THE WALL STREET JOURNAL.

DOW JONES | News Corp

TUESDAY, SEPTEMBER 26, 2017 ~ VOL. XLII NO. 18

WSJ.com

ASIA EDITION

As of 12 p.m. ET **DJIA** 22260.72 ▼ 0.40% **NIKKEI** 20397.58 ▲ 0.50% **STOXX 600** 383.90 ▲ 0.18% **BRENT** 58.25 ▲ 2.44% **GOLD** 1291.00 ▼ 0.18% **EURO** 1.1841 ▼ 0.90% **DLR** ¥111.58 ▼ 0.37%

What's News

Business & Finance

China is considering relaxing rules requiring foreign auto makers to have a local partner, which could pave the way for Tesla to manufacture vehicles there. **A1**

◆ **The world's largest** money-market fund will take steps to reduce risk and lower its lofty yields to comply with new Chinese liquidity rules. **B1**

◆ **AIG is shuffling** its structure and top leadership ranks as the firm looks to begin an expansion that is expected to include acquisitions. **B1**

◆ **France's biggest banks** are among the most profitable in Europe, helped by an increased focus on less-fashionable businesses. **B5**

◆ **A consortium led** by Hellman & Friedman agreed to acquire Danish payments-processer Nets for $5.3 billion. **B1, B8**

◆ **GE agreed to sell** its industrial-solutions business to Switzerland's ABB for $2.6 billion. **B1**

◆ **Saudi Arabia** is planning to tap international debt markets again to cope with a budget deficit caused by lower oil prices. **B5**

◆ **Unilever agreed** to buy Seoul's Carver Korea for $2.7 billion, the latest in a string of skin-care acquisitions for the firm. **B3**

◆ **China's Canyon Bridge** reached a deal to buy a U.K.-based chip designer for $742.2 million. **B4**

World-Wide

◆ **The new ACA** repeal includes changes to the bill's text and a new Trump administration analysis aimed at winning over wavering senators. **A1**

◆ **Merkel started** laying groundwork for a three-way governing coalition. **A1**

◆ **The nationalist** Alternative for Germany made deep inroads in the traditional strongholds of the country's establishment parties. **A4**

◆ **Trump issued** a new travel ban that applies restrictions on nationals from eight countries, including new targets Chad, North Korea and Venezuela. **A6**

◆ **Kurds began** voting in a landmark referendum on independence from Iraq, seeking to advance their dream of statehood. **A5**

◆ **Kushner used** a personal email account to correspond with colleagues in the White House, his attorney confirmed. **A7**

◆ **Japan's Abe** called a national election, betting voters would rally behind his alignment with Trump in confronting North Korea. **A5**

◆ **Trump and** the NFL doubled down on their criticisms of one another over player protests and tweet storms. **A6**

◆ **Some Italians** are embracing corporate barter and tax deals in exchange for civic duties amid economic stagnation. **A4**

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China: RMB28.00; Hong Kong: HK$23.00; Indonesia: Rp25,000 (incl PPN); Japan: Yen620 (incl JCT); Korea: Won4,000; Malaysia: RM7.50; Singapore: S$5.00 (incl GST)

KDN PP 9315/10/2012 (031275); MCI (P) NO. 066/01/2017; SK. MENPEN R.I. NO: 01/SK/MENPEN/SCJJ/1998 TGL. 4 SEPT 1998

ISSN 03779920

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Iraqi Kurds Rush to Participate in Independence Referendum

CHRIS MCGRATH/GETTY IMAGES

CROWD CONTROL: Police try to keep people from forcing their way into a voting station in the northern Iraqi city of Erbil. Kurds began voting Monday in a landmark referendum on independence from Iraq, risking backlash from Baghdad and the international community. **A5**

Merkel Seeks New Coalition

Germany's chancellor gets ready for fourth term amid the rise of the country's far right

By Anton Troianovski And Andrea Thomas

BERLIN—Chancellor Angela Merkel began laying the groundwork Monday for an unprecedented three-way governing coalition, but faced headwinds from conservative allies reeling from losses to an upstart nationalist party and clamoring for a tougher line on immigration and security.

After her center-right bloc's weaker-than-expected victory in Sunday's election, Ms. Merkel faces no easy path to a fourth term. A coalition with the pro-business Free Democrats, her party's favored partner, would still lack a majority of seats in the German parliament. And the center-left Social Democrats, who have governed alongside Ms. Merkel the past four years, reiterated on Monday that they would refuse to serve as her junior partner for another term.

That leaves a three-way coalition with the Free Democrats and the environmentalist Greens, which has never happened on the federal level, as Ms. Merkel's only viable option. Ms. Merkel said that she would invite the parties to preliminary talks and that she was committed to reaching an agreement.

The Greens favor liberal policies on immigration and European integration, putting them at odds with the Free Democrats and with conservatives in Ms. Merkel's bloc.

"It is important that Germany get a good, stable government," Ms. Merkel said at a news conference at her party

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Pyongyang Official: U.S. Declared War

North Korea's foreign minister said the country interpreted recent remarks by Trump as a declaration of war. **A5**

New U.S. Health Repeal Targets Key Votes

By Stephanie Armour

WASHINGTON—Republicans pushing a last-ditch effort to topple the Affordable Care Act neared a critical deadline armed with changes to the bill's text and a new Trump administration analysis aimed at winning over wavering senators.

It was far from the clear the changes would be enough to change the minds of the two GOP senators who have declared their opposition, however, or others who have said they are leaning against the legislation. But sponsors appeared to have little to lose, needing to lock in 50 votes before a Saturday deadline, when a crucial parliamentary vehicle expires with the end of the fiscal year.

The updated version of the bill sponsored by Sens. Lindsey Graham (R., S.C.) and Bill Cassidy (R., La.), circulating among lobbyists and on Capitol Hill as senators returned to Washington on Monday, would provide more benefits to states including Alaska, home to Republican Sen. Lisa Murkowski, who has been skeptical of efforts to repeal the ACA.

In a move that could appeal to conservative senators, the authors made several changes designed to give states more leeway in rolling back ACA requirements and mandates. Health analysts said the new version frees states from an

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A WASHINGTON NOVICE TAKES ON THE TAX CODE

Treasury chief Mnuchin aims for an overhaul that no one else has managed since 1986

By Richard Rubin And Kate Davidson

Steven Mnuchin is facing the biggest test of his short political career.

The Treasury secretary has been working for months to bridge divides between an impulsive president and a fractious Congress to deliver on the Republican Party's promise of a simpler tax code with lower rates.

He has a powerful tailwind. Both Donald Trump and Republican lawmakers have promised a tax overhaul, which now remains one of their biggest domestic policy priorities since their efforts to repeal or overhaul the Affordable Care Act have so far fallen flat.

Stacked against Mr. Mnuchin, as negotiations near the make-or-break stage, are unresolved intraparty disagreements over how much lost tax revenue is acceptable and how tax cuts should be apportioned among companies, high-income earners and the middle class. Lobbyists stand ready to resist almost any proposed changes.

Mr. Mnuchin is tackling this terrain with less political experience than any other recent Treasury secretary. He didn't follow the trajectory of Henry Paulson or Robert Rubin, who acquired Washington contacts while leading Goldman Sachs Group Inc. And while Mr. Mnuchin has a close relationship with the president, it doesn't appear to be like that of James Baker with Ronald Reagan, which allowed Mr. Baker to manage the last major revamp of the tax code.

By contrast, Mr. Mnuchin this month found himself overruled by the president on a policy issue, the debt ceiling.

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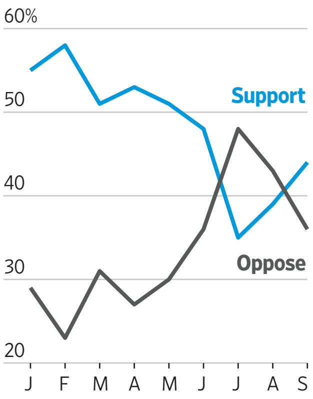
With Popularity Rebounding, Abe Calls Election

AKO KON/BLOOMBERG NEWS

ON THE RISE: Japanese Prime Minister Shinzo Abe called a national election, betting voters will back his stance toward North Korea. **A3**

Support for Prime Minister Shinzo Abe's cabinet



Source: NHK telephone polls, most recent of 1,285 adults conducted Sept. 8-10.

THE WALL STREET JOURNAL.

Tesla May Get Easier Road to China

By Trefor Moss And Eva Dou

SHANGHAI—China is considering relaxing rules requiring foreign auto makers to have a local partner, according to people with knowledge of the situation, a move that could pave the way for Tesla Inc. to manufacture vehicles in the country.

Tesla has long dreamed of planting its flag in China, the world's biggest market for electric vehicles, but finds itself the only notable auto maker without public plans to manufacture electric vehicles there. Finding a local partner has been a sticking point.

While there has long been talk of easing these rules, U.S. President Donald Trump's decision last month to launch an investigation into Chinese trade practices likely accelerated discussions, these people said.

Under a draft proposal shared with auto-industry executives, China is preparing to allow foreign companies to manufacture electric vehicles in free-trade zones without a Chinese partner, though the cars would be still subject to import tariffs if sold in the country, the people said. The plans were reported earlier by Bloomberg.

China's commerce ministry spokesman Gao Feng declined to confirm those plans when asked by state-owned broadcaster CCTV at a press briefing Thursday. But he said the government, in the future, would roll back policies limiting foreign investment in EVs.

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An Empowered Miss Muffet Spawns a YouTube Empire

* * *

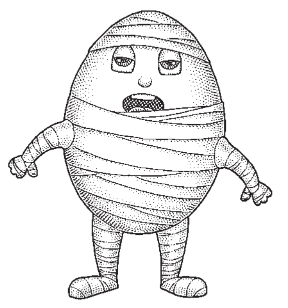
Accountant's updated nursery rhymes—Jack and Jill make it—go viral

By Eric Bellman

CHENNAI, India—Like many Indians, B.M. Krishnan grew up with both local and Western nursery rhymes. Even as a child, he figured the English ones just didn't make much sense.

The tale of the downfall of Humpty Dumpty—universally and perplexingly portrayed as a giant egg with limbs—still upsets him.

"It is saying something cannot be fixed, cannot be repaired. That is not something you tell a child," Mr. Krishnan complains. "Why should Humpty be like that? So pathetic. Let him go to the doctor and be OK."



Humpty in recovery

So Mr. Krishnan, an accountant, whipped up a different ending for the fragile freak of nature and in the process stumbled on a curious content concoction that has fueled the takeoff of an unlikely media empire.

The company he works for, ChuChu TV Studios, is now the source of some of the internet's most viral videos. It is attracting billions of eyeballs with content few would have pegged as click bait—rewritten nursery rhymes.

Today, more than 200 pro-

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THOMAS PITILLI

AFTER A DISASTER, NEW CONFIDENCE

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LUCAS JACKSON/REUTERS

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U.S. Has Options to Address North Korea

CAPITAL JOURNAL
By Gerald F. Seib

It's hard to imagine rhetoric more stark—and dangerous—than the words now flying back and forth between the leaders of the United States and North Korea.

President Donald Trump over the weekend called North Korean leader Kim Jong Un a "madman," after declaring a few days earlier the U.S. might have to "destroy" his country if forced to act. Mr. Kim called the American president "mentally deranged," while his foreign minister said Monday the U.S. had essentially declared war on North Korea and his country felt free to shoot down American bombers in international airspace.

As a result, it may appear that the options facing the U.S. now are just as stark: all-out military conflict or simple acceptance of North Korea's nuclear advances.

In fact, there are other, more creative options in America's tool kit. None are silver bullets, and ultimately they may be more useful in freezing and containing North Korea's nuclear program than reversing it. Still, conversations with experts suggest a series of paths:

■ Economic strangulation: This is the path the Trump administration already is traveling, particularly after announcing last week sanctions to cut off banks and companies that do business with Pyongyang.

But there are further steps—provocative, to be sure—that could be taken. The U.S. Navy could begin patrolling more intensively the waters around North Korea to interdict ships believed to be taking goods to North Korean ports. That would further discourage commerce and military technology trade with North Korea.

A full blockade of North Korean ports is possible, though it would be "extremely intensive to execute," says Kathleen Hicks, a former Pentagon official now at the Center for Strategic and International Studies.

■ Unconventional warfare: In defense circles, this approach is called "nonkinetic" warfare, meaning tactics that aren't designed to kill or destroy. Cyberattacks, if successful, could hamper North Korea's ability to continue its nuclear and missile research or to use its weapons. Electromagnetic attacks could cripple communications.

"I know there are things that can be done that could suppress information systems, communications systems and military systems that would send a clear signal to Kim Jong Un about his own vulnerability," says Patrick Cronin, an Asian analyst at the Center for a New American Security.

■ Subversion and psychological warfare: A proliferation of modern communications technology—cellphones, DVDs and flash drives—in long-closed North Korea has made it possible to crack through official propaganda with messages from the outside, seeking to sow internal unrest with the regime.

In a paper written last fall for a Korea study group, Navy Commander Fredrick "Skip" Vincenzo explored using such technology to launch an "influence campaign" to reach top Korean officials. He concluded that such a campaign is unlikely to spark an antiregime uprising because "the regime's harsh, pervasive security apparatus is too well entrenched."

But it's possible, he wrote, to deliver a message to North Korean military and civilian leaders that, in the event of a crisis, they will be protected by the U.S. if they peel away from the regime. Cmdr. Vincenzo called it a strategy for "convincing regime elites that their best options in these circumstances would be to support" the U.S. and South Korea.

■ Downing a missile: The U.S. could choose to try to shoot down one of the ballistic missiles North Korea has been firing. The Pentagon has space-based systems and powerful radars in Japan that can detect a missile launch, and the Aegis missile-defense system based on ships near North Korea could target a missile launch.

The U.S. and its allies have more work to do to build a truly reliable missile-defense system, though. If the U.S. tries to down a missile, it had better succeed; failure might only further embolden Mr. Kim.

■ Intensified diplomacy: Michele Flournoy, a former undersecretary of defense in the Obama administration, says "the missing piece" in American strategy is a high-level diplomatic push.

She suggests appointment of a high-profile presidential envoy to China, North Korea's key ally, to deal specifically with the North Korean problem.

"We are reaching a fork in the road with China," where there will either be a plan to freeze North Korea's nuclear program or the U.S. will prepare further to deal with the problem militarily. Using high-level envoys to open the diplomatic track "is a method we have used successfully in the past."

And if North Korea proves, as it has before, to be dishonest or insincere about negotiated agreements? In that case, Ms. Flournoy says, a negotiating track at least "buys us time to get other things to work."

SOUTH KOREAN DEFENSE MINISTRY/AGENCE FRANCE-PRESSE/GETTY IMAGES

U.S. and South Korean military jets during a drill last week over South Korea.

A Belated Farewell for Two Victims of Ferry Tragedy

YONHAP/REX/SHUTTERSTOCK/EUROPEAN PRESSPHOTO AGENCY

DISTRAUGHT: Mourners held a memorial service in Seoul for Cho Eun-wha, left, and Huh Da-yoon, who were among four victims whose remains were found after the Sewol ferry was brought to land in April. More than 300 people died when the ferry sank in 2014.

TESLA

Continued from Page One

without mentioning joint-venture rules.

Industry watchers said such a change would be a limited concession by China, as long as a 25% tariff on imports remains in force. Last year, in a comparable move, China allowed foreign battery companies to set up wholly owned companies in selected free-trade zones, including Shanghai.

Even so, the development could be significant for Tesla, which analysts said is concerned that a joint venture could compromise its technology.

The Silicon Valley auto maker, led by Elon Musk, is under mounting pressure to open a Chinese base. General Motors Co., Volkswagen AG, Ford Motor Co. and many other foreign manufacturers with established operations in China have recently announced plans to begin or substantially increase electric-car production here as Beijing moves to phase out traditional gas and diesel vehicles.

Tesla said in June that it was talking to Chinese authorities about building a factory in Shanghai and that it hoped to have an announcement in 2017. On Friday, Tesla said it had no comment beyond that statement.

Analysts said Tesla appeared to be holding back on manufacturing plans in hopes that China would ease rules requiring foreign auto makers to set up 50-50 joint ventures if they want to build cars.

The free-trade-zone plan for electric vehicles would be more cosmetic than a game changer for many companies, said Jing Yang, an associate director at Fitch Ratings. Companies operating in those free-trade zones will almost certainly still incur a 25% tariff levied on imported cars and not qualify for China's generous EV subsidies, Ms. Yang said.

But that may be less of an issue for Tesla, a luxury brand with unquestioned cachet in China. Even with the tariffs, Tesla sold about 11,000 cars worth over $1 billion here in 2016—enough to make China its second-largest market, after the U.S.

That figure is dwarfed by the market potential, however, with Beijing targeting seven million electric-car sales in 2025, and 15 million in 2030.

Other foreign auto makers are overcoming their concerns about intellectual-property protection by building entry-level EVs with no cutting-edge technology. GM, for example, just launched its first pure-electric car for China, the Baojun E100, with a $5,300 price tag. Its premium U.S. offering, the Chevrolet Bolt, is unavailable here.

But Tesla doesn't make low-end vehicles. Even the $35,000 Model 3 would be one of the priciest electric models in China.

At the same time, Mr. Musk has long hoped to set up shop in China, having first discussed plans for a Chinese plant in Beijing in 2015. He most recently visited China in April to meet top officials.

In March, Mr. Musk gained a powerful friend in internet giant Tencent Holdings Ltd.—which bought a 5% stake in the company for $1.8 billion—creating an alliance that could help smooth talks with Chinese officials.

A representative of one foreign car company cautioned that Chinese officials had been discussing the potential change for months, adding that "there's really nothing on the table yet."

Even with the rule change, this person added, foreign auto makers already established in China wouldn't abandon their existing joint ventures, which they have invested heavily in and spent many years building.

—Kersten Zhang and Yang Jie in Beijing and Tim Higgins in San Francisco contributed to this article.

QILAI SHEN/BLOOMBERG NEWS

A Model S electric vehicle at a Tesla showroom in Shanghai.

U.K., EU Negotiators Begin New Brexit Talks

By Valentina Pop
And Laurence Norman

BRUSSELS—British and European Union negotiators started a new round of Brexit talks with European officials saying there were hopes for progress after being encouraged by a closely watched speech by U.K. Prime Minister Theresa May last week.

Tensions remain, however, especially over the financial settlement between the U.K. and the bloc. The the two negotiators, David Davis on the U.K. side and Michel Barnier on the EU side exchanged sharp remarks on the money issue when going into the talks on Monday.

Mr. Davis repeated Mrs. May's pledge from Friday's speech, that no EU country would have to pay more into the EU budget or receive less from it as a consequence of Brexit. "But it's obvious that reaching a conclusion on this issue can only be done in context of and accordance with a new deep and special partnership with the EU," he said.

Mr. Barnier however stressed that "we're not going to mix up discussions on debts and past commitments with our future relationship." According to EU calculations, the U.K. bill would be upward of EUR60bn, but EU officials recognize that the bloc does have some flexibility in adding up the numbers.

Mrs. May's request for a two-year transition in which the U.K. will still be part of the EU market and subject to its rules won't be granted automatically, Mr. Barnier said. "The EU has to decide whether to have a transitional period and whether it's in its interest," he said.

Talks about the transition period won't start before settling the accounts and other divorce issues, such as the future rights of EU citizens in the U.K. and how to avoid recreating a hard border between Northern Ireland and Ireland, Mr. Barnier said.

"The EU is keen and eager to understand better how the U.K. government will translate the Prime Minister's speech into negotiating positions. This is essential and would enable us to advance this week," he said.

Mr. Davis retorted that the British government has already laid out concrete proposals: "There are no excuses for standing in the way of progress. It will take pragmatism on both sides to make headway," he said, echoing previous complaints from British officials about what they described as lack of flexibility from the EU side.

In London, divisions in the British government over its Brexit goals have grabbed fresh headlines in recent days.

Keir Starmer, Brexit spokesman for the main opposition Labour Party, on Monday said a Labour government would drop Mrs. May's "ideological red lines" in Brexit negotiations, which include gaining the power to cap immigration to the U.K., and instead to delivering a deal focused on jobs and the economy.

Tensions remain over the financial settlement between the U.K. and the bloc.

Speaking at Labour's annual party conference, Mr. Starmer reiterated his party's position that the U.K. should remain in the bloc's single market during a transition phase after its scheduled departure in 2019. He said options for retaining as close as possible the benefits of the U.K.'s EU membership after Brexit "should not be swept off the table.

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THE WALL STREET JOURNAL.
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road, Hong Kong
Tel: 852 2573 7121 Fax 852 2834 5291

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Or email: Mark.Rogers@wsj.com

Printers: Hong Kong: Euron Limited, 2/F., Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, Hong Kong; Indonesia: PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270; Japan: The Mainichi Newspapers Co., Ltd., 1-1-1 Hitotsubashi, Chiyoda-ku, Tokyo, 100-8051; Korea: JoongAng Ilbo. 100 Seosomun-ro, Jung-gu, Seoul, 100-814. Publisher/Printer: Song, Pil-Ho; Malaysia:Dasar Cetak (M) Sdn Bhd, Lot 2, Jalan Sepana 15/3, Off Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor. (ROC No: 048885)6; Singapore: Singapore Press Holdings Limited, 2 Jurong Port Road SPH Print Centre Singapore 619088

USPS 337-350; ISSN 0377-9920

WORLD NEWS

Japan's Premier Calls National Election

Abe acts as approval ratings rise amid escalating tensions with North Korea

By Alastair Gale


TORU YAMANAKA/AGENCE FRANCE-PRESSE/GETTY IMAGES

Japanese Prime Minister Shinzo Abe, who called a snap election on Monday, is relying on widespread frustration with Pyongyang.

Japanese Prime Minister Shinzo Abe called a national election, betting that voters would rally behind his alignment with President Donald Trump in confronting North Korea.

The U.S. alliance network in Asia has been bolstered in recent weeks as tensions with Pyongyang have escalated. Mr. Abe has been in frequent phone contact with Mr. Trump, while South Korean President Moon Jae-in has emphasized U.S. military ties despite winning office on a platform of engagement with North Korea.

Japanese and South Korean jet fighters have joined U.S. bombers on exercises intended to intimidate North Korea.

"We must protect the people and wealth of this country," Mr. Abe said at a press conference to announce the election on Monday.

The Kim Jong Un regime fired two ballistic missiles in July that landed in the sea between the Korean Peninsula and Japan. Pyongyang followed up with two more missiles that flew over the Japanese island of Hokkaido and its sixth nuclear test.

The provocations have helped Mr. Abe's public-approval ratings, some analysts said. After a summer of political scandals eroded trust in the government, recent opinion polls show support has rebounded to between 40% and 50% from a low around 30%.

Mr. Abe said parliament would be dissolved on Sept. 28. An election is expected on Oct. 22, Japanese media reported.

"With this election I want to ask the people for their verdict on my North Korea policy," he said.

Mr. Abe said the failure of dialogue to end North Korea's march toward nuclear weapons in the past means there is no alternative but to enforce sanctions on the country.

"If North Korea doesn't change, we will have to use every possible means to maximize pressure," he said.

Japanese public sentiment toward North Korea tends to be hawkish, reflecting frustrations over the failure of years of talks with Pyongyang to win the return of abducted Japanese citizens, as well as its military threat. This month, North Korea said it would "sink" Japan with its nuclear weapons.

Almost two-thirds of respondents in a poll conducted by Japan's largest-circulation daily newspaper this year favored U.S. moves to increase military pressure on North Korea.

Mr. Abe had until the end of next year to call an election of the more-powerful lower house, where his Liberal Democratic Party has a two-thirds majority with its coalition partner.

"The only time to do it is now," before the North Korean situation heats up further, said Yasuharu Ishizawa, a politics and media professor at Gakushuin Women's College in Tokyo. "He'll be able to get a majority, but it's a close call whether he'll get near two-thirds or not."

Domestic political developments appear to favor a quick election for Mr. Abe. The main opposition Democratic Party saw its former leader resign and a series of lawmakers defect after a near wipeout in Tokyo local elections in July.

A weekend poll in the Nikkei business newspaper showed that 44% of voters plan to vote for Mr. Abe's LDP, with 8% backing the Democratic Party. One-fifth of respondents were undecided.

One wild card is a new national party announced by Tokyo's popular governor, Yuriko Koike, on Monday. Ms. Koike's Tokyo-based party took seats from the LDP in the July elections, but the governor has a similar conservative political stance to Mr. Abe and might work with the LDP in some national policy areas.

—Peter Landers contributed to this article.

Mattis Lands in India, Reinforcing Closer Military Ties

By Gordon Lubold

NEW DELHI—Defense Secretary Jim Mattis arrived in India on Monday on a trip to reinforce a budding U.S.-India defense partnership and to look for ways to work with India to expand ties in Afghanistan and counter Chinese influence in the region.

Mr. Mattis, the first cabinet secretary to visit India in the Trump administration, described India as a "major defense partner," the result of progress made in recent years that strengthened the nations' common security interests.

The closer relations are important to the Trump administration's Afghanistan-Pakistan strategy, as well as to U.S. policy in Asia, where the U.S. is attempting to counter a more aggressive China in the South China Sea.

"This is a historic opportunity for our two democracies, a time of strategic convergence," Mr. Mattis told reporters on a military jet en route to New Delhi on Sunday, adding that "steady engagement" would be fitting watchwords for the path ahead for the two countries.

A series of talks in New Delhi, which include meetings with Indian Prime Minister Narendra Modi and the new minister of defense, Nirmala Sitharaman, follows Mr. Modi's June visit to Washington, during which Mr. Trump called India "a true friend."

During Mr. Mattis's visit to New Delhi, the defense chief is expected to discuss India's role in Afghanistan, particularly in the wake of the announcement of Washington's Afghanistan-Pakistan strategy, outlined by Mr. Trump last month. India isn't expected to send troops to Afghanistan, but may consider reinforcing its economic contributions there, U.S. officials said.

On India's role in the Pacific, the U.S. is keen on a more persistent maritime presence, not only by the U.S. but by allies, and ways to counter Beijing's effort to press its maritime claims in the South China Sea.

The U.S. and India are likely to discuss additional military exercises and potential defense sales. India has been interested in purchasing American jet fighters.

WORLD NEWS

Vote Reflects Unease Over Immigration

'Loss of German culture' cited by nearly all those backing nationalist party AfD

By Anton Troianovski

BERLIN—The nationalist Alternative for Germany made deep inroads in the traditional strongholds of the country's establishment parties, detailed data released on Monday showed, showing the extent of voter unease with immigration across Germany.

The party's broad success, garnering nearly 13% of the overall vote, highlights the challenge for the German political mainstream as Chancellor Angela Merkel heads into complicated coalition talks to secure a fourth term after her underwhelming election victory on Sunday.

Ms. Merkel's center-right bloc will have to wrestle with whether it needs to change tack on immigration to win back conservatives, while the center-left Social Democrats face soul-searching over why they' are losing their working-class base.

Perhaps the biggest shock came in Bavaria, Germany's Catholic and conservative heartland. The Christian Social Union, the Bavarian sister party to Ms. Merkel's Christian Democrats, plummeted to 39% of the vote in the state compared with 49% four years earlier. The Alternative for Germany, or AfD, received 12% in Bavaria compared with 4% four years ago. Its tallies approached 20% in districts on the Austrian border that were key points of arrival for migrants in Europe's refugee crisis of 2015.

"We must now close this right flank," CSU General Secretary Andreas Scheuer said on German public television , arguing that Ms. Merkel's center-right bloc had to do a better job in echoing the concerns of conservative voters.

The AfD did well not just in Bavaria, but across the country's affluent south, reinforcing the view that its voters were more motivated by misgivings about immigration than economic concerns.

Around two-thirds of AfD voters nationwide described terrorism, crime, and refugee policy as very important to their party choice, while 95% said they were very concerned about a "loss of German culture," according to exit poll results published by ARD public television.

Traditional left-wing strongholds also saw big AfD gains. In the Ruhr region, a rust-belt section of Germany once home to many blue-collar steel and mining jobs and that now has some of the largest immigrant communities in the country, the party scored 15% or more in the cities of Duisburg, Essen, and Gelsenkirchen.

The AfD scored particularly well in the thinly populated, mostly rural regions of the former East Germany. In Saxony, it even took first place and won more than one-quarter of the vote.

The AfD did especially well among men, the unemployed, blue-collar workers, and people with less education, according to the ARD exit polls.

The AfD, founded less than five years ago, wants to limit European integration, cut back on immigration and lessen Germany's focus on Holocaust remembrance. Its performance Sunday delivered a jolt to the country's establishment in part because Germans have long resisted right-wing populism.

Having won 94 of the 709 seats in the next Bundestag, the party will become the first in the lower house of parliament in more than 50 years that holds positions well to the right of Ms. Merkel's center-right bloc.

Its staying power will depend in part, analysts say, on its ability to deliver a clear message and survive infighting at the top.

The party's long-running power struggle burst into the open Monday morning when the AfD's four top leaders held a joint news conference in Berlin. One of them, co-chairwoman Frauke Petry, appeared to stun the other three when she announced at the start of the news conference that she would not join the party group in parliament and walked out of the room.

Ms. Petry said later that she would serve as an independent member of parliament instead and sought to position herself as leading a more-moderate wing of the movement.

The election platform describes Germany's Muslim minority as "a great danger" for the country and says Germany needs to reduce its focus on remembering Nazi crimes.

The Central Council of Jews in Germany described the AfD's entry into the Bundestag on Sunday as the greatest challenge for the country's democracy since 1949.

—Andrea Thomas contributed to this article.

The Party's Performance

Alternative for Germany (AfD) saw gains across all states, but especially in the east and in southern areas affected by migration.

*Berlin was partitioned
Source: Federal Returning Officer (2013, 2017 results)
THE WALL STREET JOURNAL.

Vote Reflects Europe's Turn

By Marcus Walker

BERLIN—Germany's election result confirms the overriding trend of European politics in the past year: the crumbling of the continent's established parties in the face of voter anxiety over economics and identity.

ANALYSIS

Angela Merkel's center-right Christian Democrats came in first Sunday with around 33% of the vote, their lowest share since their post-World War II founding. The center-left Social Democrats won just under 21%, their worst result since the prewar era. Germany's two long-dominant parties, which have governed together in a "grand coalition" since 2013, lost support to an array of opposition groups including the anti-immigration Alternative for Germany.

The fragmented vote mirrors this year's elections in other continental European countries, including France and the Netherlands. Established parties have suffered steep losses, especially on the center left, and voters have turned to upstarts on the nationalist right, the anticapitalist left or the liberal center.

The upheavals partly reflect the fallout of a decade marked by economic, security and immigration crises that have tested the cohesion of the European Union. The future direction of the EU and its major nations is now up for grabs in a fluid contest between internationalists and nationalists, incumbents and insurgents.

The outcome makes it likely that Germany, Europe's economic powerhouse, will become more difficult to govern. Long and difficult negotiations are now expected between Ms. Merkel, the left-leaning Greens, and the pro-business Free Democrats. An unwieldy coalition may struggle to agree on the major challenges facing the European Union's most populous nation, from immigration to its scandal-hit auto industry to how to stabilize the euro currency zone.

The EU's future is up for grabs in a contest between nationalists and internationalists.

Ms. Merkel has governed for 12 years as a pragmatic centrist. She is likely to come under pressure from many in her conservative party—and particularly its Bavarian sister party, the Christian Social Union—to shift rightward to address concerns about immigration and security, which helped drive support for the Alternative for Germany, known by its German initials AfD.

Conservative leaders elsewhere in Europe, including the Netherlands, Austria and the U.K., have adopted tougher policies and rhetoric on immigration to fend off populist challengers to their right. Ms. Merkel didn't do that during the German election campaign, and she conceded Sunday night she had paid a price. "We didn't manage to fully assuage the concerns that people have" about illegal immigration and the security of external borders, she said in a post-election debate with other German party leaders.

The AfD, which won close to 13% nationwide, thrived particularly in Germany's economically disadvantaged east, where it was the most popular party among male voters.

The vote showed Germany is becoming more like other European countries, where nationalist, antiestablishment parties are often significantly stronger than the AfD is in Germany.

ELECT

Continued from Page One

headquarters in Berlin.

Far more skeptical rumblings came from Munich, the base for Ms. Merkel's influential Bavarian allies, the Christian Social Union. The CSU suffered a stunning setback in Bavaria, winning 39% of the vote compared with 49% four years earlier, and faces state elections late next year. The anti-immigrant Alternative for Germany, or AfD, won 12% of the vote in the state.

Leading Bavarian conservatives signaled Monday that they would try to push Ms. Merkel further to the right to win voters back from the AfD—a challenging prospect given the coming coalition talks with the Greens. Bavarian Premier Horst Seehofer, the CSU chairman, said he would emphasize his party's tough line on immigration in talks with Ms. Merkel about how to approach the coalition negotiations.

"Continuing with business as usual is," we believe, not possible," Mr. Seehofer said.

He said setting an upper limit for the number of refugees Germany agrees to take in every year would be a condition of his party joining the coalition. Ms. Merkel has opposed the issue and the Greens argue it breaches the country's constitution. "We will insist on this—this is an incredible important issue for people," he said.

Coalition talks are likely to drag on for weeks, and possibly into the winter.

"I know that certain negotiations with Mr. Seehofer will be very hard, very hard. This will concern everything concerning refugees and migration," said Katrin Göring-Eckardt, who co-led the Greens' ticket.

Europe will be eagerly awaiting the outcome of the negotiations, in part because the Free Democrats favor a tough fiscal policy that could clash with plans advanced by President Emmanuel Macron of France for deeper political integration in the European Union.

Ms. Merkel said Monday that her party would be open to EU reform, but expressed some skepticism. "We can use more Europe, but this must also lead to more competitiveness, more jobs, and simply more firepower for the European Union," Ms. Merkel said, referring to Mr. Macron's proposals, which he plans to flesh out in a speech on Tuesday.

KAI PFAFFENBACH/REUTERS

Chancellor Angela Merkel faces no easy path to a fourth term.

Italians Turn to Bartering to Cope With Stagnant Economy

By Donato Paolo Mancini

In the Tuscan town of Massarosa, Alessia Signorini pulls weeds in a local park for tax discounts. Riccardo Porta barters the bread he bakes in Sardinia for meat. Rome restaurant owner Fiorentina Ceres buys and sells goods with a currency that doesn't touch a bank.

Amid a long stretch of economic stagnation, some Italians are finding novel ways to cope, embracing corporate barter, alternative currencies and even deals to lower taxes by performing civic duties.

Alternative means of trade have been employed throughout history, especially during economic downturns, as a way to boost local spending and help companies that aren't able to access bank lending. Switzerland's WIR alternative currency has been trading since 1934. And some U.S. businesses turned to corporate barter during the 2007-09 recession.

But few developed nations in recent memory have embraced such measures to the extent of Italy—or been able to test them over such a prolonged period.

Italy's economy shrunk by almost 5% over the past decade, even as the wider developed world grew by 22%, according to the **World Bank**. Its unemployment rate sits at 11.1%, compared with a 7.7% average across the **European Union**.

While it's difficult to measure how much of the economy these alternatives account for, some measures show that in areas of Italy their trade is worth hundreds of millions of euros.

CLAUDIA GORI FOR THE WALL STREET JOURNAL

Alessia Signorini became Massarosa's local weed wacker after officials started offering a tax break for community service.

In Massarosa, a town of around 22,000 north of Pisa, municipal officials offer residents a 50% discount on their garbage collection tax—which can amount to a reduction of up to €450 ($538) a year—in exchange for community service such as cleaning roads or gardening public spaces.

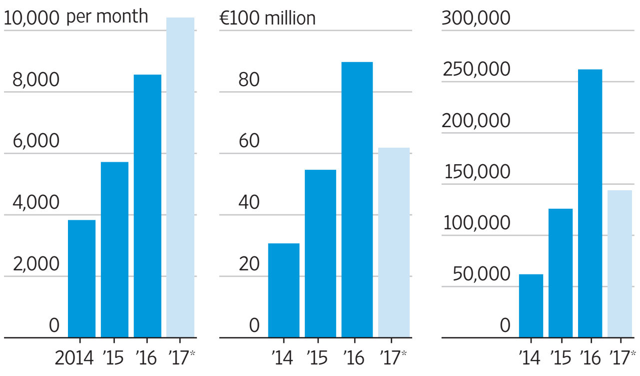
Three years ago, Ms. Signorini offered to help with street cleaning before becoming the local weed wacker."

"Our cities are penniless," said Ms. Signorini, who recently lost her job as an accountant. Picking weeds wasn't something she ever envisaged doing, but "with the discount we get, we—a single-income family—can pay another bill [more comfortably]," she said.

This so-called administrative barter began in 2014 after the national government passed a law allowing citizens to receive a markdown on their local tax rate if they perform a civic duty. A court ruled last year, however, that this couldn't be done for debt accrued in the past. Massarosa currently has some 200 people taking part, said Mayor Franco Mungai, many of them either young and unemployed or pensioners "with a lot of free time." The city calls it an "active citizenship" program.

An Expanding Parallel Universe

More Italians are using parallel currencies to trade goods and services and purchase everything from bread to cars.



*As of June 2017
Source: Sardex
THE WALL STREET JOURNAL.

Businesspeople, meanwhile, are turning to corporate barter and parallel currency systems. Mr. Porta, the co-owner of a baked goods company in Gonnosfanadiga, Sardinia, barters with meat producers by using a local alternative currency called Sardex. He receives credits for his bread that he then redeems at local cured meat factories.

Barter credits essentially act like a currency, gaining value through their purchasing power. By swapping items they consider to be of equal value, companies are able to buy goods without using or having to borrow money—something that has become increasingly important for small-business owners as bank lending in Italy has fallen.

Barter was worth €1.8 billion in the region of Lombardy alone in 2014, according to latest figures available from the Chamber of Commerce of Monza and Brianza. Italy currently has at least 11 alternative currencies, which moved the equivalent of about €90 million last year, according to figures compiled by Sardex, Sardinia's parallel currency system.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Independence Vote Is Held By Kurds

By Isabel Coles And Ali Nabhan

ERBIL, Iraq—Kurds began voting in a landmark referendum on independence from Iraq, seeking to advance their dream of statehood but risking backlash from Baghdad and the international community, who threaten to isolate and economically cripple the Kurds' semiautonomous region in response.

Emerging from polling stations with ink-stained index fingers on Monday, Kurds in Erbil, the capital of the semiautonomous Kurdish region, said they had voted "yes" to secure their rights as a nation.

"We have a language. We have a history. We have a geography. And we have suffered," said 73-year-old Saleh Mohammed, a retired lawyer. "There have been wars and uprisings, and after every uprising, negotiations and agreements that were never implemented."

At the foot of the ancient citadel in the heart of Erbil, Kurds dressed in traditional clothing posed for photographs to mark the day and children carried the region's sun-emblazoned flag.

Polls closed at 6 p.m. local time, with results expected around 24 hours after that, according to the head of the Kurdish electoral commission organizing the referendum. Some 3.9 million people are eligible to vote, Hendren Hama Salih added.

Kurdish leaders say a "yes" vote will give them a strong mandate to negotiate an amicable separation with Baghdad over the coming years. But Iraqi Prime Minister Haider al-Abadi said on Sunday that he wouldn't recognize the results and vowed to take unspecified measures "to preserve the unity of the country."

For Kurds, however, it represents a historic step in a long and bloody struggle for their own state, which they were denied when colonial powers carved up the region after World War I, dispersing them across Iraq, Turkey, Iran and Syria.

"If I had a magic wand, I would like [independence] today, but it depends how Iraq will respond to our needs and demands," 52-year-old English teacher Didar Shwani said after casting his vote.

Kurds of all political persuasions overwhelmingly support independence and the region's main political parties have urged their followers to vote yes, even though some have questioned the timing of the vote and worry about the consequences.


CHRIS MCGRATH/GETTY IMAGES
Despite strong objections from Baghdad and neighboring countries with Kurds, iraqi Kurds held a vote on independence on Monday.

The vote won't automatically trigger independence, but the U.S. and Middle Eastern governments say it could mean the end of a unified Iraq, destabilizing the greater region and undermining Iraq's fight against Islamic State.

On Sunday, the Baghdad government of Mr. Abadi demanded that the Kurds, whose region is in the north of Iraq, hand over control of all airports and border crossings and urged neighboring countries to deal only with the federal government of Iraq. It was unclear how Baghdad would enforce those demands.

Neighboring Iran and Turkey have already threatened to punish the landlocked region with sanctions and in recent days have conducted military drills near its borders. Iran and Turkey fear that any move toward independence by Iraq's Kurds will inspire their own Kurdish populations to seek the same.

Turkish President Recep Tayyip Erdogan called the referendum "null and void and illegitimate," threatening to close the Turkish border with the Kurdish region and halt oil exports through a pipeline on which the Kurds depend economically.

"We are taking necessary political, economic and security measures and we will continue to do so. After that we will see how the [Kurdistan Regional Government] will transfer and sell the oil by what means," he said. "We own the tap, once we close it, that is done, also."

Sporadic fighting has flared since last year between armed Iranian Kurdish groups and Iran's Islamic Revolutionary Guard Corps, and Turkey has been at war with Kurdish militants for three decades.

The U.S., a backer of Mr. Abadi, opposes the vote, which is being held within the region's official borders as well as in areas claimed by both Baghdad and the Kurds.

—Ben Kesling contributed to this article.

Kurd Oil Sector Comes Under Fire From Turkey, Iraq

Iraqi Kurdistan's independence referendum has returned its renegade oil industry to the spotlight, prompting

By Benoit Faucon, Sarah Kent and Summer Said

Turkish President Recep Tayyip Erdogan to threaten to cut off the region's petroleum exports and Baghdad to call for a de facto boycott of Kurdish crude.

Kurdistan has built up an independent oil sector against the odds, defying Iraq's central government in Baghdad, which claims control over the country's crude revenue. The result is an industry that accounts for 80% of the Kurdistan Regional Government's revenue and that exports nearly 600,000 barrels of oil a day—about the same as petro-states like Qatar and Ecuador.

More than half of the region's production is exported through a Turkish pipeline, the result of a controversial deal in 2013 with Ankara that allowed the Kurds to bypass Iraq's state oil company and sell crude independently. Baghdad has long complained about the deal, but international oil companies now routinely buy Kurdish oil and sell it abroad.

A move toward Kurdish independence could change the equation for Mr. Erdogan, who has waged a deadly, costly battle with Kurdish separatists. On Monday, Mr. Erdogan made a veiled threat to close the Kurdistan-Turkey pipeline, saying: "We own the tap, once we close it, that is done also."

Mr. Erdogan's comments came after the Iraqi government called for all countries to "deal exclusively" with Baghdad on oil and other matters. An adviser to the Iraqi oil industry said the government would take legal action if the Kurds declared independence.

The Kurdistan Regional Government didn't respond to requests to comment. Over the weekend, Kurdistan's Ministry for Natural Resources' Twitter page called Baghdad's oil regulators "corrupt" and accused the federal government of not paying the Kurds for oil in the past.

Kurdistan has worked to improve financial stability in its oil sector ahead of the referendum and tried to settle its debts with key players. Earlier in 2017, the regional government signed a deal to sell crude to OAO Rosneft.

Sharif Returns to Pakistan for Corruption Trial

By Saeed Shah

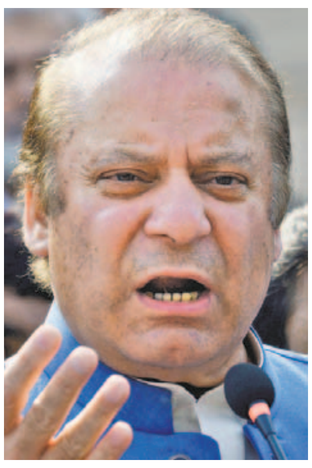
ISLAMABAD—Former Prime Minister Nawaz Sharif returned to Pakistan to appear in court on corruption charges, his political party said, kicking up fresh political turmoil and legal drama.

A hard-won period of relative political stability in recent years is threatened by Mr. Sharif's removal from office, his party says.

Mr. Sharif will appear before an anticorruption court in Islamabad on Tuesday, said Asif Kirmani, a spokesman. He will face allegations that he possesses assets beyond his known means of income. He had been in London in recent weeks for his wife's cancer treatment there.

His return to Pakistan on Monday was a surprise, after speculation that he had gone into exile. His daughter and preferred political heir, Maryam, said last week that he shouldn't go before the court because it is a "farce." Legal and political experts said he came back to Pakistan for political reasons—to keep his party intact. His party remains in power, but elections are due next year. Yet the move also holds legal risk for him in a case that could see him jailed within months.

In July, the Supreme Court dismissed him as prime minister for dishonesty, and ordered a trial in a lower court for corruption—the case that is due to start on Tuesday. He denies any wrongdoing and says he isn't getting fair treatment from the courts.


RANA SAJID HUSSAIN/PACIFIC PRESS/ZUMA PRESS
Nawaz Sharif

"What kind of justice is this? What kind of accountability is this?" Mr. Sharif said on Sunday outside his family's luxury apartments in London before taking a flight to Pakistan. "We haven't done any corruption."

Mr. Sharif, who has been prime minister three times and previously lived out seven years in exile, partly in London, said on Sunday that he never considered staying away from Pakistan.

The family apartments are at the heart of the corruption allegations, which were sparked by the "Panama Papers" leak last year. Mr. Sharif says his children, not him, were given the apartments in settlement of an old family business deal with a Qatari prince.

Three of Mr Sharif's children, including Maryam, are also accused in the case, but there was no indication they would also return from London to face the anticorruption court.

Some lawyers said the case can't proceed without all the accused appearing before the court. However, Shahzad Akbar, a lawyer unconnected with the case, said it couldn't have been heard if Mr. Sharif was absent, but now the court can separate his case and proceed against him alone. He said the burden of proof would be on Mr. Sharif to prove the London property doesn't belong to him.

"If he'd stayed in London, it would be seen as not fighting back," Mr. Akbar said. "This is about his political legacy".

The anticorruption trial is supposed to conclude within six months, according to the order of the Supreme Court.

Poland May Force Judges To Retire

By Drew Hinshaw

WARSAW—Poland's President Andrzej Duda introduced a law Monday that would retire the most senior judges on the supreme court and allow parliament to select which officials should appoint new judges, a proposal that comes as the European Union considers disciplining Poland for politicizing its court system.

The law mandates early retirement for all male supreme court judges over 65 and all female judges over 60. That would remove more than one-third of the court's 82 judges, including the 64-year-old chief justice of the court, who is seen as an opponent of Poland's current government. A panel of experts would then appoint replacement judges. Parliament would choose who staffs that panel, unless more than two-fifths of Poland's sharply divided parliament obstructs the process, in which case Mr. Duda himself would choose the panelists.

Mr. Duda proposed the bill Monday, two months after he vetoed a much more sweeping overhaul passed by parliament.

That overhaul would have forced Poland's entire supreme court into retirement, and allowed the justice minister to staff the court temporarily with judges he could fire at any moment.

The July law sent tens of thousands of protesters into the streets and prompted the EU to consider—for the first time ever—a disciplinary process that could lead to Poland losing its voting rights in the union.

Since then, Poland has picked up support from Hungary, whose ruling party also has reduced national checks and balances. The standoff has become a test of how freely countries like Poland and Hungary can defy EU norms on what a European democracy should look like.

WORLD WATCH

INDONESIA

Volcanic Eruption 'Imminent' in Bali

Nearly 50,000 people moved to safety from a rumbling volcano on the Indonesian resort island of Bali, with the country's disaster agency saying an eruption appeared imminent after a half-century of calm.

Bali's international airport—Indonesia's second busiest and the main gateway for the more than four million foreign tourists who visit the island each year—remained open, and authorities said residents and visitors were safe beyond a danger zone ranging up to 7.5 miles from the peak of Mount Agung.

The nearly 10,000-foot volcano, the highest peak on the island, lies more than 30 miles from the airport and the island's main beach resorts.

The U.S., U.K., Australia, New Zealand and Singapore issued advisories warning that volcanic activity from Mount Agung could disrupt air travel.

In the six hours from midnight Monday morning, Mount Agung recorded 227 tremors due to increasing magma activity, the country's National Disaster Mitigation Agency said. The volcano's alert status was raised to its highest level Friday.

"We cannot say when exactly Mount Agung will erupt, but...the potential" is high, said the disaster agency's spokesman.

—Ben Otto

NORTH KOREA

Foreign Minister: U.S. Has Declared War

North Korea's foreign minister said the U.S. had declared war on North Korea and his country considered all possible responses to be on the table.

Ri Yong Ho, speaking to reporters in New York, said North Korea now has "every right to make countermeasures, including the right to shoot down U.S. strategic bombers, even if they are not yet inside the air-space border of our country." U.S. warplanes on Saturday flew near the North Korean coastline north of the demilitarized zone between North and South Korea.

North Korea interpreted recent remarks by President Donald Trump as a declaration of war, Mr. Ri said. In a Twitter message on Saturday, Mr. Trump said North Korea's leadership would "not be around much longer" if it attempted to take action against the U.S. or its allies.

Mr. Ri said if North Korea takes action against U.S. warplanes, "The question of who will be around much longer will be answered then."

—Farnaz Fassihi


DARREN WHITESIDE/REUTERS
A man heads toward Mount Agung on Bali, where officials say a volcanic eruption appears imminent.

MYANMAR

Mass Graves Found

Myanmar officials said they discovered at least 45 slain Hindus in three mass graves in northern Rakhine state. The government blames Muslim insurgents for the killings.

Police blame the Arakan Rohingya Salvation Army insurgent group, or ARSA. But there was no immediate way to independently verify the government's assertions. *—Associated Press*

U.S. NEWS

Revamped Travel Ban Cites 8 Nations

New order places limits on Chad, North Korea and Venezuela; Sudan is cut from list

By Laura Meckler

WASHINGTON—President Donald Trump issued a new ban on entry to the U.S. that applies a range of restrictions on nationals from eight countries, including new targets Chad, North Korea and Venezuela.

The new restrictions also apply to five of the six countries covered by the previous travel ban—Iran, Libya, Syria, Yemen and Somalia. The African country of Sudan was subject to the original ban but dropped under the new version after officials concluded that Sudan meets its vetting standards.

The previous order expired Sunday. The new rules take effect Oct. 18. Countries that were subject to an earlier version will operate under the old rules until then.

The new rules vary by country, with some nations facing outright travel bans and others subject to more limited restrictions. In most cases, though, the vast majority of potential travel to the U.S. will be banned. "As president, I must act to protect the security and interests of the United States and its people," Mr. Trump wrote Sunday.

SPENCER PLATT/GETTY IMAGES

Arrivals at New York's John F. Kennedy International Airport. In June, the Supreme Court allowed a modified ban to take effect.

The new order reflects painful lessons learned following intense criticism of two previous versions. Mr. Trump's first executive order, issued after just a week in office, touched off widespread confusion in airports, protests and a judicial rebuke. The second version, in March, allowed for a phase-in, but it too was put on hold by the courts almost immediately before the Supreme Court allowed a modified version to take effect.

Administration officials were hoping for a calmer reception this time. For the first time, officials applied a set of objective standards to every nation to determine which countries pose a threat.

Officials also hope the new list will overcome charges that Mr. Trump's order was an unconstitutional Muslim ban, thinly disguised. This time, two non-Muslim countries were included—though neither stands to be affected by the new rules in a significant way. North Korea allows few people to enter the U.S. to begin with, and a White House official noted that any North Korean refugees would be eligible for waivers. Venezuela's restrictions are being applied only to certain government officials and their families, while most other countries face sweeping prohibitions.

"The number of Venezuelans and North Koreans affected is vanishingly tiny. It's still a Muslim ban," said Omar Jadwat, who brought several of the court challenges for the American Civil Liberties Union.

Trump administration officials say just the threat of a travel ban persuaded more than a half-dozen countries to change their policies and are now cooperating more fully with the U.S. in vetting their citizens.

The new restrictions have no set end date. Rather, restrictions will be added or removed at any time as conditions change, officials said. The new rules apply only to prospective visa applicants—not current visa holders.

Mr. Trump and his supporters said the original travel ban was needed to keep potential terrorists from entering the U.S. Critics pointed to Mr. Trump's campaign promise to ban Muslims from entering the U.S. and said the executive order was driven by unconstitutional prejudice.

Under the order, two countries—North Korea and Syria—are subject to a ban on travel for people seeking to migrate to the U.S. and on those who just want to visit. Some exceptions were made for other countries.

—Louise Radnofsky contributed to this article.

Trump, NFL Trade Barbs as Clash Continues

By Joshua Robinson And Andrew Beaton

President Donald Trump and the National Football League on Monday morning doubled down on their criticisms of one another, deepening a divide over player protests that is roiling the sports world.

The president started Monday morning with a series of five tweets about the national anthem protests, interrupted by a sixth about tax reform. He again criticized NFL players for kneeling during the national anthem, and said many fans support him on the issue.

"Many people booed the players who knelt yesterday (which was a small percentage of total). These are fans who demand respect for our Flag!" he tweeted.

The league fired back, with an NFL spokesman saying on a conference call Monday that players and owners remain unified in support of the individuals who chose to protest.

"Looking at yesterday everyone should know, including the president, that this is what real locker-room talk is," said NFL spokesman Joe Lockhart. He said there had been no contact between the league and the White House on this topic over the weekend. "If the president wants to engage in something positive, productive and constructive, he knows our number," Mr. Lockhart said.

Ratings for Fox and NBC's NFL game coverage were down compared with the same week last season in overnight ratings measuring 56 of the nation's largest markets while CBS was up. That could easily be a reflection of the competitiveness of the games and interest in the teams each network aired as opposed to viewers tuning in or away because of the national anthem protest controversy.

> *The national anthem protests took place in some form at every one of Sunday's 14 games.*

The protests, unprecedented in scale, took place in some form at every one of Sunday's 14 games from London to San Diego. Large numbers of players took a knee during the playing of the anthem while others interlocked arms. Several owners joined their players in the demonstrations. And at least three teams—the Pittsburgh Steelers, Seattle Seahawks and Tennessee Titans—remained in the locker room instead of lining up on the field.

Many prominent players continued to speak out after the games.

In a Boston radio interview Monday morning, New England Patriots quarterback Tom Brady said he disagreed with the president's comments and called them, "just divisive."

"I just want to support my teammates," added Mr. Brady, who locked arms with other players during the anthem Sunday. "I'm never one that says, 'Oh, that's wrong or that's right.' But I do believe in what I believe in, and I believe in bringing people together and respect and love and trust."

The protests spilled over into other sports as Bruce Maxwell, a catcher for the Oakland Athletics, knelt Saturday during a pregame playing of the national anthem. Peter Malnati, a professional golfer, also came out in support of the protests. "Those who kneel are pointing out that as a nation, we are not doing a good job of upholding the values for which people sacrificed," Mr. Malnati said in a statement Sunday. He added, "I take a knee for the flag that represents this administration."

Other sports figures wrestled with how best to respond, and the car-racing organization Nascar drew Mr. Trump's praise after many of its owners said drivers and other employees who didn't stand for the anthem would be fired.

Kushner Used Own Email for Official Business

By Ted Mann And Rebecca Ballhaus

WASHINGTON—President Donald Trump's son-in-law and adviser, Jared Kushner, used a personal email account to correspond with colleagues in the White House, his attorney confirmed Sunday.

Mr. Kushner exchanged fewer than 100 emails from his personal account with White House colleagues, said Abbe Lowell, his lawyer. Mr. Kushner forwarded those that concerned official business to his email address at the White House, Mr. Lowell said.

Mr. Lowell issued a statement after Politico reported Sunday that Mr. Kushner had used the personal account, a revelation that quickly drew comparisons from Democrats to the criticism from Mr. Trump and his fellow Republicans of then-Secretary of State Hillary Clinton's use of a private email server to handle both official and personal business.

Mr. Trump made the investigation of Mrs. Clinton's email procedures a central talking point in the 2016 presidential race. Mr. Trump, along with congressional Republicans and others, such as then-FBI Director James Comey, said Mrs. Clinton was reckless in mingling personal and official business.

"Mr. Kushner uses his White House email address to conduct White House business," Mr. Lowell said in an email. "Fewer than a hundred emails from January through August were either sent to or returned by Mr. Kushner to colleagues in the White House from his personal email account."

Messages to the account were "usually forwarded news articles or political commentary, and most often occurred when someone initiated the exchange by sending an email to his personal, rather than his White House, address," Mr. Lowell said. "All nonpersonal emails were forwarded to his official address and all have been preserved in any event."

The revelation of a private email account brought sharp criticism from Democrats and veterans of Mrs. Clinton's campaign. Mrs. Clinton used a private email server during her tenure at the State Department, amassing thousands of messages, some of which were later deleted. There was no indication from the Politico account or Mr. Lowell's statement that Mr. Kushner made use of a private server.

Economic Expansion Unevenly Spread

By Jeffrey Sparshott

The U.S. economic expansion is lifting a handful of vibrant communities to new heights but also leaving broad tracts of the country stagnant or sinking, according to a new report.

The study, by the Economic Innovation Group, finds that a small number of high-growth cities and towns are fueling U.S. growth and masking economic struggles in decaying industrial towns, swaths of the rural South and other areas of the country.

"The prime years of the national economic recovery bypassed many of America's most vulnerable places altogether," the report said. "Far from achieving even anemic growth from 2011 to 2015, distressed communities instead experienced what amounts to a deep ongoing recession."

The Washington policy group set up shop in 2015 with funding from Silicon Valley, tech and financial entrepreneurs, and an advisory board that included Kevin Hassett, now President Donald Trump's top economist, and Austan Goolsbee, a former chairman of President Barack Obama's Council of Economic Advisers.

EIG's latest findings concerning health statistics are especially stark. On average, residents of the distressed counties die almost five years younger than residents of the most prosperous counties. Mortality rates from mental and substance abuse disorders are 64% higher in distressed counties than prosperous ones.

HEALTH

Continued from Page One

earlier requirement that they seek a waiver from HHS to mandate insurers cover specific health benefits, such as maternity and mental care. Insurers could also charge higher premiums to people with pre-existing conditions and older consumers without needing an approved waiver, analysts said.

Under the earlier proposal, states had to maintain an ACA protection that limited consumers' out-of-pocket payments; the new text would let states end those limits. That could pave the way for less-comprehensive health plans with low premiums and high deductibles, health analysts said.

Such changes could appeal to conservative senators arguing for a smaller Washington role in setting insurance rules. "It really does remove the federal government," said Larry Levitt, a senior vice president at the Kaiser Family Foundation.

Republicans, with a 52-48 Senate majority, can afford to lose only two votes from their own party. GOP Senators John McCain of Arizona and Rand Paul of Kentucky have already said they wouldn't support the bill, with Mr. Paul's spokesman saying Monday the senator remained opposed to the legislation after the revision. Sen. Susan Collins (R., Maine) said it is unlikely she would back the measure. All Democrats and independents are expected to oppose it.

A new analysis that sponsors attached to the bill, from the Health and Human Services Department, found that more than 30 states would do better financially under the bill compared with current law. That analysis includes federal money and savings from health payments they would no longer have to make without the ACA. That analysis is disputed by several health analysts and critics of the repeal effort.

ANDREW HARRER/BLOOMBERG NEWS

Alaska Sen. Lisa Murkowski, center, has been skeptical of efforts to repeal the Affordable Care Act.

Overall, it found that states under the bill would get about $1.219 trillion in federal funding between 2020 and 2026, lower than the $1.259 trillion under the current law. But once those state savings under Graham-Cassidy are taken into the account, states would end up with about $1.331 trillion, the analysis said.

Other recent reports that have found the legislation would bring severe cuts. Federal Medicaid funding to states would be reduced by $713 billion through 2026, according to an analysis last week from Avalere Health, a health-care consulting firm. That report suggests states could lose more than $3.5 trillion over a 20-year period under the legislation.

The left-leaning Center on Budget and Policy Priorities also projected major drops in federal spending, including to states such as Alaska.

Mr. Cassidy has disputed those findings. The HHS analysis takes into account more money states would get for funding to hospitals that see a large number of people who are on Medicaid or are uninsured. The HHS data also factor in money states wouldn't have to pay because Medicaid expansion would be ended in 2020 under the bill.

Backers of the Graham-Cassidy bill hope the HHS report will help persuade the handful of wavering GOP senators, such as Sens. Collins and Murkowski. It suggests Maine's baseline funding would increase by 43% under the repeal bill compared with current law between 2020 and 2026, for example, and that Alaska would see a 3% increase once "state savings" are taken into account.

In another change that would help Alaska, Native Americans and Alaska Natives who are in the ACA's Medicaid expansion program in 2020 would be able to remain covered by the program after the bill ends the expansion elsewhere. The state also would get extra federal funding.

In recent days, momentum has shifted against the bill, as a number of Republicans have expressed concerns about it with days to spare. In addition, an array of groups representing doctors, insurers and hospitals have come out strongly against the legislation, saying it would leave people without adequate health coverage.

The nonpartisan Congressional Budget Office said it would release a partial analysis of the GOP legislation Monday afternoon.

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TAXES

Continued from Page One

"This tax policy is the first pitch over the plate that he's got to hit," said Tom Barrack, who worked with Mr. Mnuchin to raise money for the Trump campaign last year.

A sweeping tax-code rewrite hasn't happened since 1986, because tax overhauls are complex and touch almost every aspect of the economy. For this year's attempt, Congress must first agree on a fiscal 2018 budget, the vehicle through which tax changes could be passed on a party-line vote without Democratic support. Both houses are moving forward on the budget, most recently with a deal in a Senate panel that would permit tax cuts of up to $1.5 trillion over a decade.

The next step is the release of a Republican blueprint expected this week, which will spell out in more detail where the party, including Mr. Mnuchin, want to take tax policy. The plan is expected to call for lower tax rates on businesses and individuals, with the corporate tax rate in the low 20% range, setting a framework that Congress will fill in over the next few months.

Treasury Secretary Steven Mnuchin in Washington this month. Eight months into his tenure, he lacks a full roster of officials.

TOM WILLIAMS/CONGRESSIONAL QUARTERLY/NEWSCOM/ZUMA PRESS

Mr. Mnuchin is playing two roles in the tax negotiations—number cruncher and Trump liaison, both of which put him in a position to directly shape the legislation coming from Capitol Hill by helping lawmakers understand the White House's preferences.

That is a role he also played during the campaign, recalled Larry Kudlow, an economist and TV commentator who advised Mr. Trump during his run.

"He's a numbers guy, which we liked very much," Mr. Kudlow said of Mr. Mnuchin. "He rolled his sleeves up and got involved." Mr. Kudlow cited the Treasury secretary's work on business tax breaks relating to interest expenses and other write-offs.

Lawmakers working most closely with Mr. Mnuchin on tax policy, such as House Ways and Means Chairman Kevin Brady (R., Texas) and Senate Majority Leader Mitch McConnell (R., Ky.), praise his hard work on the subject and say he is a valuable partner.

"As [Mr. Mnuchin] regularly reminds us, this is a pass-fail exercise," Mr. Brady said in an interview. "There is an urgency in finding common ground."

Other corners of the Congress don't view him as favorably. The pressure he applied to House Republicans during a debate over the debt limit left a sour taste in some mouths. And some Democrats, particularly in the House, say they appreciate his outreach but aren't sure if he can represent Mr. Trump's positions in a negotiation.

"I don't know that yet, given the volatile nature of what the president does with technology," says Rep. Richard Neal of Massachusetts, the top Democrat on the House Ways and Means Committee.

Mr. Mnuchin once foresaw a tax overhaul as early as the spring, then by August. Now the aim is to get it done by year-end. With only about 40 working days left on the congressional calendar, that timetable also is looking hard to meet. He has also found himself in the spotlight for reasons other than tax and financial policy, including his use of government planes and a public plug for "The Lego Batman Movie" he helped finance.

Rep. Jim Himes (D., Conn.), who like Mr. Mnuchin is a former Goldman Sachs banker, says people who come to government from business sometimes think hierarchically or assume negotiations can lead to a middle ground.

But "in Washington, there are people who will stop you just to show that they can," Mr. Himes said. "It's a much, much more complicated negotiation."

Mr. Mnuchin's route to this job started almost by accident.

His career has taken him from Goldman, where he rose to chief information officer, to running a hedge-fund firm and then a mortgage lender, IndyMac Bank, purchased from the government after the lender's failure in 2008. Through the hedge fund he got into movie financing.

He and Mr. Trump became friends about 15 years ago, seeing each other socially and occasionally talking business opportunities. Mr. Mnuchin once considered investing in the firm that owned Mr. Trump's "The Apprentice" show, but a deal didn't pan out, the Treasury secretary said in an interview last month.

He had no formal campaign role until he stopped by Mr. Trump's New York primary victory party at Trump Tower on April 19, 2016, on his way to dinner. Mr. Trump spotted him while stepping off the elevator and invited him onto the stage.

"The next thing I know I'm standing right behind him, and I'm on national TV, on four different monitors, my phone is like going crazy buzzing," recalled Mr. Mnuchin, who is 54 years old. Mr. Trump phoned the next morning to offer him the job of campaign finance chairman.

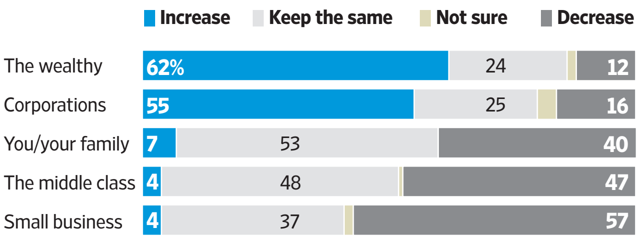
Hedge-fund manager Eddie Lampert, who was Mr. Mnuchin's roommate at Yale, said the financier "was in a position where he was open to basically dedicating himself to something. I'm not sure this would have been on any of his lists, but when it happened he was very decisive."

Tax-Cut Support Mixed

President Donald Trump says he wants the largest tax cut ever and Treasury Secretary Steven Mnuchin is helping him sell it. The public is split on a tax cut and majorities want to raise taxes on the wealthy and corporations.

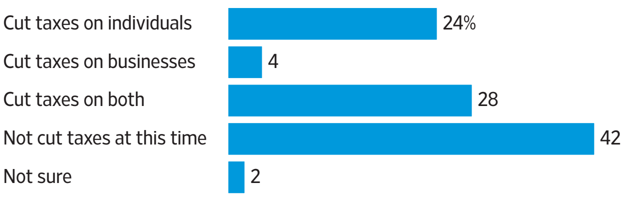
Who should benefit?

How would you adjust taxes for different groups in order to fund the government and make certain the economy is healthy?



Time for a tax cut?

How should Congress address federal taxes?



Source: WSJ/NBC News telephone poll of 900 adults conducted Sept. 14-18; margin of error: +/-3.27 pct. pts.

THE WALL STREET JOURNAL.

The road to a tax overhaul hasn't been a smooth one. One Friday in April, Mr. Trump unexpectedly told the Associated Press the Treasury would have a tax plan by the following Wednesday. Mr. Mnuchin had been saying publicly a plan wouldn't be released until more progress was made in talks with congressional Republicans.

West Wing officials cautioned that Mr. Trump's deadline was more of a suggestion, but an hour later he advertised it again. "We'll be having a big announcement on Wednesday," he said at a Treasury ceremony to sign executive orders, looking over his shoulder at Mr. Mnuchin standing behind him. "So go to it."

"I will, Mr. President," Mr. Mnuchin responded with a grin.

The following week, the White House released a one-page outline that called for lowering tax rates for all Americans, ending the federal estate tax and cutting the corporate tax rate to 15% from 35%. The plan drew criticism as less specific than Mr. Trump's campaign promises.

In a May dinner that included former Treasury and Federal Reserve leaders, Mr. Rubin and Lawrence Summers, both former Democratic Treasury secretaries, cautioned Mr. Mnuchin about making public statements that could undermine his credibility in markets, according to a person familiar with the matter.

Through the spring and summer, Mr. Mnuchin hashed out tax plans with Mr. McConnell, House Speaker Paul Ryan (R., Wis.), Senate Finance Committee Chairman Orrin Hatch (R., Utah) and House Ways and Means Chairman Mr. Brady. Those five plus White House economic-policy director Gary Cohn released a statement of tax principles in late July, though one hardly more specific than the April summary.

The main decision it included was dropping a House "border adjustment" proposal to tax imports and exempt exports, which might have generated $1 trillion to make up for lost revenue from rate reductions. The administration has publicly identified only one major tax break they would eliminate, the deduction for state and local income taxes. Officials stuck to their optimism that a tax overhaul would be done by year-end.

Eight months into his tenure, Mr. Mnuchin lacks a full roster of officials at the Treasury, though he has filled several senior tax jobs recently. The administration has decided for now not to fill the deputy secretary job, leaving others to report to Mr. Mnuchin directly.

On Mr. Mnuchin's side is his relationship with the president, to whom he has shown unfailing loyalty. Mr. Mnuchin said he and the president speak almost every day. Several administration officials and allies described Mr. Mnuchin as the "presidential whisperer."

In August, when the president was criticized for blaming "both sides" for the violence at a Charlottesville, Va., demonstration, Mr. Mnuchin issued a written statement defending Mr. Trump, which was approved in advance by the president, according to a White House official.

It was a contrast with Mr. Cohn, who told the Financial Times the Trump administration must do better in "unequivocally condemning" such groups.

In a written statement, Mr. Trump said Mr. Mnuchin "works every day to put an end to the rigged economy and put money back in the pockets of hardworking Americans."

The closeness between the two men, however, doesn't mean they are always on the same page. At a key moment in an Oval Office negotiation this month, Mr. Trump cut Mr. Mnuchin off midsentence, ending his argument for a long-term extension of the debt ceiling. The president instead took a short-term deal offered by Democratic leaders.

Two days later, Mr. Mnuchin urged House Republicans to go along with Mr. Trump's decision, at one point asking them to "vote for the debt ceiling increase for me," according to several House members. The pitch was met with disbelief by some.

"I didn't buy it," said Rep. Dave Brat (R., Va.) "I just found it intellectually insulting."

Mr. Mnuchin, in the August interview, said, "I wouldn't be here if I were uncomfortable being able to voice my opinions on things, but again, to him they're my opinions. He as president has to make very difficult decisions."

Mr. Trump, by siding with Democrats on the debt ceiling and recently working with them to find common ground on immigration, has opened the possibility of a path that brings the opposition party along on taxes.

Most Democrats say any tax overhaul should not increase budget deficits or cut taxes for high-income households. The latter point would square with recent comments from Mr. Trump but not with the plan he and Mr. Mnuchin wrote during the campaign.

—Nick Timiraos and Michael C. Bender contributed to this article.

RHYME

Continued from Page One

grammers, animators and musicians sit shoulder to shoulder in the ChuChu office churning out videos that get more views on YouTube than the official channels of Beyoncé, Coldplay or "The Tonight Show Starring Jimmy Fallon." It has become one of the 25 most-watched YouTube channels in the world.

One of ChuChu's first viral hits was Jack and Jill. In Mr. Krishnan's version, the duo gets a sort of pep talk, recovers and then heads back up the hill to fetch a pail of water. "Jack and Jill, with a strong will, went again up the hill," starts the new verse.

"I thought 'let's take away the negativity.' It should not de-motivate people," said Mr. Krishnan, 47, creative head at ChuChu TV. "My songs should do better than that."

In ChuChu's rendition, Humpty Dumpty is healed and stops sitting on the wall. "Baa Baa Black Sheep" adds white and brown sheep to the flock and becomes a tale about sharing with the less fortunate. "Little Miss Muffet" is a song about female empowerment and "Ring Around the Rosie" is about appreciating nature.

Children are the most avid clickers on YouTube and when they like something they watch it repeatedly. YouTube estimates family and learning content registers more than one billion views a day.

ChuChu previously helped companies build and maintain websites. It started to dabble in YouTube content in 2013, when it turned to Mr. Krishnan. He was the accountant at the time, but had always dreamed of directing a movie. In the office he was known as a scholar and storyteller who had a great memory for ancient tales in Tamil.

By looking at YouTube traffic numbers, the company could see videos of nursery rhymes were getting millions of clicks. The problem was viewers had hundreds of options. ChuChu needed to find a way to stand out.

It started picking off the most-searched and watched titles, such as, "Twinkle Twinkle Little Star" and "Row Row Row Your Boat." Then it began getting input from viewers around the world.

Someone suggested "Little Miss Muffet," which Mr. Krishnan updated last year. After being frightened off her tuffet, Ms. Muffet of 2016 is reminded of powerful women and gets a pep talk in a new chorus: "Oh Dear Muffet. You are not a puppet. Be brave and face your day." She returns to befriend the spider and share her curds and whey.

B.M. Krishnan, seated, and ChuChu Chief Executive Vinoth Chandar in Chennai.

ERIC BELLMAN/THE WALL STREET JOURNAL

"Times have changed. It should not be the case that girls are afraid," said Mr. Krishnan. "They should be tough."

Viewers also warned ChuChu about the supposed dark meanings behind some nursery rhymes.

Mr. Krishnan investigated rhymes that may have centuries-old, political and pagan origins. "Ring Around the Rosie," goes one popular but unproven theory, is about the black plague. Humpty Dumpty, some say, could be about a cannon that fell off the ramparts around the town it was supposed to be protecting in the 17th century. While commonly portrayed as an egg, the verse doesn't say so explicitly.

Some are too dark to even try to fix, Mr. Krishnan said. Some think "Mary, Mary, Quite Contrary" might be about the murders and miscarriages of Queen Mary I of England, which is why Mr. Krishnan doesn't want to do it. "I can't come to terms with that rhyme."

Mr. Krishnan has two sons and has tried to raise them using nursery rhymes and stories that contain lessons. He recites one in Tamil that teaches children how to recognize when monsoon rains are coming. He grew up in a tight community where elders shared stories all the time and fears the tradition may be lost as youngsters turn to television and other screens.

It isn't an accident that ChuChu videos are often as over the top as Bollywood dance numbers. Many of its animators and musicians worked in the film industry. Chief Executive Vinoth Chandar, who writes music, is following in the footsteps of his father, one of the Tamil-language film industry's most prolific composers. He tries to pack videos with music and movement to keep children interested.

ChuChu has attracted more than 10 billion views, with the U.S. as the largest single source of traffic—an important distinction as ads played in the U.S. pay more.

So popular are the videos that a team of employees is now assigned to spend time sifting through thousands of flagged comments from potty-mouthed trolls as well as garbled messages from children pounding on keyboards.

Mr. Krishnan is working on a version of "Georgie Porgie" where Georgie makes up with the girls. He wants to add verses to "I'm a Little Teapot" to teach about other things, like how pizza is sliced.

His dream is that children who grew up on his take on the classics will sing them to their children. ChuChu fans are already posting videos of this happening.

"I would love to see our changed version of the rhymes used by others," he said. "Of course, even our rhymes could be rewritten."

LIFE & ARTS

FILM

Inside the Remaking of 'Blade Runner'

FROM TOP: ALCON ENTERTAINMENT/WARNER BROS. PICTURES; WARNER BROS./EVERETT COLLECTION

BY BEN FRITZ

IT SURVIVED a critical drubbing, a box-office belly flop, fights between its director and producers and decades of behind-the-scenes battles over who should control its destiny.

Now, 35 years after it debuted on the big screen, "Blade Runner" is back, trying to prove there's still life in a franchise that asks what it means to be human.

For aficionados of American cinema, it's tough to believe "Blade Runner" was widely considered a failure when it was released in 1982. But for people in Hollywood then, it may have been even tougher to imagine that "Blade Runner 2049," a roughly $150 million production on which a small Hollywood company has staked its reputation and much of its financial future, would be one of the most anticipated releases of 2017.

Initially, few knew what to make of director Ridley Scott's moody and cerebral sci-fi noir. Set in a dystopian Los Angeles, the only light that shone through the rain-soaked nights came from massive neon billboards affixed to buildings and blimps. Harrison Ford's investigator Deckard is hardly a hero in the Luke Skywalker mode, and the ending, more symbolic than conclusive, wasn't exactly the destruction of the Death Star.

The movie grossed a mediocre $27.6 million and Mr. Scott was "crushed by the worst reviews I've received in my life."

But like a bottle of wine, or a Van Gogh painting, "Blade Runner's" appeal grew as the years passed. Mr. Scott noticed that music videos on MTV were frequently turning for inspiration to his film's bleak vision of the future and harsh, angular designs. Every aspect of the world Mr. Scott and his team designed, from the production to costumes to lighting to camera work, became influential in media including movies, fashion and videogames.

The backers of 'Blade Runner 2049,' top, starring Ryan Gosling, believe they will have a major new franchise if the movie is a hit. The 1982 original starring Harrison Ford, above, grossed a mediocre $27.6 million and got poor reviews.

Interest only grew with a 1992 "director's cut" that removed a voiceover by Mr. Ford and added a dream sequence, as well as a 2007 "final cut" with more tweaks. Reports that Mr. Scott and Mr. Ford had different opinions on whether the character played by the star is a human being or a robotic "replicant" only heightened the interest of devotees who dissected the film's meaning.

By the 21st century, Hollywood executives began noticing that "Blade Runner" was one of the few beloved genre movies from the past few decades that hadn't gotten a sequel or been remade. Hollywood is obsessed with franchises these days, and most of the best material, from comic books to Transformers to Star Wars, has already being exploited. "Blade Runner" was like a mountain full of gold nobody had mined.

Among those desperate to find a new franchise like "Blade Runner" were Andrew Kosove and Broderick Johnson. The co-chief executives of Alcon Entertainment had produced mega-hit "The Blind Side" in 2009, creating a windfall for their tiny company. After considering cashing out and shutting down the then 13-year-old company at a high point, the CEOs and their financial backer, FedEx chief Fred Smith, decided to reinvest the profits and try to take the company to a "higher level," according to Mr. Kosove. That meant bigger movies that could be global "events."

"Blade Runner," it turned out, was not only available, but uniquely suited to Alcon. After Mr. Scott went $5 million over budget while making the original movie, control of the film went to two producers who covered the excess: Jerry Perenchio and Bud Yorkin. Mr. Perenchio, who later served as chief executive of Univision and died in 2017, refused to allow any follow-ups to "Blade Runner" because he considered the original "sacred," recalled Mr. Yorkin's widow, Cynthia. But the Yorkins eventually convinced Mr. Perenchio to allow them to pay him $5 million, with the help of a financial backer, to buy out his rights in the late-2000s.

They then started shopping "Blade Runner" to studios until they realized the original's contract gave Warner the exclusive right to release sequels. They couldn't reach a deal with the studio, but realized they could work with Alcon and still fulfill the deal terms, because its movies are distributed by Warner.

For each sequel it produces, Alcon will pay $11 million to the rights holders.

"The Blade Runner mythology is very much unresolved, which means there was a whole universe to be explored," said Mr. Johnson. "It was an intriguing opportunity if we could get the right people."

Nervous about what the director would think, the Alcon partners flew to London for dinner with Mr. Scott, who said he had been waiting nearly 30 years for someone to ask him to make a sequel and eagerly discussed his ideas. The trio was asked to leave the restaurant at midnight.

Mr. Scott developed the story with the original movie's writer, Hampton Fancher, and initially intended to direct it himself, but decided to make "Alien: Resurrection" instead. With Mr. Ford committed to return in his original role and Ryan Gosling cast as a younger detective who seeks him out, Alcon approached the director Denis Villeneuve, who would later be nominated for an Oscar for "Arrival."

"I loved the screenplay, but did I want to put myself in the impossible position of doing something that everybody, including myself, will see as insane?" Mr. Villeneuve recalled thinking.

He agreed to make the movie only after securing the blessing of Mr. Scott. The older filmmaker's one request was that Mr. Villeneuve preserve much of the mystery from the original, particularly by not showing the human colonies on other planets that are a key plot point in both movies. "That's something I deeply believe too," said Mr. Villeneuve, "that suggestion is more powerful than showing."

Mr. Villeneuve kept what Mr. Scott described as the "cadence" of his movie, in which characters speak in a somewhat stilted, theatrical manner. "He's honestly done his own movie," said Mr. Scott, who visited the Budapest set of "2049" once. "But I can definitely say the father was mine."

To help finance the costly production, Alcon brought on Sony as partner. That studio kicked in nearly $100 million and will release the movie overseas while sharing in the global profits. Warner Bros. will release the film in the U.S. and Canada.

"We know there are fans who are going to come out, but we're selling the new movie on its own terms as something with really appealing stars, beautiful visuals and kick-ass action," said Mr. Rothman.

If it is a hit, "Blade Runner's" backers believe they will have a major new franchise on their hands. Alcon has virtual-reality experiences and mobile games in the works and hopes to make more movies. Mr. Scott said he already has an idea for the next sequel.

"This is the company's final exam," said Mr. Kosove. "None of our past will be remembered after people judge what we've done with 'Blade Runner.'"

PLAYLIST: JEN WELTER

THE FORMER FOOTBALL PLAYER ON 'KRYPTONITE'

Jen Welter, 39, is a former professional football player who has coached for the N.F.L.'s Arizona Cardinals. She is the author of the memoir "Play Big" (Seal Press), to be published Oct. 3. She spoke with Marc Myers.

In 2014, I became the first woman to play professional football on a men's team. For a full season, I was a running back for the Texas Revolution in the Indoor Football League. The song **"KRYPTONITE,"** by 3 Doors Down, pumped me up.

At Boston College, I had played rugby, followed by 10 years with the Dallas Diamonds, a women's semipro football team. When the Diamonds folded in 2013, I wasn't sure what I'd do.

Not long after, the Texas Revolution called. When we met, team executives offered me an opportunity to go through a day of training camp. They said it would be great publicity.

I refused. I told them their offer was an insult to me as an athlete. I said I'd either go through training camp and a full season or nothing.

Everyone in the room went silent. Then someone wondered if I'd be a distraction to the team. The new head coach, Chris Williams, looked at me and smiled. "Not with an attitude like that."

The night before camp started, I was a little freaked. Playing against men, I could wind up seriously injured or dead. I listened to "Kryptonite," which was on my iPod playlist.

The post-grunge song opens with Matt Roberts's electric guitar playing alone for four measures before Brad Arnold begins playing a martial beat on the snare drum. Then he adds his strong vocal.

The song asks a question—will you still admire me if things don't work out? "If I go crazy, then will you still / call me Superman? / If I'm alive and well, will you be / there a-holding my hand?"

During my first game, I received a handoff. The play was to dive up the middle. I gained a few yards before two guys hit me. When they got off, I was still on the ground, but I was fine.

I jumped up and shouted at them, "Is that all you got?" My teammates were impressed and treated me with newfound respect.

After the game, when I returned to the locker room where I had dressed with the team's female dancers, they were stunned. One of the girls called me her "shero." Though we had different roles in the game, those differences no longer mattered.

GETTY IMAGES

The band 3Doors Down performing in Los Angeles.

OPINION

REVIEW & OUTLOOK

Japan's Snap Election

Shinzo Abe bets on an early poll. Shades of Theresa May?

Japanese Prime Minister Shinzo Abe announced a snap election Monday to take advantage of the opposition's disarray and consolidate his control over the ruling Liberal Democratic Party (LDP). But as his British counterpart Theresa May showed in June, that strategy can backfire. Mr. Abe's gamble is a sign of weakness rather than strength.

Mr. Abe's popularity plunged this year to around 30% after scandals involving allegations of special treatment for two schools. But he's currently enjoying a bit of a rebound thanks in part to a July cabinet reshuffle that removed an unpopular defense minister. Economic growth in the second quarter was also surprisingly strong by Japanese standards, with real GDP rising 2% year on year.

Most important, tensions over North Korea's nuclear and missile programs play to Mr. Abe's nationalist strengths. He has consistently called for higher defense spending and closer security cooperation with the U.S. When Kim Jong Un fired two intermediate-range missiles over Japan in the past few weeks, Mr. Abe's emphasis on security was vindicated.

Meanwhile, the opposition is still struggling to coalesce around centrist candidates with nationwide appeal. The Democratic Party elected Seiji Maehara, a hawkish former foreign minister, as its new leader earlier this month. But that contest was hard-fought and followed by a setback when his choice for secretary-general of the party was forced to resign amid a sex scandal.

The other big opposition talent is Yuriko Koike, the governor of Tokyo whose supporters routed the LDP in July's Tokyo Assembly election. On Monday she announced the formation of the nationwide Party of Hope. Ideologically close to Mr. Abe and far more charismatic, she has a proven record of building a grass-roots movement that upstages the sclerotic LDP.

Ms. Koike was clearly preparing for an election expected before October of next year. So by calling the election early, Mr. Abe may hope he can preempt her challenge before it gains strength. Earlier this year, the LDP changed its rules to allow Mr. Abe to run for a third term as its leader in September 2018. If the LDP performs well in next month's election, Mr. Abe will be in a strong position to argue that he should pursue his goal of amending Japan's pacifist constitution by 2020.

But a loss of seats for the LDP could set Ms. Koike up to triumph in another way. If Mr. Abe's leadership is discredited, the Party of Hope would encourage LDP members to defect. Eventually she could absorb the LDP and take over the premiership.

Ms. Koike has not given a clear indication whether she would pursue economic reforms like those promised by Mr. Abe in 2012. Her record suggests she is mainly interested in reforming government rather than liberating the private economy from heavy regulation and taxes. But a new leader would at least offer hope of a new approach.

Apart from reforms in corporate governance, Mr. Abe has failed to follow through on his campaign pledges. Tokyo continues to create new spending binges and the Bank of Japan continues quantitative easing. Productivity and real wages are stagnating in the absence of labor-law reform.

Like Mrs. May, Mr. Abe is going to the polls out of fear that his chances of victory slip the longer he waits. The danger is Japanese voters will also turn against a leader who doesn't offer a clear reason for seeking a new mandate.

Merkeldämmerung

Merkel wins again but Germans show a desire for more choices.

German voters on Sunday returned Angela Merkel to her fourth and almost certainly final term as Chancellor. But they also handed the bronze medal—which was the only prize in real contention—to a protest party in a muted plea for more competition.

Mrs. Merkel's center-right Christian Democratic CDU/CSU alliance won 33% of the party-list portion of the vote, down eight percentage points from her win four years ago. Her coalition partners in the center-left Social Democratic Party (SPD) waddled in at an abysmal second-place with 20.5%. Mrs. Merkel will control a plurality of only 246 seats out of 709 in the new parliament.

The biggest change is that the right-wing Alternative for Germany (AfD) party finished third, with 12.6% of the party-list vote. Once a wonky professors' protest party against the euro, the AfD has transformed into an anti-immigration, nationalistic echo of France's National Front. Its entry into the Bundestag marks the first time Germans have put a far-right party in parliament in decades.

This is a very German protest vote: safe. The AfD struggled for most of the campaign season, and its home-stretch surge owes to two factors. A television debate between Mrs. Merkel and her SPD challenger, Martin Schulz, this month highlighted how little the two major parties compete with each other. And polls showing Mrs. Merkel steamrolling her opponents reassured voters they could cast a ballot for the AfD without handing the party real power.

The message is that Germans want competition. The AfD draws support from voters on both left and right who are disillusioned with 12 years of Mrs. Merkel's bland-as-she-goes leadership, and with the SPD's failure to oppose her for eight of those years when it formed coalitions with her.

This election result gives Berlin a chance to deliver the competitive politics voters want. Strong fourth- and fifth-place finishes for the free-market Free Democrats (FDP) and the Greens, winning 10.7% and 8.9% respectively, will allow Mrs. Merkel to divorce the SPD and form a coalition with the two smaller parties. The SPD seems ready to push her in that direction instead of being gulled into another coalition.

Berlin could offer more than a browbeaten "ja" to whatever scheme for European Union fiscal integration French President Emmanuel Macron dreams up. Germans deserve a vigorous debate on EU reform. More conservative members of Mrs. Merkel's own party, who will have to find her replacement in four years, would relish the opportunity.

If the FDP enters a coalition government, Berlin also might have a shot at tax reform. Expect only marginal progress here, but the party could push Mrs. Merkel beyond the paltry €15 billion ($17.93 billion) in personal-tax rate cuts she promised in the campaign.

This election is no sea change. Mrs. Merkel's unimaginative grip on German politics is still strong, all the other parties are weak, and Germans don't like big shake-ups.

But Germany is entering the twilight of the Merkel era—call it Merkeldämmerung—and it's time to consider what comes next. That means policies to meet the demographic and competitive pressures bearing down on Germany, and politics that delivers meaningful debate. If Germany can't have the reforms while Mrs. Merkel is in office, its politicians can set the stage for them in the future.

The Politicization of Everything in America

Healthy democracies have ample room for politics but leave a larger space for civil society and culture that unites more than divides. With the politicization of the National Football League and the national anthem, the Divided States of America are exhibiting a very unhealthy level of polarization and mistrust.

The progressive forces of identity politics started this poisoning of America's favorite spectator sport last year by making a hero of Colin Kaepernick for refusing to stand for "The Star-Spangled Banner" before games. They raised the stakes this year by turning him into a progressive martyr because no team had picked him up to play quarterback after he opted out of his contract with the San Francisco 49ers.

The NFL is a meritocracy, and maybe coaches and general managers thought he wasn't good enough for the divisions he might cause in a locker room or among fans. But the left said it was all about race and class.

All of this is cultural catnip for Donald Trump, who pounced on Friday night at a rally and on the weekend on Twitter with his familiar combination of gut political instinct, rhetorical excess, and ignorance. "Wouldn't you love to see one of these NFL owners, when somebody disrespects our flag, to say, 'Get that son of a bitch off the field right now, out, he's fired. He's fired,'" Mr. Trump said Friday.

No doubt most Americans agree with Mr. Trump that they don't want their flag disrespected, especially by millionaire athletes. But Mr. Trump never stops at reasonable, and so he called for kneeling players to be fired or suspended, and if the league didn't comply for fans to "boycott" the NFL.

He also plunged into the debate over head injuries without a speck of knowledge about the latest brain science, claiming that the NFL was "ruining the game" by trying to stop dangerous physical hits. This is the kind of rant you'd hear in a lousy sports bar.

Mr. Trump has managed to unite the players and owners against him, though several owners supported him for President and donated to his inaugural. The owners were almost obliged to defend their sport, even if their complaints that Mr. Trump was "divisive" ignored the divisive acts by Mr. Kaepernick and his media allies that injected politics into football in the first place.

Americans don't begrudge athletes their free-speech rights—see the popularity of Charles Barkley—but disrespecting the national anthem puts partisanship above a symbol of nationhood that thousands have died for. Players who chose to kneel shouldn't be surprised that fans around the country booed them on Sunday. This is the patriotic sentiment that they are helping Mr. Trump exploit for what he no doubt thinks is his own political advantage.

American democracy was healthier when politics at the ballpark was limited to fans booing politicians who threw out the first ball—almost as a bipartisan obligation. This showed a healthy skepticism toward the political class. But now the players want to be politicians and use their fame to lecture other Americans, the parsons of the press corps want to make them moral spokesmen, and the President wants to run against the players.

The losers are the millions of Americans who would rather cheer for their teams on Sunday as a respite from work and the other divisions of American life.

How Hedge Funds Find The Pulse of the Market

By Andy Kessler

Has Ray Dalio lost the pulse? The founder of the $160 billion hedge fund Bridgewater Associates is all over the place spouting his management philosophy of radical transparency. He has been making TV appearances, attending conferences, and whenever possible plugging his new book, "Principles." There's even a TED talk touting his "believability-weighted idea meritocracy"—whatever that means. And now Mr. Dalio is trying to bust into China to manage even more money.

The investment whiz lives and manages by a set of principles that employees have to memorize. The list is filled with gems you might encounter at a silent yoga retreat. "Most problems are potential improvements screaming at you." Or this reworked cliché: "While most others seem to believe that pain is bad, I believe that pain is required to become stronger."

Speaking of pain, Bridgewater is losing money this year. Through July its flagship fund is down 3%, while the market is up more than 10%. Does this transparency stuff even work? Bridgewater videotapes every meeting and arms workers with iPads filled with apps like the emotion-relief Pain Button and the co-worker-rating Dot Collector.

Mr. Dalio must figure that only under these conditions will employees tell the truth instead of what he wants to hear. Maybe this is all a distraction. But you've got to be a little cuckoo to run a giant hedge fund, and I think Mr. Dalio is crazy like a fox.

The core of investing is quite simple: Determine what everyone else thinks, and then figure out in which direction they are wrong. That's it.

No one tells you what they think. You've got to feel it. That's why Wall Streeters say things like, "We are lowering our above consensus expectations earnings estimates." It's all about figuring out what is priced into a stock right now. That's the pulse of the market, the collective mind-meld aggregated into stock prices.

I know from experience this is the hardest part of running a hedge fund. You can find the greatest story ever, but if everyone already knows it, there's no money to be made.

And the pulse changes with each government statistic, each daily ringing of cash registers and satellite images taken of parking lots. That's why stocks trade every day. Real-world inputs and the drifting pulse drive the psychotic tick of the stock market tape. Once you feel the pulse, then and only then can you figure out how everyone's wrong. And believe me, they're always wrong. Stocks rarely tread water.

How do you find that pulse? It's hard enough to invest your IRA. Can you image managing $160 billion? Wall Street analysts have earnings estimates that no one trusts. There are whisper numbers and the chaos of message boards and tweets.

The core of investing: Figure out what everyone else thinks and how they're wrong.

It's best to survey your own people. That's why Bridgewater has some 1,700 employees. But it turns out that only a tiny handful of employees make any of the investment decisions anyway. Clearly Mr. Dalio doesn't trust them, so he tries to remove their biases surgically, hence the radical transparency and the illusion of a meritocracy. Mr. Dalio doesn't care about employees' opinions or ideas; he just wants to take their pulse to figure out what the market already knows.

This isn't uncommon. I once visited the Wall Street offices of a well-known hedge-fund guy you see on TV. He pulled me aside, pointed to his employees, and said, "You see these people? They might as well be holograms." He made every buy-and-sell decision himself.

Mr. Dalio is a great success story. His terrific returns attracted $160 billion in assets. But these things work until they don't. Wall Street is littered this year with the roadkill of busted hedge funds. Greenlight, Passport and Pine River are downsizing involuntarily, meaning investors are redeeming their money from funds with awful returns.

Too much capital is often a burden. There are only so many good investment ideas out there, and it's late in this cycle. Mr. Dalio's principles are unique but probably not applicable to many other businesses. As he says: "Truth—more precisely, an accurate understanding of reality—is the essential foundation for any good outcomes."

Here's a truth: If Bridgewater has lost its mojo, Mr. Dalio would be smart to manage a much smaller pot of money rather than torture his employees.

Mr. Kessler writes on technology and markets for the Journal.

Out of the Rubble in Mexico

AMERICAS
By Mary Anastasia O'Grady

In an almost supernatural coincidence, last Tuesday's 7.1 magnitude earthquake in Mexico hit on the 32nd anniversary of a devastating 8.0 temblor that practically flattened Mexico City.

The 1985 quake was far more powerful than last week's and was followed by several significant aftershocks. It is estimated that it claimed as many as 10,000 lives.

But since Mexico City sits on a large Jell-O-like lake bed, *any* serious ground shaking sets the whole metropolis jiggling. Plus, the epicenter of Tuesday's earthquake was much closer to the capital than the larger one three decades ago. There are now more than 300 dead across all the affected Mexican states. With hundreds still missing, that toll is likely to go higher.

Last week's tremor was a reminder that scientists still face considerable challenges in anticipating shifts below the earth's surface. The big one in '85 emanated from an offshore fault. A magnitude 8.1 quake that struck 54 miles off the coast of Chiapas state on Sept. 7 was the largest to hit Mexico in 100 years.

Logically, experts expected the next quake to originate offshore as well. "Instead," Erik Vance explained, writing from Mexico City in Scientific American on Thursday, "the earth broke in the interior mountains, 35 miles below the surface, not far from where a large plate of crust has sunk deep down into molten rock."

This may have been what made the fallout in the capital much different than in previous events. "A taller structure that experts would have expected to fall in a slower, swirling 1985-style quake" did better this time around. It was the "short and squat" building "vulnerable to a closer quake with faster seismic waves" that collapsed.

Last week's quake brought unfathomable grief to families across central and southern Mexico. A private Mexico City elementary school called Colegio Enrique Rébsamen was demolished. First responders and volunteers rushed to the scene to dig for the little victims and their teachers, working through the night, all day Wednesday and into Thursday before officials finally admitted that hope of finding a group of students alive had been misplaced. At least 21 children and five adults are known dead.

In the town of Atzala in Puebla state, the roof of St. James the Apostle Church fell down, killing 11 people who were attending a baptism, including the 2-month-old baby.

Yet for every story of demoralizing loss in this crisis, Mexicans have written many more stories of undying determination and triumph. The contrast with 1985—when chaos reigned as government failed its most basic duties—is worth noting. Lives were saved and order restored more quickly last week because there is dramatically more liberty in Mexico today.

Through most of the 20th century a closed, corporatist economy dominated Mexican life. The system impoverished the nation beyond the merely material. The one-party state of the Institutional Revolutionary Party, or PRI, strangled civil society. Philanthropy was rare. Foreign competition was unheard of, limiting local innovation. The government controlled newsprint, and thus newspapers as well as television and radio. The winner of each presidential election, every six years, was decided by the incumbent PRI president. The political class was largely unaccountable, and when the ground shook in 1985, it showed.

The '85 earthquake is often cited by political scientists as the end of the Mexican Revolution and the start of a national evolution toward modernity. In the midst of the turmoil, ordinary people, though they had almost no resources, began forming search brigades, digging with their hands and organizing for survival. It was the day the curtain dropped, de facto, on the authoritarian PRI.

This time around, both the federal and city governments were ready. Not every building and utility was properly retrofitted, but much of the capital and its infrastructure held up. Emergency crews were supplied, trained and organized. Some 115 people have been pulled from the wreckage.

In 1985 President Miguel de la Madrid initially refused international assistance. Last week Mexico readily accepted the expertise of foreign recovery teams from the U.S., Japan, Israel and elsewhere.

A vibrant civil society has been out in front. Businesses, domestic and international, have donated hotel rooms, meals and transportation. Nongovernmental organizations and neighborhood groups are supporting rescue operations. Volunteers bring food to workers, form human chains that pass building debris out of the way, and offer assistance on social media.

Mexicans are mourning their dead. But a freer nation is also proud to have risen to this challenge with confidence. Thirty-two years ago it wouldn't have seemed possible.

OPINION

Shinzo Abe's Greatest Gamble

By Tobias Harris

Japanese Prime Minister Shinzo Abe has repeatedly shown a willingness to take calculated risks to advance his goals. Now he is preparing to run his greatest risk yet, a snap election scheduled for Oct. 22.

The electorate increasingly appears to suffer from Abe fatigue. Abenomics, having gone through several iterations and achieved mixed results, is no longer a source of strength. The public is wary of Mr. Abe's pledge to revise the constitution by 2020. And for most of this year, Mr. Abe has had to defend himself from allegations of influence peddling after two associates who operate private schools were found to have received conspicuously favorable treatment from the national government.

He's calling a snap election not from a position of strength, but his opponents' position of weakness.

Mr. Abe feels confident enough to call an election in large part because his support has recovered, if not to his earlier peak, then to a still-comfortable level as high as 50% in some polls. However, in spite of his relatively high polling numbers, Mr. Abe may not be as popular as he seems. Even if voters don't unseat the ruling LDP-Komeito coalition, they can still send a message that could cripple Mr. Abe's premiership.

The scandals in particular have left their mark on Mr. Abe. They led to a steep drop in support for the Abe cabinet and contributed to a landslide defeat for the ruling Liberal Democratic Party in July's elections for the Tokyo metropolitan assembly at the hands of Tokyo Governor Yuriko Koike, a rising political power in her own right. Although Mr. Abe's approval rating recovered and public attention is now on North Korea, nearly 80% of Japanese say that they don't believe his explanations.

Polls conducted over the summer showed that majorities don't want Mr. Abe to receive a third three-year term as LDP president—which would enable him to serve as prime minister through 2021—when his current term expires next year. Add some potent issues to the mix, including Mr. Abe's plans to revise the constitution and his relationship with President Trump amid escalating tensions with North Korea, and it's certainly possible that voters could use the snap election to punish the prime minister.

With the ruling coalition holding a supermajority in the Diet's House of Representatives by only 14 seats, a small swing against the prime minister could be enough to wound his government, especially since critics would blame Mr. Abe for losing seats in an election that has already been described as lacking a "great cause" and being held entirely to cement Mr. Abe's political fortunes.

It's possible the backlash won't materialize. The opposition Democratic Party (DP) is on its fourth leader in as many years. The newly elected Seiji Maehara is not only struggling with approval ratings in the single digits, but is also trying to keep rebellious DP members from leaving and determine whether to continue a controversial but potentially fruitful electoral alliance with the Japanese Communist Party (JCP). Voters still haven't forgiven the Democrats for their missteps while in power, and are entirely unenthusiastic about Mr. Maehara.

The prime minister, right, with Yuriko Koike in January. Ms. Koike recently launched the new 'Party of Hope' to challenge Mr. Abe.

ASSOCIATED PRESS

Meanwhile, Ms. Koike and her allies are launching a new party, with the popular governor at the helm. While she will stay on as Tokyo's governor, she has declared herself the leader of Japan's new "Party of Hope." She intends to take center stage in an uphill campaign to challenge Mr. Abe. The party, which could attract independents, has won the allegiance of some established politicians, but it's unknown how many candidates it can field in less than a month.

Mr. Abe therefore may be timing the vote for a political sweet spot. The DP could be squeezed between the Hope Party on the right and the JCP on the left and lose ground to Mr. Abe. Independents, allergic to the DP and unimpressed by the new contender, could do as many did in 2012 and 2014 and simply stay home, setting a record-low turnout for the third straight general election.

Mr. Abe is prepared to risk a backlash at the hands of angry voters because his political future is at stake. His summer slump fed fervent speculation that, even if Mr. Abe could survive until the end of his term in 2018, his time would soon be up and power would pass to a successor.

While stronger approval ratings have improved his chances, leading his party to a convincing victory next month—particularly one that preserves the LDP-Komeito supermajority—would cement the prime minister's chances of securing a third term. That would not only enable him to surpass his great-uncle Eisaku Sato as Japan's longest-serving postwar prime minister, but would also give Mr. Abe time to cement his legacy as a transformational leader, whether by pressing ahead with economic reform, strengthening Japan's defenses or realizing his long-cherished mission of constitutional revision.

If he loses a significant number of seats, particularly with the opposition in the midst of a significant reorganization, Mr. Abe will have only reinforced the impression that his time is up. That would make it difficult for him to convince his party to grant him another term as its leader. For Mr. Abe, the opportunity is worth another gamble.

Mr. Harris is an analyst at political risk advisory firm Teneo Intelligence and the economy, trade, and business fellow at Sasakawa USA.

Bangladesh Shows Compassion

By Sadanand Dhume

Few people would have predicted a year ago that the face of compassion in an Asian refugee crisis would not be Aung San Suu Kyi, the soft-spoken Nobel laureate from Burma, but her little-known neighbor, Prime Minister Sheikh Hasina of Bangladesh.

Since the end of last month, about 400,000 Rohingya Muslims fleeing persecution in Burma's Rakhine state have flooded makeshift refugee camps in Bangladesh. Many of them have shared blood-curdling tales of violence by Burma's military—at times aided by local vigilante groups—that followed an Aug. 25 attack by Rohingya militants on border posts.

The United Nations human rights chief calls the actions of Burma, also known as Myanmar, a "textbook example of ethnic cleansing." But so far only Bangladesh, one of Asia's most densely populated countries, has opened its borders to the displaced.

In an interview last week in New York, Ms. Hasina, in town to address the U.N. General Assembly, explained why the Rohingya crisis has struck a chord with her and many of her compatriots. The prime minister finds parallels with her own nation's blood-drenched birth in 1971, when then East Pakistan seceded to form Bangladesh.

"What the Pakistani military did with us, with our people, was the same thing." In Ms. Hasina's telling, this traumatic history—official Bangladeshi accounts say the Pakistani army and its allies killed three million people in their bid to prevent independence—places a responsibility on Bangladesh to help the persecuted. "We know what suffering means," she says.

Though the Rohingya are Muslims, and Bangladesh is a Muslim-majority country, Ms. Hasina's hospitality doesn't come naturally. Her country holds about half as many people (163 million) as the U.S., in a flood-prone country roughly the size of Iowa. Though it has pulled itself out of extreme poverty—no longer the "basket case" Henry Kissinger dubbed it at birth—with a per capita income of $1,360, it's not exactly wealthy either.

Moreover, though the Burmese government labels the Rohingya as "Bengalis," refusing to acknowledge them as one of the nation's ethnic groups, the average Bangladeshi doesn't speak the same language or feel any particular kinship toward the refugees. In the past, Bangladesh has resisted accepting waves of fleeing Rohingya, working actively with Burma to repatriate them.

Faced with an influx of Rohingya refugees from Burma, Sheikh Hasina teaches her neighbors a lesson in sympathy.

Even now, speedy repatriation, rather than stepped-up aid, is Ms. Hasina's main demand from the rest of the world. "So many countries are coming up with relief materials and are supporting them. What we want from them [the international community] is that they should pressure the Myanmar government. They should take them back."

Though Ms. Suu Kyi is far better known in the West than Ms. Hasina, the two leaders' lives bear striking similarities. Both were born in the turbulent 1940s, during the first flush of independence for many postcolonial Asian nations. Their fathers—Gen. Aung San and Sheikh Mujibur Rahman—are regarded as the founding fathers of their nations. Political rivals assassinated both of them.

Over the past month, a chorus of condemnation has fallen upon Ms. Suu Kyi for largely ignoring the plight of the Rohingya. Fellow Nobel laureate Bishop Desmond Tutu published an open letter calling on the Burmese leader to "intervene in the escalating crisis." Malala Yousafzai, another Nobel laureate, publicly called on Ms. Suu Kyi to join her in condemning "this tragic and shameful treatment."

An editorial in this newspaper spoke of "the collapse of the Aung San Suu Kyi myth." A petition on Change.org to rescind Ms. Suu Kyi's Nobel Peace Prize, awarded to her in 1991 for her campaign for democracy in Burma, has attracted more than 425,000 signatures.

Despite all this, or perhaps because of it, Ms. Hasina, refuses to take a potshot at Ms. Suu Kyi. "Why do you blame only her?" she asks. "Why not the military rulers or the government?" According to Ms. Hasina, Burma's democracy is "very nascent" and Ms. Suu Kyi is "not the head of the government."

Having experienced military dictatorship herself, the Bangladeshi leader empathizes with her neighbor's tenuous grip on power. When pressed, her criticism of Ms. Suu Kyi is gentle. "Yes, she may have shown more sympathy to these people. She should be sympathetic," she says softly. "But she couldn't do that. Why, I don't know."

Over the years, Ms. Hasina hasn't exactly endeared herself to the West. This is due in part to her not belonging to her country's Anglophone elite. (She signed a copy of her father's unfinished memoir for this columnist in Bengali.) She's also displayed an autocratic streak at times, clamping down on free speech and railroading political rivals.

But on the Rohingya issue it is Ms. Hasina who has stood up to be counted while leaders feted in the West—including Narendra Modi next door in India—have looked the other way. "Bangladesh is not a rich country, but we have a big heart," says Ms. Hasina. Hundreds of thousands of weary refugees would find it hard to disagree.

Mr. Dhume is a resident fellow at the American Enterprise Institute, and a columnist for WSJ.com.

American Firms Face an Uphill Battle in China

By Ker Gibbs

The value of trade between two nations is rarely equal. Whether due to a surfeit of natural resources, low labor costs, a culture of inventiveness or all three, one country inevitably enjoys an advantage over another in the production of certain goods.

Yet as David Ricardo noted 200 years ago in his classic 1817 treatise on comparative advantage, even when trade is unequal both countries benefit from trade.

Ricardo's model was based on the idea that inefficient producers in the two countries would perish. The resulting increase in productivity would create higher real wages in a win-win for both sides.

But if Ricardo were alive today, the state of U.S.-China trade would confound him. By erecting an array of nontariff barriers, each as pernicious as tariffs, China has secured the larger share of the benefits from trade, protected inefficient companies and moved the relationship closer to a zero-sum game.

By no means have all American companies been losers. U.S. automobile manufacturers, pharmaceutical firms and consumer-goods producers are among the beneficiaries of China's economic growth. Shanghai today has more Starbucks than any city in the world. Buicks dominate the streets. Logos for American companies and brands abound.

But the list of hurdles that inhibit or imperil American companies' success in China is woefully long. It includes equity caps on ownership stakes, Byzantine regulations, inconsistent enforcement of laws, forced transfer of intellectual property and cheap government-backed bank loans to inefficient state enterprises.

In 2001 China was admitted to the World Trade Organization, an act meant to benefit both China and other countries. It was globalization writ large. But China has often thumbed its nose at WTO rulings designed to ensure fairness of trade, or dragged its feet thereafter.

In 2012, for example, the WTO determined that China unfairly withheld licenses from American credit-card companies and should end those restrictions. It wasn't until May of this year, however, that the Trump administration secured an "early harvest" trade agreement with China, including the right for American companies to issue yuan credit cards. It was a hollow victory that arrived far too late. Shielded from competition for five years after the WTO ruling, China's mobile-based payment services have superseded Western credit services.

Soon the citizens of Boston, Chicago, Los Angeles and Philadelphia will commute to work on railcars manufactured by majority state-owned Chinese companies. These companies benefit from openly published government subsidies amounting to several hundred million dollars. Lessons should be learned.

This week a delegation from the American Chamber of Commerce in Shanghai visits Washington. We bring a simple message: As the Trump administration mulls the future, two things are paramount. First, it must negotiate a level playing field for American business in China for the years ahead. Second, it must focus on the key industries of the future.

Beijing's influence is tilting U.S.-China trade in its favor, and American companies need help.

Until now, many U.S. companies have relied on their technological smarts to stay ahead of competitors, innovating in expectation of a market for their goods. But in China, government barriers provide local firms with ever-greater competitive advantages, even as those firms improve their know-how.

Take cloud computing. Amazon and Google are the industry's vanguard, but in China they cannot majority-own server farms. Foreign tech companies have had to enter into local partnerships to retain access to the local market, even if it risks technology transfer.

And what of artificial intelligence? While Chinese law lags AI's rapid development, successful AI relies heavily on data collection, an area where the Chinese government fiercely regulates foreign investment. The sense that Chinese technology firms are stealing a march on their foreign competitors is inescapable.

American bioseed producers are restricted to minority-owned joint ventures with Chinese companies. Medical-device manufacturers must wait up to five years for their most advanced products to receive approval. Industrial policies such as "Made in China 2025" result in preferential access to capital for local firms. In the information and communications technology sector, there is alarm among U.S. companies that China's goal is nothing less than nativizing this entire sector by 2025.

In the industries of tomorrow, whether it's AI, autonomous vehicles, biotechnology or high-end manufacturing, China is deploying industrial policy to nurture national champions. It uses the excuse of security to protect its companies from overseas competition, and pressures foreign firms to share technology to speed indigenous innovation.

China is tilting U.S.-China trade in its favor. In violation of international trade law, it is using state resources to alter comparative advantage. Ricardo surely would object.

Mr. Gibbs is chairman of the American Chamber of Commerce in Shanghai.

THE WALL STREET JOURNAL.
PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Notable & Quotable: Summers

Former U.S. Treasury Secretary Larry Summers in an interview with Tyler Cowen of George Mason University's Mercatus Center on Sept. 20:

The right broad deal on immigration is yes, there should be immigration but at least my view is the idea of the melting pot, which has become unfashionable in many circles, is actually a good idea.

The understanding should be that if you immigrate to the United States you're immigrating to the United States to become an American. That reflects acculturation, one crucial part of which is speaking English and understanding that you're going to be learning English and that you're going to be carrying on your life in English. If we had more acceptance of the idea that immigration was about becoming American, we would have more acceptance of higher levels of immigration than generate comfort right now.

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

New Confidence After a Hurricane

Psychologists call it 'posttraumatic growth' as people emerge from scary times

I RECENTLY RODE OUT Hurricane Irma in Miami. For three days before it hit, the storm was a Category 5 and the forecast track for the eye went directly over my house. As I boarded up my windows, bought supplies and prepared to report on any devastation, I was a quivering mess.

A good friend insisted there might be an upside to the experience. He reassured me it was OK to be scared, that all brave people are. He said that facing down my fear would benefit me in the end. And he reminded me of my motto: Fortune Favors the Brave.

People who endure trauma or adversity—such as an illness or accident, death of a loved one, or a natural disaster—often find that they feel stronger and more confident afterward. Some may even feel that their life has new meaning. Psychologists call this phenomenon "posttraumatic growth."

Writers, philosophers and religious leaders have observed for centuries that people can change positively after a major life crisis. But recently, science has begun to quantify how and why changes occur.

Researchers have identified five core areas of posttraumatic growth: People experience a greater appreciation of life, enjoy enhanced relationships, discover new possibilities, find an increased sense of personal strength, and discover a spiritual or existential change, meaning they connect more with something larger than themselves. Some people experience growth in all five areas, some in just one or a few.

"We're generally pretty complacent in our lives," says Bret Moore, a clinical psychologist in San Antonio and co-author of "The Posttraumatic Growth Workbook: Coming Through Trauma Wiser, Stronger, and More Resilient." "Then a crisis comes along and our core beliefs are shaken, such as safety, security and fairness."

Some people may be more predisposed to posttraumatic growth than others, the research suggests. These include those who are more open to new experiences, as well as those who show less resiliency in adversity, because a prolonged struggle may give them more time to reflect and rethink their belief system. Extroverts may be more likely to experience growth because they are more comfortable asking for social support, a key component of the process. And women seem to be more inclined toward it, possibly for the same reason.

Four years ago, B.J. Mendelson nearly died after heart surgery. He flatlined and had to be resuscitated and rushed back for a second surgery for a coronary bypass. The recovery took four grueling months, during which Mr. Mendelson, a brand consultant and author, had to cancel a number of speaking engagements, including a TEDx talk in Malaysia. He was 30 at the time.

To stay focused, he started meditating. During one meditation session, he began repeating to himself: "Take this one day at a time." (This eventually became "one day at a time, one week at a time, one month at a time.") He credits the phrase with getting him through the hardest parts of the recovery.

Mr. Mendelson, who lives in New York City says he now tries to live more in the moment. When he feels stressed, he asks himself: "What can I do today? What can wait until tomorrow?" He considers this his personal philosophy.

He also asks himself: If I was dead tomorrow, would this matter?" "Most of the things we stress about don't matter all that much in the grand scheme of things," he says. "This question helps to remind me of that often."

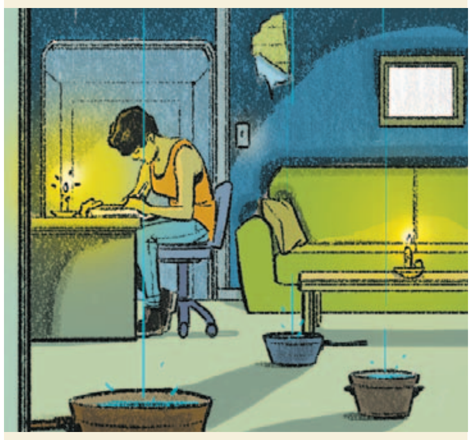
THOMAS PITILLI (2)

Time alone is not enough to produce posttraumtic growth, says David Palmiter, a professor of psychology at Marywood University, in Scranton, Pa., who gives workshops on the topic. "You have to engage in an active cognitive and behavioral processes to produce meaning from the event," he says.

For 48 hours before and during the storm, my pulse raced and I felt gripped with a physical fear I had never experienced. But I also felt empowered. I rode out the storm with my sister and her family. I spent much of my time interviewing people on the phone who were hunkered down awaiting the eye and having text conversations with friends and family who wrote to see how I was doing. When it was all over I did feel different. I had some damage to my home and went nine days without power. But I felt stronger, more capable and better prepared for life's next challenge.

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

How to Achieve Posttraumatic Growth



Write about your experience. The goal is to tell your narrative in a positive way. Focus on what helped you feel strong. "Writing helps you think through things and take ownership," says Bret Moore, a clinical psychologist in San Antonio. "You can go back and read it over and think about the nuances.

"Rate your growth. David Palmiter, a professor of psychology at Marywood University, in Scranton, Pa., suggests two exercises. First, list three of your worst life experiences, and rate the pain at its most intense on a scale of 1 to 100. Then list the ways you are better today because of the suffering of each experience, and rate this benefit from 1 to 100. In the second exercise, list the three best things in your life. Rate them on a scale of 1 to 100. Then ask yourself if there was any pain or suffering that led to these good things. Rate the pain at its most intense on a scale of 1 to 100, and then again as it is now.

Seek expert companionship. Find someone you trust who is willing to listen and isn't judgmental. Research shows that this kind of relationship, whether it's with a loved one, counselor or clergy member, is a great conduit for growth.

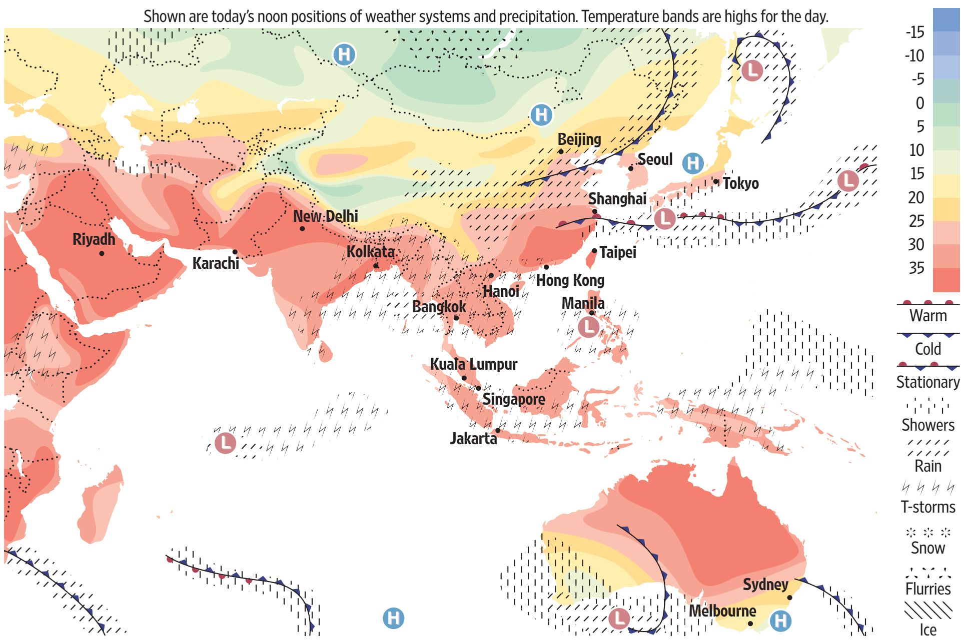
Keep doing what made you feel strong during your ordeal. I rented a big white pickup truck before the hurricane—and named it Moby—so I could travel to areas that were damaged afterward to report. From the minute I pulled out of the rental agency, I felt safer than I ever had driving in Florida, and kind of badass. (I drive a VW Beetle convertible.) I've now been test-driving pickups.

Give back. Often, people receive an outpouring of support during a hard time that can be buoying and hopeful. Return this when you feel better. Thank the people who reached out. Make an effort for those who were there the most. Volunteer to help people who are suffering, maybe from a similar experience.

Weather

AccuWeather.com

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

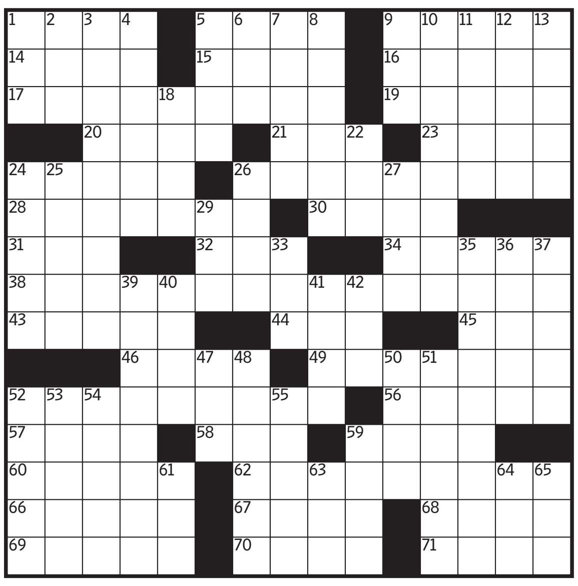


Global Forecasts

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

	Today			Tomorrow		
City	Hi	Lo	W	Hi	Lo	W
Amsterdam	18	10	sh	20	12	pc
Anchorage	12	7	pc	11	8	r
Athens	26	19	t	26	19	pc
Atlanta	31	20	s	32	21	s
Baghdad	43	25	s	40	24	s
Baltimore	28	21	pc	29	21	pc
Bangkok	32	25	t	32	25	t
Beijing	25	15	sh	25	8	pc
Berlin	17	11	pc	19	11	sh
Bogota	20	7	r	20	9	r
Boise	21	8	s	22	9	s
Boston	26	18	pc	27	19	pc
Brussels	19	9	sh	20	12	pc
Buenos Aires	17	8	sh	16	10	pc
Cairo	33	22	s	31	21	s
Calgary	18	6	pc	20	6	s
Caracas	32	26	pc	31	25	pc
Charlotte	30	20	s	32	20	pc
Chicago	32	17	pc	23	12	s
Dallas	33	23	c	30	21	t
Denver	16	6	pc	18	8	pc
Detroit	32	19	s	26	11	pc
Dubai	38	28	s	38	29	s
Dublin	17	10	pc	15	9	r
Edinburgh	18	10	pc	17	10	pc
Frankfurt	19	8	sh	19	10	sh
Geneva	19	10	pc	21	11	pc
Hanoi	32	26	pc	32	25	t
Havana	30	21	t	29	22	t
Hong Kong	34	28	s	34	28	s
Honolulu	31	24	s	31	24	pc
Houston	33	22	pc	33	22	pc
Istanbul	25	18	t	22	17	sh
Jakarta	32	25	t	32	25	t
Johannesburg	25	7	s	25	10	s
Kansas City	20	13	t	20	11	pc
Las Vegas	28	18	s	31	19	s
Lima	19	15	pc	19	14	pc
London	20	12	pc	20	13	pc
Los Angeles	34	18	s	33	16	s
Madrid	27	13	s	28	13	s
Manila	31	26	t	31	26	t
Melbourne	18	9	s	22	11	pc
Mexico City	24	15	pc	23	14	pc
Miami	32	24	pc	33	25	sh
Milan	22	12	pc	24	13	pc
Minneapolis	18	9	c	19	12	s
Monterrey	31	23	t	30	21	t
Montreal	30	20	pc	29	13	c
Moscow	12	2	c	10	1	c
Mumbai	31	26	pc	32	26	pc
Nashville	32	19	s	32	19	s
New Delhi	36	24	s	35	24	s
New Orleans	31	23	pc	33	24	s
New York City	28	21	pc	28	21	pc
Omaha	19	8	c	20	10	pc
Orlando	33	23	s	33	23	s
Ottawa	30	17	pc	28	9	pc
Paris	20	11	pc	21	13	pc
Philadelphia	29	22	pc	29	22	pc
Phoenix	33	21	s	34	20	s
Pittsburgh	32	17	s	30	14	s
Port-au-Prince	34	24	t	34	23	t
Portland, Ore.	25	14	pc	27	16	pc
Rio de Janeiro	28	20	s	30	21	s
Riyadh	38	22	s	39	21	s
Rome	23	13	t	24	14	s
Salt Lake City	18	6	s	21	9	s
San Diego	27	17	s	27	18	s
San Francisco	28	16	s	30	17	s
San Juan	32	27	c	31	26	pc
Santiago	24	10	c	25	11	pc
Santo Domingo	31	24	t	31	23	t
Sao Paulo	26	16	s	27	17	s
Seattle	22	13	pc	25	15	pc
Seoul	30	20	pc	25	15	r
Shanghai	31	24	t	29	20	t
Singapore	32	25	pc	31	25	pc
Stockholm	17	9	pc	16	9	pc
Sydney	22	13	s	25	19	pc
Taipei	37	26	pc	37	26	pc
Tehran	29	18	s	29	18	s
Tel Aviv	29	23	pc	28	22	s
Tokyo	26	21	pc	26	22	c
Toronto	30	19	s	27	11	pc
Vancouver	19	11	pc	20	13	pc
Washington, D.C.	28	22	pc	30	22	pc
Zurich	20	8	pc	21	10	sh

The WSJ Daily Crossword | Edited by Mike Shenk



HEAD FOR HOME | By Gary Cee

Across

1 Sushi foundation
5 First person
9 City at the mouth of the Yodo River
14 School near Windsor Castle
15 Cord worn as a necktie
16 Four-time Indy 500 champ Al
17 *Red herring
19 Spanish food served on small plates
20 Obligation
21 You might say "one, two" into one
23 Number-based game of chance
24 Motel room fixture
26 *Quick trip to Starbucks
28 Figures for analysts
30 Toy for "walking the dog"
31 Taproom order
32 Astute, as a student
34 Source of fluffy pillow stuffing
38 *Something kids go up and then down
43 Pear-shaped instrument
44 Gift topper
45 Food label abbr.
46 Dreary forecast
49 "Cut the carbs," e.g.
52 *Hans Zimmer creation
56 5K and 10K
57 Baseball's Felipe, Matty, Jesus or Moises
58 Old name of Tokyo
59 Trodden track
60 "Twelfth Night" heroine
62 "Can't beat that price!" or a hint to the ends of the starred answers
66 Corporal, captain and colonel
67 Slinky shape
68 Sculling equipment
69 Car introduced in September 1957
70 Is mistaken
71 Sounding-off piece

Down

1 Whistler on a field
2 "Give ___ rest!"
3 Sign of deep anxiety
4 Happened subsequently
5 In a skillful manner
6 Female fawn
7 Mission to remember
8 Tweak
9 Ump's call
10 Shifty salesman's offering
11 In accordance with
12 Reeves of "John Wick"
13 Fiery felony
18 James who sang "At Last"
22 Corp. check signer
24 Captures
25 "Jersey Boys" role
26 Mafia kingpin
27 Colon in many an emoticon
29 Put on a black coat?
33 Lard container
35 Bearing an unbeatable price
36 Vedder of Pearl Jam
37 Garners
39 Top in temple
40 Mardi ___
41 Botanical junction
42 Reckless infraction, for short
47 Fish market stock
48 "Forget it!"
50 Notable spans
51 Image made with needles
52 Quarterback Brett
53 Homer epic
54 Crackpots
55 Helicopter part
59 Amigos
61 Nonverbal communication system: Abbr.
63 Address for a superior
64 Common auxiliary verb
65 Mind-altering stuff

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

Previous Puzzle's Solution

P	L	A	Z	A			L	I	A	R		F	A	N
R	O	N	A	L	D		E	L	B	E		I	W	O
O	L	Y	M	P	I	C	F	L	A	G		G	O	O
S	L	A	B		A	P	T		S	A	T	U	R	N
			O	S	L	O		G	E	R	A	R	D	
O	P	E	N	T	O		M	I	D	D	L	E		
B	O	X	I	N	G	G	Y	M		S	E	D	G	E
O	O	H			S	E	E	M	S			O	I	L
E	L	I	T	E		T	R	E	E	T	R	U	N	K
		L	A	N	D	I	S		T	H	E	T	A	S
	W	A	L	D	E	N		S	T	E	M			
C	I	R	C	U	S		A	I	L		O	N	C	E
A	L	A		R	I	N	G	B	E	A	R	E	R	S
P	E	T		E	R	I	E		R	I	S	E	U	P
E	Y	E		S	E	T	S			R	E	D	D	Y

TECHNOLOGY: MICROSOFT TAKES ON IBM IN ARTIFICIAL INTELLIGENCE B4

Yen vs. Dollar 111.5770 ▼ 0.37% **Hang Seng** 27500.34 ▼ 1.36% **Gold** 1291.00 ▼ 0.18% **WTI crude** 51.65 ▲ 1.95% **10-Year JGB** yield 0.024% **10-Year Treasury** yield 2.219%

Yu'e Bao Will Lower Its Returns

Rules in China prompt world's biggest money-market fund to try to reduce risk

BEIJING—The manager of the world's largest money-market fund said it would take steps to reduce risk in its investments and lower the lofty yields that have helped draw a flood of cash into the fund over the past year.

Tianhong Asset Management Co., a Beijing-based company that manages a money-market fund with more than $200 billion in assets, is making changes to comply with liquidity rules imposed recently by Chinese regulators, according to Wang Dengfeng, general manager of Tianhong's fixed-income department.

"We will step up efforts to adhere to the original function of money-market funds as a cash management tool that carries low risk, low yield and high liquidity," Mr. Wang said in an interview with The Wall Street Journal. The result will be a gradual slide in the fund's investment yields, he added.

The giant fund, called Yu'e Bao, recently saw its seven-day investment yield top 4% on an annualized basis, up from 2.3% a year earlier. Its yield is in line with that of other Chinese money-market funds but dwarfs interest rates on short-term Chinese government debt and bank deposits, as well as returns on money-market funds in the U.S. and Europe.

XINHUA/ZUMA PRESS

Yu'e Bao holds funds for hundreds of millions of people using the Alipay payments network.

Yu'e Bao, whose name stands for "leftover treasure," was created four years ago by **Ant Financial Services Group**, an affiliate of **Alibaba Group Holding** Ltd. Hundreds of millions of people who use Alipay, a mobile-payments network operated by Ant, park

Please see FUND page B2

AIG Retools, Shuffles Ranks

BY LESLIE SCISM

American International Group Inc. is shuffling its structure and top leadership ranks as the insurance giant looks to begin an expansion that is expected to include acquisitions.

Chief Executive Brian Duperreault is reorganizing the company's business lines internally with two of his recent new hires taking on more responsibility, while one of his predecessor's top lieutenants is leaving.

The moves signal a reversal of efforts by prior CEO Peter Hancock at the insurance conglomerate, as Mr. Duperreault puts his stamp on the company and positions it to start expanding again, after years of shrinkage.

Mr. Duperreault's changes also come on the heels of the company's unsuccessful push last week in Washington, D.C., to get it out from under federal supervision as a "systemically important financial institution." Discussions among regulators are expected to continue about the company.

The firm is being positioned to start expanding, after years of shrinking.

One of the most important ramifications of a removal of the so-called SIFI label is that it would make it easier for Mr. Duperreault to make acquisitions, without worrying about the need to obtain Federal Reserve approval for sending large amounts of capital out the door.

In the new development, Mr. Duperreault said in a release that AIG no longer would have units focused separately on commercial and consumer segments but would transition to units that focus on type of insurance.

There will be a "general insurance" unit for the various property-casualty insurance products sold to businesses, wealthy homeowners and other clients, and a life-insurance and retirement-services unit. It also will have a standalone, technology-enabled insurance platform.

Two of the three heads of these units are people brought on board by Mr. Duperreault since he arrived this spring, and they hail from companies where he previously worked: Peter Zaffino, formerly an executive at Marsh & McLennan Cos., will head the general insurance unit, while Seraina Macia will run the technology unit.

Mr. Duperreault is widely

Please see AIG page B2

HEARD ON THE STREET
By Stephen Wilmot

Unilever's Acquisition Is Worth The Risk

Unilever's latest deal marks a move up the risk curve. In a fast-changing environment for consumer-goods companies, that may be no bad thing.

The company on Monday announced the acquisition of **Carver Korea**, a large South Korean skin-care company, for €2.27 billion ($2.71 billion). It is the Anglo-Dutch company's biggest acquisition in seven years and among its most expensive.

Carver brings Unilever exposure not just to South Korea but also to China, where it punches below its weight. Consumer-goods companies used to want to be in China for its vast pool of consumers and rapid growth. Now, they also want exposure to its digital sophistication. No country shops more online than China.

But with that promise comes the perpetual risk of disruption. Carver's sales almost tripled last year as Chinese consumers flocked to South Korea. This year, geopolitics has intervened. After South Korea and the U.S. agreed to deploy a missile shield against North Korea, Chinese authorities urged their citizens to boycott South Korean products. **Deutsche Bank** expects profit to fall 20% this year at **Amorepacific**, one of Carver's listed peers.

Unilever is betting that Korean skin care has a bright future. It may be right. The domestic market is sophisticated, and Korean skin-care routines and products are fast developing a following in the U.S. and Europe under the banner "K-Beauty." On the other side of this bet are **Bain Capital** and **Goldman Sachs Group**, which are selling after buying roughly 60% of Carver only last year for about $500 million, according to Reuters, as well as the company's founder, Lee Sang-rok, who is shedding his minority stake.

Unilever's latest deal looks riskier than most, but acceptably so for a company with low leverage and an enterprise value of $190 billion. Emerging-market brands are pluckier than they used to be, and the best growth these days is in niches and novelties. If they want to stay ahead, consumer-goods companies such as Unilever have to be daring deal makers.

◆ Unilever pivots toward higher-growth sectors......... B3

Fast-Food Chain Hungers for Growth in China

BAI KELIN/IMAGINECHINA/ASSOCIATED PRESS

CRAVINGS: Customers try out the offerings at a new White Castle restaurant in Shanghai. The chain has rarely ventured outside the U.S., but it is now betting on Chinese diners' appetite for Western food. It has two stores in Shanghai and wants to add more. **B2**

GE to Sell Industrial Unit for $2.6 Billion

BY DANA MATTIOLI AND THOMAS GRYTA

General Electric Co. agreed to sell its industrial-solutions business to **ABB** Ltd. of Switzerland, a sign that GE's new chief is moving ahead with efforts to streamline the industrial giant.

ABB will pay $2.6 billion for the GE unit, which makes electrical equipment for utilities, with the aim of strengthening its presence in the electrification market, where it is No. 2 globally behind **Schneider Electric** SA of France, particularly in North America.

"In the U.S., we have not been as strong as we wish to be," said ABB Chief Executive Ulrich Spiesshofer in an interview. The industrial-solutions business wasn't a core part of GE's portfolio, but is "very core" to ABB, Mr. Spiesshofer said.

At GE, where John Flannery took the reins on Aug. 1, the new CEO has promised to review the company's operations and report on his plans by mid-November. But he isn't waiting to complete that process to sell the unit or make other changes.

Last week, GE grounded its fleet of corporate jets and is preparing to sell them. Mr. Flannery also delayed part of GE's new headquarters complex in Boston, a relocation initiated by his predecessor, Jeff Immelt.

GE plans to take out $2 billion in costs by the end of 2018, it has said, and Mr. Flannery is reviewing all aspects of the company.

GE's industrial-solutions business was started about 130 years ago when Thomas Edison patented the first circuit breaker, according to the company's website. The ABB deal includes a long-term right to use the GE brand.

The business supplies equipment to the electrical-distribution and grid industries. The unit has about 13,000 employees and had $2.7 billion in revenue in 2016.

ABB said it expects to save $200 million in annual costs in the fifth year after the deal closes, though it would put on hold a previously announced share-buyback program of as much as $3 billion. This step was needed to ensure that ABB maintains its credit rating, Mr. Spiesshofer said.

Last year, GE said it would sell the industrial-solutions unit, as well as its water business, to boost its profit margins by shrinking its operations. In March, GE struck a deal to sell the water business to **Suez** SA of France and one of Canada's largest pension funds for about $3.4 billion.

The industrial-solutions sales process took longer than deal makers expected. After negotiating with strategic companies for months, GE disrupted the process and had private-equity firms take a look at the unit as well, people familiar with the matter have said.

—Brian Blackstone in Zurich contributed to this article.

INSIDE

'RESORT' FEES ARE IN VOGUE AT MORE MODEST HOTELS

BUSINESS, B3

In Payments Processing, a New Bet

BY BEN DUMMETT

A consortium led by U.S. buyout firm **Hellman & Friedman** LLC on Monday agreed to acquire **Nets** A/S of Denmark for 33.07 billion Danish kroner ($5.31 billion), the latest bet by private equity on the payments-processing sector.

The deal is the latest in a wave of consolidation in the industry this year as firms seek to take advantage of the growing use of mobile devices to make payments.

Payments companies are also under pressure to join forces to cut costs, develop new products and add customers as greater regulatory scrutiny and rising competition from technology startups squeezes fees.

To buy Nets, San Francisco-based Hellman & Friedman is joining forces with Singapore wealth fund **GIC** Pte Ltd. and funds managed by **Advent International** Corp. and **Bain Capital** Ltd. Advent and Bain,

Private-equity firm Hellman & Friedman leads purchase of Denmark's Nets.

already major shareholders in Nets, will own about 16% of the company as a result of the deal, down from about 40%.

The consortium is offering 165 Danish kroner a share for Nets, which represents a 27% premium to the company's share price the day before it announced it had been approached about a possible takeover at the end of June.

The deal for Nets comes less than two months after **Blackstone Group** LP and **CVC Capital Partners** joined forces to acquire U.K. online payments processor **Paysafe Group** PLC for approximately $4 billion.

It also follows **Vantiv** Inc.'s $10 billion takeover of U.K. payments processor **Worldpay Group** PLC last month.

The industry is particularly attractive to buyout firms, which typically cash out of investments within a fixed period, as they stand to benefit from deal activity as industry competitors aim to gain scale through acquisitions

Please see DEAL 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

White Castle Takes Slider to China

Xu Man had never eaten at a **White Castle**. But she saw the 2004 buddy film "Harold & Kumar Go to White Castle" and was eager to sample its iconic hamburgers when the American chain opened a store

By Wayne Ma in Beijing and and Liza Lin in Shanghai

just off Shanghai's popular Nanjing Road shopping district.

"I'm going to come again," said Ms. Xu, 19, after polishing off two sliders. "I can eat three burgers here, whereas I can only eat one at **McDonald's**. There are also more flavors to choose from."

White Castle is betting on China's curiosity for Western food, rising beef consumption and a trend toward smaller portions to make the case for expansion here. It opened two stores in Shanghai this past summer and hopes to eventually open more.

"We were really intrigued by the opportunities in China, and think that it's the future," said Jamie Richardson, a vice president of the privately held company based in Columbus, Ohio.

Founded in 1921, White Castle was one of the first fast-food chains, and is widely credited with inventing the slider—small hamburgers that can be gobbled in a few bites.

Like other fast-food chains that have moved into the Chinese market, White Castle is making some concessions to local tastes. In addition to its beef hamburgers, the menu includes a meatless Spicy Tofu burger made from mapo tofu, a Sichuanese classic, as well as a Cherry Duck slider made with smoked duck drenched in a cherry sauce.

And you won't find the stand-alone "white castles" with crenelated roofs in China. The store near Nanjing Road is in the retail space of a refurbished traditional Shanghai building, and the other one is in a mall—choices that reflect Shanghai's high commercial real-estate prices and the need to draw in foot traffic, not motorists.

Inside, the stores look more like diners, with blue booths, fancy lamps, wooden wall panels and soft lighting.

Decor isn't the only upscale feature—so is the price. Burgers retail for 13 yuan ($1.99) versus 80 cents in the U.S. That compares with 7.5 yuan for the base hamburger at McDonald's in Shanghai. The combo meals here, which typically include three sliders, a drink and french fries, start at 42 yuan, while McDonald's combo meals are usually under 30 yuan.

Consumers "might be puzzled that the price is as high as it is," said Ben Cavender, a Shanghai-based retail specialist at China Market Research Group. Repeat visits may also be a challenge as their novelty wears off and customers become frustrated with White Castle's limited menu, Mr. Cavender added.

Mr. Richardson said White Castle's pricing in China reflects costs and its "desired position in the marketplace."

White Castle is also entering a crowded market. Larger U.S. rivals McDonald's Corp. and Yum China Holdings Inc.—which operates KFC and Pizza Hut—already fiercely compete against each other and smaller Chinese chains. The market for dining out also is shrinking as more consumers turn to food-delivery apps for their meals.

Unlike McDonald's and Yum China, which are publicly traded and franchised, White Castle is a closely held family business and owns all but one of its 385 restaurants across 12 states. Its signature sliders are sold in frozen-food aisles of local grocery stores across the U.S. and represented a quarter of its $720 million in sales last year, executives say.

Overseas, the burger chain has had several false starts. In the 1980s and 1990s, it opened one store each in Singapore, Malaysia and Japan with local partners, but those restaurants never took off.

"We didn't put the thoughtfulness into really understanding those markets," Mr. Richardson said. "It was more opportunistic and reactionary than strategic and thoughtful."

Mr. Richardson said the decision to enter China was more than three years in the making and came after Lisa Ingram—a great-granddaughter of White Castle founder Billy Ingram—became chief executive in 2015.

In China, White Castle teamed up with Shanghai-based private-equity firm **ClearVue Partners**, which helped customize the menu and select restaurant locations. The partners have a "roughly equal stake" in the China venture, said Harry Hui, one of ClearVue's founders and its managing director.

Building White Castle's supply chain in China was a challenge, Mr. Hui said, adding that the company evaluated up to 20 suppliers for ingredients, including the buns.

"You want the bun to absorb the moisture, but you don't want it to be mushy," he said.

Ultimately, the partners decided to import onions, pickles and a seasoning blend because there weren't enough local products that matched the flavors, he said.

Beef consumption in China is on the rise, and the segment of the Chinese population earning more than 3,000 yuan a month—a signpost for when Chinese consumer habits change—also is growing, Mr. Hui said.

To be successful, White Castle will need to convince customers such as Teddy Wang, 28, who was eating lunch at the Nanjing Road area store.

"I'm not sure I will come again on my own because I couldn't get full on the burgers," Mr. Wang said after wolfing down three sliders.

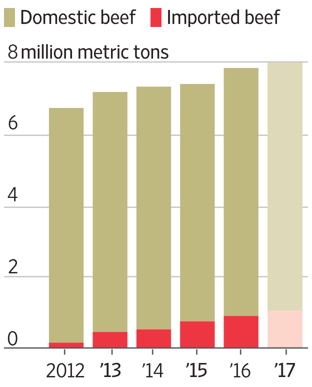
—Junya Qian contributed to this article

BAI KELIN/IMAGINECHINA/ASSOCIATED PRESS

U.S. fast-food hamburger chain White Castle opened two locations in Shanghai this summer.

Where's the Beef?

Beef consumption is growing in China as incomes rise.



Note: Data includes veal. Figures for 2017 are forecasts.
Source: U.S. Department of Agriculture
THE WALL STREET JOURNAL.

FUND

Continued from the prior page

their spare cash with Yu'e Bao, and some Chinese investors regularly send portions of their monthly paychecks to it. Assets in the fund have doubled in the past year, and the fund now makes up around a quarter of China's money-market mutual-fund industry, whose assets have also swelled broadly.

The runaway growth of Yu'e Bao and other Chinese money-market funds is making regulators nervous about the potential for risk to the financial system in the event of a mass exodus of investors from the funds, which could run into problems meeting redemptions if they hold assets that are hard to sell without incurring losses. Analysts say the sheer size of online money-market funds like Yu'e Bao has alarmed regulators and could pose a threat to domestic banks, whose customers increasingly are shifting money into the funds to earn higher returns.

Assets are about a quarter of those in China's mutual-fund industry.

Many of the money-market funds are invested largely in bank certificates of deposits, commercial paper and government debt. In a reach for yield in recent years, Yu'e Bao and some peers have been buying more assets with longer maturities that are riskier because they could be harder to liquidate in a market downturn.

The China Securities Regulatory Commission in early September released new rules aimed at reining in what it called "unruly growth" of the country's money-market funds, which now account for half of China's $1.7 trillion mutual-fund industry. The rules require managers to increase their allocation of funds to higher-quality assets, limit exposure to any single financial institution and diversify their asset bases.

Regulators recently met with managers of the country's largest money-market funds, including Yu'e Bao, to discuss the new rules and how managers planned to implement them. They told the managers that they need to prioritize liquidity over the pursuit of higher yields.

Yu'e Bao plans to pare its holdings of bank certificates of deposits and increase its allocation to short-term securities issued by the Chinese government and policy banks, as well as commercial paper and repurchase agreements, according to Mr. Wang.

As of June this year, nearly 83% of Yu'e Bao's funds were parked in certificates of deposit, mostly with three- to six-month durations, while a further 9% was invested in short-term loans and the rest in bonds, according to a report from Tianhong.

Mr. Wang said the fund's likely diminishing returns will cause an "inevitable exodus of a small proportion of high-net-worth clients sensitive to the yield." He predicted that, over time, the fund would become more stable with a base of investors who are primarily active users of Alipay for online transactions.

His sentiments were echoed by other money market-fund managers the Journal interviewed.

ICBC Credit Suisse Asset Management Co., which manages China's second-largest money-market fund, is also planning to adjust its portfolio to comply with the new investment rules. The company manages about $56.5 billion worth of money-market funds in total as of June this year.

Shuo Wang, a fixed-income portfolio manager at ICBC Credit Suisse, said the decline of its money fund's yield would be "limited," but due to its large size, the fund may have to liquidate some holdings to reduce exposure to certain institutions.

Tianhong's Mr. Wang said Yu'e Bao's investment shifts will take place gradually because abrupt changes risk causing a "free fall" in the fund's yield and could trigger large-scale redemptions from investors. He pointed to other steps Yu'e Bao has taken to slow its growth, such as limits it has imposed on the maximum size of individual accounts.

Most Chinese money-market funds have six months to comply with the new regulations. Funds considered to have "systemic importance," such as Yu'e Bao, have been given a longer adjustment period.

—Yifan Xie

AIG

Continued from the prior page

credited with a successful turnaround of then-struggling insurance-brokerage and consulting firm Marsh & McLennan from 2008 to 2012. Ms. Macia worked with Mr. Duperreault at his previous CEO job at Hamilton Insurance Group.

Mr. Zaffino joined AIG last month as chief operating officer. When Mr. Duperreault announced Mr. Zaffino's hiring in July, he told employees to expect changes to the company's operating structure.

AIG's life and retirement unit will be led by Kevin Hogan, who has been running the existing consumer unit.

As a result of the structure changes, Rob Schimek, CEO of the commercial unit, will be leaving the company at the end of October. In an internal memo sent Monday morning, the 12-year veteran of AIG said he "could not be more proud of what this company has accomplished" during that period, "from navigating the financial crisis and winning back the confidence of our partners and clients, to focusing on innovations that have outpaced the market."

Meyer Shields, an analyst with Keefe, Bruyette & Woods, said in a note, "we don't think this augurs a split" of AIG into separate companies, "but we do believe it better aligns with how investors actually prefer to analyze AIG."

Among factors why he doesn't see a breakup ahead: AIG has substantial deferred tax assets on its books that are best utilized with AIG as a conglomerate, and ratings firms generally see diversification as a positive so it reduces the amount of overall capital an insurer needs to hold.

Mr. Shields said the new technology-focused unit would use external data to continue AIG's use of predictive analysis to streamline underwriting for smaller property-casualty business policyholders. "We think Ms. Macia's prominent role implies that AIG will focus its M&A efforts on small domestic P&C," he said.

Recently, Mr. Duperreault has cited potential growth in international markets, personal-lines insurance and life insurance, as well as U.S. small-business insurance.

AIG was at the center of a meltdown in global financial markets 2008 and was effectively nationalized through a government bailout that topped $180 billion. AIG fully repaid its bailout by the end of 2012 by selling off businesses and other assets to roughly halve its size. Following the exit of U.S. taxpayers as owner of AIG, a federal panel of regulators designated AIG as a SIFI.

Those divestitures hurt AIG's profit-making abilities, because it had sold crown jewels and lacked scale in many of the countries where it still operated. Investments in technology also had lagged behind.

With its profitability in recent years trailing those of its peers, some activist investors, including Carl Icahn, have called for the insurance conglomerate to split itself apart.

Over the past two years, Mr. Hancock focused on continued narrowing of AIG's operations as a way to improve its profit margins. He also focused on returning billions of dollars in capital back to shareholders through dividends and share repurchases, which boosted earnings per share.

When Mr. Hancock's turnaround stumbled early this year, the board sought to replace him.

The company said its year-end financial reports will reflect the new structure.

—Cara Lombardo contributed to this article.

MICHAEL BUCHER/THE WALL STREET JOURNAL

AIG CEO Brian Duperreault in July told employees to expect changes to the company's structure.

DEAL

Continued from the prior page

Last month, private-equity firm **Vista Equity Partners** agreed to sell certain payment technologies to **Global Payments** Inc., a big Atlanta-based payments-processing company for about $1 billion.

In another deal that highlights this trend, **Nordic Capital** Ltd., a private-equity firm based in Jersey, agreed to sell Stockholm-based payment-services firm Bambora for €1.5 billion ($1.8 billion) in July to French payment-technologies company **Ingenico Group** SA.

Based in Copenhagen, Nets helps merchants, corporations and banks accept and process credit- and debit-card as well as online payments across the Nordic region.

For the first half of 2017, Nets reported a 6% rise in revenue, driven in part by growth in e-commerce and its direct debit and other electronic billing services. But the company's capital expenditures as a percentage of revenue rose to 9.3% from 8.2% in the prior period, highlighting the competitive pressure payments companies are under to invest in new technology.

To date, Nets, which was founded in 1968, has focused mainly on markets in Denmark, Norway, Finland and Sweden. But with the added financial muscle of private-equity backers, the company has an opportunity to expand into other markets to help fuel growth.

"We would hope...to look at some alternative investment opportunities outside the Nordic region," Patrick Healy, Hellman's deputy chief executive, said in an interview.

Private-equity firms have already benefited from ownership in Nets. Advent, **Bain Capital** and ATP, a Denmark-based pension fund, agreed to buy Nets from a group comprised mostly of Danish and Norwegian banks for 17 billion Danish kroner, or 92.37 kroner a share, in 2014.

In 2016, its private-equity owners sold a portion of their stake as part of the company's initial public offering in Copenhagen, which was priced at 150 kroner a share.

Unilever Buys Seoul Skin-Care Company

By Saabira Chaudhuri

LONDON—**Unilever** PLC agreed to buy Carver Korea, a Seoul-based maker of toners and moisturizers, for $2.7 billion, the latest in a string of skin-care acquisitions as it pivots toward higher-growth sectors.

Unilever is buying what it described as South Korea's fastest-growing skin-care business from **Bain Capital** Private Equity and **Goldman Sachs**, which acquired the company slightly over a year ago.

Carver sells moisturizers, toners and sun-protection products under the brand AHC in Korea, China and the U.S.

In recent years Unilever has upped its exposure to skin products, buying four high-end skin-care brands in 2015 alone. Last year it bought Dollar Shave Club, which gave it the men's skin-care brand Big Cloud and hairstyling brand Boogies.

Under Paul Polman, a former **Procter & Gamble** Co. executive who became Unilever's chief executive in 2009, the company has shifted away from food and toward higher-margin personal care. In 2016, personal care made up 40% of Unilever's revenue, up from 28% in 2008.

Buying Carver will help Unilever gain ground in the Korean beauty market, where hair and beauty trends often influence ones elsewhere. South Korea is the world's fourth-largest market for skin care, according to Unilever.

Carver, which started out in 1999 selling products to beauty salons, reported sales of €321 million ($383.5 million) and earnings before interest, taxes, depreciation and amortization of €137 million for 2016.

'Resort' Fees: Not Only for Resorts

Add-on charges crop up in places like Rapid City, S.D.; guests pay for their 'free' Wi-Fi

By Chris Kirkham

When Ajit Pillai checked into the Crowne Plaza Times Square in New York last month with his family, he was surprised to learn he would have to pay a $30 "resort fee" for each of the four nights of his trip.

He had grown accustomed to such fees at Las Vegas casinos and beachfront resorts, but didn't expect to see the charge at a relatively modest, $260-a-night hotel in congested Midtown Manhattan.

A hotel employee told him the fee was for two free drinks at the bar, the gym and a newspaper.

"It didn't really have anything you would affiliate with a resort," said Mr. Pillai, a maxillofacial surgeon from Brookfield, Wis.

InterContinental Hotels Group PLC, which owns the Crowne Plaza hotel brand, and the hotel's management group declined to comment on the fee. The hotel's website says the "daily service fee" is meant to "enhance the overall guest experience."

Resort fees tacked on to the advertised price of a hotel have long been a source of frustration in tourist destinations like Hawaii and Florida, where they ostensibly cover the cost of perks such as poolside cabanas or spa access. Now they are increasingly cropping up at hotels in big cities and even less-glitzy locales including Spokane, Wash., and Rapid City, S.D. Lower-priced chains such as Best Western and La Quinta Inns & Suites now add them to room charges at hotels near attractions like Disneyland or water parks.

Hoteliers say the fees go toward amenities such as "free" Wi-Fi, pools or gym access, while consumer groups and research by the U.S. Federal Trade Commission say separating such fees from advertised room rates hurts consumers.

The fees have attracted the attention of attorneys general in 46 states and the District of Columbia, who since last year have been investigating the way the industry advertises resort fees.

"We want the lodging businesses to simply present their full and accurate pricing right upfront, so the consumer can see what a room will cost them," said D.C. Attorney General Karl Racine, who is leading an investigation with Nebraska Attorney General Doug Peterson.

Their probe includes **Marriott International** Inc., according to court filings. In a statement, Marriott said it fully discloses resort fees and has been cooperating with the D.C. attorney general's probe.

The number of hotels charging resort fees is up by 26% since last year and average resort fees have risen by 12% to $21.05 a night, according to data from ResortFeeChecker.com, a website that gathers data on resort fees and other mandatory charges by hotels. Nightly fees range from an average of about $30 a night in Las Vegas to $8.68 a night in Daytona Beach, Fla.

Cities with the biggest growth in hotels with resort fees over the past year are major urban markets such as New York, Los Angeles and San Francisco, as well as smaller beach markets such as Sarasota, Fla., and St. Petersburg-Clearwater, Fla., according to the site.

A study from Bjorn Hanson, a clinical professor at New York University's hospitality program, estimates that fees and surcharges at U.S. hotels will total $2.7 billion this year, a 35% increase from five years ago.

The American Hotel and Lodging Association, a trade group for the hotel industry, says resort fees aren't a common practice. In recent years about 4% to 7% of hotels across the U.S. charged such fees, a figure the group said has remained steady since 2000.

Paul English, co-founder of travel search site Kayak.com who now runs a travel site called Lola.com, said he was caught off guard by a $28 nightly "urban facility fee" upon checking in at the Clift Hotel in San Francisco last month.

He told the hotel staff he didn't need the services covered by the fee—Wi-Fi, a discount at the restaurant and use of the gym—but he was told the fee was mandatory.

"Someone needs to end this, because it's just incredibly deceptive to consumers to have this bait and switch," he said.

In a statement, **SBE Entertainment Group**, which co-owns the Clift, said customers who book directly through the company's website get a "detailed preview of the cost, including any fees," throughout the booking process. The fees "help pay for guest services like Wi-Fi and hotel-specific amenities" such as drink credits or pool and beach chairs, the company said.

Mr. English said he booked the hotel through Lola.com, and wasn't aware of the fee until check-in. He said search sites such as Kayak or booking sites like Expedia.com have little control over the advertised prices, because they rely on hotels to supply information such as the room rate. The hotel industry has countered that third-party travel sites should improve disclosure of such fees.

BRYAN MITCHELL/BLOOMBERG NEWS

A corner suite at the MGM Grand Detroit. The number of U.S. hotels charging resort fees has risen.

Online Hotel Listings Can Run the Gamut

The fees can range from $8.65 a night at a South Dakota La Quinta Inn Suites, to $20 at the **MGM Grand Detroit** and **Harrah's North Kansas City** casino.

The Federal Trade Commission in 2012 and 2013 sent warning letters to more than 40 hotel operators and travel sites saying some of them weren't advertising the resort fee as part of the total price for a room. The agency warned that it "may take action to enforce" any violations of consumer protections.

Online hotel listings on company and third-party sites run the gamut.

Some advertise only the room rate, then add the resort fee to the total price when a customer is checking out. Others list charges only for the room and "taxes and fees," and note elsewhere that resort fees will be charged upon check-in.

In a study released this year, the FTC concluded that not fully advertising the total room rate upfront, including resort fees, harms consumers because they must spend more time searching for the fees "or make an incomplete, less-informed decision that may result in a more costly room."

The American Hotel and Lodging Association declined to comment but has said in the past that resort fees "are fully disclosed up front and clear to the consumer at the time of booking, and remain transparent to the consumer," a practice it says is "aligned with" the FTC's guidance in 2012.

Supplier To Apple In Buyout

By Julie Steinberg

Canyon Bridge Capital Partners LLC, a China-backed investment firm whose planned acquisition of a U.S. semiconductor company was scuttled earlier this month, has reached a deal to buy a U.K.-based chip designer for £550 million ($742.2 million).

Canyon Bridge said late Friday it will acquire **Imagination Technologies Group** PLC, a small but important **Apple** Inc. supplier, in an all-cash deal for 182 British pence a share, a 42% premium to Imagination's Friday closing price.

To soothe any concerns that the deal may raise among British authorities, Canyon Bridge said it would maintain Imagination's U.K. headquarters and indicated it had no plans to cut jobs or change Imagination's management.

Imagination, which put itself up for sale in June, doesn't manufacture chips itself. It had been supplying Apple with graphic-processing units, which power videos and other animations on smartphones and computers. Imagination in April said Apple would stop using Imagination's technology in its devices, which sent shares plummeting. Imagination said at the time that Apple was working on its own designs for such technology.

Canyon Bridge's plan to buy Imagination comes after its deal to acquire Portland, Ore.-based Lattice Semiconductor Corp. was rejected by U.S. President Donald Trump.

—Kate O'Keeffe and Ben Dummett contributed to this article.

BOBBY YIP/REUTERS

Tencent, which operates WeChat, was fined, along with Baidu and Weibo. Above, WeChat mascots.

China Fines Three Firms Under Cybersecurity Law

By Josh Chin

BEIJING—Chinese internet regulators said they have hit operators of three of the country's biggest social-media platforms with the maximum fine allowable under a new cybersecurity law for hosting fake news, pornography and other forms of banned content.

The Cyberspace Administration of China didn't disclose the amount of the fines handed down to the platforms, which are owned in whole or part by China's three internet giants: **Tencent Holdings** Ltd., **Baidu** Inc. and **Alibaba Group Holding** Ltd.

The cybersecurity law says network operators can be fined up to 500,000 yuan ($75,000) and have operations suspended or business licenses canceled for failing to stop the transmission of prohibited content.

The agency said Tencent's hugely popular WeChat app "failed to fulfill its management duty" in ensuring users of its public accounts didn't post illegal content.

In a separate statement, the agency said search giant Baidu's Teiba message board and the Twitter-like microblogging site Weibo Corp., partly owned by Alibaba, had similarly failed to prevent their users from spreading damaging information.

Tencent said that it "sincerely accepted" the punishment and would improve its management of WeChat according government guidelines.

Baidu referred to a statement it made in August, when the initial investigation was announced, in which the company apologized to users and promised to fix any problems. Weibo didn't respond to a request for comment.

Unless accompanied by other forms of punishment, a single fine of 500,000 yuan is unlikely to leave a scratch on any of the companies.

Tencent pulled in $21.9 billion in revenue in 2016. Baidu notched revenue of $10.2 billion last year, while Weibo took in $656 million.

A formal investigation into the three platforms was launched in August after a preliminary probe found their users passing around content that regulators said threatened national security and public order.

"The internet is not a land outside the law," the Cyberspace Administration of China said Monday.

—Yang Jie contributed to this article.

Microsoft to Offer A New AI Product

By Ted Greenwald

Microsoft Corp. planned Monday to unveil its first product in a new line of software aimed at taking on **International Business Machines** Corp. and others in the growing market to apply artificial intelligence to everyday business needs.

The new product, a customer-service virtual assistant, is designed to let people describe problems in their own words and respond with suggestions drawn from user manuals, help documents and similar materials.

Users can request a human agent, in which case the bot will try to assist the customer-care representative. Managers can view a dashboard overview of the results.

The bot is one of what Microsoft says will be a series of customizable programs running on the company's Azure cloud-computing platform. The programs, called Dynamics 365 AI solutions, will draw on basic AI capabilities such as natural-language processing as well as a trove of data and algorithms from Microsoft's Bing search engine, productivity apps and LinkedIn network.

The market for artificial-intelligence systems is expected to grow from $12.5 billion this year to $46 billion by 2020, according to International Data Corp. Microsoft, one of a handful of AI front-runners and a leader in business computing, is gunning for a piece of that market.

Microsoft already offers cloud-based AI services that coders can stitch into their programs, competing against the likes of Alphabet Inc.'s Google, Amazon.com Inc. and IBM.

So, for example, companies that want a customer-service bot can either use these tools to build their own—a feat that takes expertise and mountains of data—or hire a company to build it for them, which can be expensive and time-consuming. Microsoft positions its AI solutions as a lower-risk, lower-cost alternative.

"We're trying to come up with a model we believe is most efficient in terms of how quickly AI can get results," said Gurdeep Singh Pall, who heads Microsoft's AI-solutions team. The company declined to reveal pricing or timelines for integrating customer data.

In rolling out AI solutions that can be adapted to each customer's needs, Microsoft is squaring off more directly against IBM's Watson. Both companies are building application product lines based on their AI capabilities. But where IBM's programs target specific industries, Microsoft's address fundamental business needs that apply to any industry—for instance, customer service.

It is also going after Salesforce.com Inc., a leader in customer-service automation that also boasts AI features, though not a virtual assistant.

"There's huge interest from enterprises in deploying chatbots for customer service," said Van Baker, a researcher at Gartner Inc. "The intent usually is to reduce cost by reducing head count."

He estimates 90% of enterprises are investigating chatbots generally, but only 4% have them up and running.

International Data Corp. expects spending on automated customer-service agents to grow to $6.1 billion in 2021 from $1.1 billion in 2016.

Kroger Site Pitches Niche Brands

By Heather Haddon

Kroger Co. is launching a website allowing local suppliers to pitch niche products directly to buyers at the grocer's 2,800 stores, a response to rival Whole Foods Market's moves to be more conventional.

Cincinnati-based Kroger currently features local brands at stores in 35 states, but executives at the largest U.S. grocer plan to expand the offering to lure any Whole Foods shoppers dissatisfied following its recent takeover by **Amazon.com Inc.**

The market value of Kroger and other retailers has been pinched by Amazon's foray into the grocery business.

"They got a lot of publicity for not doing much. It's time to tell our story," said Mike Donnelly, Kroger executive vice president of merchandising and procurement, of the Whole Foods deal.

A Whole Foods spokeswoman declined to comment.

Whole Foods is centralizing its purchasing to become more efficient and profitable. The effort was under way before Amazon bought the country's largest natural and organic grocer, but the deal has presented a catalyst as the e-commerce giant helps to standardize prices and other practices.

Local suppliers have worried about being able to continue displaying their products on Whole Foods shelves as

Kroger hopes to lure shoppers from Whole Foods following its purchase by Amazon.

they have fewer opportunities to pitch their products to individual stores or regions.

Mr. Donnelly invited local brands to instead come to Kroger through the portal launched Friday.

Whole Foods has said that local brands remain a priority for the company, and its purchasing changes will improve store mix. "Local suppliers and products are crucial to the success of the company," the company said.

Kroger is fighting to maintain market share in the competitive grocery industry. The company has experienced declining sales and is dipping into profits to invest in technology to try to keep customers coming to its stores.

Kroger and Whole Foods are also competing for customers seeking natural and organic store brands.

Amazon is now selling hundreds of Whole Foods' "365 Everyday Value" products online, with many of the items selling out in the first week, according to One **Click Retail**, an e-commerce market research firm.

Online sales of Whole Foods products totaled $500,000 in the first week, with coconut water, turkey breast and frozen vegetables being some of the most popular items, the firm found.

Kroger, meanwhile, has invested heavily in expanding its natural and organic selection of goods in recent years as that market has grown.

The company now does around $1.7 billion in sales of its Simple Truth natural brand annually.

BUSINESS WATCH

ACUSHNET

CEO to Step Down At Golf-Gear Supplier

Acushnet Holdings Corp.'s chief executive is stepping down after spending more than 40 years working at the golf-equipment company, leaving his successor to contend with slumping sales and a business model heavily reliant on growing the market for Titleist golf balls.

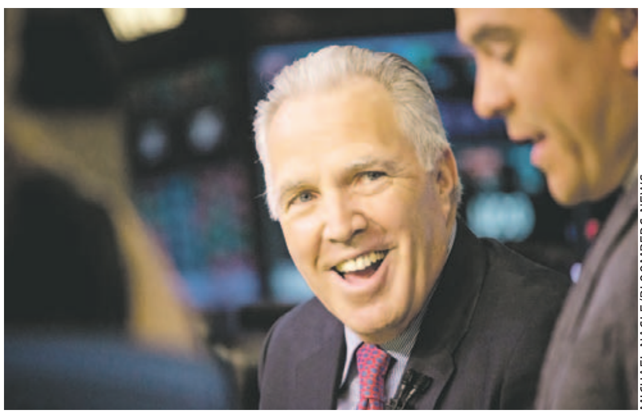
Chief Executive Wally Uihlein notified the board that he plans to retire Jan. 1, the company said Monday. Mr. Uihlein, who has served as senior golf executive since 1995, will remain on the company's board of directors.

Chief Operating Officer David Maher will take over as Acushnet's president and CEO. Mr. Maher, 49 years old, has worked for Acushnet since 1991 and was promoted to his current position in 2016.

Before that he held leadership roles in the Titleist division.

Acushnet said last month that revenue fell 7.6% and sales of Titleist golf balls declined 6.6% in its latest quarter.

—Cara Lombardo



MICHAEL NAGLE/BLOOMBERG NEWS

Wally Uihlein plans to retire as Acushnet Holdings CEO on Jan. 1.

ALLERGAN

Head of Finance Intends to Retire

Allergan PLC said Chief Financial Officer Tessa Hilado, who helped guide the company through the $40.5 billion sale of its generics business to **Teva Pharmaceuticals** Ltd., plans to retire, but will stay on the job until her successor is hired.

Ms. Hilado joined Allergan in 2014, the company said Monday. In prepared remarks, Ms. Hilado said that when she first came on board she promised "that I would stay three years to help transform the finance organization, institute better systems and financial controls and improve the balance sheet."

Separately, the pharmaceutical company authorized a $2 billion share-repurchase program.

Chief Executive Brent Saunders said Monday's announcement follows the recently completed $15 billion buyback program.

Mr. Saunders also praised Ms. Hilado's work.

—Ezequiel Minaya

French Banks Outshine Europe's Stars

Funding crunch in eurozone crisis brings a focus on lucrative service businesses

By Noemie Bisserbe

PARIS—France's biggest banks have rediscovered their mojo by becoming boring.

When Pascal Augé, an investment banker at **Société Générale** SA, was transferred to the French lender's cash-management unit—which helps companies manage their cash flow—he was surprised: "For years, cash management wasn't considered as a very sexy business," said Mr. Augé, who now heads Société Générale's global transaction and payment-services unit. "But we rediscovered the virtues of that business with the crisis."

Now, a few years later, the decidedly unfashionable business generates nearly as much revenue as securities trading.

Société Générale and **BNP Paribas** SA have emerged from the financial crisis, the eurozone debt crisis and long years of European economic stagnation as two of the continent's strongest banks—and two of the few able to withstand the invasion from U.S. investment banks in Europe.

Société Générale had a return on equity of 9.5% in the first half of the year and BNP Paribas achieved 10.6%, making them among the most profitable banks in Europe.

Part of their success has come from using dull but important service businesses, such as handling cash and securities, to attract clients they can upsell to investment banking and trading. The French lenders also have benefited from having long had a focus on corporate banking. France's big corporate sector has remained comparatively strong through years of economic stagnation on the continent.

While powerhouses such as Deutsche Bank AG, Credit Suisse Group AG and Royal Bank of Scotland Group PLC are still restructuring, Société Générale is expanding its lead in equities trading and BNP Paribas is growing its fixed-income business.

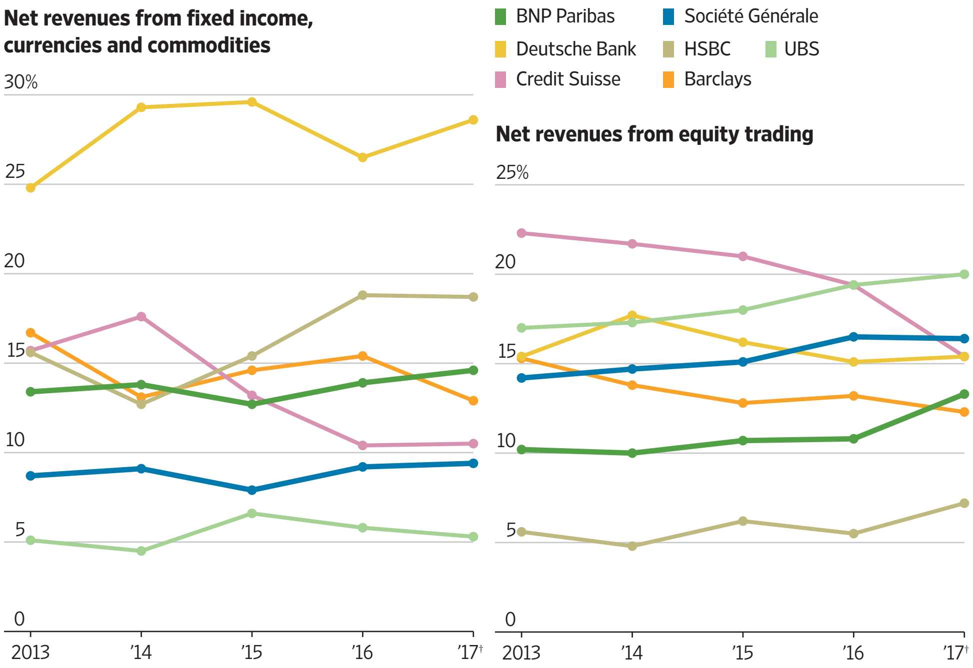
Société Générale saw its market share in equities in Europe rise to 16.4% in 2017 from 14.2% in 2013, while BNP Paribas's market share in fixed income rose to 14.6% from 13.4% in the same period, according to a recent study by Goldman Sachs Group Inc. based on the revenue of the top seven European investment banks.

Meanwhile, Credit Suisse's equities market share fell to 15.4% from 22.3% in Europe, and Barclays PLC's fixed-income market share dropped to 12.9% from 16.7%.

"Unusual suspects continue to outshine" investment banks, Goldman Sachs analysts noted.

Standing Out

French banks Société Générale and BNP Paribas are gaining market share* from European rivals.



*Total revenues for the top seven European investment banks
[1]Data through first quarter.
Source: Goldman Sachs Global Investment Research
THE WALL STREET JOURNAL.

France's largest lenders were relatively sheltered from the 2007-2008 financial crisis, despite Société Générale's €4.9 billion ($5.85 billion) loss from rogue trader Jérôme Kerviel in 2008. Investment bank Natixis also ran into trouble in 2009 due to wrong bets on complex derivatives, eventually forcing the government to orchestrate a merger between its two parent companies.

Most French banks specialized in trading stocks, rather than the fixed-income products that were most hurt during the financial crisis. And more of their business came from traditional banking activities with corporate clients, not investment banking.

The sovereign-debt crisis of 2010-2012 hit them harder. French lenders were hurt especially by their dependence on short-term U.S. money markets, which became harder for some foreign banks to access during the crisis. Franco-Belgian lender Dexia SA ultimately had to be bailed out.

The crisis forced France's surviving banks to find new funding in capital markets and through corporate and institutional deposits, and to restructure their corporate and investment-banking business.

"We realized that we needed to completely change the way we did business," says Yann Gérardin, the head of corporate and institutional banking at BNP Paribas.

French banks developed their cash management and securities services to attract new customers for their investment-banking businesses such as fixed income and foreign exchange.

French banks' focus on corporate clients, which have been far more active than institutional ones—such as mutual funds, pension funds and hedge funds—in recent quarters, has given them an edge.

"French banks are well positioned to continue to gain market share across most corporate and investment banks products," says George Kuznetsov, of the research firm Coalition.

Still, French investment banks are starting from a relatively low base. Investment banking accounts for roughly one-third of French banks' revenue, compared with more than half of revenue at Deutsche Bank or Credit Suisse. And French bankers are eager to preserve that balance.

"We believe in the strength of our diversified business model," said BNP's Mr. Gérardin.

YI CHANG/IMAGINECHINA/ASSOCIATED PRESS

Construction in Yichang city last year. China made moves to curb property prices over the weekend.

China Property Shares Fall

By Ese Erheriene

China-related property stocks, which have made strong gains this year, tumbled on Monday as investors reacted to another wave of government measures to curb real-estate prices. But many analysts say the stock declines are likely to be short-lived.

MONDAY'S MARKETS

The Hang Seng Index's property subindex fell 2.9% to a five-week low, notching its biggest one-day decline since Nov. 7.

"We're seeing a lot of profit-taking on caution," said Woon Tian Yong, an analyst at Informa Global Markets.

The drop weighed on the overall Hang Seng Index, which fell 1.4%, its biggest decline since mid-August.

The benchmark is still up 25% this year, thanks in part to huge gains by developer stocks. China Evergrande Group, for example, is up 457% this year, despite an 8.8% drop on Monday.

The Hang Seng's property subindex is up 29% year to date.

Developer stocks have been stoked by strong sales, which have nearly doubled from 2016 levels for a number of firms.

Over the weekend, more than half a dozen provincial capitals, such as Shijiazhuang and Changsha, released new rules to tame property speculation. The measures follow tighter housing regulations already put in place in the country's biggest cities.

The steps taken include raising mortgage rates by as much as 10% for first-time purchasers in Beijing and requiring home buyers in Chongqing to wait for two years before selling their property, said OCBC Bank.

The tighter policy in second-tier cities "could hurt housing sales in the next few months," said Daniel So, a strategist at China Merchants Bank International.

Chinese officials have for months raised concerns about potential bubbles developing in smaller cities, with home-price gains there outpacing those in places like Beijing and Shanghai in recent months.

Still, most analysts say they don't expect the declines in property stocks to last long. Rather, the policy announcement was "an excuse in the short term" to pull back, Mr. So said.

Elsewhere in Asia, the Nikkei Stock Average declined 0.5% on Monday, while the Shanghai Composite was down 0.3%. South Korea's Kospi slipped 0.35%, and Australia's S&P/ASX 200 was nearly unchanged.

In the U.S., stocks were lower Monday, hurt by declines in shares of technology companies.

Near midday, the Dow Jones Industrial Average was down 72 points, or 0.3%, at 22278. The S&P 500 was also off 0.3%, and the tech-heavy Nasdaq Composite was down 0.9%.

Shares of energy companies rose with oil prices. The S&P 500 energy sector was up 1.5% around midday.

U.S. crude jumped 2% to $51.65 a barrel by midday. Oil prices have rebounded recently as data have suggested the market is rebalancing and analysts have said the Organization of the Petroleum Exporting Countries looks likely to extend its production-cut deal.

Saudi Arabia Plans Bond Sale as It Faces Deficit

By Nicolas Parasie

DUBAI—Saudi Arabia is planning to tap international debt markets again as the Persian Gulf's largest economy extends a borrowing spree to cope with a budget deficit caused by lower oil prices.

The bond issue would mark the kingdom's latest effort to raise funds internationally. Saudi Arabia last year raised $17.5 billion from debt markets, the largest debt sale ever from a developing economy. Earlier this year, the kingdom sold $9 billion worth of Islamic bonds. There are also regular domestic Islamic bond sales and the country has also borrowed from banks.

For more than a year, the country has been turning to the debt markets to raise fresh funds to offset falling oil revenues, plug a widening budget deficit and bankroll an economy transformation plan aimed at making it less reliant on the sale of oil.

The kingdom is also involved in costly conflicts such as the war against Houthi rebels in Yemen and, more recently, is leading a blockade against Qatar, accusing its neighbor of fomenting extremism in the region.

Saudi Arabia's ministry of finance has hired U.S. banks **J.P. Morgan Chase** & Co. and **Goldman Sachs Group** Inc., Bahrain-based Gulf International Bank, U.K.-based **HSBC Holdings** PLC and Japan's Mitsubishi UFJ Financial Group Inc. to lead the newest sale of an international bond, which will have three tranches, according to two bankers who have been briefed on the issue.

Meetings and calls with fixed-income investors were to start Monday, and the sale could take place shortly after, depending on market conditions, said one of the bankers.

Saudi Arabia's debt-raising efforts will help reduce the country's budget deficit, which the finance ministry said would come in at nearly 200 billion Saudi riyals ($53 billion) this year. The country hopes to balance its finances by 2020.

As Saudi Arabia has tightened the purse strings, the kingdom has burned through its foreign-exchange reserves derived mostly from the sale of oil. Its foreign reserves resumed falling in July, according to central-bank data, extending a drawdown that began in late 2014 when oil prices tumbled. That means Saudi reserves have now tumbled by more than $200 billion in less than three years.

Saudi Arabia will follow in the footsteps of fellow Gulf state Bahrain, which raised $3 billion this month with the sale of conventional and Islamic bonds.

Saudi Arabia's economy remains weak, with real gross domestic product expected to contract by 0.3% this year, according to the Institute of International Finance. In addition, Saudi Arabia expects unemployment to remain above 12% in the absence of the strong non-oil growth.

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	%RETURN YTD	12-MO	2-YR
■ Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866									
Fax No: 65-6835 8865, Website: www.cam.com.sg, Email: cam@cam.com.sg									
CAM-GTF Limited	OT	OT	MUS	09/15	USD	306780.09	1.6	-1.6	7.1
Value Partners *Investing through discipline*									
■ Website: https://www.valuepartners-group.com/ Tel: (852) 2143 0688									
China A-Share Fund Cls A AUD H	OT	OT	HKG	09/22	AUD	13.63	15.6	13.7	9.9
China A-Share Fund Cls A AUD UnH	OT	OT	HKG	09/22	AUD	12.53	14.6	14.7	5.6
China A-Share Fund Cls A CAD H	OT	OT	HKG	09/22	CAD	12.53	14.7	12.3	8.3
China A-Share Fund Cls A EUR H	OT	OT	HKG	09/22	EUR	13.12	14.2	11.4	7.8
China A-Share Fund Cls A EUR UnH	OT	OT	HKG	09/22	EUR	12.66	9.8	10.8	NS
China A-Share Fund Cls A GBP H	OT	OT	HKG	09/22	GBP	13.11	13.8	11.2	9.5
China A-Share Fund Cls A GBP UnH	OT	OT	HKG	09/22	GBP	15.18	13.3	15.1	18.6
China A-Share Fund Cls A HKD H	OT	OT	HKG	09/22	HKD	13.36	14.5	12.1	8.3
China A-Share Fund Cls A HKD UnH	OT	OT	HKG	09/22	HKD	13.98	25.4	18.5	11.0
China A-Share Fund Cls A NZD H	OT	OT	HKG	09/22	NZD	13.43	15.8	13.9	10.0
China A-Share Fund Cls A NZD UnH	OT	OT	HKG	09/22	NZD	11.93	19.8	19.4	4.0
China A-Share Fund Cls A RMB (CNH)	OT	OT	HKG	09/22	CNH	14.76	17.7	16.1	11.9
China A-Share Fund Cls A USD	OT	OT	HKG	09/22	USD	13.88	24.7	17.8	10.4
China A-Share Fund Cls A USD H	OT	OT	HKG	09/22	USD	13.36	15.0	12.7	8.7
China Greenchip-A Units	AS	EQ	CYM	09/22	HKD	68.34	34.3	24.9	13.4
China Greenchip-A Units AUD H	AS	EQ	CYM	09/22	AUD	11.60	35.0	25.8	14.2
China Greenchip-A Units CAD H	AS	EQ	CYM	09/22	CAD	11.29	35.0	25.4	13.3
China Greenchip-A Units NZD H	AS	EQ	CYM	09/22	NZD	11.83	34.1	25.3	14.3
China Greenchip-A Units USD	AS	EQ	CYM	09/22	USD	11.28	34.0	24.5	13.2
China Greenchip-A2 QDIs Units	AS	EQ	CYM	09/22	HKD	12.31	33.9	24.5	13.2
GC Hi Yield Inc - Cls A MDIs GBP H	OT	OT	CYM	09/22	GBP	9.64	7.1	9.4	12.6
GC Hi Yield Inc-Cls A MDIs AUD H	OT	OT	CYM	09/22	AUD	9.22	8.4	11.3	14.6
GC Hi Yield Inc-Cls A MDIs CAD H	OT	OT	CYM	09/22	CAD	9.30	7.7	10.2	13.1
GC Hi Yield Inc-Cls A MDIs NZD H	OT	OT	CYM	09/22	NZD	9.59	8.8	11.8	15.1
GC Hi Yield Inc-Cls P HKD Acc sh	OT	OT	CYM	09/22	HKD	15.34	8.8	11.5	13.9
GC Hi Yield Inc-Cls P HKD MDIs sh	OT	OT	CYM	09/22	HKD	9.28	8.7	11.4	13.9
GC Hi Yield Inc-Cls P MDIs SGD H	OT	OT	CYM	09/22	SGD	10.14	7.7	10.2	13.5
GC Hi Yield Inc-Cls P USD Acc sh	OT	OT	CYM	09/22	USD	15.36	8.1	10.7	13.5
GC Hi Yield Inc-Cls P USD MDIs sh	OT	OT	CYM	09/22	USD	9.28	8.1	10.8	13.5
GC Hi Yield Inc-ClsA MDIs EUR H	OT	OT	CYM	09/22	EUR	10.07	6.6	8.6	11.8
Hi-Div Stk Cls A RMB H Acc	OT	OT	HKG	09/22	CNH	12.77	27.7	20.9	15.0
Hi-Div Stk Cls A RMB UnH Acc	OT	OT	HKG	09/22	CNH	14.59	19.1	16.6	13.5
Hi-Div Stk Cls A1	OT	OT	HKG	09/22	USD	90.21	25.8	18.0	12.4
Hi-Div Stk Cls A2 AUD H MDIs	OT	OT	HKG	09/22	AUD	10.43	24.6	17.0	12.2
Hi-Div Stk Cls A2 CAD H MDIs	OT	OT	HKG	09/22	CAD	10.59	24.3	15.9	11.0
Hi-Div Stk Cls A2 GBP H MDIs	OT	OT	HKG	09/22	GBP	10.08	26.1	17.2	11.5
Hi-Div Stk Cls A2 HKD MDIs	OT	OT	HKG	09/22	HKD	11.06	26.4	18.3	12.8
Hi-Div Stk Cls A2 MDIs	OT	OT	HKG	09/22	USD	11.99	24.9	17.1	12.0
Hi-Div Stk Cls A2 NZD H MDIs	OT	OT	HKG	09/22	NZD	10.72	25.3	18.6	12.9
Hi-Div Stk Cls A2 RMB H MDIs	OT	OT	HKG	09/22	CNH	10.62	29.4	21.4	15.7
Hi-Div Stk Cls A2 RMB UnH MDIs	OT	OT	HKG	09/22	CNH	10.54	19.5	16.9	14.3
Hi-Div Stk Cls A2 SGD H MDIs	OT	OT	HKG	09/22	SGD	11.62	NS	NS	NS
Intel-China Converg Fund-A AUD H	AS	EQ	CYM	09/22	AUD	11.47	NS	NS	NS
Intel-China Converg Fund-A CAD H	AS	EQ	CYM	09/22	CAD	12.39	21.8	15.5	NS
Intel-China Converg Fund-A NZD H	AS	EQ	CYM	09/22	NZD	12.85	25.2	19.4	NS
Intel-China Converg Fund-A Units	AS	EQ	CYM	09/22	USD	173.44	30.0	21.7	9.5
Intel-Chinese Mainland Foc Fund	AS	EQ	CYM	09/22	USD	55.86	50.8	41.5	18.8
VP Classic-A Units	AS	EQ	HKG	09/22	USD	352.98	38.7	27.0	16.9

FUND NAME	GF	AT	LB	NAV DATE	CR	NAV	%RETURN YTD	12-MO	2-YR
VP Classic-B Units	AS	EQ	HKG	09/22	USD	158.29	38.2	26.4	16.4
VP Classic-C Units	AS	EQ	HKG	09/22	USD	19.85	37.4	25.6	16.0
VP Classic-C Units AUD H	AS	EQ	HKG	09/22	AUD	16.24	36.0	24.8	16.1
VP Classic-C Units CAD H	AS	EQ	HKG	09/22	CAD	15.92	37.5	25.8	16.2
VP Classic-C Units HKD H	AS	EQ	HKG	09/22	HKD	13.57	37.8	26.6	NS
VP Classic-C Units NZD H	AS	EQ	HKG	09/22	NZD	16.62	37.8	27.3	17.0
VP Classic-C Units RMB	AS	EQ	HKG	09/22	CNH	12.79	22.7	19.8	NS
VP Classic-C Units RMB H	AS	EQ	HKG	09/22	CNH	13.67	42.2	31.6	NS
VP Multi-Asset Fund Cls A HKD	OT	OT	HKG	09/22	HKD	10.82	12.5	8.0	NS
VP Multi-Asset Fund Cls A USD	OT	OT	HKG	09/22	USD	10.91	11.7	7.3	NS
VP Taiwan Fund	AS	EQ	CYM	09/22	USD	20.18	20.5	16.6	18.5

Deloitte Discloses Cyberattack

By Michael Rapoport

The accounting firm **Deloitte** said it had suffered a cyberattack in which a hacker accessed data affecting a "very few" of Deloitte's clients.

Deloitte said Monday that it had contacted all of the affected clients and that "no disruption has occurred to client businesses, to Deloitte's ability to continue to serve clients, or to consumers" as a result of the incident. The firm said it notified government authorities immediately after it became aware of the incident.

Deloitte said the hacker accessed data from an email platform. The firm said it has conducted "an intensive and thorough review" of the incident, using cybersecurity and confidentiality specialists both inside of Deloitte and outside the firm.

News of the Deloitte hack follows two other major data breaches reported in recent weeks. Credit-reporting company **Equifax** Inc. said Sept. 7 that hackers had gained access to personal data the company held on potentially 143 million Americans. The Securities and Exchange Commission said last Wednesday that its Edgar corporate-filing system had been hacked last year.

The cyberbreach at Deloitte was earlier reported by the U.K.'s Guardian newspaper. The Guardian said Deloitte discovered the hack in March, and that it compromised the confidential emails and plans of some of the firm's blue-chip clients.

The firm didn't say in which country it occurred or to which government authorities it reported the breach. While Deloitte is a global organization, it is comprised of individual, country-based partnerships.

Deloitte and other big accounting firms have long been concerned about cyberbreaches. Their auditing, consulting and tax-services businesses mean they hold large amounts of confidential financial data on many of the world's largest companies.

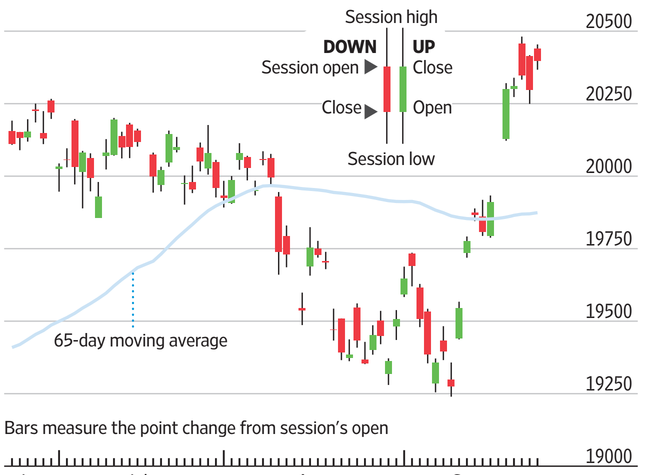
MARKETS DIGEST

Nikkei 225 Index

20397.58 ▲101.13, or 0.50%

High, low, open and close for each trading day of the past three months.

Year-to-date		▲6.71%
52-wk high/low	20397.58	16251.54
All-time high	38915.87	12/29/89



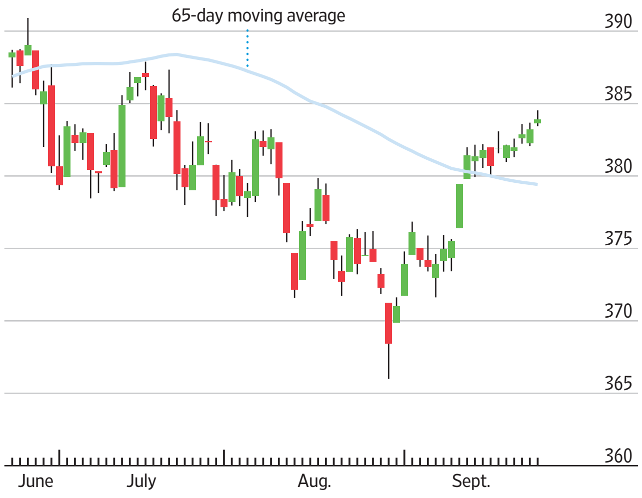
Bars measure the point change from session's open

STOXX 600 Index

383.90 ▲0.68, or 0.18%

High, low, open and close for each trading day of the past three months.

Year-to-date		▲6.22%
52-wk high/low	396.45	328.80
All-time high	414.06	4/15/15



S&P 500 Index

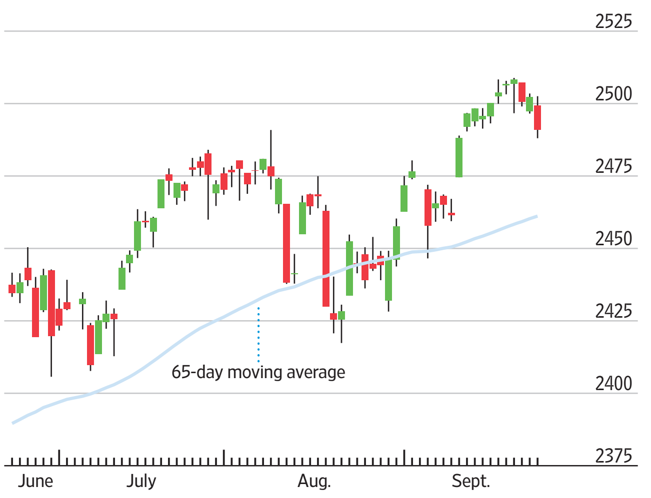
Data as of 12 p.m. New York time

2490.98 ▼11.24, or 0.45%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	24.25	24.81
P/E estimate *	19.14	18.43
Dividend yield	1.99	2.13
All-time high: 2508.24, 09/20/17		

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.



International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range High	YTD % chg
World	**The Global Dow**	2895.80	-13.94	-0.48	2386.93	2910.53	14.5
	MSCI EAFE	1968.51	-9.10	-0.46	1614.17	1981.49	14.7
	MSCI EM USD	1086.24	-16.01	-1.45	838.96	1112.92	36.8
Americas	**DJ Americas**	602.03	-2.71	-0.45	503.44	606.05	11.4
Brazil	**Sao Paulo Bovespa**	74617.99	-771.76	-1.02	56828.56	76419.58	23.9
Canada	**S&P/TSX Comp**	15470.96	16.73	0.11	14468.03	15943.09	1.2
Mexico	**IPC All-Share**	50284.74	-28.77	-0.06	43998.98	51772.37	10.2
Chile	**Santiago IPSA**	3988.93	-26.89	-0.67	3120.87	4023.41	23.8
U.S.	**DJIA**	22260.72	-88.87	-0.40	17883.56	22419.51	12.6
	Nasdaq Composite	6354.93	-71.99	-1.12	5034.41	6477.77	18.1
	S&P 500	2490.98	-11.24	-0.45	2083.79	2508.85	11.3
	CBOE Volatility	10.84	1.25	13.03	8.84	23.01	-22.8
EMEA	**Stoxx Europe 600**	383.90	0.68	0.18	328.80	396.45	6.2
	Stoxx Europe 50	3136.68	10.66	0.34	2720.66	3279.71	4.2
France	**CAC 40**	5267.13	-14.16	-0.27	4342.64	5442.10	8.3
Germany	**DAX**	12594.81	2.46	0.02	10174.92	12951.54	9.7
Greece	**ATG**	742.49	-31.45	-4.06	559.92	859.78	15.4
Israel	**Tel Aviv**	1417.20	0.68	0.05	1346.71	1490.23	-3.6
Italy	**FTSE MIB**	22389.57	-141.26	-0.63	15923.11	22613.48	16.4
Netherlands	**AEX**	527.78	-0.25	-0.05	436.28	537.84	9.2
Russia	**RTS Index**	1130.54	7.30	0.65	956.36	1196.99	-1.9
Spain	**IBEX 35**	10216.50	-88.50	-0.86	8512.40	11184.40	9.2
Switzerland	**Swiss Market**	9140.47	3.75	0.04	7585.56	9198.45	11.2
South Africa	**Johannesburg All Share**	55839.73	...	Closed	48935.90	56896.89	10.2
Turkey	**BIST 100**	102270.17	-1852.68	-1.78	71792.96	110530.75	30.9
U.K.	**FTSE 100**	7301.29	-9.35	-0.13	6676.56	7598.99	2.2
Asia-Pacific							
Australia	**S&P/ASX 200**	5683.70	1.60	0.03	5156.60	5956.50	0.3
China	**Shanghai Composite**	3341.55	-10.98	-0.33	2980.43	3385.39	7.7
Hong Kong	**Hang Seng**	27500.34	-380.19	-1.36	21574.76	28159.77	25.0
India	**S&P BSE Sensex**	31626.63	-295.81	-0.93	25765.14	32575.17	18.8
Indonesia	**Jakarta Composite**	5894.61	-17.10	-0.29	5027.70	5915.36	11.3
Japan	**Nikkei Stock Avg**	20397.58	101.13	0.50	16251.54	20397.58	6.7
Malaysia	**Kuala Lumpur Composite**	1769.14	-1.90	-0.11	1616.64	1792.35	7.8
New Zealand	**S&P/NZX 50**	7869.77	54.99	0.70	6664.21	7879.46	14.4
Philippines	**PSEi**	8244.73	-36.54	-0.44	6563.67	8294.14	20.5
Singapore	**Straits Times**	3215.91	-4.34	-0.13	2787.27	3354.71	11.6
South Korea	**Kospi**	2380.40	-8.31	-0.35	1958.38	2451.53	17.5
Taiwan	**Weighted**	10335.89	-113.79	-1.09	8931.03	10631.57	11.7
Thailand	**SET**	1667.59	8.54	0.51	1406.18	1672.59	8.1

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points: Latest	Previous	Month Ago	Year ago	Yield: Previous	Month ago	Year ago
2.750	**Australia** 2	1.971	54.0	53.8	50.2	86.2	1.973	1.840	1.616
2.750	10	2.807	58.4	54.8	48.9	38.8	2.802	2.657	2.006
3.000	**Belgium** 2	-0.552	-198.3	-197.4	-190.4	-136.6	-0.539	-0.566	-0.612
0.800	10	0.698	-152.5	-152.6	-147.2	-147.1	0.729	0.695	0.147
0.000	**France** 2	-0.513	-194.4	-190.7	-183.6	-136.0	-0.472	-0.499	-0.606
1.000	10	0.698	-152.4	-152.2	-147.3	-140.1	0.733	0.694	0.217
0.000	**Germany** 2	-0.703	-213.4	-210.8	-206.7	-141.9	-0.673	-0.730	-0.665
0.500	10	0.404	-181.8	-180.6	-178.9	-169.8	0.449	0.379	-0.080
0.050	**Italy** 2	-0.106	-153.7	-155.0	-136.4	-87.0	-0.114	-0.026	-0.116
2.200	10	2.105	-11.7	-15.2	-6.8	-40.6	2.103	2.099	1.211
0.100	**Japan** 2	-0.137	-156.8	-156.5	-149.6	-97.4	-0.130	-0.159	-0.220
0.100	10	0.024	-219.9	-222.7	-215.4	-166.6	0.028	0.014	-0.049
4.000	**Netherlands** 2	-0.705	-213.6	-211.3	-202.2	-138.7	-0.678	-0.684	-0.633
0.750	10	0.524	-169.9	-168.5	-165.2	-158.2	0.569	0.516	0.036
4.750	**Portugal** 2	-0.064	-149.5	-150.7	-135.0	-31.5	-0.071	-0.012	0.439
4.125	10	2.432	20.9	15.5	67.6	175.1	2.410	2.843	3.369
2.750	**Spain** 2	-0.317	-174.8	-175.6	-168.5	-95.3	-0.321	-0.348	-0.199
1.450	10	1.614	-60.8	-63.5	-56.8	-65.1	1.619	1.600	0.967
4.250	**Sweden** 2	-0.698	-213.0	-213.0	-200.9	-140.8	-0.695	-0.671	-0.654
1.000	10	0.624	-159.9	-159.7	-156.2	-141.1	0.658	0.606	0.207
1.750	**U.K.** 2	0.440	-99.1	-99.7	-115.8	-65.3	0.438	0.179	0.102
4.250	10	1.337	-88.6	-89.8	-111.4	-98.7	1.357	1.054	0.631
1.250	**U.S.** 2	1.431	...	...	...	...	1.435	1.338	0.754
2.250	10	2.223	...	...	...	...	2.255	2.168	1.618

Commodities

Prices of futures contracts with the most open interest — 12 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 9/22/2017

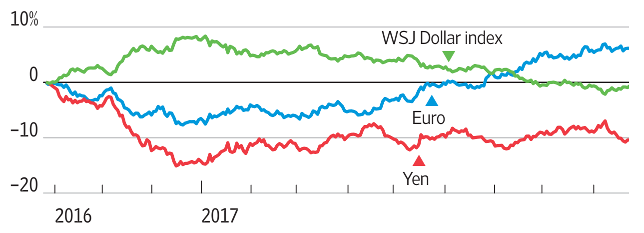
Commodity	Exchange	Last price	One-Day Change Net	Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	353.00	-0.50	-0.14%	417.25	344.25
Soybeans (cents/bu.)	CBOT	973.00	-11.25	-1.14	1,047.00	907.00
Wheat (cents/bu.)	CBOT	452.00	2.50	0.56%	592.25	422.50
Live cattle (cents/lb.)	CME	114.425	-3.000	-2.55	122.850	99.825
Cocoa ($/ton)	ICE-US	1,977	-6	-0.30	2,301	1,794
Coffee (cents/lb.)	ICE-US	132.70	-1.75	-1.30	166.75	119.10
Sugar (cents/lb.)	ICE-US	14.29	-0.35	-2.39	20.40	13.50
Cotton (cents/lb.)	ICE-US	68.51	0.05	0.07	75.75	66.15
Robusta coffee ($/ton)	ICE-EU	2009.00	4.00	0.20	2,272.00	1,892.00
Copper ($/lb.)	COMEX	2.9310	-0.0135	-0.46	3.1785	2.5025
Gold ($/troy oz.)	COMEX	1308.60	11.10	0.86	1,362.40	1,160.80
Silver ($/troy oz.)	COMEX	17.095	0.111	0.65	18.875	14.440
Aluminum ($/mt)*	LME	2,160.00	-14.50	-0.67	2,191.00	1,688.50
Tin ($/mt)*	LME	20,625.00	45.00	0.22	21,225.00	18,760.00
Copper ($/mt)*	LME	6,450.00	-3.00	-0.05	6,937.00	5,491.00
Lead ($/mt)*	LME	2,480.00	10.00	0.40	2,481.00	2,022.00
Zinc ($/mt)*	LME	3,077.00	-1.00	-0.03	3,195.00	2,450.50
Nickel ($/mt)*	LME	10,650.00	-290.00	-2.65	12,220.00	8,780.00
Rubber (Y.01/ton)	TCE	213.60	3.10	1.47	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2686.00	-51.00	-1.86	2876.00	2436.00
Crude oil ($/bbl.)	NYMEX	51.61	0.95	1.88	58.37	42.84
NY Harbor ULSD ($/gal.)	NYMEX	1.8323	0.0237	1.31	1.8444	1.3943
RBOB gasoline ($/gal.)	NYMEX	1.6588	0.0327	2.01	1.6689	1.2736
Natural gas ($/mmBtu)	NYMEX	2.990	-0.031	-1.03	3.5960	2.8860
Brent crude ($/bbl.)	ICE-EU	57.61	1.19	2.11	60.09	45.51
Gas oil ($/ton)	ICE-EU	548.00	6.50	1.20	552.25	408.25

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

London close on Sept. 25

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Mon in US$	Mon per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0574	17.4366	9.9
Brazil real	0.3172	3.1525	-3.1
Canada dollar	0.8086	1.2367	-8.0
Chile peso	0.001589	629.50	-6.0
Colombia peso	0.0003416	2927.35	-2.5
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0558	17.9106	-13.6
Peru sol	0.3071	3.2565	-2.9
Uruguay peso-e	0.0346	28.870	-1.6
Venezuela bolivar	0.100060	9.99	-0.01
Asia-Pacific			
Australia dollar	0.7936	1.2601	-9.2
China yuan	0.1510	6.6206	-4.7
Hong Kong dollar	0.1280	7.8140	0.8
India rupee	0.0153	65.3550	-3.8
Indonesia rupiah	0.0000750	13326	-1.5
Japan yen	0.008962	111.58	-4.6
Kazakhstan tenge	0.002932	341.12	2.2
Macau pataca	0.1243	8.0471	1.7
Malaysia ringgit-c	0.2378	4.2045	-6.3
New Zealand dollar	0.7263	1.3768	-4.7
Pakistan rupee	0.0095	105.385	1.0
Philippines peso	0.0197	50.750	2.3
Singapore dollar	0.7400	1.3513	-6.6
South Korea won	0.0008797	1136.76	-5.9
Sri Lanka rupee	0.0065364	152.99	3.1
Taiwan dollar	0.03303	30.271	-6.7
Thailand baht	0.03021	33.100	-7.6
Europe			
Bulgaria lev	0.6068	1.6480	-11.3
Croatia kuna	0.1582	6.322	-11.9
Euro zone euro	1.1841	0.8446	-11.2
Czech Rep. koruna-b	0.0454	22.015	-14.3
Denmark krone	0.1591	6.2837	-11.1
Hungary forint	0.003803	262.95	-10.6
Iceland krona	0.009281	107.75	-4.6
Norway krone	0.1277	7.8322	-9.4
Poland zloty	0.2765	3.6168	-13.6
Russia ruble-d	0.01733	57.716	-5.8
Sweden krona	0.1242	8.0537	-11.6
Switzerland franc	1.0341	0.9670	-5.1
Turkey lira	0.2818	3.5485	0.7
Ukraine hryvnia	0.0380	26.3200	-2.8
U.K. pound	1.3454	0.7433	-8.2
Middle East/Africa			
Bahrain dinar	2.6510	0.3772	0.01
Egypt pound-a	0.0565	17.6839	-2.5
Israel shekel	0.2842	3.5189	-8.6
Kuwait dinar	3.3120	0.3019	-1.2
Oman sul rial	2.5974	0.3850	0.01
Qatar rial	0.2672	3.742	2.8
Saudi Arabia riyal	0.2666	3.7503	-0.01
South Africa rand	0.0749	13.3562	-2.5

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	85.83	0.30	0.35	-7.65

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on Sep 25

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.2601	1.6954	1.3029	0.0113	0.1612	1.4922	1.0193	...
Canada	1.2367	1.6634	1.2786	0.0111	0.1582	1.4642	...	0.9811
Euro	0.8446	1.1360	0.8732	0.0076	0.1081	...	0.6829	0.6700
Hong Kong	7.8140	10.5129	8.0808	0.0700	...	9.2545	6.3197	6.1997
Japan	111.5770	150.1000	115.3800	...	14.2790	132.1200	90.2300	88.5400
Switzerland	0.9670	1.3010	...	0.0087	0.1238	1.1452	0.7821	0.7673
U.K.	0.7433	...	0.7686	0.0067	0.0951	0.8802	0.6010	0.5899
U.S.	...	1.3454	1.0341	0.0090	0.1280	1.1841	0.8086	0.7936

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	1.23667%	0.52444%
Three month	1.32972	0.85294
Six month	1.49711	1.24444
One year	1.77483	1.55522
Euro Libor		
One month	-0.40071%	-0.37414%
Three month	-0.37929	-0.32186
Six month	-0.30500	-0.21200
One year	-0.21943	-0.07686
Euribor		
One month	-0.37100%	-0.37100%
Three month	-0.32900	-0.30300
Six month	-0.27200	-0.19900
One year	-0.17100	-0.06000
Yen Libor		
One month	-0.04864%	-0.07843%
Three month	-0.03379	-0.02021
Six month	-0.00121	0.00886
One year	0.10614	0.10929
	Offer	**Bid**
Eurodollars		
One month	1.3500%	1.2500%
Three month	1.4100	1.3100
Six month	1.5700	1.4700
One year	1.8700	1.7700
	Latest	**52 wks ago**
Prime rates		
U.S.	4.25%	3.50%
Canada	3.20	2.70
Japan	1.475	1.475
Hong Kong	5.00	5.00
Policy rates		
ECB	0.00%	0.00%
Britain	0.25	0.25
Switzerland	0.50	0.50
Australia	1.50	1.50
U.S. discount	1.75	1.00
Fed-funds target	1.00-1.25	0.25-0.50
Call money	3.00	2.25
Overnight repurchase rates		
U.S.	1.06%	0.51%
Euro zone	n.a.	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

Top Stock Listings

12 p.m. New York time

Asia Titans

Cur	Stock	Sym	Last	% Chg	YTD% Chg
HK$	AIAGroup	1299	59.20	-1.17	35.31
AU$	AustNZBk	ANZ	30.00	0.20	-1.38
AU$	BHP	BHP	25.98	0.12	3.67
HK$	BankofChina	3988	3.90	-1.76	13.37
HK$	CKHutchison	0001	99.30	-0.45	12.97
AU$	CSL	CSL	133.86	0.59	33.31
¥	Canon	7751	3802.00	0.77	15.39
¥	CentralJapanRwy	9022	19475	0.03	1.27
HK$	ChinaConstructnBk	0939	6.51	-1.66	9.05
HK$	ChinaLifeInsurance	2628	23.45	-0.85	16.09
HK$	ChinaMobile	0941	79.05	-0.44	-3.83
HK$	ChinaPetro&Chem	0386	5.81	-1.02	5.64
AU$	CmwlthBkAust	CBA	75.81	-1.06	-8.01
¥	EastJapanRailway	9020	10390	0.05	2.87
¥	Fanuc	6954	22995	0.61	16.05
¥	Hitachi	6501	791.00	-0.05	25.16
TW$	Hon Hai Precisn	2317	105.00	-2.78	24.70
¥	HondaMotor	7267	3362.00	0.30	-1.55
KRW	HyundaiMtr	005380	141000	-0.70	-3.42
HK$	Ind&Comml	1398	5.71	-2.23	22.80
$	Infosys	INFY	14.37	-1.54	-3.14
¥	JapanTobacco	2914	3680.00	0.16	-4.27
¥	KDDI	9433	3005.00	0.84	1.54
¥	Mitsubishi	8058	2618.00	1.10	5.14
¥	MitsubishiElectric	6503	1749.50	0.43	7.36
¥	MitsubishiUFJFin	8306	719.00	-0.65	-0.17
¥	Mitsui	8031	1691.00	0.09	5.23
¥	Mizuho Fin	8411	198.80	-0.05	-5.24
¥	NTTDoCoMo	9437	2587.00	0.31	-2.85
AU$	NatAustBnk	NAB	31.28	...	1.99
¥	Nintendo	7974	41200	0.17	67.89
¥	NipponTeleg	9432	5140.00	2.47	4.64
¥	NissanMotor	7201	1155.50	0.30	-1.70
¥	Panasonic	6752	1611.00	-1.26	35.44
HK$	PingAnInsofChina	2318	60.85	-1.22	56.83
$	RelianceIndsGDR	RIGD	25.25	...	60.06
KRW	SamsungElectronics	005930	2681000	1.17	48.78
¥	Seven&I Hldgs	3382	4326.00	-0.92	-2.85
¥	SoftBankGroup	9984	9160.00	0.88	17.97
¥	Sony	6758	4184.00	0.24	27.76
¥	Sumitomo Mitsui	8316	4306.00	-0.30	-3.45
HK$	SunHngKaiPrp	0016	126.20	-3.22	28.78
TW$	TaiwanSemiMfg	2330	217.00	-0.69	19.56
¥	TakedaPharm	4502	6181.00	1.49	27.84
HK$	TencentHoldings	0700	341.60	-1.33	80.07
¥	TokioMarineHldg	8766	4464.00	-0.80	-6.92
¥	ToyotaMtr	7203	6784.00	0.76	-1.37
AU$	Wesfarmers	WES	41.07	-0.34	-2.54
AU$	WestpacBanking	WBC	31.86	0.70	-2.27
AU$	Woolworths	WOW	25.19	-0.63	4.52

Stoxx 50

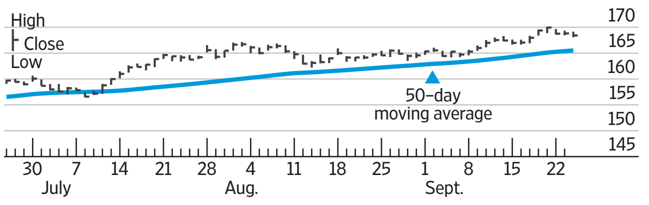
Cur	Stock	Sym	Last	% Chg	YTD% Chg
CHF	ABB	ABBN	23.93	...	11.41
€	ASMLHolding	ASML	137.10	-1.33	28.55
€	AXA	CS	24.77	-0.76	3.25
€	AirLiquide	AI	109.90	0.14	4.02
€	Allianz	ALV	185.70	-0.54	18.28
€	AB InBev	ABI	98.73	1.25	-1.81
£	AstraZeneca	AZN	4930.00	0.37	11.10
€	BASF	BAS	88.63	0.33	0.36
€	BNP Paribas	BNP	66.33	-1.44	9.55
£	BT Group	BT.A	286.95	1.47	-21.79
€	BancoBilVizAr	BBVA	7.37	-1.88	15.99
€	BancoSantander	SAN	5.67	-1.13	14.42
£	Barclays	BARC	189.70	-0.97	-15.10
€	Bayer	BAYN	111.90	1.63	12.88
£	BP	BP.	472.40	1.24	-7.30
£	BritishAmTob	BATS	4585.00	-0.56	-0.79
€	Daimler	DAI	66.70	0.15	-5.68
€	DeutscheTelekom	DTE	15.61	0.97	-3.60
£	Diageo	DGE	2436.50	...	15.47
€	ENI	ENI	13.94	1.16	-9.89
£	GlaxoSmithKline	GSK	1480.00	0.41	-5.25
£	Glencore	GLEN	344.10	-0.88	24.07
£	HSBC Hldgs	HSBA	721.20	-0.81	9.79
€	INGGroep	INGA	15.23	-0.75	13.95
£	ImperialBrands	IMB	3226.00	-0.05	-8.93
€	IntesaSanpaolo	ISP	2.96	-0.54	21.85
€	LVMHMoetHennessy	MC	230.75	0.15	27.21
£	LloydsBankingGroup	LLOY	65.87	-1.55	5.38
€	LOreal	OR	181.85	0.50	4.87
£	NationalGrid	NG.	947.80	0.39	-8.70
CHF	Nestle	NESN	81.10	0.68	11.02
CHF	Novartis	NOVN	83.85	0.48	13.16
DKK	NovoNordiskB	NOVO-B	308.60	0.92	21.16
£	Prudential	PRU	1741.50	-1.83	7.00
£	ReckittBenckiser	RB.	6827.00	0.29	-0.86
£	RioTinto	RIO	3436.00	-1.83	8.79
CHF	RocheHldgctf	ROG	250.00	0.81	7.48
£	RoyDtchShell A	RDSA	2209.50	0.89	-1.47
€	SAP	SAP	91.88	-0.23	10.95
€	Sanofi	SAN	84.64	0.62	10.07
€	SchneiderElectric	SU	72.23	0.04	9.26
€	Siemens	SIE	116.65	0.09	-0.13
€	Telefonica	TEF	9.01	-0.46	2.10
€	Total	FP	45.63	0.70	-4.46
CHF	UBSGroup	UBSG	16.29	-0.91	2.13
€	Unilever	UNA	49.41	0.57	26.32
£	Unilever	ULVR	4269.00	0.12	29.66
€	Vinci	DG	80.00	-0.22	23.65
£	VodafoneGroup	VOD	209.15	0.43	4.65
CHF	ZurichInsurance	ZURN	286.30	-0.59	2.10

DJIA

Cur	Stock	Sym	Last	% Chg	YTD% Chg
$	AmericanExpress	AXP	88.06	-0.38	18.87
$	Apple	AAPL	150.00	-1.24	29.51
$	Boeing	BA	254.53	-0.75	63.50
$	Caterpillar	CAT	124.27	-0.13	34.00
$	Chevron	CVX	118.03	0.63	0.28
$	CiscoSystems	CSCO	33.41	0.11	10.54
$	Coca-Cola	KO	45.50	0.02	9.74
$	Disney	DIS	99.20	0.61	-4.82
$	DowDuPont	DWDP	69.58	-0.54	3.57
$	ExxonMobil	XOM	80.78	1.08	-10.50
$	GeneralElec	GE	24.98	0.44	-20.95
$	GoldmanSachs	GS	228.97	-0.89	-4.38
$	HomeDepot	HD	160.17	0.13	19.46
$	Intel	INTC	36.90	-0.75	1.74
$	IBM	IBM	145.56	0.30	-12.31
$	JPMorganChase	JPM	93.75	-1.14	8.65
$	J&J	JNJ	131.41	0.02	14.06
$	McDonalds	MCD	157.27	-1.03	29.21
$	Merck	MRK	65.31	0.28	10.94
$	Microsoft	MSFT	73.20	-1.63	17.80
$	Nike	NKE	53.24	...	4.74
$	Pfizer	PFE	35.88	-0.22	10.47
$	Procter&Gamble	PG	92.87	0.68	10.45
$	3M	MMM	209.93	-0.39	17.56
$	Travelers	TRV	122.63	0.48	0.17
$	UnitedTech	UTX	113.94	-0.93	3.95
$	UnitedHealth	UNH	191.96	-0.55	19.95
$	Visa	V	103.35	-2.09	32.47
$	Verizon	VZ	49.90	...	-6.52
$	Wal-Mart	WMT	79.42	-0.13	14.91

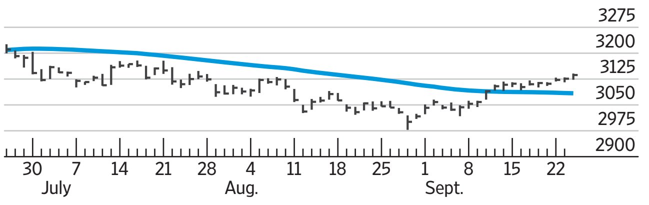
Asia Titans 50

Last: **168.41** ▼0.40, or 0.24% — YTD ▲19.5%



Stoxx 50

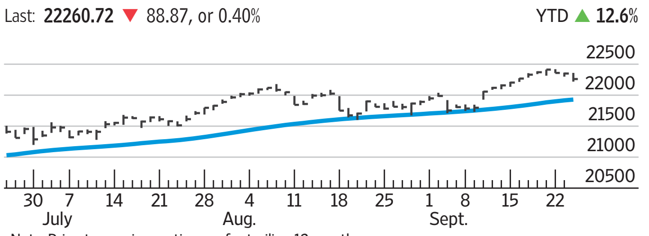
Last: **3136.68** ▲10.66, or 0.34% — YTD ▲4.2%



Dow Jones Industrial Average

P/E: 20

Last: **22260.72** ▼88.87, or 0.40% — YTD ▲12.6%



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

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The Mart

BUSINESS OPPORTUNITY

Government of Maharashtra Office of the Executive Engineer Special Project (P.W.) Division, Yavatmal

Address: Near P. W. Rest House Civil Line Yavatmal
E-mail:spdyavatmal.ee@mahapwd.com
Telephone No. 07232-242782
E-Tender Notice No. 12 Year 2017-18

Subject: RFP for improvement of Roads in Yavatmal District in Maharashtra State for Two Lanning road/ Two Lanning road with paved shoulders under MRIP Package AM-22 on Hybrid Annuity Mode.

The Government of Maharashtra had entrusted to the Authority the Development, maintenance and management of State Highways and Major Districts Roads Of State of Maharashtra. The Authority had resolved to augment the existing road for **1) Yavatmal Bypass Road section Kalamb Chaufuli Pimpalgaon Lohara (SH 318 Length 13.46Km) 2) Babhulgoan Kalamb Ralegoan road in Yavatmal Dist. Joining Dist. HQ with HQ (SH300 & 317 Length 34.23 Km) 3)Yavatmal Kolambi Ghantanji Road in Yavatmal Dist. Joining Ghatanji to Dist. HQ(SH300 & 316 Length 42.848 Km) 4) Pandharkawada Sibala to Zari Jamni Road in Yavatmal Dist. Joining Pandharkawada & Zari Jamni to Dist. HQ (SH273 Length 34.896Km)**

Road connecting cities, Processing Project and Pilgrimage centers in State of Maharashtra by (Two Lanning/ Two Lanning with paved shoulders thereof) (The "Project") on design, build, operate and transfer (the "DBOT Annuity" or "Hybrid Annuity") basis, and has decided to carry out bidding process for selection of (a private entity) as the Bidder to whom the Project may be awarded Brief particulars of the project are as follows.

Name of the State Highway/Major District	Length (in Km)	Estimated Project Cost (Rs. In Cr.)
1) Yavatmal Bypass Road section Kalamb Chaufuli Pimpalgaon Lohara (SH 318 Length 13.46Km) **2) Babhulgoan Kalamb Ralegoan road in Yavatmal Dist. Joining Dist. HQ with HQ (SH300 & 317 Length 34.23 Km)** **3) Yavatmal Kolambi Ghantanji Road in Yavatmal Dist. Joining Ghatanji to Dist. HQ (SH300 & 316 Length 42.848 Km)** **4) Pandharkawada Sibala to Zari Jamni Road in Yavatmal Dist. Joining) Pandharkawada Sibala to Zari Jamni to Dist. HQ (SH273 Length 34.896Km)**	**125.434 Km.**	**322.71**

The complete BID document can be viewed/downloaded from e-procurement portal of (https://maharashtra.etenders.in) **"as per E-tender schedule"**. Bid must be submitted online only at (https://maharashtra. etenders.in) during the validity of registration with the (Maharashtra Government e-tendering Portal) i.e. (https://maharashtra.etenders.in) on or before "Date of closing for technical Bid as per E-tender schedule". Technical submissions of the Bids received online shall be opened on **"as per E-tender schedule"** Bid submitted through any other mode shall not be entertained. However, Bid security, proof of online payment of cost of bid document, Power Attorney and joint bidding agreement etc. as specified in Clause-2.11.2 of RFP shall be submitted physically by the Bidder on or before Date of opening of Technical Bid **"as per E-tender schedule"**. Please note that the Authority reserves the right to accept or reject all or any of the BIDs without assigning any reason whatsoever.

No.3295/**T.C./Dt. 11 09 2017**
Office of **the Executive Engineer Special Project (P.W.) Division, Yavatmal.**

(Y. L. Lakhani)
Executive Engineer
Special Project (P.W.) Division, Yavatmal

DGIPR-2017-2018/3126

ANNOUNCEMENTS

BUSINESS OPPORTUNITY

BUSINESS CONNECTIONS

TRAVEL

BUSINESS OPPORTUNITY

GOVERNMENT OF MAHARASHTRA PUBLIC WORKS REGION, NASHIK PUBLIC WORKS DIVISION (East), NASHIK E-TENDER NOTICE NO.11 FOR 2017-2018 (Online)

The Public Works Department, Government of Maharashtra, The Principal Secretary, Public Works Department (the "Authority") represented by the Executive Engineer, P.W. Division, (East), Nashik is engaged in the development of highways and as part of this endeavor, the Authority has decided to undertake Development and Operation / Maintenance of the Single project (the "Project") on [Design, Build, Operate and Transfer (the "DBOT")] Hybrid Annuity basis, and has decided to carry out the bidding process for selection of a private entity as the Bidder to whom the Project may be awarded. Tender Notice is also available on Notice Board of P.W. Division (East) Nashik and on our website www.mahapwd.com / https://mahatenders.gov.in.

Sr. No.	State	Dist.	Packages	Name of Project	Project length in km	Project cost	Earnest Money/ Bid Security	Duration of the project	Cost of Tender Fee Document.
1.	Maharashtra	Nashik	NSK - 39	Improvement to Nampur - Satana - Kalwan - Vani-Pimpalgaon Niphad - Sinnar Road SH-27 Km 0/00 to 154/00 Tal-Satana, Kalwan, Dindori, Niphad, Sinnar District-Nashik	127.80 K.M	303.06 Crores	1.52 Crores	18 Months	11,800/- Online payment through NEFT/RTGS
2.	Maharashtra	Nashik	NSK - 40B	B) Improvement to Malegaon - Nandgaon - SH - 26Road Km 0/00 to 27/100 and Nandgaon-Yeola to Nashik District Border (SH-25) Km.114/00 to 75/00 Tal-Malegaon,Nandgaon,Yeola, District-Nashik.	65.77 K.M	132.68 Crores	0.67 Crores	18 Months	11,800/- Online payment through NEFT/RTGS

E-TENDER SCHEDULE

Sr. No.	Event Description	Start Time & Date
1.	Invitation of RFP (NIT)	Dt.19/09/2017 @ 10.00 am (From) to 23/11/2017, 17.45 Hrs
1A.	(Download period of online tender)	Dt.19/09/2017 @ 10.00 am From to 23/11/2017 @ 17.45 Hrs. (Upto)
2.A	Last date for receiving queries for pre-bid No.1	10/10/2017 upto 11.00 am.
2.B	Pre - Bid meeting No.1	10/10/2017 @ 12.00 Hrs. in the office of the Chief Engineer,Public Works Region, Nashik
3.A	Last date for receiving queries for pre-bid No. 2	Dt.17/10/2017 up to 11.00 am.
3.B	Pre-Bid Meeting No. 2	Dt.17/10/2017 12.00 Hrs.in the office of the Chief Engineer, Public Works Region, Nashik
3.C	Authority response to queries for Pre-Bid Meeting No. 2	Online or in the office of the Chief Engineer, Public WorksRegion, Nashik on or before Dt.27/10/2017 up to 11.00 am
4.	Bid due Date (Submit Hash to create online tender by bidder) (Technical and financial Bid Last Date and time)	Dt. 23/11/2017, 17.45 Hrs.
5.	Physical submission of Bid Security / POA etc (as per clause 2.11.2 of RFP)	Dt. 28/11/2017 till 17.00 Hrs.
6.	Opening of Technical Bids.	On 28/11/2017 after 17.00 Hrs. (If possible) in the Office of the Superintending Engineer, Public Works Circle, Nashik.
7.	Opening of Financial Bids.	Dt.20/12/2017 @ 11.30 am (If possible) Superintending Engineer,Public Works Circle, Nashik.

Note

1. **The payment towards the cost of Tender forms will be done online only through RTGS / NEFT. It should be noted that one should complete these activities at least one day in advance.**
2. **All eligible / interested Bidders who want to participate in tendering process should compulsory get enrolled on e-tendering portal "http://mahatenders.gov.in", www.mahapwd.com.**
3. **Contact on numbers given below for difficulties in online submission of tenders:-, (NIC-Toll Free Ph.No.1800 3070 2232)**
4. **Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause 2.11.2 of the RFP shall be submitted physically by the Bidder on or Before Dt.28/11/2017 upto 17.00 hrs.**
5. **Other terms and Conditions are detailed in online e-tender form. Right to reject any or all online bids of work, without assigning any reasons there of, is reserved with department.**
6. **Short Tender Notice is displayed on P.W.D. website www.mahapwd.com.**

D.G.I.P.R. 2017/2018/3086

Executive Engineer,
Public Works Division (East) Nashik

BUSINESS OPPORTUNITY

GOVERNMENT OF MAHARASHTRA E.G.S. (P.W) DIVISION, DHULE NOTICE FOR Hybrid Annuity (Online) Tender E-TENDER NOTICE NO. 16 FOR 2017-18

The Public Works Department, Government of Maharashtra, The Principle Secretary, Public Works Department (the **"Authority"**) represented by the Executive Engineer, E.G.S. (P.W.) Division, Dhule is engaged in the development of highways and as part of this endeavor, the Authority has decided to undertake development and operation / maintenance of the single Project (the **" Project"**) on [Design, Build, Operate and Transfer (the **"DBOT"**)] **Hybrid Annuity basis**, and has decided to carry out the bidding process for selection of a private entity as the Bidder to whom the Project may be awarded.

Brief particulars of the Project are as follows:

Sr. No.	State	Dist.	Package No.	Name of Project	Project length in km	Project cost	Earnest Money/ Bid Security	Duration of the project	Cost of Tender Fee Document.
1.	Maharashtra	DHULE	NSK - 42	A) Improvement to Mehergaon Dhule Amalner Chopada Khargaon Road SH-15, SH-15A, SH-15B, SH-15C km. 0/00 to 45/190 (Mehergaon to Navalnagar) Dist. Dhule	27.16 K.M	64.47 Crore	0.91 Crores	18 Months	11,800/- Online payment through NEFT/RTGS
				B) Improvement to Paldhi Amalner Betawad Shindkheda Dondaicha Road SH-6 km. 60/200 to 121/200 (Betawad to Dhavde) Dist. Dhule	49.65 K.M	116.67 Crore			
				TOTAL	76.81 K.M	181.14 Crore			

e-tender time table

Sr. No.	Event Description	Date
1A.	Main Tender Release	Dt. 18/09/2017 at 17.30 am to Dt. 19/09/2017 at 18.00 pm
1B.	Invitation of RFP (NIT) (Download period of online tender)	Dt. 19/09/2017 at 18.00 am to Dt. 18/11/2017 at 23.00 pm
2.A	Last date for receiving queries for pre-bid No.1	09/10/2017 upto 10.30 am
2.B	Pre - Bid meeting No.1	Online or in the office of the Chief Engineer, Public Works Region, Nashik on or before Dt. 09/10/2017 @ 11.00 am
2.C	Authority response to queries for Pre-Bid Meeting No. 1	16/10/2017
3.A	Last date for receiving queries for pre-bid No. 2	30/10/2017 upto 10.00 am
3.B	Pre - Bid meeting No. 2	Online or in the office of the Chief Engineer, Public Works Region, Nashik on or before Dt. 30/10/2017 @ 11.00 am
3.C	Authority response to queries for Pre-Bid Meeting No. 2	06/11/2017
4.	Bid due Date (submit Hash to create online tender by bidder) (Technical and financial Bid Last date and time)	Dt. 21/11/2017 till 23.00 pm
5.	Physical submission of Bid Security/ POA etc (as per clause 2.11.2 of RFP)	Till 11.00 am on 28/11/2017 in the office of Superintending Engineer, Public Works Circle, Dhule
6.	Opening of Technical Bids.	At 11.30 am on 28/11/2017 office of Superintending Engineer, Public Works Circle, Dhule

Note

1. The payment towards the cost of Tender forms will be done online only through RTGS / NEFT. It should be noted that one should complete these activities at least one day in advance.
2. All eligible / interested Bidders who want to participate in tendering process should compulsory get enrolled on e-tendering portal **"http://mahatenders.in"**
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5. Other terms and Conditions are detailed in online e-tender form. Right to reject any or all online bids of work, without assigning any reasons there of, is reserved with department.
6. Short Tender Notice is displayed on P.W.D. website www.mahapwd.com

D.G.I.P.R 2017/2018 - 3122

Executive Engineer,
E.G.S (P.W) Division,
Dhule - 424001

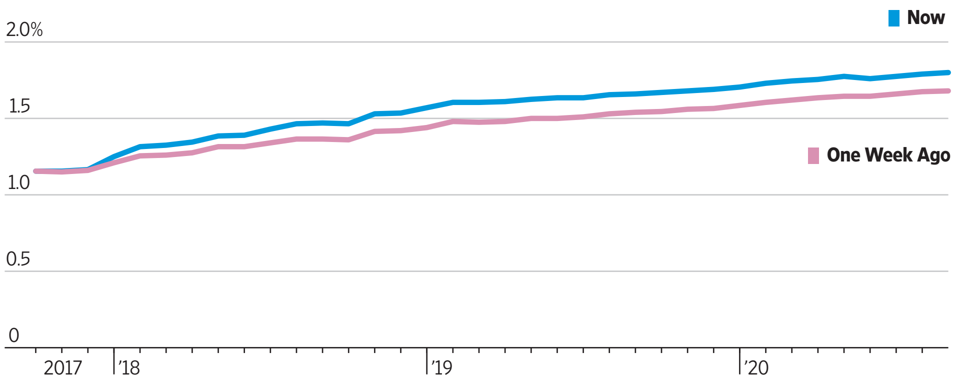
MARKETS

THE DAILY SHOT | By Lev Borodovsky and Akane Otani

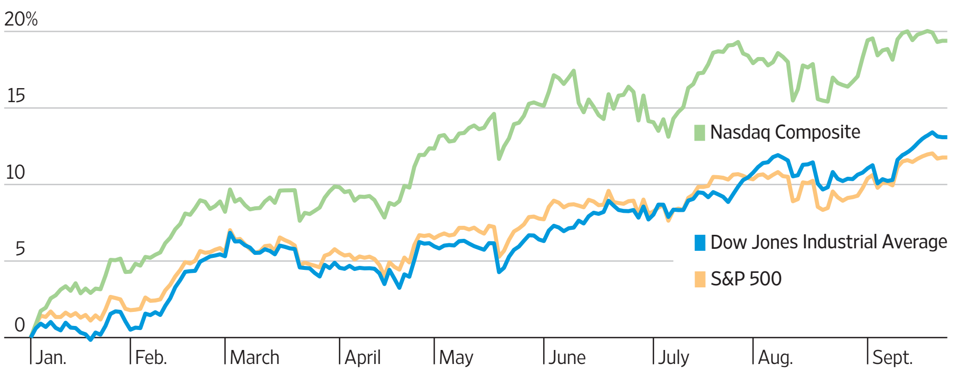
Sunny Views, Cloudy Skies

Economic commentary has lately taken on a bullish tone, what with Europe and even Japan showing signs of strengthening. Eight years in, the U.S. expansion is broadly perceived as robust. Traders are betting the Federal Reserve will raise interest rates again in December. Yet beneath the surface, it's far from clear that the economy has as much momentum as might be implied by the Dow's run this month of nine straight gains, including its 42nd record of 2017.

Rate implied by Fed funds futures



Index performance, year to date

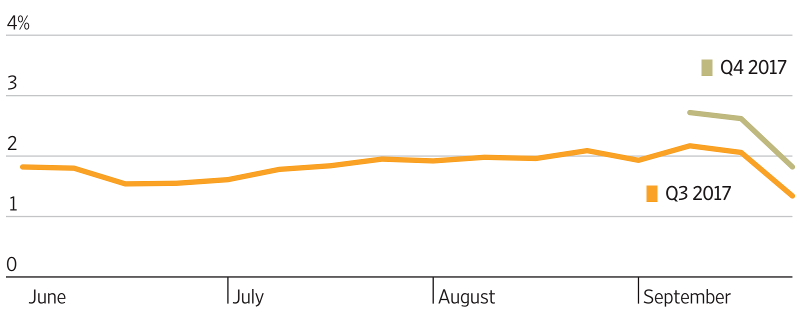


Third-quarter growth estimates provided by the Federal Reserve banks in New York and Atlanta have tailed off sharply following strong starts.

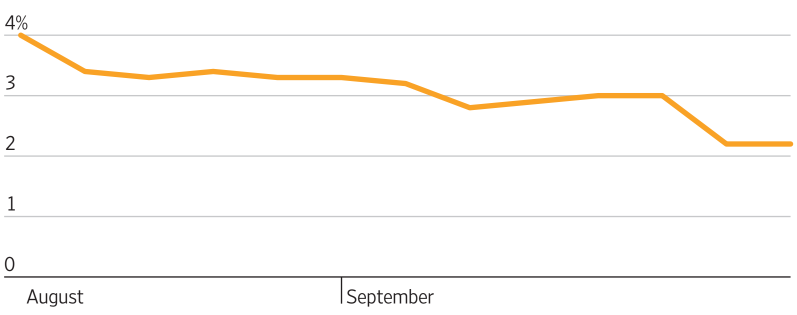
Retail sales and industrial production have been weak as well. In general, 'soft' data such as sentiment continues to paint a ruddier picture than 'hard' data using numbers.

Adding to the uncertainty, a string of hurricanes—most prominently Harvey, which battered the Gulf Coast energy industry—is making economic forecasting even less precise. October, historically the meanest month for stocks, could be a doozy.

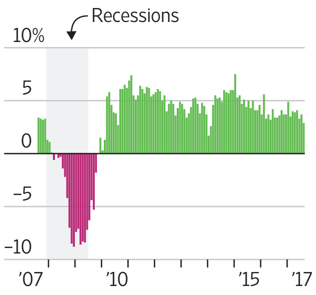
New York Fed Nowcast model prediction for Q3 and Q4 2017 GDP growth



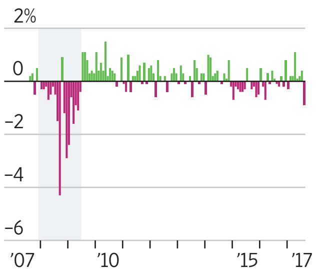
Atlanta Fed GDPNow Q3 2017 GDP growth forecast



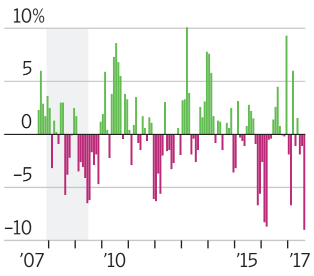
Retail sales excluding gasoline stations, percentage change from a year earlier*



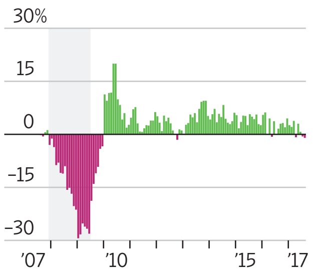
Industrial production index, monthly change*



Gas and electric utilities' output, percentage change from a year earlier



Production of durable consumer goods, percentage change from a year earlier



*Seasonally adjusted
Sources: Chicago Board of Trade (Fed funds futures); WSJ Market Data Group (Dow, S&P 500, Nasdaq); Federal Reserve Bank of New York (Nowcast); Federal Reserve Bank of Atlanta (GDPNow); Federal Reserve Bank of St. Louis (industrial production, retail sales, utilities) THE WALL STREET JOURNAL.

HEARD ON THE STREET

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Don't Get Flattened By the Fed

The Federal Reserve is telling investors it will flatten the yield curve. They should listen.

Last week, policy makers stuck to a projection that they will raise their target range on rates by another quarter point this year. But they also lowered their median projection of where they think rates will eventually be to 2.75% over the longer run versus their June forecast of 3%.

That matters to the bond market because Treasury yields reflect investors' expectation of what overnight rates will average across the maturity of Treasurys, plus the "term premium," the extra yield investors demand for the risk of lending over a longer term. Historically, term premiums have been positive but lately have been negative.

Based on the Fed's projected rate path and current term premiums, the 10-year yield seems about right.

Nor should yields rise much as the Fed raises rates, because those rate increases would only raise the average level of short-term rates over the 10-year's maturity slightly.

Average rates over shorter maturities would rise more. The Fed's projections suggest the yield curve will flatten.

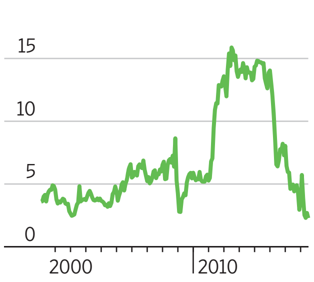
Fears that a flat curve is an economic distress signal may not pan out, but it does lead equity investors to reduce risk, points out Cornerstone Macro's Roberto Perli. Shares of banks and credit-dependent firm often underperform.

The Fed's expected rate path might not come true. Low inflation could lead it to raise more slowly. High inflation could do the opposite. And an increase in term premiums could alter the curve's shape. But for now, investors should be careful not to get flattened. *—Justin Lahart*

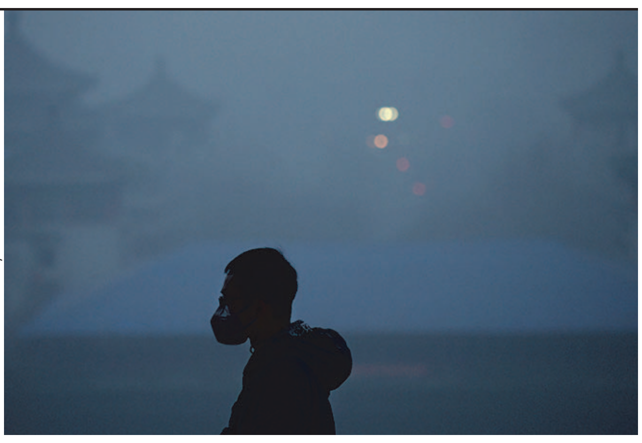
Burnt Out

Price premium of liquefied natural gas over coal in Asia

$20 per million British Thermal Units



Source: IMF
THE WALL STREET JOURNAL.



AGENCE FRANCE-PRESSE/GETTY IMAGES

A man wears a mask in Beijing. Air pollution makes natural gas more appealing for China.

Liftoff for Gas in China

If coal is king, then China, which burns half the world's coal supply every year, is a sooty emperor. It would like to be a gas giant instead.

The nation's economic mandarins have long advocated cleaner-burning natural gas as an alternative, but have been stymied by high prices, rapidly growing power demand, and bureaucratic intransigence.

That is starting to change: Gas prices in Asia have fallen by two-thirds since 2015 and Chinese politicians are getting increasingly nervous about middle-class discontent with air pollution. Chinese citizens live an average of three years less than if the air was cleaner, according to recent research from the University of Chicago. Much of that is due to coal.

Asian liquefied-natural-gas prices are hovering around their lowest levels in more than a decade—about $5 to $6 per million British thermal units, or mmBtu, this summer. Coal prices, meanwhile, have been bid back up near 2012 highs of $90 a metric ton after falling as low as $50 in 2016.

As a result, the extra cost for buying liquefied natural gas instead of coal in Asia is currently languishing around $2 to $3 per mmBtu, the lowest level since the turn of the century. Rapidly expanding Australian and U.S. natural-gas exports, and China's determination to keep its own coal supply in check, mean that premium will likely remain low for a long time, encouraging gas adoption.

And even if the spread over coal increases, keeping power prices cheap is no longer a key plank of Chinese industrial policy. State planners want to curb investment in energy-hungry industries like steel and aluminum to combat pollution and head off debt problems at beleaguered state-owned steel firms.

On the pollution front, gas burns cleaner than coal and can also help China use its fast-growing army of wind and solar plants more effectively. Much of China's vast renewable-energy output is wasted, in part because renewable power—which is only available when the weather is right—is difficult to integrate with a power grid designed for coal-driven power. Gas turbines, which can be turned on and off much quicker than coal, make an ideal complement for renewable power when the wind stops blowing. And gas is a more natural fit for China's earthquake-prone interior than nuclear power.

The implications could be enormous—including for the U.S., which is poised to emerge as a natural-gas export powerhouse, and for Russia, which has been negotiating with China for years to buy more of its gas.

Other big winners could be Chinese liquefied-natural-gas importers like Cnooc and Sinopec, which could leverage low seaborne gas prices to renegotiate existing contracts or undercut the dominant domestic player China National Petroleum, which pipes gas all the way across China from Turkmenistan at considerable expense. City gas distributors like ENN Energy Holdings, which mainly supply industry and residents for now, could benefit as well if they can muscle in on a rapidly growing gas-fired electricity sector.

For now, natural gas is a bit player in China's power mix—it clocked in at just 4% of total generating capacity last year. Coal is still king in China, and its sheer dominance, with 57% of installed capacity, means it will be for a while.

Nothing lasts forever, however. Ten years from now, gas power will be burning far brighter in the world's most populous nation. *—Nathaniel Taplin*

Still Time to Ride Wave in Payments

Sometimes the public just doesn't appreciate a good thing. That, anyway, is the view of Danish payments company **Nets** A/S, which is recommending a $5.3 billion private-equity buyout offer barely a year after it listed.

This will be the third major takeover in the payments sector in as many months, including the $10 billion deal for **Worldpay Group** PLC, the biggest of Europe's players and itself only listed in late 2015, by U.S.-listed rival **Vantiv** Inc.

The activity is being driven by a race for scale in traditional payments—the credit and debit-card networks that link businesses with customers via banks—and by a need for technology investment to adapt to internet and mobile-focused challengers such as **Apple** Inc., **Paypal Holdings** Inc. and entirely new payment methods being encouraged by European rule changes.

Investors should expect more deals in the sector and should keep an eye on some of the larger listed players such as **Wirecard** AG of Germany, **Ingenico Group** and **Worldline**, both of France, as well as a host of smaller names.

The offer for Nets is led by private-equity firm **Hellman & Friedman** and values the stock at 165 Danish krone a share ($26.35), a 35% premium to its average price in the six months before Nets first said it had a potential suitor, though its short public life never gave the company a chance to prove its value.

The Danish group listed in September 2016 at 150 krone a share, but its stock lost ground from day one as long-term investors were underwhelmed by relatively low revenue-growth prospects, partly because of Nordic countries being well converted to card and digital payments.

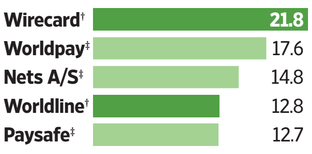
Bain and Advent, two private-equity groups who previously controlled the business and still own 40%, have agreed to sell, but the pair will then reinvest in the takeover, buying a 16% stake. This will give them a net payout of about $1.55 billion.

The deal gives Nets an enterprise value of 14.8 times forecast earnings before interest, tax, depreciation and amortization. That is behind the 17.6 times that Vantiv agreed to pay for Worldpay, but ahead of the 12.7 times that two other private-equity groups, **CVC Capital Partners** and **Blackstone Group** LP, are paying for **Paysafe Group** PLC.

For Nets shareholders who bought at the initial public offering, a 10% return in a year will feel like a not-bad outcome—given where the stock has been trading since. But investors may want to look again at other payments companies: This sector will certainly see more deals. *—Paul J. Davies*

Paying Up

Enterprise value as a multiple of Ebitda*



*Earnings before interest, tax, depreciation and amortization †Based on current price and 2017 forecasts for net debt and Ebitda ‡Values at takeover
Source: FactSet
THE WALL STREET JOURNAL.