80, the high end of the range announced a week ago, according to a term sheet seen by The Wall Street Journal. That would put its market value at about HK$58.5 billion.

While Ample Capital director Alex Wong expects a strong first-day rally, considering the big gains seen by a number of Hong Kong IPOs of late and what he considers to be a limited supply of stock being offered, he doesn't see the gains lasting. He predicts investors will take a “hit-and-run approach.”

This year several small IPOs ended their first day at three times the offer price or higher. But much of those gains have since been handed back.

Dollar Advances On Solid Readings

By Daniel Kruger

CURRENCIES

The dollar rose Monday as signs of economic expansion in the U.S. supported the currency while the outlook in Europe continued to discourage investors.

The WSJ Dollar Index, which measures the currency against a basket of 16 others, rose 0.3% to 85.60, wrapping up its largest one-month gain since November 2016. The index has risen 3.5% since its 2018 low.

The greenback gained 0.4% against the euro to $1.2079 Monday and rose 2% versus the euro in April, its best performance against that currency since February 2017.

The dollar strengthened Monday after the Commerce Department said year-over-year inflation hit the Federal Reserve's 2% target for the first time in over a year in March, a sign of strengthening U.S. inflation pressures that could encourage the Fed to continue lifting interest rates.

Fed funds futures show the market sees a 48% likelihood that the Federal Reserve will raise interest rates four times this year, up from 32% a month ago, according to CME Group data early Monday.

Higher interest rates tend to attract investors to a currency by offering higher returns.

The euro was pressured lower after a report showed that retail sales in Germany, the region's largest economy, declined for a fourth consecutive month in March.

Treasury Prices Take a Step Up

Yield on 10-year note falls for third session in a row as data on incomes disappoint

By Gunjan Banerji

CREDIT MARKETS

Treasury prices rose, sending the yield on the 10-year note lower for a third straight session.

The 10-year Treasury yield slipped to 2.936% on Monday from 2.959% Friday. Yields fall as bond prices rise.

Yields edged lower after data released Monday showed that a measure of personal income, which reflects Americans' pretax earnings from salaries and investments, rose 0.3% in March. Economists surveyed by The Wall Street Journal had forecast 0.4% growth.

Some analysts said the fresh data highlighted that gains in income aren't in line with spending, chipping away at savings. The personal-saving rate fell in March compared with February.

Meanwhile, the price index for personal-consumption expenditures, the Federal Reserve's preferred inflation gauge, rose 2.0% from a year earlier but remained flat from February. Inflation can chip away at the purchasing power of government bonds' fixed payments, making it less attractive to hold the debt.

The yield on 10-year Treasurys has risen in 2018, last week topping the 3% mark for the first time in more than four years. Meanwhile, bearish bets on 10-year Treasurys has climbed in recent weeks, near a record as of last week, Commodity Futures Trading Commission data show.

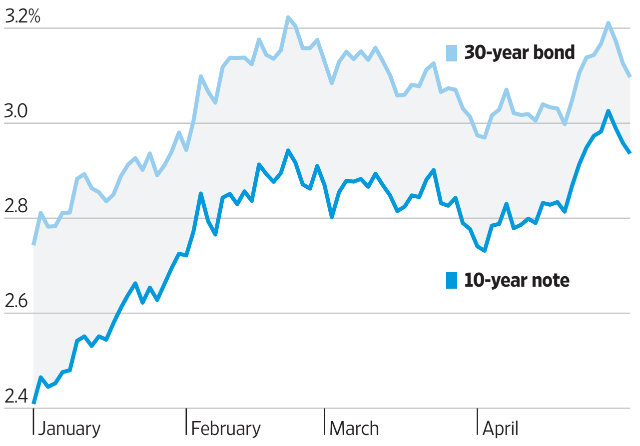
Treasury moves later in the week will likely be driven by more data on the health of the U.S. economy, some analysts said. Investors will be watching a Fed meeting for clues on interest-rate increases, along with employment data on Friday.

Analysts also are keeping an eye on the difference in yields between shorter-dated and longer-dated Treasurys, known as the yield curve. Many investors watch the yield curve for signals on what could be ahead for the economy. The difference between yields on 10- and 30-year Treasurys has narrowed in the past three weeks, a sign that investors are skeptical that inflation will accelerate over the long term.

Some analysts say investors have been too aggressive in unloading Treasurys in recent weeks, and that such positioning could magnify a move in the other direction.

Shrinking Spread

The difference between yields on 10- and 30-year Treasurys has narrowed recently.



Source: Ryan ALM

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AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	$137,661,914,400	$132,977,644,500
Accepted bids	$48,000,039,400	$42,000,089,500
" noncomp	$787,201,000	$781,145,500
" foreign noncomp	$1,000,000,000	$600,000,000
Auction price (rate)	99.536153 (1.835%)	98.993944 (1.990%)
Coupon equivalent	1.869%	2.038%
Bids at clearing yield accepted	31.05%	16.11%
Cusip number	912796PS2	912796QF9

Both issues are dated May 3, 2018. The 13-week bills mature on Aug. 2, 2018; the 26-week bills mature on Nov. 1, 2018.

Brent Gauge Is Sliding Toward a Reckoning

By Sarah McFarlane And Christopher Alessi

COMMODITIES

A North Sea oil field named after a 19th-century Norwegian prime minister could soon spark a shake-up in the Brent crude benchmark that prices oil around the world.

The widely used benchmark risks losing relevance amid declining production from the oil fields that it is priced off. Other oil benchmarks are clamoring for its role, including in China and Dubai, while the U.S. oil gauge, West Texas Intermediate, is gaining more currency abroad as American crude is exported.

The Johan Sverdrup field, about 87 miles west of Stavanger, Norway, is due to begin production in 2019 and could offer Brent a lifeline by boosting the volume of crude used to price it and making it more reflective of the wider market, analysts say.

Falling output of the oil grades used to set Brent, and the small number of companies that produce it, also has raised concerns that the market is vulnerable to manipulation.

Brent is "absolutely relevant, but there has definitely been pressure on the benchmark over the past few years," said Bjornar Tonhaugen, senior vice president for oil markets at consulting firm **Rystad Energy** AS. The inclusion of Sverdrup would help prolong Brent's role as the global benchmark, he added.

The 30-year-old benchmark represents about 1% of global oil production, and that small slice of the oil market is used to set the price of the multitrillion dollar Intercontinental Exchange Brent futures market. In the U.S., about 4 million barrels a day of crude, representing roughly 4% of global crude production, meets the quality requirements to be delivered against WTI futures. About two-thirds of the world's oil is priced off Brent, prices that influence costs for electricity generated by oil and the fuel in people's cars.

Oil production of the basket of North Sea crudes used to price Brent is set to halve to about 500,000 barrels a day by 2025, due to a lack of investment in the region and old fields winding down. The last big change to the benchmark came in January, when the Troll field—about 40 miles west of Kollsnes, near Bergen, and operated by Norwegian state-backed **Statoil** ASA—added about 200,000 barrels a day of supply. But production at Johan Sverdrup—which is named after Norway's prime minister from 1884 to 1889—is expected to be triple that.

Jonty Rushforth, a senior director at S&P Global Platts, said it would be premature to announce Sverdrup's inclusion in the benchmark. But, he added, "within five years Sverdrup will be the largest flow in the North Sea and you can't really ignore that." Other industry players are encouraging S&P Global Platts to add Sverdrup.

Still, analysts said that while adding new grades could prolong Brent's use as a benchmark, the expansion would also bring complications. Sverdrup would add a different quality of oil, and it is expected to have higher amounts of sulfur than the existing basket of crudes, which is likely to attract lower prices than crude from the other fields used to calculate the benchmark.

Sverdrup's inclusion may also not address concerns that there are too few producers, making it easier to manipulate the price. The new field is operated by Statoil, which already is the dominant producer of the crudes that price in Brent.

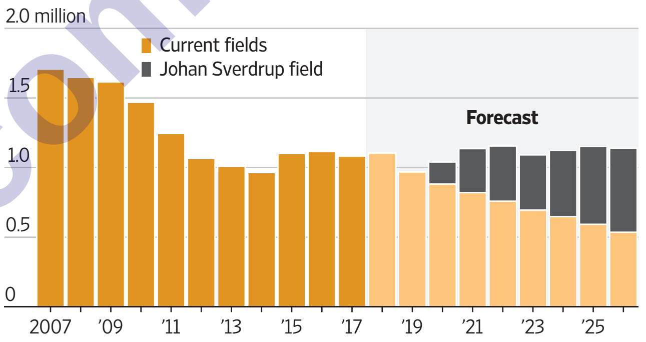
SCOTT HEPPELL/AGENCE FRANCE-PRESSE/GETTY IMAGES

An oil platform off northeast England. Falling output from the Brent oil field is raising concerns about its usefulness in the market.

Crude Descent

Oil production that sets the Brent price is forecast to decline without new additions from North Sea fields.

Production, in barrels of oil equivalent a day



Source: S&P Global Platts Analytics

THE WALL STREET JOURNAL.

Oil Rises After Israeli Presentation

Oil prices rose after Israeli Prime Minister Benjamin Netanyahu presented what he described as new evidence that Iran had lied about its plans to build nuclear weapons.

Mr. Netanyahu's presentation came as the oil market has been preoccupied with the fate of the 2015 agreement aimed at curbing Iran's nuclear program. President Donald Trump is set to decide by May 12 whether the U.S. will remain in the deal. Pulling out means a return to economic sanctions on Iran, crimping its oil output.

U.S. crude prices rose 47 cents, or 0.7%, to $68.57 a barrel on the New York Mercantile Exchange on Monday. Brent, the global benchmark, gained 53 cents, or 0.7%, to $75.17 a barrel on ICE Futures Europe, its highest level since November 2014.

Mr. Netanyahu said Monday that Israel obtained documents that Iran had maintained a secret and comprehensive plan to build nuclear weapons.

Some analysts said the disclosure likely won't be a game-changer. Mr. Trump has frequently said he believes the nuclear agreement is a mistake. When asked about Mr. Netanyahu's presentation on Monday, Mr. Trump stopped short of saying that he would pull out of the deal, but said it is "just not an acceptable situation."

"Our base case has not changed," analysts at ClearView Energy Partners said. "Even prior to Netanyahu's speech, our longstanding expectation has been that President Trump would be unlikely to waive sanctions as required by the [nuclear deal with Iran], at least initially, putting the U.S. in violation of the bargain."

Geopolitical risk to supply has helped Brent temporarily breach the $75-a-barrel threshold for the first time since late 2014.

"Overall, there is really only one theme in the market, and that is Iran vs. Trump," said Ole Hansen, chief commodity strategist at Saxo Bank.

Oil prices slid in earlier trading amid fresh signs of rising U.S. output and the stronger U.S. dollar.

The U.S. Energy Information Administration reported Monday that oil output rose to 10.264 million barrels a day in February, a record.

—Alison Sider and Christopher Alessi

Still Hot For Cocoa

By Chelsey Dulaney

What has been the sweetest trade of 2018? Bets on cocoa.

Cocoa futures have surged almost 50% this year to $2,825 a metric ton in New York, according to FactSet data based on the most active monthly contract. Speculative investors have amassed bullish bets in the futures market, while another mechanism used to bet on cocoa, the **iPath Bloomberg Cocoa Subindex Total Return exchange-traded note**, is up 51% this year.

That compares with a roughly 7% gain for a Goldman Sachs index that covers a range of commodities such as energy and livestock.

The cocoa rally follows two years of declines, as a glut of the bean used to make chocolate pulled the price to the lowest level in a decade. This year, dry weather in West Africa has depressed supply from two large producers, the Ivory Coast and Ghana. Meanwhile, global demand has been picking up.

Not everyone is benefiting from the rise in prices: Last week, **Hershey** Co. said it would stop selling some specialty candy as higher costs for cocoa and other things such as delivery services eat into profitability.

"We really don't see a lot of relief on some of the cocoa and other inflationary pressures," said Hershey's financial chief, Patricia Little, in a call with analysts to discuss the company's earnings.

STREET

Continued from page B1

first North Korean dictator to visit the South, and the two sides agreed they would sign a peace treaty by the end of the year. Who knows what will happen next?

Ignoring the unknowable, however, isn't the same as agreeing with finance academics and other investors who equate risk with volatility. Volatility matters a lot if you have a short-term investing horizon, because it is a proxy for how much money you might make or lose over a short period. If you can lose a lot because volatility is high, it is quite reasonable to demand a lower price as compensation, explaining why the VIX and S&P 500 typically move in opposite directions each day.

But if you have a long-term horizon, volatility is an opportunity. If you are investing regularly for a pension in 30 years, the more that short-term investors drive down prices, the better.

My big concern is that so many people now equate risk and volatility that it becomes self-fulfilling. Bank regulations have long had volatility embedded in them via measures of value at risk in their trading books. When volatility rises, the value at risk rises, and banks typically respond by selling stocks, helping to push down stock prices.

If this only applied to banks it wouldn't matter. But the same sort of thinking applies to insurance companies and pension funds, which typically use volatility as part of the assessment of their portfolios. Combined with mark-to-market valuations and Europe's Solvency II directive they might well be forced into selling stocks in the next bear market, rather than acting as a stabilizing influence by buying on the cheap. If long-term investors join traders in thinking that volatility is a reason to sell, then the next downturn could be nasty indeed.

When the word "risk" is used investors should question what it means, because one person's risk is another's opportunity. Consider the risk categories into which financial advisers attempt to lump assets. A high-risk portfolio has more stocks and fewer bonds, while a very-low-risk portfolio might be mainly cash and Treasurys.

Used like this, risk amounts to little more than volatility, as history shows. Sure, stocks can lose a lot of money very quickly—Treasurys have never had anything like the S&P 500's 20% one-day loss in October 1987—but bonds can be in some ways worse over time. Prof. Dimson points out that after inflation, government bonds have had losses almost as deep as stocks and losses that lasted much longer.

On the other hand, it is also possible for bonds to do remarkably well for a surprisingly long time. From August 1987, an investor who had bought 30-year Treasurys and rolled over into each new issue would have been ahead of U.S. stocks a quarter of a century later in 2012, including reinvested dividends and coupons. In the U.K., the 30-year is still ahead of the FTSE 100 from 1986's "Big Bang" liberalization of stock trading. The real risk over these periods was holding cash, supposedly the safest place to be.

The VIX on Thursday stood at 15.6, below its historical average of just over 19. But far from thinking stocks are safer than usual, the long-term investor might plausibly argue they are riskier, thanks to high valuations, elevated profit margins, high debt and rising interest rates. Compared with nuclear annihilation, of course, these hardly look like risks at all.

MARKETS

Stocks Hold On to Small Gains for April

Solid earnings reports fail to inspire buying as investors worry about rising rates

By Michael Wursthorn and Georgi Kantchev

U.S. stocks edged lower Monday, as falling shares of health-care companies and industrial stocks nearly dashed major indexes' first month of gains since January.

A jump in the shares of **McDonald's** had led the Dow Jones Industrial Average and the S&P 500 higher early in the day, with the index of 30 blue-chip stocks rising as much as 187 points shortly after the opening bell.

But weak guidance from aluminum-products maker **Arconic** and questions over how long before **Celgene** can seek approval for its multiple sclerosis drug sent shares of those stocks sliding, taking the broader market indexes with them.

The reversal underscored the little effect that strong earnings have had on major indexes as companies, from banks to some big consumer brands, have reported first-quarter results over the past several weeks.

It has been more than three months since the Dow industrials and the S&P 500 closed at a record, and while both indexes have recouped some of their losses, money managers say they don't have high expectations that stocks will be able to regain their momentum soon.

"Earnings have been stunning in some cases, but the market hasn't really reacted to these pretty strong, largely across-the-board, earnings surprises," said Tom Manning, chief executive of F.L. Putnam Investment Management Co. "While growth expectations have picked up, the specter of inflation is something keeping a lid on the market right now."

The Dow declined 148.04 points, or 0.6%, to 24163.15, cutting its monthly gain to 0.2%. The S&P 500 fell 21.86 points, or 0.8%, to 2648.05, as the broad index tested its 50-day moving average before turning slightly lower. The Nasdaq Composite also was down, falling 53.53 points, or 0.8%, to 7066.27.

The S&P 500 rose 0.3% in April, while the Nasdaq Composite added less than 0.1%.

Arconic was the biggest drag on the S&P 500, falling $4.63, or 21%, Monday to $17.81 after the company lowered its 2018 guidance, saying it now expects higher revenue but lower per-share earnings. That pulled the S&P 500's industrials segment down 1.4%.

Shares of Celgene declined 4.08, or 4.5%, to 87.10 after Morgan Stanley said in a report that the biotech giant will likely need at least a year before it can attempt to resubmit its multiple sclerosis drug Ozanimod to the Food and Drug Administration for approval. Health-care companies in the S&P 500 fell 1.3%.

McDonald's gained 9.14, or 5.8%, to 167.44 after reporting better-than-expected profit and revenue for the first quarter.

Money managers are becoming increasingly convinced that strong earnings reports are factoring less into investors' buying strategies.

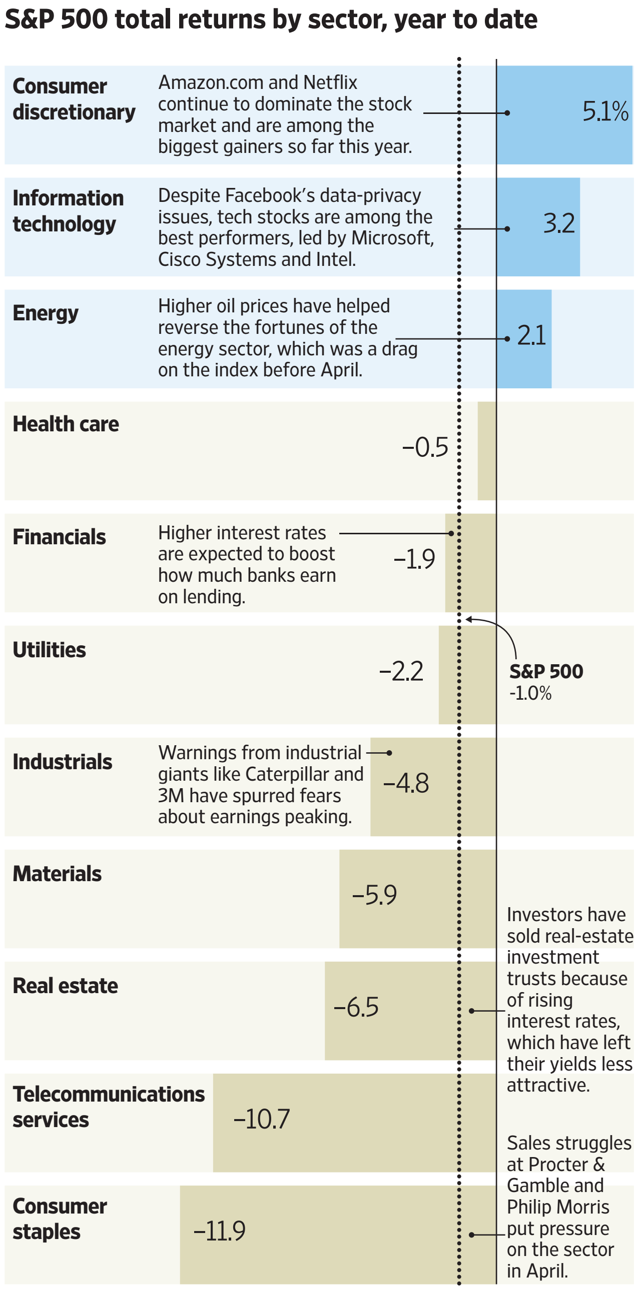
Even though nearly 80% of S&P 500 companies that have reported results for the first three months of the year have exceeded analysts' expectations—the widest percentage of beats since the third quarter of 2008, according to FactSet—more investors are wondering if companies will be able to keep up that growth in subsequent quarters.

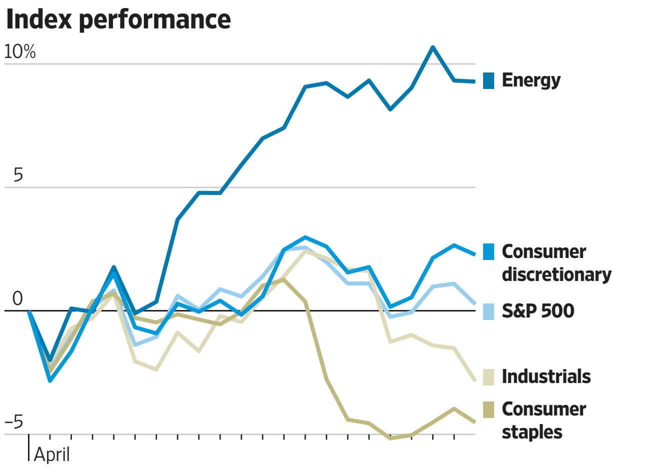
"Even though the environment looks good, there is concern that we could be seeing a slowing rate of growth partly due to interest rates and rising commodity costs," said Terry Sandven, chief equity strategist at U.S. Bank Wealth Management. "We're in a sideways trending zone."

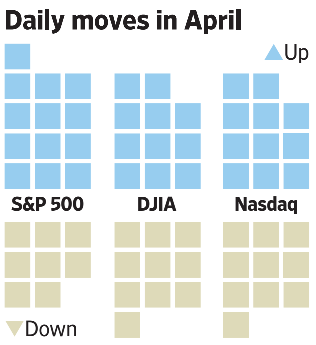
New economic data showed year-over-year inflation hit the Federal Reserve's 2% target for the first time in more than a year in March, according to the Commerce Department's price index for personal-consumption expenditures. That has renewed inflation concerns and could encourage the central bank to continue lifting interest rates this year.

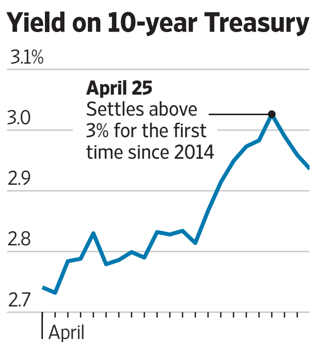
Higher interest rates could make many investors less willing to hold on to riskier assets such as stocks if safer bets, including government bonds, are offering higher yields, analysts say.

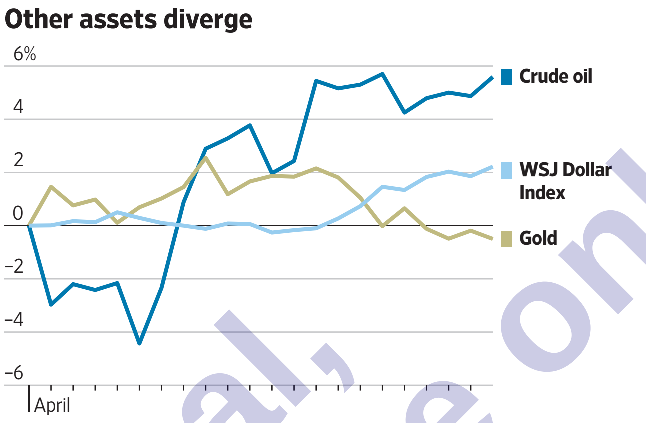
Stocks in Japan were barely changed early Tuesday, as markets elsewhere in Asia were closed for the Labor Day holiday. Australia's S&P/ASX 200 was up 0.54%.











Sources: FactSet (S&P 500, sector performance); WSJ Market Data Group (index performance, daily moves, oil, dollar index, gold); Ryan ALM (Treasury yield) THE WALL STREET JOURNAL.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Email: heard@wsj.com WSJ.com/Heard

T-Mobile Must Stay a Maverick

To get their $26 billion deal done, **T-Mobile** and **Sprint** need to convince regulators that the combined company will continue T-Mobile's maverick ways.

The politically important sideshow will be whether the companies can convince President Donald Trump the deal will create jobs. In both cases, the companies have a tough task.

John Legere, chief executive of T-Mobile, is cleverly trying to placate the president by promising that the deal will create jobs in Trump states and keep the U.S. from falling behind China in the race for fifth-generation wireless technology, or 5G. Those arguments won't matter much to the antitrust division of the Justice Department or Federal Communications Commission, and they may not even convince Mr. Trump.

Mr. Legere has promised $6 billion in savings from the deal. At least $2 billion is slated to come from cuts in sales-and-marketing spending and in the head office. It will be hard to hit those numbers without cutting staff.

Regulators will be concerned with anticompetitive effects of the deal—namely, higher prices for customers. The two companies are the main competitors for cheap wireless plans, says Gene Kimmelman, a former antitrust attorney at the Justice Department.

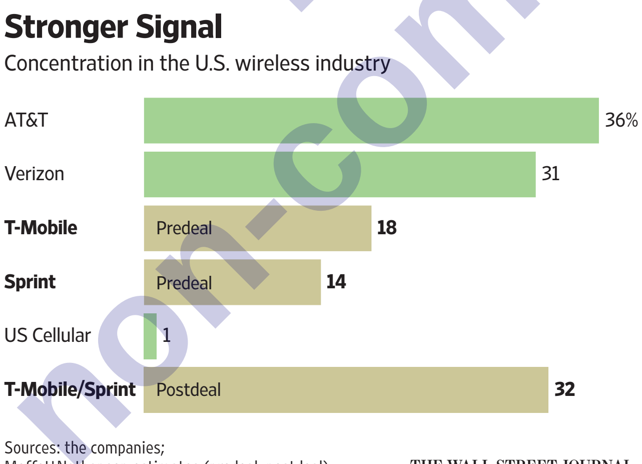
If regulators oppose the deal, it will be because they believe T-Mobile will end its maverick ways after it acquires Sprint. Regulators will see T-Mobile's success in disrupting the market after **AT&T**'s attempt to buy it was blocked as evidence that they made the right call.

The companies will argue the opposite. "Where T-Mobile has a good point is that they are the maverick and by taking over Sprint, which has basically been neglected under **SoftBank**, they'll actually be adding more competition to the market," says Ketan Jhaveri, a former antitrust attorney for the Justice Department's Telecommunications Task Force.

AT&T's failed attempt to buy T-Mobile will make it hard to convince regulators the deal is needed for the companies to access 5G technology. AT&T had claimed that it needed T-Mobile's spectrum to deploy fourth-generation LTE technology, but after the deal was blocked, AT&T got there anyway.

T-Mobile and Sprint will need more than a public-relations onslaught to get their deal approved.

—*Elizabeth Winkler*



Sources: the companies; MoffettNathanson estimates (predeal, postdeal) THE WALL STREET JOURNAL.

Walmart Pulls Back From U.K. Groceries

Walmart's reputation for low prices will be burnished by the sale of its U.K. business for—on paper—less than it paid for it almost two decades ago. In a tough market, though, this may have been the least bad option open to the U.S. retail behemoth.

Walmart bought the U.K.'s third-largest grocery chain, Asda, in 1999 for $11.4 billion, including net debt, outbidding a local rival. It is now merging Asda with **Sainsbury**, the U.K.'s second-largest grocery chain, to create a market leader.

At current market prices, the deal values Asda at almost $11 billion. That is roughly 11 times operating profit, compared with 18 times when it changed hands in 1999, according to FactSet.

Specifically, Walmart gets almost £3 billion ($4.14 billion) in cash and a 42% stake in the combined entity. This stake was worth £4.3 billion when the deal was announced before the Monday open, but by midday was worth roughly £5 billion following a surge in Sainsbury stock.

Walmart is tied into the stake for four years, but can reduce it to just under 30% after two.

So this is a partial Brexit for Walmart, bringing some cash now and the hope that a merger will transform the prospects of its remaining U.K. investment. It is reminiscent of **General Motors**' decision to quit Europe last year by selling its local operation to **Peugeot** in exchange for cash and share warrants.

Like GM, Walmart is under pressure from tech-industry rivals. Notably, **Amazon.com**'s $13.7 billion purchase of Whole Foods last year triggered soul-searching among supermarkets. Walmart's response seems to have been to focus on its core U.S. franchise and select growth markets. Judith McKenna, the new boss of Walmart's operations outside the U.S., said the company was being "thoughtful" about its portfolio, "perhaps in a way we haven't done before."

The U.K. grocery market was comfortably profitable for the first decade of Walmart's involvement. Then the big chains, Asda included, engaged in a "space race" to build new supermarkets. Combined with the aggressive expansion of German discounters **Aldi** and **Lidl**, this caused a collapse in profitability. Aldi and Lidl now have their sights on the U.S.

U.K. market leader **Tesco** fought back in 2016 by cutting prices and taking market share, mainly from Asda. It was Asda's turn to cut prices last year.

Asda has now reported four periods of like-for-like sales growth, but at the expense of profit. It is hardly surprising Walmart got tired of this fight.

The hope that the merger could help isn't fanciful. Supermarkets are a scale game. Sainsbury and Asda already have identified £500 million of cost savings, mainly by comparing their sourcing books and taking the lower price for comparable products.

That said, the deal will face a protracted antitrust review. And even assuming it goes through with minimal remedies, Tesco's experience shows that market leadership doesn't guarantee superior performance.

Walmart's foray into the U.K. hasn't been a success, but it still has a chance to avoid a disaster.

—*Stephen Wilmot*

U.S. Stocks Have an Earnings Problem

U.S. companies lately have only good news to share with their investors. That might actually foretell a problem for stocks.

First-quarter earnings season is shaping up to be a particularly strong one. More than half of companies in the S&P 500 have reported results and about 80% of those have topped analyst profit expectations. On average, earnings per share in those companies have grown by about 23% from a year ago, according to FactSet.

Yet that hasn't done anything to lift stock prices. The S&P 500 is essentially flat so far this year.

That can be explained by the reality that markets are forward-looking. Shareholders essentially had been paid in advance for the latest quarter. Recent strong results in large part reflect December's tax-overhaul bill.

Companies have driven tax rates lower for years, thanks to tactics such as booking profits overseas. That trend might be reaching its limit. Google parent **Alphabet** reported an effective tax rate of 11%, down from 20% a quarter before. Pharmaceutical manufacturer **AbbVie** reported a first-quarter tax rate of just 7.6%, though the company said it expects that figure to hit 13% by 2023. Those savings, plus large sums multinationals repatriated from abroad, have freed up cash for increased dividends and share buybacks.

The problem for investors is that those low tax rates take a future source of earnings growth off the table. Furthermore, there isn't an obvious marketwide boost to follow in the tax overhaul's wake that investors can clearly envision.

Meanwhile, some potential negatives threaten. Corporations might choose to spend more of the tax-overhaul benefits on capital expenditures than investors currently anticipate. And certain political threats, such as potential trade restrictions and tariffs, may intensify.

That doesn't necessarily mean a selloff is in store. The S&P 500 now trades at about 17 times forward earnings forecasts, according to FactSet. The current valuation isn't far from the five-year average multiple of earnings.

But don't be surprised if investors need to see a few more earnings seasons like the latest quarter for another leg higher for the stock market.

—*Charley Grant*

Source: FactSet

SMALL BUSINESS

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DETAILS, R5

THE WALL STREET JOURNAL. Tuesday, May 1, 2018 | R1

The Biggest Crowdfunding Campaigns: Where Are They Now?

These entrepreneurs raised millions of dollars. But that didn't guarantee success.

Flow Hive has raised nearly $15 million for beekeeping kits intended to gather honey without harming bees.

FLOW HIVE

BY DEBORAH GAGE

CROWDFUNDING is usually a pretty modest endeavor. Most people are seeking only a few thousand dollars, and many of them fail to hit even those goals.

But then there is the one-in-a-million case. The entrepreneurial idea that not only beats its goal but beats it dozens of times over—or hundreds.

Like the father and son who wanted $70,000 to build artificial beehives and ended up raising nearly $15 million. Or the inventor who was looking for $50,000 to build a fancy portable cooler and got more than $13 million. Or the maker of a smartwatch who raised $20 million as one of three successful campaigns. And all of them landed those millions in just a few weeks.

This is the story of what happens next, when all that money has poured in. Sometimes the people behind top campaigns plow the money into their products and launch successful companies and new careers. In other cases, the money can't save them from hitting problems in production or delivery.

Here's a look at the top money-raising campaigns ever on **Kickstarter** and **Indiegogo**, the two most popular crowdfunding sites.

Some notes first. For some campaigns, the totals include funds raised on Indiegogo InDemand, which allows crowdfunding campaigns that have already met their pledge goals on any crowdfunding site to continue to raise money from backers. And three of the top campaigns were launched by one company, Pebble, so they appear together here in one item.

A game piece from Kingdom Death: Monster 1.5

JOE POULOS

PEBBLE TIME SMARTWATCH

Goal: $500,000
Amount Raised: $20,338,986
Time Required: 32 days (Feb. 24, 2015-March 27, 2015)
Number of Funders: 78,471
Platform: Kickstarter

Three of the top Kickstarter campaigns, including the biggest one so far, belong to the now-defunct smartwatch maker Pebble Technology Corp. The company raised a total $43.4 million in crowdfunding, and more than $15 million in venture capital, according to PitchBook, before it shut down in December 2016 and sold some of its assets to Fitbit.

The company's initial campaign, which raised $10.3 million in 2012, ranks as the sixth-most-successful campaign ever. The concept: a watch that would let you see who was trying to reach you when you couldn't reach your smartphone. The founder, Eric Migicovsky, was studying engineering at the University of Waterloo and commuting on his bike. He wanted to see who was contacting him on his BlackBerry while he rode so he could stop and answer if needed, he says.

Later, he switched to iPhones and Android devices—and Pebble included features like the ability to download different watch faces and apps. Pebble's second Kickstarter effort in 2015 comes in as the top crowdfunding campaign to date. Backers pledged more than $20 million for watches that included a microphone for answering messages by voice and a seven-day battery.

The following year, Pebble continued its streak with a third campaign, raising $12.8 million for watches that tracked heart rates and a couple of clip-on devices that offered features like GPS tracking and music streaming without being connected to a phone. The effort was the fourth-most-successful ever.

Pledges in the three campaigns ranged from $69—which got backers a clip-on device—to $99-$159 for a single watch, with multiple watches costing more.

Five months after the third campaign ended, Fitbit paid $23 million for intellectual property related to Pebble's software, among other assets, and Pebble's watchmaking business ceased. Fitbit wouldn't discuss what it is doing with Pebble's technology.

"We needed to partner with a larger organization to be successful, and the market was consolidating," says Mr. Migicovsky. Although he had mixed feelings, he says, "it was time to sell."

In the last campaign, only one model of the watches shipped. Backers who didn't get products were promised refunds. A spokesman for Kickstarter says he believes all the refunds were delivered. (Fitbit is supporting Pebble watches through June 30 and is offering $50 discounts for Pebble users on a Fitbit Ionic smartwatch.)

All told, Pebble sold about two million watches through Kickstarter and through retailers, says Mr. Migicovsky, who is now a partner at the investment firm Y Combinator.

FLOW HIVE

Goal: $70,000
Amount Raised: $14,927,624 *(two campaigns)*
Time Required: 56 days (Feb. 23, 2015-April 19, 2015) *(Indiegogo)*
Number of Funders: 40,457 *(two campaigns)*
Platform: Indiegogo, Indiegogo InDemand

A father-son team in Australia, Stuart and Cedar Anderson, spent a decade developing a patented beekeeping kit, Flow Hive, to avoid crushing bees during the honey harvest. Stuart was the director of a nonprofit community organization, and Cedar ran a honey-production business and taught paragliding, as well as doing nonprofit work.

Their innovation: Unlike some harvesting methods, which involve cracking open a hive and potentially killing bees, the Flow Hive is made of reusable plastic with partially formed honeycomb cells. When bees fill the cells with honey, beekeepers turn a spigot and honey flows out. Then bees refill them.

But the product wasn't just selling a new design—it offered to make beekeeping accessible to a much wider audience. After posting a prelaunch video on Facebook, Flow Hive hit its $70,000 target on Indiegogo within a few minutes and raised $12.2 million in less than two months, receiving 20,000 preorders. The pledge for a complete hive was $600, but backers could pledge less to get a smaller option that dropped into standard hives.

So far, about 51,525 units have sold through Indiegogo and online. The company doesn't disclose revenue but is in the black, a spokesman says. Roughly half the hives have gone to people new to beekeeping.

"Bees are fascinating creatures, and beekeeping is a hobby which encourages a deeper connection with your immediate environment," says Cedar in an email. "We know people have offered honey to their neighbors to help encourage them to stop using pesticides, so there is a community element as well. It's a very relaxing hobby...and the whole family can get involved in something that's really positive."

The Andersons were stunned by the campaign's success, they say. Stuart says he worried about not being able to deliver and considered closing it down early. But Cedar wanted to continue. The team fell just a couple of months behind schedule, setting up manufacturing, materials, suppliers and staff and shipping about 20,000 units to 130 countries in nine months.

Flow Hive has raised another $2.7 million on Indiegogo InDemand—the campaign is still active, so the figure is still changing—and a limited edition of the Flow Hive 2 is expected in August.

A spokesman says that the Andersons still drive used Toyota Hilux pickups, which they've converted to run on used oil from takeout restaurants. "My main feeling regarding all this is gratitude," says Stuart in an email, both because he gets to work with his son and because Flow Hive has made beekeeping easier for everyone, which contributes to "a better, more sustainable world."

COOLEST COOLER

Goal: $50,000
Amount Raised: $13,285,226
Time Required: 53 days (July 8, 2014-Aug. 29, 2014)
Number of Funders: 62,642
Platform: Kickstarter

Coolest Cooler, billed as "a portable party" with a built-in blender, Bluetooth speaker and extra-wide tires, raised nearly $13.3 million in July and August 2014. The idea was that you could take the 60-quart gizmo, which came in four colors, to barbecues or tailgate parties without extra gear.

Prices for a cooler ranged from a pledge of $185 for the basic model (or $165 for an early pledge) to $2,000 for a cooler signed by its creator, Ryan Grepper, plus a visit from Mr. Grepper to your next party to tend bar.

The coolers were supposed to be delivered to backers around February 2015, according to Kickstarter. But they were repeatedly delayed, and backers lost patience. Around 565 consumers complained to the Department of Justice in Oregon—the state where Mr. Grepper's Coolest LLC is based—and the department opened an investigation. The department says it found probable cause that the company was engaging in, or had engaged in, an unlawful trade practice.

Under Kickstarter's terms of use, Mr. Grepper was required to give refunds to backers whose rewards he didn't fulfill, al-

Please turn to the next page

INSIDE

Harassment Woes at Small Firms

Bad behavior may be tougher to stop than at large companies

BY ALINA DIZIK

SEXUAL HARASSMENT has been just as prevalent in small companies as in large ones. But some experts say that the very traits that define small firms could make it much harder to eradicate harassment there.

For starters, their smaller size and informal atmosphere—often selling points for employees—also can make some employees feel at ease with inappropriate behavior. What's more, the companies rarely have the human-resources infrastructure that could train employees about proper behavior, or provide a channel for people to complain about harassment.

Companies may simply not feel the same pressure to police behavior the way that large ones often do. "The leadership doesn't think [sexual harassment] is going to happen on their watch," says Carol Gordon, a human-resources consultant in Rhinebeck, N.Y., who works harassment issues in small businesses.

It's hard to know definitively how prevalent harassment is at small companies, because few studies break down the problem for companies of different sizes. But one recent survey, at least, suggests that the misbehavior is widespread at small firms.

In the survey, conducted earlier this year by the Center for Talent Innovation, a New York consultancy, 35% of female employees at small businesses say they have experienced sexual harassment by a colleague. For comparison, 35% of women at firms of all sizes report being sexually harassed, according an NPR/PBS NewsHour/Marist Poll conducted in 2017.

Improper Behavior

What women at small businesses said about sexual harassment in a recent survey

35% Women harassed by a colleague

22% Women told about someone at work being harassed

Likely to feel stalled in their career:

Harassed	39%
Not harassed	26%
Told of harassment	38%
Not told	27%

Likely to be satisfied with job:

Harassed	51%
Not harassed	60%

Source: Center for Talent Innovation THE WALL STREET JOURNAL.

Little training

One problem at small firms, experts say, is that they often don't provide training, arguing that the costs are too high. In fact, only 53% do, according to a 2017 poll of 1,600 small-business owners by insurance provider Insureon and small-business marketplace Manta. In comparison, 91% of companies of all sizes said they offered training in a 2017 online poll by the Association for Talent Development, a nonprofit involved in workplace training.

The issue of limited resources also comes up when companies must deal with complaints of harassment. Many small companies can't cover the cost of a human-resources department to field accusations of harassment or have an employee dedicated to acting as an ombudsman, experts say. Very often, the only way companies will make those investments is if the owner has a strong commitment to the issue—which doesn't usually happen.

"These firms are often founder-led, and there's no real established code of conduct," says Ripa Rashid, managing partner of the Center for Talent Innovation.

Since there's no infrastructure in place for an employee to talk to a third party, reporting harassment usually means going directly to a top manager. It's intimidating to face a boss with that kind of charge, says Ms. Gordon, more so because the head of a small company typically has personal ties to the employee accused.

The fact that there's a personal relationship also complicates how the problem gets resolved. While the boss may be angry about the behavior, the close relationship also could mean that the boss will be reluctant to discipline the accused. What's more, unlike at large companies, harassers and victims can't be separated with a lateral move. So, very often the accuser usually ends up being the one who resolves the issue—by quitting, experts say.

There's often another obstacle to acting on complaints: A good deal of harassment comes from clients, not employees, some small-business advocates say. Since small companies are so dependent on a few clients for survival, they are often too intimidated to cut ties, says Scott Baskin, former head of retailer Mark Shale and now head of the Small Business Advocacy Council In Chicago.

"If you have a customer who is not acting correctly...it becomes harder to address," says Mr. Baskin.

But as public discussion about the prevalence of harassment spreads, it becomes both a moral and business imperative that small firms join the effort to address it, employment experts say. Not only is it crucial to create a safe and equitable work environment in the first place, many small companies are more vulnerable to the consequences of harassment than large firms. While the average judgment in a harassment claim against a small company is $160,000, their insurance coverage for those kinds of cases is often just $25,000, says Insureon Chief Executive Ted Devine.

"It can be a catastrophic claim for a small business," Mr. Devine says.

Ignoring a poisonous environment also can make it more difficult for small business to attract talented employees, especially as negative talk online tarnishes its reputation among potential workers.

Former employees or even consultants now feel more empowered to disclose instances of harassment on social media even years later, says Ms. Rashid. And there's less risk that a small firm will pursue a costly lawsuit than a large one.

'Hurt their brand'

"It can hurt their brand well after the harassment has occurred," says Leora Eisenstadt, an assistant professor of legal studies at Temple University's business school in Philadelphia.

To understand the potential gravity of the situation, Ms. Rashid recommends that small companies survey employees about these types of sensitive issues. The data, she says, can help small businesses to act pre-emptively to set policies about behavior.

"The CEO needs to be breaking the silence that prevails in all organizations and in particular small organizations," she says.

Despite what seem like steep obstacles in terms of cost and culture, Ms. Rashid is optimistic about what can be achieved.

"It's like steering a kayak versus steering a cruise ship," she says. "You can right a culture much more quickly."

Ms. Dizik is a writer in Chicago. Email reports@wsj.com.

HOW I THOUGHT OF IT


THESIS

A SPACE-AGE MAKEOVER FOR FASHIONABLE SHOES

Why isn't anyone disrupting elegant high heels? That's what Dolly Singh asked herself as she walked miles across the sprawling campus of space-flight company SpaceX, where she was the head of talent acquisition, wincing in gorgeous but painful four-inch-high Jimmy Choos.

Women buy $40 million worth of high heels every year around the world, but there's a problem: The higher the heel and the more stylish the shoe, the more they hurt to wear. Few know this as well as Ms. Singh, a power-wearer and serial buyer of high-priced heels who has worn them nearly every day for more than 20 years, "unless I was going to the grocery store or working out."

The trouble, she says, lay in the way shoes are designed and manufactured more with aesthetics in mind than comfort. How hard could it be to solve this problem, she thought, compared with what her colleagues at SpaceX were tackling?

"I worked in a place where people built rockets for a living, and it's super-aggravating when you look at something as simple as a shoe," Ms. Singh says.

Five years ago, Ms. Singh launched **Thesis Couture** in Los Angeles. Ever the recruiter, she started by looking around at the rocket scientists in her office; her first two hires were from SpaceX, including a former astronaut with a Ph.D. in structural engineering. Next on her roster: a "fashion scientist"; the head of industrial design at virtual-reality company Oculus, where she also once worked; an artisan shoemaker; and an orthopedic surgeon.

The idea was to assemble a team of people who were overqualified for the job, a trick she learned from SpaceX and Tesla founder Elon Musk.

While a regular high heel supports the foot on one metal rod called a shank, Thesis "redid some of the internal architecture," substituting an "advanced ballistic-grade polymer," Ms. Singh says.

The first shoes hit the market last spring, at an initial price of $925 per pair for the first style, a metallic gladiator look. For this spring/summer season, the company will release three new models, including a wedding shoe and an office pump.

Thesis has closed an additional round of seed funding from investors including Backstage Capital and Edgewater Equity, Ms. Singh says. The company, she adds, has begun a round of Series A funding but won't disclose its status.

–Chana R. Schoenberger

The Biggest Crowdfunding Campaigns

Continued from the prior page

though no timelines for refunds were specified. (Kickstarter eliminated the refund requirement after Oct. 18, 2014, a little more than three months after the campaign launched.)

On June 14, 2017, Mr. Grepper settled with the Department of Justice. According to the settlement papers, filed in Marion County Circuit Court, Mr. Grepper had shipped coolers to 38,979 confirmed backers by the time the settlement was signed. The settlement mandated that Mr. Grepper deliver coolers to a remaining segment of the backers totaling 873 within 120 days—a condition the Department of Justice says Mr. Grepper has met. The settlement also outlined measures for getting coolers to his other backers or sending them a credit toward another cooler. The department won't say how many of those backers have gotten a cooler or credit.

The department said that the settlement "shall not be considered an admission of a violation for any purpose." In the papers, Mr. Grepper denied engaging in "any unlawful or otherwise inappropriate business practices."

Among other terms, Mr. Grepper is barred from rewards-based crowdfunding until he fulfills the terms of the settlement.

In a recent conversation, Mr. Grepper said he focused on quality and costs got out of hand, but he has now streamlined production and is working with "a more trusted and narrower supply chain, which ironically does put costs right about where we projected they'd be when the product launched."

His encounter with the Department of Justice, Mr. Grepper said, cost six figures in legal fees and "a tremendous amount of time and energy." It's nice, he said, "to have it put to bed. It's nice to get back to business."

This campaign was the second time Mr. Grepper had tried to raise money for the cooler on Kickstarter—his first campaign, in 2013, failed to reach its pledging goal, Kickstarter says, and no money was collected.

COOLEST

Coolest Cooler, billed as "a portable party" with built-in blender, speaker and extra-wide tires

KINGDOM DEATH: MONSTER 1.5

Goal: $100,000
Amount Raised: $12,393,139
Time Required: 45 days (Nov. 24, 2016-Jan. 7, 2017)
Number of Funders: 19,264
Platform: Kickstarter

This was the fourth Kickstarter campaign for Kingdom Death, which bills itself as "a massive cooperative board game about survival in a nightmare-horror world."

The game's creator, former Web designer Adam Poots, started crowdfunding in May 2009, shortly after Kickstarter was founded, raising $1,741 to produce an elaborately sculpted collectible figurine. Mr. Poots also started thinking about how to design a game.

A campaign he launched for an iPhone game later that year failed to reach its goal. But he returned to Kickstarter in November 2012 with a campaign for a board game—Kingdom Death: Monster—that raised more than $2 million. Fulfillment was delayed by nearly two years after Mr. Poots announced on Kickstarter that he was sacrificing speed for quality. Both the game and its production costs were growing—they went from an estimated $20 a game to well over $100, he says—and he told backers he needed more time for play testing and the production of plastic miniatures.

He upgraded the plastic, he says, and he went to China to oversee the last weeks of production. One miniature, the phoenix monster, was sculpted by hand by French artists and has a wing span of 7 or 8 inches, he says.

Kingdom Death: Monster was finally delivered—6,000 copies were printed for backers, who pledged $85 and up, and 4,000 to sell through retail channels, at about $400 a copy. Mr. Poots won't disclose sales figures but says he ended up in the black. After the game went out of stock, its resale value soared—games were being sold on eBay for more than $1,000.

So, despite what he calls the stress of running a crowdfunding campaign, Mr. Poots returned to Kickstarter in 2016 to reprint the game with new content. The effort raised $12.4 million, with pledges ranging from $5 for add-ons to the new version of the game to $2,500 for the game itself plus various rewards. Delivery is ongoing and is expected to extend through 2020. Mr. Poots declines to disclose revenue or unit sales, and he says it is too early to say whether he'll end up in the black on this campaign.

BAUBAX TRAVEL JACKET

Goal: $20,000
Amount Raised: $11,609,614 *(two campaigns)*
Time Required: 59 days (July 7, 2015-Sept. 3, 2015) *(Kickstarter)*
Number of Funders: 55,949 *(two campaigns)*
Platform: Kickstarter, Indiegogo InDemand

Hiral Sanghavi was an M.B.A. student at Northwestern University's Kellogg School of Management when he and his wife, Yoganshi Shah, decided to launch a Kickstarter campaign for a travel jacket with 15 features, including a built-in neck pillow, eye mask, gloves, earphone holders and drink pocket.

The campaign started on July 7, 2015, with a goal of $20,000—and raised nearly $9.2 million in less than two months. Another $2.4 million came from Indiegogo InDemand.

Yet problems cropped up. Despite assurances on Kickstarter that BauBax could get clothing shipped by November 2015, delivery slipped until February 2016 and wasn't completed until May, Mr. Sanghavi says.

He blames manufacturing troubles and mistakes by his logistics partners, Rakuten USA and Floship, which he says he fired after the crowdfunding orders were shipped.

"They had a limited bandwidth or capacity in terms of number of packages shipped per day," Mr. Sanghavi says.

Michael Manzione, CEO of Rakuten Super Logistics USA, a platform of Rakuten, says, "It is incumbent upon both partners to implement an agreed-upon business plan to ensure both parties can—and will—fulfill their respective obligations, [and that] unfortunately wasn't our experience with [BauBax]."

Floship marketing head Christopher Moore says there were snafus due to the labeling of non-English addresses and the fact that some shipments incurred extra duties because their values were overstated.

Some Kickstarter backers, meanwhile, were upset that jackets were available on an e-commerce site before they had received theirs. Online sales orders were shipped faster than crowdfunding orders, Mr. Sanghavi writes in an email, and "if I had known that the crowdfunding orders would take over three months to get shipped, I wouldn't have gone live with the e-commerce sales."

He continues, "I realize how naive and unorganized we were in the initial days of BauBax. BauBax as a team have come a long way over the past two years, and we are here to stay and grow further."

BauBax has now shipped more than 200,000 jackets at prices ranging from $149 to $199 (plus shipping) to customers in 150 countries, generating $25 million in total revenue through Kickstarter, Indiegogo InDemand and retail outlets. (Early Kickstarter backers got a price break.)

The company has seven global warehouses, up from two in 2015, Mr. Sanghavi says, and it has gone back to crowdfunding. A Kickstarter campaign for smart clothing that would wirelessly charge smartphones missed its $100,000 goal and was canceled in August 2016. Mr. Sanghavi says not enough people knew about wireless charging to build support for the campaign, but BauBax plans to revive the effort by early 2019.

In the meantime, he ran a Kickstarter campaign for BauBax 2.0, a travel jacket with 25 features. In that effort, which lasted from Feb. 14 to April 15 of this year, 21,409 backers pledged $3,948,547, exceeding the $50,000 goal, according to Kickstarter. BauBax 2.0 has also raised more than $4 million so far on Indiegogo InDemand.

Ms. Gage is a writer in San Jose, Calif. Email reports@wsj.com.

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Where Are They Now: To learn about what happened to other crowdfunding hits, including "Exploding Kittens" and a videogame console that aimed to take on big industry names, go to wsj.com/smallbusinessreport.

FRANCHISING

A Boom in Personal Services

The sector leads all franchises for growth in new outlets, jobs

BY ELIZABETH GARONE

AFTER A YEAR of slowing growth, franchises are expected to come back strong in 2018, topping their recent highs for growth in a number of big measures, including revenue, new outlets and employment.

Leading the way: franchises that offer personal services.

The sector—which covers everything from education to health and veterinary care to recreation—has been gaining momentum after a slump in 2015. This year, the sector is projected to lead all franchises in growth in new outlets (up 3% from 2017) and in employment (up 5%), according to the International Franchise Association.

A new mood

Franchisers credit the growth to a stronger economy, as well as the hope that the regulatory atmosphere will improve, specifically as it relates to so-called joint-employer rules.

For decades, one business couldn't be held liable for employment-related matters at another unless it had direct control over the employees in question. But in 2015, the National Labor Relations Board said any franchiser could be held as a joint employer with local franchisees, liable to legal action and protests by employees.

The move set the industry reeling—but the mood has shifted under the Trump administration, says Mark Siebert, chief executive officer and senior franchise consultant with consultancy iFranchise Group.

Although issues related to the joint-employer dispute are still in the courts and haven't been definitively settled, "under Trump, the folks who were leading the charge on the joint-employer issues have been replaced by more traditional regulators" in the NLRB, Mr. Siebert explains.

So, says Matthew Haller, IFA's senior vice president of government relations and public affairs, "people in franchising are feeling more confident about the regulatory environment and adding new locations, building into new markets."

Personal-service franchises, meanwhile, seem to be leading the pack mainly because of the price tag. The cost of other popular types of franchises remains too steep for many people: Initial investment for a restaurant franchise can start at $100,000 and is often higher. But for a small personal-service franchise, startup costs can be under $10,000.

A growing market

In addition, the market for what these smaller franchises sell is expanding, thanks to the growing economy. Consider beauty chains, says Sucharita Kodali, a retail analyst with Forrester Research.

"Beauty is probably a bit more cyclical, but I think there are now affordable luxuries where women will pay $30 to $50 for someone to do their hair or nails before the weekend," she says.

At the same time, with dual-income households now the norm, there is often more money to spend but less opportunity to get things done. So, personal and home services such as laundry are taking off.

Likewise, child-care services. "In a downturn, you might have been teaching your kid how to play basketball," says the IFA's Mr. Haller. "Now you're sending them to an after-school program that you pay to do that."

Academic services are also a hot area. "In the last decade, people have been spending more on education," says Ms. Kodali. "College is more competitive than ever, supplemental education is commonplace and replicable, and test-prep classes can find decent, inexpensive real estate."

Another big trend driving the demand for services is higher health-care costs. Niche franchises that offer everything from chiropractic care to specialized sports medicine are expanding rapidly. Their appeal: shorter wait times to see a doctor and service that is often less expensive than traditional doctors' offices.

Ms. Garone is a writer in Alameda, Calif. Email ***reports@wsj.com.***

The Reach of Chains | A look at the makeup of the franchise industry, by sector

OUTLETS		EMPLOYMENT		REVENUE	
Quick-service restaurants	26%	Quick-service restaurants	46%	Quick-service restaurants	34%
Personal services	15	Table/full-serve restaurants	13	Business services	13
Business services	14	Business services	8	Lodging	10
Commercial & residential services	9	Lodging	8	Table/full-serve restaurants	10
Real estate	8	Personal services	6	Real estate	7
Retail products & services	8	Retail food	6	Automotive	6
Retail food	7	Retail products & services	4	Commercial & residential services	6
Automotive	5	Automotive	3	Personal services	5
Lodging	4	Commercial & residential services	3	Retail food	5
Table/full-serve restaurants	4	Real estate	3	Retail products & services	4

Source: IHS Markit for the International Franchise Association Franchise Education and Research Foundation

THE WALL STREET JOURNAL.

Disclosure Documents Can Be All Too Baffling

BY RUSS GARLAND

PEOPLE LOOKING to buy a franchise may need to get themselves a translator.

New research finds that on average it takes more than 20 years of education to understand a U.S. franchise disclosure document on first reading. Not only is the language complex and the sentences long, the study found, the median length of the documents themselves is 229 pages.

The median length of the documents was 229 pages

This makes scoping out potential pitfalls tough for would-be franchisees, who typically are community-college graduates with 14 years of schooling, according to co-authors Uri Benoliel, a law professor at the College of Law and Business in Ramat Gan, Israel, and Xu "Vivian" Zheng, a marketing professor at the City University of Hong Kong's College of Business.

Spell it out

Under Federal Trade Commission rules, franchisers such as restaurant chains must disclose information to their potential franchisees about management and franchise terms. And these disclosure documents are supposed to "present all material facts accurately, clearly, concisely, and legibly in plain English."

To see how well franchisers were abiding by those conditions, Professors Benoliel and Zheng obtained electronic copies of 523 disclosure documents filed in Wisconsin, which the state makes available online.

To make the project manageable, the researchers limited their examination to a section of the documents regarding territorial rights. Then they ran those passages through an electronic text editor, scrutinizing them using a widely accepted standard for readability.

The result: On average, someone would need an education level of 20.36 years to understand the text. In addition, the study found that in 80% of the disclosure documents, the average sentence was longer than 25 words. The study, which is scheduled to be published in the Alabama Law Review in November, cited a 154-word sentence in one sample document as an egregious example.

Lack of expertise?

Prof. Benoliel argues that franchisers may be trying to hide unfavorable terms with difficult language. But he also says that smaller and younger franchisers—which were more likely to produce hard-to-read documents—may be producing tough-to-read documents due to lack of expertise.

Omri Ben-Shahar, a law professor at the University of Chicago who writes about disclosure, says the study confirms "mountains of evidence" that many types of disclosure documents are unreadable.

A bigger problem, Prof. Ben-Shahar says, is that disclosures, even simple ones, are "mostly ignored; if noticed, unread; if read, misunderstood; if understood, unused; and if used, often in the wrong way."

The FTC declined to comment on the research.

Matt Haller, senior vice president of government relations and public affairs at the International Franchise Association, says: "Buying a franchise can be an investment in your future. But with any major decision, there are complexities to running a business, and we advise all prospective owners to do their due diligence and investigate all avenues before owning a franchise."

He adds that franchise disclosure documents "have become more readable and new requirements have been issued to improve disclosure, but a more informed franchisee that has engaged counsel to help understand the franchise agreements and all related commitments will help avoid complications."

Mr. Garland is a writer in Santa Fe. Email ***reports@wsj.com.***

THE MONEY GAME

VCs Talk About the Investments That Got Away

Venture capitalists say they learn a lot from firms they didn't bet on—and that eventually made it big

BY ROB CURRAN

BEING A VENTURE CAPITALIST means placing bets. Sometimes you hit it big with a startup. Sometimes you lose everything.

But sometimes you never place a bet at all—and end up missing out on an idea that turns out to be a multibillion-dollar winner.

We asked some seasoned investors to share their stories about the big chance that got away. Why did they pass on these startups? What didn't they see that somebody else did? And what lessons did they take away from the experience that helped them make better decisions down the line?

THE ONE THAT GOT AWAY
LYFT
THE LESSON
Bet on people, not plans

In 2011, Chris Farmer, founder and chief executive of venture-capital firm SignalFire, met with a pair of young entrepreneurs who pitched what seemed like a hopeless idea.

The partners, Logan Green and John Zimmer, were running a service called Zimride that allowed students to coordinate shared rides, often between campus and their hometowns. Now the duo wanted to raise money to expand their services to more college campuses.

Mr. Farmer says he "loved the founders," who he says were tech whizzes knowledgeable about transportation trends.

But their idea "was basically a long-haul bus service," he says, adding, "you're basically competing with Greyhound, and it's just not that intriguing a business."

What he didn't realize was that the partners had an idea that would turn into the $11 billion ride-share giant Lyft. And he didn't see it because he was focusing on their business plan, not personal potential.

The partners recognized the same problem with the idea that he had identified, and they figured out a way to correct it—by turning their dream company into an on-demand short-trip taxi service.

"What happened was, because they're great founders...they pivoted into what became Lyft," Mr. Farmer says. (Lyft confirms his account. Zimride, meanwhile, was purchased by Enterprise Holdings in 2013 and still provides the original service to students and employees of corporations.)

Mr. Farmer learned that founders' abilities should carry more weight in the beginning than their business plan or profit-and-loss statements. "At the earliest stages, when things are just forming, you need to take substantial leaps of faith," he says.

Mr. Farmer applied the Lyft lesson when his firm contributed the majority of a $2.5 million investment in Zume Pizza, of Mountain View, Calif., in 2015. On the face of it, the business plan sounded a bit pie in the sky: to revolutionize the industry by having robots make pizzas inside of delivery vans so the pies would arrive as fresh as possible.

But, as in the case of Lyft, the Zume founders brought both technological and industry expertise to the table, Mr. Farmer says. One had lived and worked at a cheese-producing buffalo farm in Italy, while the other was a former Microsoft executive and, Mr. Farmer says, a "lifelong inventor."

Early-stage investments, he says, are "much more weighted to the human condition." (Zume Pizza confirms Mr. Farmer's account. Neither the company nor Mr. Farmer would comment on its current valuation.)

THE ONE THAT GOT AWAY
SQUARE
THE LESSON
New isn't everything

Matt Harris of Bain Capital Ventures has backed successful startups including human-resources outsourcing company Justworks and cryptocurrency firm Digital Currency Group. But he passed on a company called Square when it was brand new—missing out on a multibillion-dollar behemoth.

Why? As someone who followed payment technology, Mr. Harris thought that the merchant-acquirer business—that is, handling the nuts and bolts of payments for other companies—was a very old idea. So he couldn't understand the buzz around Square.

"People were paying really high prices, people seemed to be valuing it like it's a new type of animal," Mr. Harris says. "I told myself, 'Everyone's drinking the Kool-Aid and I'm a keen-eyed savvy investor, and I know categorically what this is.' "

What he missed, he says, was that even a boring company can be a winner if it excels at its job. "If I'd been smart enough to ask [company co-founder] Jack Dorsey the right questions, he'd say, 'Yep, you're exactly right, we're a merchant acquirer,' " but we're going to beat the others, Mr. Harris says. (Square declined to comment.)

In the past five years, Square's credit-card processor has become ubiquitous in small stores, while its shares have become ubiquitous in the portfolios of technology investors. Square's market capitalization has risen to roughly $20 billion, rivaling that of Mr. Dorsey's other company, Twitter.

Not long after passing on Square, Mr. Harris met with the leader of a company called Justworks. The company's pitch involved handling human resources for other companies. "It's a very old model," says Mr. Harris. Once again, he wondered whether the company had anything new to offer.

Still, he was impressed with the chief executive. "He took the view that he could do it better," Mr. Harris says, "similar to what Square did in merchant acquiring—getting customers more cheaply, getting higher margins, taking [market] share."

Mindful of having missed that narrative in Square, he says, his firm was the lead investor in a $13 million funding round in 2015. The CEO of Justworks, Isaac Oates, says in an email that the company has raised $93 million in capital and has seen revenue double in the past 12 months.

"That is some slight evidence that I can learn," Mr. Harris says.

THE ONE THAT GOT AWAY
TWILIO
THE LESSON
Don't get fooled by market size

Eric Wiesen, general partner at Bullpen Capital, says that he and many other venture capitalists can fall into "heuristics," or ways of looking at the world, that damage their investment decisions. One example: a tendency to think too much about the "addressable market" for a new company.

"A lot of VCs are doing a paint-by-numbers analysis," says Mr. Wiesen, whose past investments include Venmo, the payment-technology company that was eventually acquired by PayPal. "Looking at a company, they want to create a market model....If it can't get to a market of multiple billions of dollars, they just don't make the investment."

That is a mistake, he says. "The way you make money is betting on a market segment that starts out pretty small when the company gets going and ends up being big."

Mr. Wiesen fell into this trap with a company called Twilio. At the time, the central part of Twilio's pitch was that it would allow app users to make and receive phone calls and texts inside the apps.

He couldn't see what use there was for the technology. But he didn't realize a huge change was on the way: Sending and receiving messages would be critical to services like Uber, which rely on contacting people and giving updates. Twilio is now publicly traded and worth more than $3.5 billion. (The company declined to comment.)

After the Twilio experience, in 2011, RRE Ventures, the firm Mr. Wiesen was with at the time, was one of several venture-capital investors to participate in a $10 million funding round for 3-D printing company MakerBot.

At the time, the market for 3-D printing was only about $50 million, which was dramatically undersized "on the paint-by-numbers analysis," he says. "The market grew triple digits from that point until now."

The estimated size for MakerBot's kind of 3-D printers was $417 million in 2017, according to market-research firm Context. Even after a pullback, the market "continues to grow very, very quickly," Mr. Wiesen says.

MakerBot, which was purchased by 3-D printing concern Stratasys for about $604 million in 2013, declined to comment on Mr. Wiesen's investment.

Much as Mr. Wiesen has learned from his mistakes, he still expects to make more.

"Sometimes you're just wrong....You have the right framework, you have all the data available to you to make a decision about a particular market and you just get it wrong," he says, adding, "Those are just part and parcel of being a risky-asset investor."

Mr. Curran is a writer in Denton, Texas. Email reports@wsj.com.

THIS VC THOUGHT FACEBOOK WAS A GOOD INVESTMENT. BUT...

BY ROB CURRAN

There might just be one thing worse than missing out on a bonanza by making the wrong call on an investment: missing out after making the *right* call.

In 2004, Larry Cheng was an associate at venture-capital firm Battery Ventures in the suburbs of Boston. He pitched investments to a committee of superiors but never had the final say.

In March of that year, he attended a Harvard University alumni event. During his visit, he asked some students what was new on campus.

"Everybody was saying, check out 'Thefacebook,' it's blowing up on campus," says Mr. Cheng, who estimated what was then an online Harvard student directory was about four weeks old.

Years later, in a blog post, Mr. Cheng described his "aha moment."

"They had uploaded the Harvard course catalog into the network so that with a single drop-down menu, you could sort the entire network by those taking the same class as you," Mr. Cheng, now a managing partner at Volition Capital, wrote on his blog.

That feature let students find out more about classmates, a utility whose appeal would be clear to anyone who has ever had a classroom crush.

According to Mr. Cheng's account and his records, he contacted Mark Zuckerberg electronically and arranged to meet him at the Charles Hotel in Cambridge. Mr. Zuckerberg brought a friend, Facebook co-founder Eduardo Saverin.

The duo's ambition was clear, according to Mr. Cheng, but what really impressed him was their focus.

"They were focused on solving a problem for one college campus, and they did it in a very good way," Mr. Cheng says. "They limited their focus and scope, then rolled out to a few more college campuses and solved the same problem....That would not have existed if they had just opened to the masses."

The next meeting was over breakfast back at the Charles Hotel. Mr. Cheng could tell the two students were "unaccustomed" to the morning schedule. "They came in looking a little bleary-eyed," he says. The students' apparent aversion to the early hour didn't color Mr. Cheng's impression of them, however, as he remembered being the same way himself.

The final meeting was in Battery Ventures' former Wellesley offices in May 2004, Mr. Cheng says. In the intervening weeks, according to Mr. Cheng, Facebook had launched at about 20 other top-tier schools.

Mr. Cheng realized Messrs. Zuckerberg and Saverin probably couldn't afford a taxi back to campus. So he gave the pair—who now have a combined net worth of about $80 billion—a lift back to Cambridge and $40 for the ride to Wellesley. It was, unfortunately for Mr. Cheng, the only stake that changed hands.

Mr. Cheng says he sent a memo to his superiors in Battery Ventures, extolling the potential of an investment in what became Facebook. He says he heard many objections to the idea. The principal impediment was an existing bet that Battery Ventures had made on Friendster—venture-capital firms seldom back two direct competitors. Other objections included the "limited scope" of the network at that stage and the employment status of the company founders.

Ultimately, Mr. Cheng says, he failed to persuade his superiors.

"Hindsight is 20/20," says Battery Ventures General Partner Scott Tobin, in an email. At the time, he says, Friendster was popular in the Philippines, a huge market of social-media users. "Unfortunately, that didn't make up for air-balling one of the most successful venture investments of all time."

Facebook didn't respond to requests for comment on the contact between the two firms.

One of the lessons Mr. Cheng learned was the importance of persevering with strong hunches.

"In retrospect, I should have pushed the opportunity more aggressively, even though consensus was hard to come by—not just because Facebook was a historic success but because I've since learned that the best investments are never obvious at the time and it is so important to follow your convictions," he says.

Banning Tips Can Be a Risky Restaurant Tactic

BY ALINA DIZIK

GETTING RID OF tipping can be bad for business.

There's a growing movement among restaurants to forbid tipping and instead raise wages so that earnings get spread more evenly among workers, among other reasons. But that policy may make the restaurants less appealing to customers, according to new research.

Having the ability to add a tip to a restaurant bill increases consumer satisfaction, says Michael Lynn, professor of food and beverage management at Cornell University's School of Hotel Administration. Banning tips can alienate customers and lead to negative online reviews—and lower revenue. That's even true if the restaurant adds some other way to reward service, such as a flat service charge or higher menu prices.

"People perceive the service is worse if there's no tipping," says Dr. Lynn, a researcher who focuses on restaurants and dining behavior and has published two studies on tipping within the past year.

Measuring the effect

In the first study, published in the Journal of Consumer Affairs in December, Dr. Lynn used Google reviews and Yelp ratings at Joe's Crab Shack, a casual seafood chain. In 2015, the company temporarily suspended tipping at 18 of its 131 restaurants, according to his research.

Yelp ratings at those restaurants decreased by an average of one-third of a point on a five-point scale, he says. And reviews of the restaurants during the no-tipping period included the words "tipping" and "servers," suggesting those factors were behind the lower ratings.

The decline in ratings is equivalent to about a 3% drop in revenue, according to work conducted by other researchers, Dr. Lynn says.

(The company that owned Joe's at the time has declared bankruptcy and is liquidating. The current owners declined to comment on the research.)

MELISSA HORN

Danny Meyer is among the most prominent restaurateurs to eliminate tipping.

Dr. Lynn's follow-up study with a co-author, published in the International Journal of Hospitality Management earlier this year, looked at 9,467 online reviews from 41 restaurants that had recently eliminated tipping. Once again, online ratings were lower after tipping was eliminated.

But there were some important distinctions. Restaurants that boosted prices to raise wages and offset the no-tipping policy (and, of course, told customers that's why they were doing it) saw a tenth-of-a-point drop in online ratings. Those that used automatic service charges saw a quarter-point drop. Based on the previous revenue research, Dr. Lynn estimates that the drops could result in a 1% to 2% revenue decline.

There were some other differences between restaurant categories, Dr. Lynn says. At restaurants that used a service charge, those in the highest price tier didn't take a hit on their reviews. At that level, he explains, customers are less focused on prices. What's more, they're more likely to have traveled to Europe, where tipping is not the norm. "Customers at upscale restaurants are in general more used to no-tipping policies," he says.

While some diners may adjust to no-tipping norms over time, most U.S. consumers still recoil at the idea at first, Dr. Lynn says.

Getting the math right

A prominent figure in the no-tipping movement, Union Square Hospitality Group's Danny Meyer, says guest satisfaction has been the "same or better" at the 11 upscale restaurants he owns that have eliminated tipping.

Still, during the transition to eliminate tipping, the restaurants "had a really challenging experience" in setting the menu prices exactly right to compensate for the lack of tips, he says. "You have to get the math just right."

Ms. Dizik is a writer in Chicago. Email reports@wsj.com.

RUNNING THE SHOW

How Troma Thrives on Gore and Guffaws

Lloyd Kaufman explains what small businesses can learn from his cult-movie studio

BY ERICH SCHWARTZEL

TROMA ENTERTAINMENT

Lloyd Kaufman, co-founder of cult-movie studio Troma Entertainment, pictured with its perennial hero, the Toxic Avenger.

FOR DECADES, Hollywood has devoured production companies making tiny-budget movies. But one studio has kept from getting devoured by filling its movies with things getting eaten—as well as ripped apart, melted and otherwise destroyed.

Founded in 1974, **Troma Entertainment** has had a hand in 400 movies, largely horror titles like "The Toxic Avenger" and "Tromeo and Juliet," which have won a loyal base of fans. The studio's style is unmistakable: gore, guts and an over-the-top tone that draws gasps and guffaws.

"We're a classic cult-movie studio. We don't make homogenized baby food," says Troma co-founder Lloyd Kaufman.

Along the way, Mr. Kaufman has become a celebrity, with fans stopping him for selfies and autographs at horror-movie conventions.

Mr. Kaufman, 72, got his start doing various jobs on mainstream movies before spearheading his own features like "Surf Nazis Must Die" and "Return to Return to Nuke 'Em High AKA Vol. 2." His movies are made for less than $1 million, and the studio has only 10 employees, working out of an office in Long Island City, N.Y.

Mr. Kaufman won't discuss what Troma earns, but he says, "We're running a tight ship. We don't have fancy cars or mansions or have red carpets."

Underneath the offbeat (not to say bloody) surface, the story of Mr. Kaufman and Troma holds lessons that any small business could learn from. In an interview, he talks about building a brand, keeping an audience, being honest with employees and staying independent.

Here are edited excerpts.

WSJ: *What are the lessons you take away from your years of being small and independent that can help entrepreneurs in any field?*

MR. KAUFMAN: Entrepreneurs are like artists. You create something, and you need to believe in it and follow through and attract like-minded people, which is kind of like Troma. We're like the Andy Warhol Factory, though he was infinitely more financially successful than we will ever be and attained mainstream acceptance, and we're the more cult-classic studio.

WSJ: *Why have you stayed private?*

MR. KAUFMAN: If you go public, you have quarterly statements and we don't want to be told what to do. Our movies are not made by committee. I can do anything I want.

We stayed small because we don't need to show off. We have not borrowed money so we can show off. If you're going to be an entrepreneur and you love what you're doing, you can't show off. We have no receptionist. If you come to the Troma building, which we own, you walk up the stairs and you come right into a room where I'm in a desk. We're the receptionist.

WSJ: *How important are fans to the Troma ecosystem?*

MR. KAUFMAN: People think we're a lot bigger than we are because our fans are so active and so hard working. They go to the theaters to promote us, they buy stuff from the website. We have people who represent us at these conventions who are fans. We pay them and [pay] for their expenses, but it's not for the money. They do it because they love Troma.

Hundreds of people have Toxic Avenger tattoos on them—you can't buy that! Most of our theatrical posters have been painted by fans, in most cases not charging us. We pay a little something, but not what they get in the normal industry. Some people have my face on them. I've run into people who have tattooed my face onto their bodies.

WSJ: *How does that make you feel?*

MR. KAUFMAN: It's better than an Oscar.

WSJ: *What role does your library of titles play? How have you adapted to a new ecosystem that includes traditional theatrical release and new streaming services?*

MR. KAUFMAN: We have about a dozen evergreens. Not like James Bond or "Rocky," not that kind of evergreen, but they're classics: "Class of Nuke 'Em High," "Tromeo and Juliet." We have about a dozen of our films that continue to be quite powerful.

WSJ: *How do you hire?*

MR. KAUFMAN: We tell [applicants] "Don't work for us!" We give them all the bad points: that they're going to work very hard, they won't make much money.

Most who start with us are young and idealistic and very interested in the art of cinema. They're movie nuts, and they love movies, and that has to be the foundation. I have no luxuries. Every once in a while I get a Diet Mountain Dew and a handful of cashews.

WSJ: *You're working constantly, always on the move. How do you stay inspired, keep from getting burned out?*

MR. KAUFMAN: I love movies. I really love movies, and I am inspired. Here's something that happened to me on the airplane from L.A. last week. I'm going through the movies on the airplane, and there's "All About Eve," and I hadn't seen that movie since the Yale days. I turned it on, and oh, my God! What a masterpiece. It was like looking at it for the first time again. There are so many great lines, and the themes in it are so contemporary. Seeing that one movie inspired me.

WSJ: *If you had the resources of big studios, would you even want them? If you had $200 million budgets, would you make 200 movies?*

MR. KAUFMAN: If I had $200 million, I would make two movies for $1 million. With the other $198 million, I would give out $500,000 to—how many people is that?

WSJ: *396.*

MR. KAUFMAN: I can't do arithmetic. But you'd get some great movies.

Mr. Schwartzel is a reporter in The Wall Street Journal's Los Angeles bureau. Email erich.schwartzel@wsj.com.

HOW I THOUGHT OF IT

NOISEAWARE

KEEP IT DOWN, WILL YOU?

Dave Krauss had a successful Airbnb rental business until one weekend in 2014. A renter supposedly looking for a quiet break with her boyfriend ended up having a two-day "mini-Coachella-style rager" at Mr. Krauss's condo, he says.

It wasn't until two days after she checked out that he discovered what had happened. Fourteen angry neighbors had filed noise complaints, and a cease-and-desist letter forced him to sell the investment property at a $30,000 loss.

"It had sullied my reputation. I slept fine that weekend. My neighbors didn't," he says.

Mr. Krauss vowed to never let it happen again. If he could get a simple notification when a disturbance *started*, rather than be the last to find out, he could head off potential problems.

Then, early in 2015, he met Andrew Schulz, an electrical engineer, who was teaching a class on building custom smart-home technology at the Dallas Entrepreneur Center. Mr. Krauss told him he didn't want to be his student but would like to hire him to solve his problem. They went to lunch and discussed the design criteria for a system that would ultimately become what the company calls a "smoke detector for noise."

"We still have the back-of-the-napkin sketches to this day," says Mr. Krauss.

Here's how the technology works: Sensors are secured to wall outlets in areas where renters are likely to create noise, most often the living room. The gadgets capture data on sound volume that is turned into a noise score accessible by the property manager from anywhere.

To see if there was a need for such an invention, Mr. Krauss attended a conference for professional vacation rental managers in the fall of 2015. When he told one attendee about his **NoiseAware** tool, she told him of having to deal with neighbors filing complaints weekend after weekend against renters who would get loud when drinking wine outdoors.

"We never looked back," says Mr. Krauss.

NoiseAware customers are given options to set an appropriate risk threshold for their property. If the threshold is breached, they are notified immediately via text so that they can prevent potential noise issues.

In 2016, NoiseAware says, the company raised $1 million in a round of angel financing from a group that included former HomeAway Chief Operating Officer Tom Hale. The company says it is currently closing a new round of financing. It won't disclose specific revenue but says that sales last year were eight times the 2016 figure, and its product protects more than 3,000 properties.

—Barbara Haislip

Unlocking the Secrets of Escape Rooms

How these mysterious venues draw people in (and how much they make doing it)

BY CHRIS KORNELIS

PUZZLE BREAK

Puzzle Break, one of the oldest escape-room companies, runs this room in Seattle's Belltown neighborhood.

UP A FLIGHT of stairs in Seattle's Belltown neighborhood, dozens or even hundreds of people a week pay $30 to be locked in a spooky Victorian-style chamber done up for a séance—and then figure out how to leave.

This is, of course, an "escape room"—one of the hottest forms of entertainment in the country. Here, groups of people explore closed spaces where they must find clues, solve puzzles and piece together stories to reach some objective, which usually involves getting out of where they are.

In this Belltown room, for instance, visitors have 60 minutes to move around chess pieces, pick up props, combine similar objects and look for patterns as they search for the last will and testament of "the recently departed Professor Firestone," as well as an exit.

Many entrepreneurs have been enticed into the escape-room business, lured by booming consumer interest and perceived low entry costs. But as many discover, making money on escape rooms isn't necessarily any easier than finding your way out of them. For one thing, there's a lot of competition, making it increasingly difficult to stand out. Then there's the skill required in running them—challenging customers without frustrating them, and providing just the right amount of nudging when they need help with puzzles.

"Just because you were really excited about the concept and had some of the skills in the area didn't mean you would necessarily be a great small-business owner," says Lisa Spira, who, with her husband, David, tracks and reviews escape rooms on their website, **RoomEscapeArtist.com**. "You have to do marketing, you have to do accounting, you have to do all sorts of things."

Unlocking success

The Spiras estimate there are at least 2,300 escape-room locations in the U.S., up from a couple of dozen at the end of 2014. The attractions have also gotten more complex, evolving from basic setups with simple locks and puzzles in small rooms to theater pieces, where visitors interact with actors and games can feel like adult haunted houses.

"You find experiences that have an incredible story, that have Hollywood-level sets and incredibly advanced technology and great puzzles," says Nate Martin, chief executive of **Puzzle Break**, the Seattle-based company that runs the Belltown room and was one of the first escape-room companies in the U.S. "There's a real arms race in creating, not just a fun experience, but a perfect experience."

Mr. Martin and his partner, Lindsay Morse, built their first location for $7,000. He says that figure would be laughable today. "You could never get away with that...because of what the landscape is," he says. "But, at the time, there was nothing, so it was comparatively easy."

His company, founded in 2013, has two locations in Seattle, with franchises in Newton, Mass., and Long Island, N.Y., as well as a licensing deal with Royal Caribbean cruise lines. It also operates mobile games that it brings to corporate events.

The company has 20 employees, and its business has doubled every year since it opened, grossing $1.1 million in 2016 and more than $2 million in 2017. As for expenses, there's plenty to spend money on: design, furniture, props, lighting, computers and software. By far, employee-related costs are the biggest expense, consuming roughly 35% of sales. Margins are around 23%.

The company won't disclose revenue or employee costs at specific locations. But Mr. Martin says Puzzle Break's most recent games have cost upward of $100,000 each, and they typically pay for themselves in less than a year.

For two Seattle locations, Mr. Martin says, Puzzle Break pays a combined $18,000 a month for rent—a good investment, he says, to be in high-traffic areas with bars and restaurants. Those outlets average a combined 600 to 1,000 customers a week, with 45,000 people crossing their doors in 2017. Admission starts at $30, but costs a bit more for corporate events.

Mr. Martin caught the escape-room bug five years ago when he and some friends went to a game in San Francisco. It was basic—more or less a room with boxes, locks and puzzles—but it changed his life.

"By today's standards, it's a tremendously uninteresting game," he says, adding, "but I fell in love."

That same night, he and Ms. Morse, then an assistant classics professor, decided to open an escape room of their own. Two months later, in August 2013, they did just that, in Seattle's Capitol Hill neighborhood.

One of the biggest hurdles is securing the right people to run the escape rooms, known as game masters. That's why his salaries start at $15 an hour and go up from there, he says. New employees play the games and get to know them from a player's perspective, then shadow veteran game masters for weeks.

One of the most important skills to learn is when to give hints. In one of Puzzle Break's old games, for example, players had to reach into a hole in a box and position their hand to tune a radio signal. But sometimes the player who discovered the box was afraid to put a hand inside, nervous about getting hurt.

Mr. Martin says a bad hint in that situation would be something like: "Have you tried putting your hand in the box?" A good hint, on the other hand, would tell the players the person who had discovered the box had done something worth noticing, but not give the whole move away: "The gentleman with the hat accessed something recently that might be important to the game."

"We're not telling them to stick their hand in the box," he says, but pushing them back toward the box so that "they themselves make that connection."

Building the dreams

Ms. Morse, the co-founder and chief creative officer, and Mr. Martin collaborate on game concepts, and she takes the lead in turning the concepts into reality. Puzzles arise from objects and scenery based on the topic, such as spinning tables like those used by spiritualists.

Mr. Martin is the company's public face and ambassador for the brand. He travels frequently for public speaking engagements and to research new technology, meet with potential partners and test games.

Mr. Martin says one of the great time sinks is sourcing props and furniture. "We've got a room that takes place in an underwater laboratory," he says. "What furniture would you find in an underwater laboratory? We have to go to estate sales and antique stores, and thrift stores frequently have some real treasures and diamonds in the rough."

Scouting locations is also tough. Mr. Martin says an ideal space is an old doctor's office or dentist's practice, places that already have a lobby and plenty of rooms that can be built out individually or combined.

Once a game is built, it's tested numerous times. Mr. Martin says Puzzle Break employees are good testers, as are regular customers. Sometimes he'll hold a raffle on Facebook for a chance to test the game. But he says it's important to get people who aren't aficionados to test new games too, because they will be played by many first-timers.

"We also want your uncle who's never solved a puzzle before," Mr. Martin says. "I need to see him experience this game."

Mr. Kornelis is a writer in Seattle. Email reports@wsj.com.

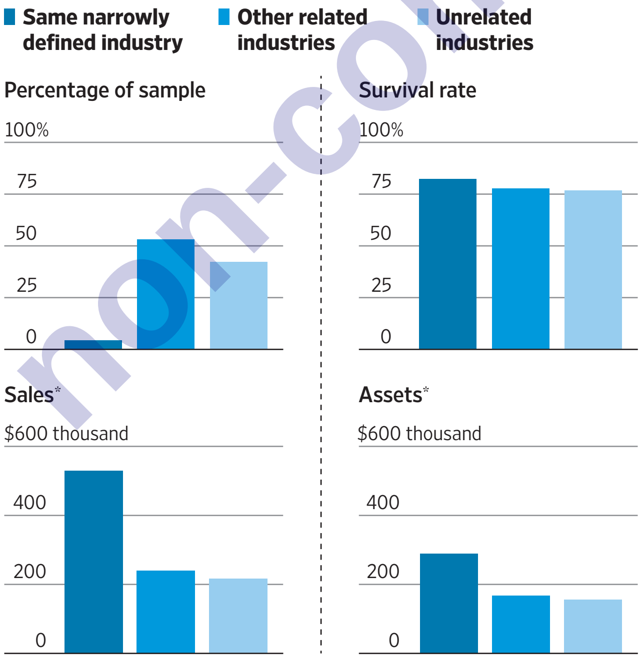
Maybe Dad Does Know Best

Starting a business in a father's line of work can be lucrative

BY JUDITH CROWN

Like Father, Like Son

A look at entrepreneurial sons in Norway who did—and didn't—start businesses in the same industry as their father. All figures except percentage of sample are four years after incorporation.



*Converted from Norwegian kroner at recent exchange rates, median amounts

Sources: Hans K. Hvide of the University of Bergen in Norway and Paul Oyer of Stanford University in California

THE WALL STREET JOURNAL.

IT IS VERY rare for a son to start a company in exactly the same field as his father. But when he does, he's a lot more successful than entrepreneurs who break new ground.

That is the finding of a research paper by Hans K. Hvide of the University of Bergen in Norway and Paul Oyer of Stanford University in California. In a survey of data from Norway, they found that just 4% of entrepreneurial sons started a business in precisely the same field in which their father worked. But these children outperformed all other entrepreneurial sons by a wide margin. And the results held true whether the father was an entrepreneur himself or a salaried worker.

Why? The report calls it "dinner table human capital": Fathers passed along a wealth of accumulated knowledge about their industry to their sons.

"Learning at home is super important," Dr. Hvide says. Economists tend to be obsessed with the importance of formal education, "but we're opening a box here about [the value] of informal education."

The researchers speculate that the sons' success also could stem from their family's access to industry contacts. The sons' greater knowledge of the industry might also inspire confidence in investors, who would then be willing to put up more money.

"Entrepreneurs who follow their father do better—that was a persistent empirical result," Dr. Oyer says.

Far ahead

The study, which was published in January by Germany's Institute of Labor Economics, used a database that included information on firms incorporated in Norway between 1999 and 2007. The study didn't include women because it incorporated IQ data available from entrance tests for men who were entering the military.

In total, 58% of entrepreneurial sons started a company related to their father's—a fisherman's son might start a fish-wholesaling business, for instance—while 42% didn't. But just 4% of the total went into precisely the same line of work.

Compared with the other 96% of sons, the 4% who went into exactly the same field had double the chance of landing in the top 5% of total assets and sales for their industry. They also had more than double the chance of landing in the top 5% of their industry for number of employees.

What's more, the four-year survival rate for the 4% of sons' firms was about 6% higher than for others, the study found. The 4% also invested 13% more capital on average than the rest.

Across the ocean

Even though Norway is a different entrepreneurial environment than the U.S., the researchers say that the results apply here, as well. In fact, the study was inspired by what Dr. Oyer heard repeatedly when he visited U.S. family businesses between 2010 and 2014 for a project with two other professors.

On the trip, Dr. Oyer met a wide range of entrepreneurs, and he says that he was struck by how many became successful by sticking with their family's field. They told him that they learned the business by observing what was discussed at home.

"Many were in retail, services or ran small manufacturing companies where success was largely a matter of industry knowledge—getting up a learning curve," Dr. Oyer says. "Their parents had given them a head start."

Ms. Crown is a writer in Oak Park, Ill. Email reports@wsj.com.