THE WALL STREET JOURNAL.

DOW JONES | News Corp ****** MONDAY, SEPTEMBER 24, 2018 ~ VOL. CCLXXII NO. 71 WSJ.com ★★★★ $4.00

Last week: DJIA 26743.50 ▲ 588.83 2.3% NASDAQ 7986.96 ▼ 0.3% STOXX 600 384.29 ▲ 1.7% 10-YR. TREASURY ▼ 21/32, yield 3.068% OIL $70.78 ▲ $2.01 EURO $1.1749 YEN 112.58

What's News

Business & Finance

Rising new-car prices are pushing more buyers to the used-car lot for a growing selection of low-mileage vehicles that are only a few years old. A1

◆ **Dell is exploring** the possibility of launching a traditional IPO instead of going public through a proposed acquisition that several investors have resisted. B1

◆ **PayPal is replacing** the executive in charge of its popular Venmo service for the second time in two years. B1

◆ **OPEC and its allies** disagreed on how oil prices should be contained once U.S. sanctions banning Iranian oil sales take effect. B1

◆ **U.S. shale-oil** production will peak by the late 2020s, triggering renewed demand for OPEC crude, the oil cartel said. B2

◆ **Comcast beat** 21st Century Fox with a $38.8 billion bid for Sky, promising the auction winner a greatly expanded international footprint. B1

◆ **WPP's new** chief is preparing to consolidate some of the advertising giant's major properties as traditional agencies struggle to keep pace with the industry's digital shift. B3

◆ **The yield on** the benchmark 10-year U.S. Treasury note has climbed back to near a seven-year high, a sign of increased investor optimism. B9

World-Wide

◆ **A hearing Thursday** on sexual-assault allegations against high-court nominee Kavanaugh is shaping up as a battle between Democrats and Republicans over the scope and subject matter of the panel's questions. A1

◆ **Trump and European** leaders will square off at the U.N. on the fate of the Iran nuclear agreement and how to constrain Tehran's regional ambitions. A1

◆ **Democrats' political** advantage has grown in the home stretch of the midterm campaign, a new Wall Street Journal/NBC News poll has found. A4

◆ **Legal immigrants** who use or appear likely to use public-assistance programs could find it harder to come to the U.S. or stay permanently under an administration proposal. A3

◆ **The strengthening** economy and tight labor market are giving workers more confidence to demand employer concessions through strikes. A3

◆ **A military alliance** between Russia and Iran to back Assad is giving way to an economic rivalry as Syria's civil war winds down, a contest that Moscow is leading. A8

◆ **A landmark agreement** between the Vatican and China on the appointment of bishops drew sharply divided reactions. A6

JOURNAL REPORT

Time to Rethink Rebalancing

Innovations in Finance, R1-8

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An American Victory's Mournful Remembrance

THIBAULT CAMUS/ASSOCIATED PRESS

CENTURY PAST: A ceremony was held Sunday in the Meuse-Argonne cemetery in France in remembrance of the 26,000 U.S. soldiers who died there 100 years ago. One of the deadliest battles ever for U.S. troops, it helped turn back German forces and end World War I. A7

Deal Sets Up Hearing on Kavanaugh

Some details still under discussion as parties wrangle ahead of Thursday showdown

The stage was set for a dramatic public hearing Thursday over sexual-assault allegations against Judge Brett Kavanaugh, with Democrats planning to delve broadly into the Supreme Court nominee's past and Republicans aiming to keep a narrow focus on the substance of the accusations.

By Peter Nicholas, Kristina Peterson and Michael C. Bender

Lawyers for Christine Blasey Ford, Judge Kavanaugh's accuser, said Sunday that she would appear before the Senate Judiciary Committee at 10 a.m. Thursday and answer questions about her allegation that Judge Kavanaugh pinned her to a bed, groped her and tried to remove her clothing when they were teenagers. Judge Kavanaugh has denied the allegation.

Details of the hearing were still being hammered out late Sunday, after days of wrangling and partisan positioning. The hearing would play a big role in determining whether Judge Kavanaugh, who many think would likely tilt the high court further to the right, is confirmed by the Republican-majority Senate.

On Sunday evening, Sen. Dianne Feinstein of California, the committee's top Democrat, asked for an immediate postponement of the hearing after new allegations surfaced in an article in the New Yorker.

Deborah Ramirez, a college classmate of Judge Kavanaugh, told the magazine that she remembered that Judge Kavanaugh had exposed himself to her at a drunken party when they were at Yale University. Judge Kavanaugh said in a statement Sunday that the alleged incident didn't happen, and the White House said it stood by the nominee.

Judge Kavanaugh said, "This is a smear, plain and simple."

The Wall Street Journal couldn't verify the allegations. Ms. Ramirez and her lawyer didn't return requests seeking comment.

Looking ahead to the hearing, Democrats said that they plan to press Judge Kavanaugh, 53 years old, on his teenage drinking habits. Dr. Ford, now a 51-year-old college professor in California, has said she believes he was drunk when the incident she alleges

Please turn to page A4

◆ Democrats gain an edge in latest poll.................. A4

U.S., Europe to Face Off Over Iran

President Trump and his European counterparts square off at the United Nations this week on key policy issues dividing old allies: the fate of the Iran nuclear agreement and how to constrain the Islamic Republic's regional ambitions.

By Farnaz Fassihi at the United Nations and Michael R. Gordon in Washington

The week of marathon diplomacy in New York will be the first time that heads of states of the U.S., European nations and Iran gather at the General Assembly since Mr. Trump quit the 2015 Iran nuclear accord in May and will put U.S.-European divisions on global display.

Mr. Trump and top officials plan to use the U.N. forum—including a speech by Mr. Trump on Tuesday to world leaders, a Security Council session he is leading and a series of meetings—to denounce Iran and mobilize international support for isolating the country through crippling sanctions. A key component of their complaint will be Iran's meddling in Iraq, Syria, Lebanon and Yemen and its continued financial and military support of militant groups such as Hezbollah and Hamas.

But the Europeans plan to counter the U.S. position that the nuclear agreement has failed and that new sanctions must be imposed. European countries have tried to help Iran navigate the sanctions, including on banking transactions, by creating economic incentives so Iran stays committed to the deal, though their ability to maintain economic ties with Tehran is limited and the continent's companies are rapidly pulling out.

Please turn to page A8

◆ Russia and Iran step up economic rivalry.................. A8

Used-Car Sales Rise Amid Big Price Gap

By Adrienne Roberts

The gap between the price of a new and used vehicle is as wide as it has been in years, pushing an increasing number of consumers to the used-car lot and putting pressure on auto makers to deepen discounts on new cars to keep them competitive.

Demand for used cars was unusually strong this summer and will remain at elevated levels through the year's end as higher interest rates and rising prices on new cars continue to stretch buyers' wallets, industry analysts said.

Used-car buyers are finding a growing selection of low-mileage vehicles that are only a few years old.

While used-car values have also increased in recent years, the gap between the price of a new and preowned car has also widened and is now at one of its largest points in more than a decade, according to car-shopping website Edmunds.com.

New-car prices have steadily climbed in the years following the recession as companies packed vehicles with more expensive technology and buyers shifted away from lower-priced cars to bigger and more expensive sport-utility vehicles and trucks. The average price paid for a car hit an all-time high of $36,848 in December of 2017 and remains at near-record levels, according to Edmunds.com.

"Customers forget a new car is now more than $30,000 and they expect it to be $20,000," said Brian Allan, a senior director at Galpin Motors Inc., a Southern California dealership chain.

"When people see the price has gone up, it is sticker shock, especially when people only buy a car every five to six years," Mr. Allan said.

At the same time, the used-car market is being flooded with leased cars being returned to dealerships, increasing the supply and options for buyers looking for two- and three-year-old vehicles that are generally well maintained.

Please turn to page A2

Resurgent Russia Takes Lead in Wheat

Exports are soaring as nation's farms emerge from decades of neglect

By James Marson

OTRADNAYA, Russia—Vladimir Mishurov transformed the remnants of the "Lenin's Path" collective farm in this village into a profitable business. He also helped make Russia the world's largest wheat exporter for the first time since the last years of the czars.

Over the past decade or so, Mr. Mishurov replaced his aging Russian equipment with a dozen high-tech machines from John Deere and other makers, and started using powerful new fertilizers and seeds. He bought and rented more acres from neighbors and family, eventually reaching about 3,600, taking advantage of Russia's overall low prices for land.

And as many farmers do in the U.S., he often worked days on end with little sleep, especially during the harvest.

The major difference between Mr. Mishurov and a farmer on America's Great Plains: The Russian's costs are lower, and mostly in rubles, making his overseas sales—priced in dollars—immensely more valuable.

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Comeback Win for Tiger Woods

MATT BRADBURY/GETTY IMAGES

BIG RETURN: Tiger Woods won the Tour Championship in Atlanta on Sunday, his first professional win in more than five years. A16

Ring Me Up: New Way to Pay Means Giving Cashiers the Finger

* * *

Consumers put payment devices on their digits; some cashiers don't buy it

By Mike Cherney

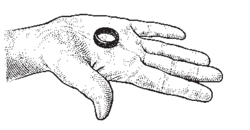
Buying beer at his local shop recently near Melbourne, Australia, Ashley Leahy advanced on the cashier's desk and made his hand into a fist.

He wanted to pay with the ring on his finger. So, naturally, he held his knuckles up to the shop's payment-card reader.

The cashier "thought it was some sort of scam," says Mr. Leahy, 32, who works for a market-research firm. "He looked down at my ring and my hand, and was like, 'What are you doing?'"

Mr. Leahy received the ring from Australia's Bankwest, which instructed him to make a fist as if knocking on a door. The payment went through, satisfying the befuddled cashier. Mr. Leahy got his beer.

Smartphones already have apps that let users tap to pay. Now banks and tech startups are developing "wearables" that can do the same thing—and can leave cashiers puzzling and curious onlookers quizzing the wearer.



One to rule them all

Customers are paying with rings, watches, bracelets and key rings in a trial this year in the Netherlands by Dutch bank ABN AMRO Group. Barclays PLC has a wearables service in

Please turn to page A12

INSIDE

OLI SCARFF/AFP/GETTY IMAGES

SKY WIN PUTS PRESSURE ON COMCAST

BUSINESS & FINANCE, B1

ANDREW HARRER/BLOOMBERG NEWS

LEADERSHIP IN FLUX AT VENMO

BUSINESS & FINANCE, B1

U.S. NEWS

THE OUTLOOK | Nick Timiraos

Trump's Fed Choices Belie His Words

President Trump's pique over the Federal Reserve's interest-rate increases this summer stoked fears about a looming blowup between the White House and the central bank. But his nominees to the Fed's board show his administration isn't spoiling for a fight.

The selections also illustrate how the man he named as Fed chairman, Jerome Powell, has consolidated power in short order and ahead of delicate policy decisions he could soon confront.

The primary way a president can influence Fed policy comes through nominations to its seven-seat board of governors. Mr. Trump has had the rare opportunity of filling six slots early in his term. Meantime, the president—in tweets, a television interview and meetings with business leaders and donors—has openly expressed annoyance with the Fed's short-term rate increases.

His selections, however, have mostly been nonideological, pragmatic policy experts who are well-regarded within the Fed rather than central bank antagonists likely to push for a dramatic course change.

The latest to fit this mold is former Fed economist Nellie Liang, Mr. Trump's surprise pick to fill the last of three vacancies on the board.

"If the Trump administration wanted greater direct influence over the Federal Reserve, nominating a well-respected former Federal Reserve staff member would not be the way to achieve that objective," said Lewis Alexander, chief U.S. economist at Nomura Securities.

Mr. Trump's public Fed criticism, the first by a sitting president since 1992, followed central-bank officials' signaling they plan to gradually raise rates in coming years to prevent the economy from overheating. The risk of sustained attacks on the central bank could rattle the markets if investors feared the Fed might be pressured into leaving rates too low for too long, fueling inflation. That isn't a problem right now.

Mr. Trump's selections shouldn't have caught anyone by surprise, said Kevin Hassett, the chairman of the White House Council of Economic Advisers. "President Trump has a simple instruction to the team: that we find the best possible nominees," he said.

Mr. Trump's respect for the Fed's independence "is extremely apparent in the caliber of his nominees," said Mr. Hassett. "Everyone on the team in the White House is justly proud of what a great team has been recruited to help run the Fed."

Three personnel decisions since Mr. Powell became chairman in February, including Ms. Liang's nomination, bear his imprint.

Ms. Liang spent 31 years at the Fed until last year, including her last seven overseeing the Fed's monitoring of risks to financial stability, an area Mr. Powell has focused on.

Mr. Powell played a key role securing the nomination of Richard Clarida as vice chairman in April. After the White House passed on another Powell favorite—John Williams—for that job, the New York Fed made him its next president. The moves brought two widely respected monetary-policy economists into his leadership circle.

The Fed holds a two-day policy meeting this week in which officials are prepared to raise their benchmark rate to a range between 2% and 2.25%. While all 12 of the Fed's regional bank presidents participate, just five of them have a vote at any meeting. The Washington-based governors always vote, making them more powerful.

The current episode is in some ways the reverse of the 1980s. Back then, President Reagan was reluctant to publicly criticize Fed Chairman Paul Volcker, who had lifted the benchmark rate to 19% to fight inflation in 1981. But the president's top advisers frequently clashed with Mr. Volcker. They packed the board with governors who outvoted him in 1986 to force a cut in the lending rate the Fed charges banks.

Three of Mr. Trump's picks—Messrs. Powell and Clarida as well as Randal Quarles, the vice chairman for bank supervision—have won Senate confirmation. Two are pending, in addition to Ms. Liang.

Having a board stocked with collegial policy hands will help Mr. Powell navigate difficult decisions over how long to continue raising rates and what to do if inflation remains under control but asset bubbles inflate, as happened before recessions that began in 2001 and 2007.

He also may enjoy a wide base of support from Fed presidents who joined the system when Mr. Powell, in his prior capacity as a governor, served as the board's primary liaison with the reserve banks.

Mr. Trump might still vent about interest-rate increases on Twitter and television. But once his nominees are in place, there will be little else he can do to change the place.

Mr. Powell, working with White House advisers, appears to have dealt himself a strong hand.

Reshaping the Fed

President Donald Trump has an unusual opportunity to put his stamp on the central bank early in his term.

*First selected to a board seat by Obama, and was selected to Chair by Trump.

Source: Federal Reserve
Photos: Associated Press; Bloomberg News; Zuma Press; Reuters; Office of the state bank commissioner of Kansas THE WALL STREET JOURNAL.

ECONOMIC CALENDAR

Wednesday: The **U.S. Federal Reserve** releases its policy statement. Solid U.S. growth, low unemployment and stable inflation have kept the Fed on track to raise its benchmark rate at this week's meeting from its current range between 1.75% and 2%. Because the rate increase is widely expected, bigger questions surround how Fed Chairman Jerome Powell will characterize decision-making around the path of rate increases next year.

Thursday: The U.S. Commerce Department releases August **durable-goods data.** In July, demand for long-lasting goods produced by U.S. factories fell 1.7% from the prior month. Economists surveyed by The Wall Street Journal expect durable goods orders rose 1.7% in August. The Commerce Department releases its third estimate of second-quarter **gross domestic product**. GDP rose at a 4.2% annual rate in the second quarter, according to the most recent report. Economists surveyed by The Wall Street Journal expect this rate was unrevised.

Friday: The U.S. Commerce Department releases August personal income and outlays. **Personal income** increased 0.3% in July from the prior month, while personal spending rose 0.4%. The **personal consumption expenditures index** rose 2.3% in July. Economists forecast personal income climbed 0.4%, while consumer spending increased 0.3% in August. The University of Michigan releases its final September U.S. **consumer sentiment** reading. Economists forecast September's consumer-sentiment index clocked in at 100.2.

U.S. WATCH

SEAN RAYFORD/GETTY IMAGES

A woman needed boots to get by Sunday in Conway, S.C. Floodwaters there are expected to continue to rise over the next two days.

HURRICANE FLORENCE

Congress Considers New Recovery Funds

Congress is starting to consider almost $1.7 billion in new money to aid recovery efforts from Hurricane Florence.

Lawmakers already are facing a deadline this week to fund the government before the start of the new budget year Oct. 1, and members of Congress also will try to act on the disaster relief.

Rep. Rodney Frelinghuysen (R., N.J.), chairman of the House Appropriations Committee, said the money would be available as grants to states to help rebuild housing and public works, and assist businesses as they recover from the storm.

Meanwhile, flooding remained a threat in parts of the Carolinas on Sunday, more than a week after Florence made landfall.

In South Carolina, more evacuations were ordered as rivers continue to rise. In coastal Georgetown County, 6,000 to 8,000 people were being told they should prepare to evacuate.

National Weather Service data showed five of North Carolina's river gauges at major flood stage and five others at moderate flood stage.

—*Associated Press*

NEW YORK CITY

Security Is Tightened Ahead of U.N. Talks

Authorities in New York City are facing a security and logistical challenge of epic proportions with the coming arrival of President Trump and other world leaders for the United Nations General Assembly.

Though there have been no credible threats against the event, security concerns are so broad that the New York Police Department has considered how it would stop assassins armed with poison or killer drones.

The NYPD's main line of defense will be thousands of extra police officers flooding the streets as part of a coordinated effort with the Secret Service and other federal and local law enforcement agencies to protect both the U.N. and Trump Tower in Midtown Manhattan, said Police Commissioner James O'Neill.

The arsenal includes police boats patrolling the East River, aviation units and officers trained to respond to chemical, biological and other potential threats.

The 73rd Session of the General Assembly began on Sept. 18, but the higher-level meetings start Monday.

—*Associated Press*

Used-Car Sales Get A Boost

Continued from Page One

And unlike in recent years, where the selection on the used-car lot has tilted toward slow-selling sedans, dealers are offering more of the crossover and sport-utility vehicle models that are in hot demand now.

The customer who would never consider buying used before is now driving off the lot in a preowned vehicle, Mr. Allan said.

With nearly 40 million in sales last year, the used-car market is more than double the size of the new-car business.

The shift in demand is a troubling sign for auto makers, which will be under pressure to deepen discounts to keep customers from defecting to the used-car market. New-vehicle sales have started to cool this year following a seven-year growth streak.

As new car prices have climbed, auto lenders have kept monthly payments low by extending loan-repayment terms to five and six years and introducing 0% financing on loans that made buying new a more attractive deal.

But as interest rates rise and credit tightens, auto companies are pulling back on such sales incentives. The average monthly payment on a new car was $536 in August, up from $507 last year and $463 five years ago, according to Edmunds.com.

Justin Scholz, a 35-year-old banker, was stunned by the new-car sticker prices when he went shopping this spring for a new SUV for his growing family. He had been eyeing the Lexus RX hybrid but felt the $66,000 price tag was unusually high. He looked for 0% finance deals and couldn't find many out there.

"In the past, I entertained new because you could get a 0% interest rate for 60 months," he said. "New was a small premium compared to used. Now, the gap is much bigger."

Rather than splurge, Mr. Scholz decided to try his luck in the used-car market, where he found a two-year-old version of the same vehicle that had recently been returned after a lease. It had fewer than 30,000 miles and was more than $20,000 cheaper than the new vehicle.

Mr. Scholz bought the vehicle in April for $44,000 and has no plans to return to the new-car market soon.

Auto retailers sold 10.4 million used cars in the second quarter this year, according to Edmunds.com, the highest quarterly volume it has on record since the firm began tracking preowned sales in 2007.

Used-car prices are also up, defying expectations that the influx of off-lease cars would depress values. Prices have been rising in part due to a slowdown in repossessions and vehicles coming off rental-car fleets—two sources of used cars that are typically older and less expensive.

Buyers paid an average of $22,489 for a three-year-old used car in the second quarter of 2018, up $865 from the prior-year period, according to Edmunds.com. That is still well under the average $35,828 paid for a new car last quarter.

Dealers are also putting more resources and investment into promoting their used-car sales as a way to offset declining margins in the new-car business.

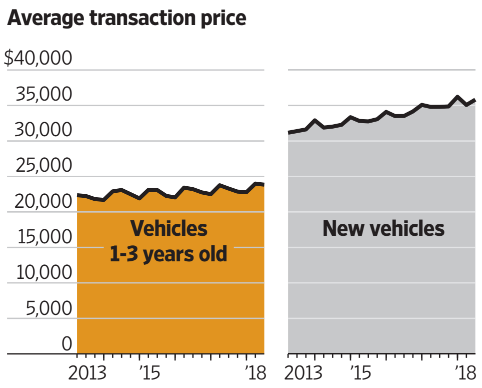
The profit margin on a used-car sale was nearly 7% last year, more than double the return on a new-vehicle sale, according to the National Automobile Dealers Association, giving dealers more incentive to steer buyers to their preowned selection.

AutoNation Inc., the U.S.'s largest dealership chain, opened its first used-car center last year, aiming to capture more of the preowned business as U.S. demand for new cars and trucks cools.

"We're offering a more attractive product at a better price," said AutoNation Chief Executive Officer Mike Jackson, referring to the chain's used-car offerings.

Second-Hand Shift

Used vehicles are becoming more attractive as new vehicle prices continue to rise.



Source: Edmunds.com THE WALL STREET JOURNAL.

CORRECTIONS & AMPLIFICATIONS

Uber Technologies Inc. allows cash transactions in the sub-Saharan markets where it operates. A Technology & Business article Sept. 17 about ride-hailing companies in Africa omitted this information. Also, after the article was published, Taxify OU said: "The number of Taxify active users based on completed rides exceeds the number of active users [Uber] claims," although Taxify didn't provide specific numbers.

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Tight Labor Market Fuels More Strikes

BY KRIS MAHER AND ERIC MORATH

Hotel workers, represented by Unite Here Local 1, picketing earlier this month outside the Palmer House Hilton in Chicago.

ASHLEE REZIN/CHICAGO SUN-TIMES/ASSOCIATED PRESS

The strengthening economy and tight labor market are giving workers more confidence to demand employer concessions through strikes.

In recent weeks, unionized hotel housekeepers in Chicago, distillery workers in Kentucky and crane operators in Seattle have all walked off the job to pressure employers for better pay and benefits.

Some 31,000 teachers in Los Angeles are threatening to strike, and union members at ArcelorMittal SA and U.S. Steel Corp. have given the authority to strike if negotiations break down.

With the national unemployment rate at 3.9% in August, just above an 18-year low, and skilled workers in scarce supply, union officials say they have more leverage at the bargaining table and that workers are more comfortable with the risks associated with striking.

Labor disputes have caused workers, excluding teachers, to miss 633,000 days on the job this year through August, up from 440,000 in all of last year, according to the Labor Department. Including the wave of teacher strikes in the spring, there were more than two million days missed, the highest level since 2006.

"They see the economy is growing, but their share of it is not," said Thomas A. Kochan, a professor of industrial relations at MIT's Sloan School of Management. The economy has shifted the bargaining power toward labor. "We have not seen that take place in years."

Strikes and other labor-related work stoppages had declined for decades, as the share of workers belonging to unions fell. The number of major strikes involving more than 1,000 workers has dropped in recent decades. Labor disputes, which tend to rise during good economic times and fall during recessions, reached a record low in 2009.

Public-sector unions suffered a blow in June when the Supreme Court ruled that government employees can't be compelled to pay union fees.

"Now is the time to make sure we're delivering," said Christian Sweeney, deputy organizing director at the AFL-CIO. "If you're not going to do it when there's 4% unemployment, when is it going to happen?"

Wages have been growing at a fairly modest pace relative to the historically low unemployment rate. Nonsupervisory, private-sector workers' average hourly earnings rose 2.8% in August from a year earlier, the Labor Department said. While that matches the best annual gain since 2009, it is well below the 4% rate of wage growth recorded in late 2000, when unemployment was last similarly low. And stronger inflation in the past year has eroded the spending power of the raises workers did receive.

Wage increases for factory workers have been slower than average. Hourly earnings for nonsupervisory workers in metal manufacturing, which includes steel mills, rose 1.1% in August from a year earlier.

A statewide teachers' strike in West Virginia that started in February resulted in a 5% pay increase for teachers and changes to the state public employees' insurance program, as well as increases for other state employees, more than state officials had previously offered.

Teachers who walked out over the next several months in Oklahoma, Kentucky, Arizona, Colorado and North Carolina won some pay increases and pension plan changes but not as much as unions had sought in many cases.

In Chicago, roughly 5,000 housekeepers and other workers at 26 hotels went on strike on Sept. 7, demanding increased health-care coverage for newer employees, among other things. Unite Here Local 1 has argued that hotels are making record profits and should grant better benefits.

"It was a good time to go on strike," said Tina Graham, a 60-year-old housekeeper who has worked at the Palmer House, a Hilton Worldwide Holdings Inc. property, for 11 years and now earns $19.75 an hour.

A Hilton spokeswoman said the company is committed to negotiating in good faith and values its employees.

In Michigan, highway construction projects across the state are stalled because the Michigan Infrastructure & Transportation Association, which represents contractors, has locked out heavy-equipment operators.

Mike Nystrom, a spokesman for the contractors association, said the operating engineers' union has turned down a 14.4% increase in total compensation. "They self-authored a contract and have put in it everything they've ever hoped for and wanted," Mr. Nystrom said.

Dan McKernan, a spokesman for Local 324 of the International Union of Operating Engineers, which represents more than 1,000 affected heavy-equipment operators, said the union wants individual contractors to agree not to hire nonunion subcontractors. He said the tight labor market has strengthened the union's hand.

"In a different economy, these contractors would have gone right out to get people to fill these positions," Mr. McKernan said. "They just don't have that ability right now."

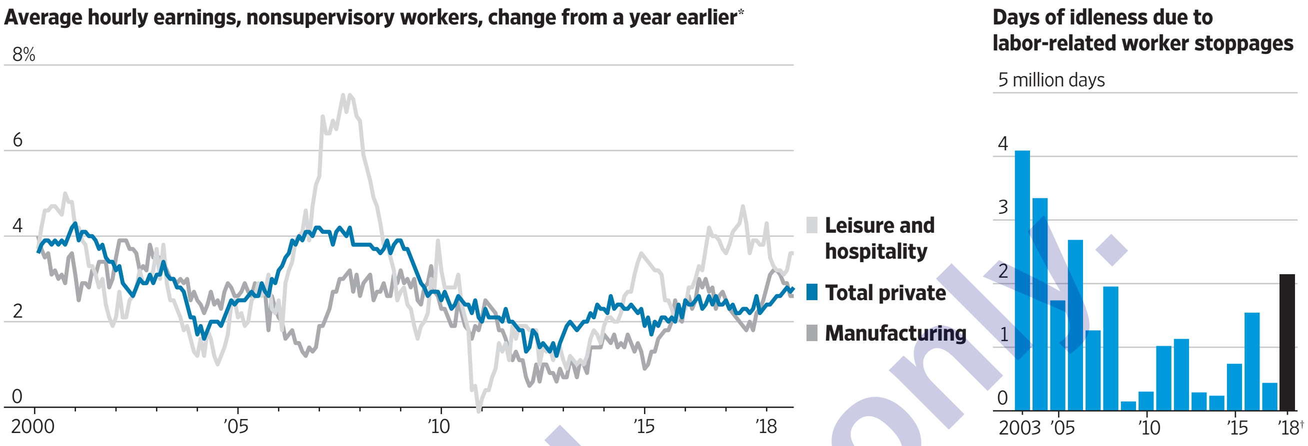
Officials with the United Steelworkers say ArcelorMittal and U.S. Steel are asking for concessions rather than sharing profits, which have been helped by tariffs on foreign metals. Contracts for both companies expired Sept. 1.

U.S. Steel said its offer contains significant wage increases and choice between quality benefits plans.

ArcelorMittal said it is working to reach an agreement with the union.

On the Clock

Labor unions say they're frustrated by slow wage growth when the economy is strong. That's led to an increase in strikes and other labor disputes this year. Historically, labor unrest increases during economic peaks.



*Seasonally adjusted, private-sector workers †2018 reflects idle days through August.
Note: stoppages affecting more than 1,000 workers
Source: Labor Department

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Legal Immigrants Targeted on Aid

BY STEPHANIE ARMOUR AND ALICIA A. CALDWELL

Legal immigrants who use or appear likely to tap public assistance programs could find it harder to come to the U.S. or stay permanently under a Trump administration proposal released on Saturday.

Legal immigrants could be denied a green card, which grants permanent residency, if they have received certain government assistance that they were legally allowed to use. About 27 million people live in families that have received benefits and had at least one immigrant family member, according to a June analysis by the Migration Policy Institute, a nonpartisan think tank in Washington.

Receiving certain government aid could result in the denial of a green card.

The proposal released by the Department of Homeland Security shows President Trump isn't backing off tightening immigration despite a backlash and court action over some policies, including the separation of children and parents entering the country illegally.

Conservatives have cheered the proposal as necessary to prevent immigrants from becoming a drain on public services such as Medicaid and food stamps. Democrats and rights groups argue it would hurt people who are entitled to benefits and legally live in the U.S.

The proposed rule must still be finalized following 60 days for public comment. Certain groups, including refugees, would be exempt.

The change would broaden the framework the U.S. considers when deciding status and entry for immigrants who are likely to receive public benefits such as nutrition assistance, low-income housing subsidies and Medicaid above a specific threshold, according to the information released on Saturday.

"Under longstanding federal law, those seeking to immigrate to the United States must show they can support themselves financially," DHS Secretary Kirstjen Nielsen said.

Critics said the plan would hurt immigrants. Mr. Trump is "selling the lie that immigrants weaken the U.S. economy when exactly the opposite is true," Rep. Luis V. Gutiérrez (D., Ill.) said on Saturday.

"Building on the traumatic separation of families at the border, the Trump administration has taken another cruel step," Marielena Hincapié, executive director of the National Immigration Law Center, said on Saturday. "This proposed rule change will similarly result in the separation of families and is just the latest assault on immigrant families."

The proposal would take into account immigrants' current and past receipt of benefits above a certain threshold but wouldn't go into effect until the rule is finalized.

Mr. Trump has made cracking down on illegal immigration a priority of his administration and has used executive orders and rule changes to alter the country's immigration system.

This month the administration announced plans to effectively end a decades-old court settlement governing the treatment of immigrant children that bars the government from jailing children with their parents for longer than 20 days. Such a change would allow the government to detain immigrant families until an immigration judge decides the fate of their immigration case.

Colleges Face Rise in Sex-Assault Claims

BY DOUGLAS BELKIN

Colleges and universities are wrestling with a rise in sexual-assault claims, lawsuits brought by those accused of assault and conflicting directions from courts and the federal government on how to handle them.

The Sixth Circuit Court of Appeals, which covers four Midwestern states, recently ruled that those accused of sexual assault must be allowed to face their accusers—a right they don't have in other states. State appeals courts in Texas and California are also weighing in with different standards.

Meanwhile, Education Secretary Betsy DeVos is preparing to release new rules strengthening protections for students accused of sexual assault and lightening the burden placed on schools. The rules will narrow the definition of sexual assault that schools are required to adjudicate and will restrict eligible cases to those that occur on campus.

"The wind is blowing from 12 different directions and the ground is moving beneath our feet," said Valery Richardson, the interim Title IX coordinator at the University of Washington, where Title IX inquiries were up 54% over the past two full academic years. Title IX is the part of the federal education law that governs sexual assault, among other issues.

Complaints of sexual harassment are up at schools across the country, according to federal data. So are lawsuits accusing schools of mishandling cases, according to a survey of schools by United Educators, a company that insures colleges and universities.

Some schools have found the problem so vexing they have outsourced investigations and hearings. Vassar College in Poughkeepsie, N.Y., hired retired judges to hear cases that in the past it would have asked professors to hear.

"Obviously these [judges] are people well versed in content and due process," said Rachel Pereira, Vassar's Title IX coordinator. "Faculty said they didn't feel comfortable in that role, this wasn't in their wheelhouse."

A small group of schools have also started experimenting with alternative dispute resolutions that avoid formal hearings. Interest in the idea stems from dissatisfaction with the current system, said David Karp, a sociology professor at Skidmore College in Saratoga Springs, N.Y., and the director of the restorative justice project there.

"The vast, vast, vast majority of students who have been sexually assaulted do not report it to anyone on campus, because they are not interested in that level of formal engagement or punishment," he said. "We have built a pretty massive Title IX adjudication system since 2011, and students simply are not availing themselves of it."

This month, the Sixth Circuit Court of Appeals ruled that the accused has a right to cross-examine the accuser at a hearing. That ruling is at odds with the Title IX guidance put forward under the Obama administration. At many schools, investigators look into a case and make a decision without ever holding a hearing. At others, a hearing is held but the accused may not have the opportunity to question the accuser.

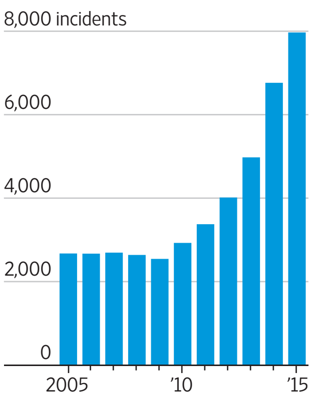
In Southern California, a recent state appellate decision said the accused has the right to indirect questioning to evaluate the credibility of the accuser, though the decision didn't grant the right to cross examination.

"The schools are caught in this field of fire," said Peter Lake, a law professor at Stetson University in DeLand, Fla., who specializes in Title IX. Mr. Lake added that while a rewrite of Title IX regulations has gotten a lot of attention in Washington, any changes will likely be tested in court and it will likely be years before they are put in play.

The DeVos regulations are "important, but what really matters right now is what's happening in the courts," Mr. Lake said.

On the Increase

Number of reported sex offenses on U.S. college campuses

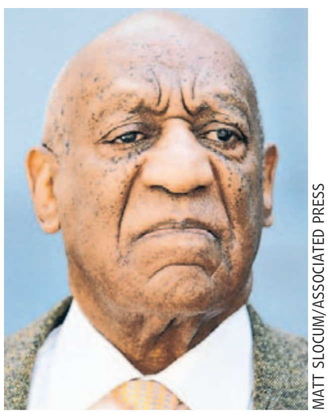


Source: National Center for Education Statistics

THE WALL STREET JOURNAL.

Bill Cosby's Sentencing Hearing Set to Begin

BY KRIS MAHER



MATT SLOCUM/ASSOCIATED PRESS

The 81-year-old entertainer has maintained his innocence.

Bill Cosby faces as much as 10 years in prison for each of three counts of aggravated indecent assault, when his sentencing hearing starts Monday in a Pennsylvania courtroom.

The 81-year-old entertainer was convicted in April of drugging and molesting former Temple University administrator Andrea Constand in his suburban Philadelphia home in 2004. The sentences could be served concurrently by Mr. Cosby, who has said he is legally blind.

The former star of "The Cosby Show" was the first celebrity convicted of sexual assault since a wave of sexual misconduct allegations against powerful men emerged last year, ushering in the #MeToo movement.

He has maintained his innocence and said that he had a romantic relationship with Ms. Constand. Mr. Cosby's first trial in 2017 ended in a hung jury and mistrial.

At Mr. Cosby's retrial in Montgomery County Court, Ms. Constand testified that the comedian gave her wine and pills that incapacitated her and that he then groped her. Prosecutors called five other women to establish a pattern of behavior to bolster the charges involving Ms. Constand. The other women's allegations against him were too old to prosecute.

Judge Steven O'Neill denied a request by prosecutors to allow additional women to speak at Mr. Cosby's sentencing, which is scheduled to begin Monday morning in Montgomery County Court.

Democrats Gain an Edge in Latest Poll

Women, desire for change power party's advantage heading into midterm elections

BY JANET HOOK

The Democratic Party's political advantage has grown in the home stretch of the midterm campaign, powered by strong support among women and a majority looking for a change from President Trump's course, a new Wall Street Journal/NBC News poll has found.

Less than two months before Election Day, 52% of registered voters said they would prefer Democrats to control Congress, while 40% preferred Republican control. That 12-point lead expanded from an eight-point Democratic edge in August.

The poll, while outlining challenges for the GOP, included some good news for Republicans. The party is closing an enthusiasm gap, with 61% of Republican voters now expressing high interest in the election, nearly matching the 65% of Democrats. In polls taken over the first eight months of the year, Democrats had held an aggregate 12-point advantage in the share of supporters showing high interest in the election.

The Democratic lead on voter preference for control of Congress is the largest in Journal/NBC polling since Mr. Trump took office. It reflects gains for the party among white, working-class women, as well as among suburban voters and other groups that had been more favorable to the GOP in the past.

Even in congressional districts now represented by Republicans, the poll found that voters favored GOP leadership for the next Congress over Democratic leadership by only a single percentage point.

"Republicans have had a series of weak surveys; this is beyond weak," said Bill McInturff, the GOP pollster who conducted the survey with Democrat Fred Yang. "This is a survey that says the Republican coalition at the moment is unhinged and not connected."

Mr. McInturff emphasized that the poll reflected political conditions "at the moment."

The poll also found that Mr. Trump's job-approval rating remained stable from August, at 44%. The share of voters satisfied with the economy jumped to 69%, up from 63% in a Journal/NBC News poll in June, and a plurality said Mr. Trump's policies had helped economic conditions.

"Donald Trump has defied political gravity," said Peter Hart, a Democratic pollster who also worked on the survey. "He's created a very loyal base."

Among those considered most likely to vote, a smaller pool than those identified as registered voters, Democrats held an eight-point advantage on the question of which party should control the next Congress. This is the first time in the midterm campaign that the Journal/NBC News poll has delineated voters who are most likely to cast ballots.

Despite most voters' sunny view of the economy, 59% in the survey said they wanted a change from the direction Mr. Trump has been leading. That group included nearly one-third of Republicans.

A call for change has been a harbinger of past "wave" elections that have flipped control of Congress. Before the 1994 midterm elections that gave the GOP a majority, 62% of voters said they wanted a change in direction from President Bill Clinton's leadership.

The poll found that Democrats are benefiting from a strong showing of support among women. By three percentage points, men want Republicans rather than Democrats to control Congress, 47% to 44%. Women, by contrast, favor Democratic control by 25 percentage points—58% to 33%.

Among white voters, the gender disparity was the largest since 2008.

The poll was taken Sept. 16-19, after an accusation of sexual assault against Supreme Court nominee Brett Kavanaugh became public and turned the spotlight on the politics of gender.

Asked which issues would have the biggest impact on their voting decisions, voters put the economy at the top of the list, followed closely by health care and combating corruption and special-interest influence in Washington.

Despite presiding over the strong economy, Republicans didn't have a clear advantage among voters who said the economy was the most important or a very important issue. Some 47% of that group said they preferred Republican control of Congress, while 45% favored Democratic control.

Voters who said health care was their top issue heavily favored a Democratic-led Congress, 58% to 34%. Republicans led among voters who cited trade or foreign policy as top issues.

The poll found support for helping Dreamers, the immigrants brought to the U.S. illegally as children. Some 58% of voters said a candidate would be more likely to win their vote by supporting a program to help Dreamers work or attend college legally in the U.S., while 22% said they would be less likely to support that candidate.

In a sign that many voters are looking for a check on Mr. Trump, 53% said they would be less likely to vote for a candidate who sticks with the president on policy issues more than 90% of the time.

The poll also pointed to why Democrats have been shying away from calling for impeachment hearings for Mr. Trump. Some 36% said they would be more likely to support a candidate who backed such hearings, but more voters—42%—said they would be less likely to support that candidate.

The Journal/NBC News survey included 900 registered voters. The margin of error for that sample was plus or minus 3.27 percentage points.

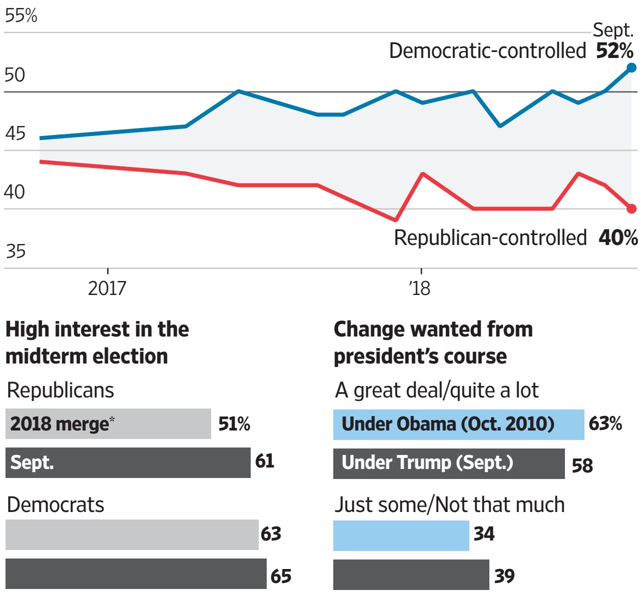

J. DAVID AKE/ASSOCIATED PRESS

A call for change has been a harbinger of past 'wave' elections that have flipped control of Congress.

A Midterm Snapshot

More voters say they want Democrats rather than the GOP to lead Congress, but Republicans are increasingly engaged in the election.

Preference for control of Congress



*The average of six polls from Jan.–Aug.

Source: WSJ/NBC News telephone poll of 900 registered voters conducted Sept. 16-19; margin of error +/- 3.27 pct. pts.

THE WALL STREET JOURNAL.

The Wall Street Journal/NBC News poll was based on nationwide telephone interviews of 900 registered voters, including 405 who use only a cellphone. It was conducted from Sept. 16-19, 2018, by the polling organizations of Bill McInturff at Public Opinion Strategies and Fred Yang at Hart Research Associates.

The sample was drawn in the following manner: Individuals were randomly selected from national lists of registered voters, who were chosen by a systematic procedure to provide a balance of respondents by sex. Respondents reached on their cellphone were randomly selected from national lists of cellphone numbers.

Of the 900 voters in the survey, 405 respondents were reached on a cellphone and screened to ensure that their cellphone was the only phone they had. In addition, 21 respondents were reached on a cellphone but reported also having a landline.

Overall, the data's margin of error is plus or minus 3.27 percentage points.

Congressman's Siblings Appear in Campaign Rival's Ad

BY JULIE BYKOWICZ AND NATALIE ANDREWS

Disputes that usually stay at the dinner table are spilling onto the fall campaign trail.

Six of Republican Rep. Paul Gosar's siblings are urging Arizonans to vote him out of office in a new campaign ad posted on the internet by Mr. Gosar's Democratic opponent, David Brill.

"We've got to stand up for our good name," says David Gosar. Adds Tim Gosar, "It's intervention time, and intervention time means that you go to vote. And you go to vote Paul out."

The oldest of 10 siblings, Mr. Gosar won his first race in 2010 as part of the Tea Party wave and has sponsored legislation to eliminate citizenship for children born in the U.S. to undocumented immigrants. He is a fierce defender of President Trump, and his family's reaction to Mr. Gosar's health-care, immigration and social positions reflects the deep divides between Republicans and Democrats going into November's elections.


CAITLIN O'HARA/BLOOMBERG NEWS

Six siblings of Republican Rep. Paul Gosar, of Arizona, are featured in a campaign ad against him.

"We are disturbed by what is going on in this country, and we are disturbed by our brother's part in that," David Gosar said in an interview Sunday. The family said nothing publicly during Mr. Gosar's first seven years in office, but Mr. Trump has "emboldened extremism" to the point that others must speak up, even if it rattles family dynamics, David Gosar said.

Paul Gosar's campaign didn't respond to a request for comment. Cook Political Report has rated his seat as safe for Republicans.

Other candidates' family disputes also are spilling into the open. The brother of Randy Bryce, the Democrat seeking House Speaker Paul Ryan's seat in Wisconsin, cut an ad for a super PAC backing the Republican candidate Bryan Steil. Both Mr. Bryce's and Mr. Gosar's mothers have publicly backed their political sons.

Wisconsin GOP Senate primary candidate Kevin Nicholson saw his parents and brother give big contributions to Democratic Sen. Tammy Baldwin. Mr. Nicholson lost his primary to Leah Vukmir last month.

Mr. Gosar struck back at his siblings in a series of tweets on Saturday. "My siblings who choose to film ads against me are all liberal Democrats who hate President Trump," he wrote. "You can't pick your family," he wrote in another tweet, adding, "To the six angry Democrat Gosars—see you at Mom and Dad's house!"

Last year, seven Gosar siblings wrote an open letter accusing him of sounding an "anti-Semitic dog whistle" in his comments after a march of white supremacists in Charlottesville, Va. Soon after that, David Gosar started a Twitter account singularly devoted to calling out his brother, whom he frequently refers to as "Weasel."

That all caught the attention of the Brill campaign. In mid-June, Jay Ruby, a campaign aide to Mr. Brill, cold called David Gosar to chat. A subsequent three-hour conversation led to calls with other family members. "We were willing to listen to them in a way that their own brother wasn't," Mr. Ruby said.

Mr. Ruby and David Gosar said no one was paid, and nothing was scripted.

Deal Sets Way for Testimony

Continued from Page One

occurred at a party when she was 15 and he was 17.

"It's certainly relevant to the whole conversation. Dr. Ford has said that they were stumbling at the time that this occurred," Sen. Dick Durbin (D., Ill.), a member of the Judiciary Committee, said on ABC. "There have been a lot of things said about the alcohol that was consumed by the judge as well as by others in his school. That has to be part of any relevant questioning."

Some Republicans, meanwhile, said Judge Kavanaugh's nomination shouldn't be derailed without sufficient evidence. "Unless there's something more, no, I'm not going to ruin Judge Kavanaugh's life over this," Sen. Lindsey Graham (R., S.C.) said on Fox Sunday morning.

The White House has developed a two-track approach for the hearing, a person close to the confirmation process said. Officials argue questions about Judge Kavanaugh's high-school drinking should be off-limits. If Democrats make such inquiries, similar questions should be asked of Dr. Ford, this person said.

It isn't clear how much sway the White House can exert over the senators, but Judge Kavanaugh could decline to answer questions he considers out of bounds, the person said. In practice sessions, he has been prepping to do just that, said a Republican who has discussed the matter with White House officials.

Over the weekend, Republicans stressed that in addition to Judge Kavanaugh, three people publicly identified as being at the party where the assault allegedly occurred said they don't recall it.

A lawyer for Patrick Smyth, whose name surfaced in connection with the party last week, emailed the Judiciary Committee that he had "no knowledge" of the party and had "never witnessed any improper conduct by Brett Kavanaugh towards women."

In addition, Judiciary Committee aides sent a letter to Leland Keyser on Tuesday, after the Washington Post reported that Dr. Ford said Ms. Keyser attended the party.

In a letter to the committee, Ms. Keyser's attorney, Howard Walsh, said, "Simply put, Ms. Keyser does not know Mr. Kavanaugh and she has no recollection of ever being at a party or gathering where he was present, with, or without, Dr. Ford." Ms. Keyser told the Post, however, that she believed Dr. Ford's allegations.

Debra Katz, a lawyer for Dr. Ford, said the lack of recollection isn't surprising. "As Dr. Ford has said, she did not share her story publicly or with anyone for years following the incident with Judge Kavanaugh," she said in a statement. "It's not surprising that Ms. Keyser has no recollection of the evening as they did not discuss it."

Judge Kavanaugh also plans to turn over calendar records from his teenage years that don't include an entry for the sort of party that Dr. Ford described, a person familiar with the process said.

Among several points of contention late Sunday, Republicans said they would insist on a key point: that outside lawyers, in addition to senators, be allowed to question Dr. Ford and Judge Kavanaugh. Dr. Ford has objected to fending off questions from anyone other than lawmakers.

Republican lawmakers and White House officials have privately said they are worried about the optics of the 11 male GOP senators on the Judiciary Committee questioning a woman who is alleging she was sexually assaulted. Sen. Graham said on Fox that a designated lawyer would ferret out more information., but publicly they said a designated lawyer would ferret out more information.

"We've got 11 politicians who haven't done a trial in about 20 years," said Sen. Graham, adding, "I thought it would be really smart to have somebody come in who knows what the hell they're doing, to ask the questions, to be respectful."

Four of the 10 Democratic Judiciary members are women, and they argue Republicans are seeking to hide the lack of Republican women on the committee. Democrats are also continuing to press for other witnesses at the hearing, including Mark Judge, who Dr. Ford has said was present during the alleged assault. A lawyer for Mr. Judge said in a letter to the Judiciary Committee last week that he has no memory of the alleged incident and doesn't want to testify.

Sen. Chuck Grassley (R., Iowa), the committee's chairman, suggested he wouldn't yield on these points. "The Committee determines which witnesses to call, in what order to call them, and who will question them," Mr. Grassley's aides said in a statement.

Terms & Conditions

Lawyers and congressional aides have spent days haggling over the terms of Thursday's hearing featuring Supreme Court nominee Brett Kavanaugh and Christine Blasey Ford, who has accused him of sexual assault in the 1980s. The judge has denied the allegations.

Republicans have agreed to some of Dr. Ford's requests; others remain in dispute. Here's a further look:

What has been settled:

- The hearing will begin at 10 a.m. Thursday. There will be a break every 45 minutes, with additional breaks as requested.
- Dr. Ford will have a dedicated security team and will have two lawyers at the table with her while testifying.
- Dr. Ford and Judge Kavanaugh won't be in the hearing room at the same time.
- Dr. Ford will testify first, giving Judge Kavanaugh a chance to defend himself against the specifics of her allegations.
- Democratic lawmakers will question Judge Kavanaugh themselves.
- Senators from each side will be given the same number of rounds of questions, with an equal number of minutes per round.
- Limited access for TV cameras and other media.

What remains unresolved:

- Who will question Dr. Ford on the GOP side? Republicans want to use female staff attorneys or outside counsel to question Dr. Ford before senators do, but her lawyers are resisting that.
- How long will senators ask questions? That's still being determined.
- Who will testify? Republicans say only Dr. Ford and Judge Kavanaugh should appear. Democrats want additional witnesses including Mark Judge, whom Dr. Ford says was in the room during the assault; a former FBI agent who gave her a polygraph test; and trauma experts.

—Kristina Peterson

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[2]As of August 1, 2018, Fidelity contractually lowered fund operating expense ratios. See Fidelity.com/indexinvesting for more detail.

[3]Fidelity beats Vanguard on expenses on 18 of 18 comparable stock and bond index funds, across all Vanguard share classes with a minimum investment of less than $3 billion. Total expense ratios as of August 1, 2018. Please consider other important factors including that each fund's investment objectives, strategy, and index tracked to achieve its goals may differ, as well as each fund's features and risks.

[4]Vanguard offers other share classes of these funds with different investment minimums and expense ratios.

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Deal Permits China to Vet Catholic Bishops

Critics see risk to religious freedoms, while defenders see pact as breakthrough

A landmark agreement between the Vatican and China on the appointment of bishops drew sharply divided reactions over the weekend, with some viewing it as a capitulation by the church to Beijing and others seeing it as breakthrough.

By Francis X. Rocca in Rome and Eva Dou in Beijing

NICOLAS ASFOURI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Bishop Joseph Li Shan, center, baptized a woman during Mass at the South Cathedral in Beijing on Saturday.

The Vatican and the Chinese government signed the "provisional agreement" on Saturday, ending a decades-long struggle over who chooses the leaders of Catholicism in the world's most populous country.

Details of the agreement weren't made public, but people familiar with the matter ahead of the signing said it allows the pope to veto new nominees for bishops proposed by the Chinese government.

The agreement also means the Vatican will no longer approve the ordination of bishops in China without Beijing's permission, meaning all new leaders of the Catholic hierarchy there will be men acceptable to an avowedly atheist government.

Critics have cast the pact as a capitulation by Pope Francis to Beijing at a time of intensifying government crackdown on Christians and other religious groups.

"How can the Vatican do a deal with a regime at a time when it is destroying churches and crosses, prohibiting children from attending services and tightening restrictions?" said Benedict Rogers of Christian Solidarity Worldwide, a U.K.-based human-rights group.

But defenders of the move have described it as a breakthrough, since it involves official recognition of the pope's authority by a government that broke off diplomatic relations with the Holy See almost 70 years ago.

"Today the pope's representative enters Peking [sic] through the front door. No more secret negotiations, but an official agreement that recognizes the dignity of the Holy See and Chinese Catholicism," wrote Andrea Riccardi, a former Italian cabinet minister and prominent Catholic layman with close ties to the Vatican.

For China's government, the agreement is a boost to its image as the Communist Party pursues a campaign to bring Catholicism and other faiths under tighter control.

It is also a step toward resumption of diplomatic relations with the Vatican, after Mao Zedong expelled the last Vatican diplomat in 1951, and hence part of an intensifying campaign for the isolation of Taiwan, a democratic, self-ruled island that Beijing considers a renegade province.

The accord ends a decadeslong struggle over who chooses bishops in China.

The Holy See is the most prestigious of Taiwan's diplomatic partners, which now number only 17 after Beijing peeled off three others this year.

Some Chinese officials worry that the deal sets a dangerous precedent by giving a foreign organization a measure of power over religious affairs in China. They fear that it could encourage other religious groups in China—including Protestants, Muslims and Tibetan Buddhists—to seek greater integration with global religious bodies.

Major state media, which are closely managed by the Communist Party, have made brief mention of the accord.

China's decision to have an official from its Ministry of Foreign Affairs sign the agreement suggested an effort to distinguish its relations with the Vatican from the domain of internal religious affairs, which are overseen by the United Front Work Department.

The country's estimated 10 million Catholics are supposed to worship only in churches approved by the state-controlled Chinese Patriotic Catholic Association, but many Catholics attend unregistered churches in so-called underground communities led by bishops loyal only to Rome.

An official statement from China's state-backed Catholic associations on Sunday suggested the potential for conflict ahead, as the groups stressed the importance of patriotism and political sovereignty, with no mention of the pope or authority of the Vatican.

Union with the global church, as represented in the deal, was watered down in the groups' statement to an expression of willingness to "carry out friendly exchanges with other Catholic Churches on the basis of independence, mutual respect, equality and friendship."

Although the Vatican and Beijing have cooperated informally to agree on most appointments of bishops in recent decades, the government has periodically named bishops without the pope's approval. China had been threatening to restart unilateral appointments of state-backed bishops, placing pressure on the Vatican to come to an agreement.

Beijing's major condition for the agreement was that the pope recognize seven excommunicated Chinese bishops who had been appointed without Vatican approval over the years. On Saturday, the Vatican announced that the pope had fulfilled the requirement.

Pope Francis' pursuit of the deal has largely reflected his desire to end divisions between Catholics worshiping at state-approved churches and those in the underground church.

But Chinese Catholic communities are expected to grapple quietly with the terms of the deal in coming months, especially in the southern Mindong and Shantou dioceses, where respected, Vatican-appointed bishops were ordered to step aside as part of the compromise.

People familiar with the matter said ahead of the signing that the agreement allows for the possibility of revisions after one or two years if either party sees the need.

Among the important unknown details about the agreement are whether the pope will have a choice of nominees or merely a right of veto over a single candidate at a time; and how thoroughly the Vatican will be able to vet bishop candidates ahead of time.

The agreement also leaves unresolved the fate of some 30 so-called underground bishops recognized by the Vatican but not by China.

—Zhou Wei in Shanghai contributed to this article.

WORLD WATCH

FRANCE

Americans Mark Deadly 1918 Battle

It was one of America's deadliest battles, with 26,000 U.S. soldiers killed, tens of thousands wounded and more ammunition fired than in the whole of the Civil War. The Meuse-Argonne offensive of 1918 was also a great American victory that helped bring an end to World War 1.

Officials, descendants of soldiers and visitors braved strong winds and rain to attend a remembrance ceremony on Sunday afternoon in the Meuse-Argonne cemetery, the largest American cemetery in Europe.

During seven weeks of combat, 1.2 million American troops led by Gen. John J. Pershing fought to advance on the positions held by about 450,000 Germans in the Verdun region.

—Associated Press

TANZANIA

Deaths From Ferry Accident Top 200

Relatives attended the mass burial in Tanzania of many of the 224 people who drowned when a ferry in capsized on Lake Victoria.

The overloaded boat tipped over Thursday as it got to about 55 yards from a dock. People carrying their goods from a market day prepared to disembark, unbalancing the ferry, which turned over.

Identifications have been made for 172 people who died in the boat tragedy, Tanzania's Minister of Works, Transport and Communication Isack Kamwelwe said. The bodies of 37 others have not yet been identified, he told the broadcaster. At least 40 people were rescued, officials said.

—Associated Press

MALDIVES

Opposition Claims Victory in Voting

The opposition declared a victory in pivotal polls in the Maldives on Sunday, paving the way for the ouster of a strongman leader who aligned the strategically located archipelago more closely with China at the expense of traditional democratic allies during his five-year term.

President Abdulla Yameen had jailed many of his rivals, forced others into exile and cracked down on dissent in an attempt to keep his grip on power. The election was seen as a test for the nascent democracy that shifted away from autocratic rule a decade ago.

Opposition candidate Ibrahim Mohamed Solih won 58% of the vote, according to provisional results tallied by local news media, and urged Mr. Yameen to peacefully give up power. Final results may not be announced for days, the Election Commission said, and Mr. Yameen hasn't conceded yet.

"The message is loud and clear," Mr. Solih said in a speech as supporters gathered outside his campaign office in the middle of the night. "This is a moment of hope. This is a moment of history."

—Niharika Mandhana

ANDREW KASUKU/ASSOCIATED PRESS

The bodies of some of the 224 victims of a passenger ferry capsizing were buried on Ukara Island, Tanzania on Sunday.

WORLD NEWS

Spain Aims for Balance on Migrants

By Jeannette Neumann

MARCOS MORENO/AGENCE FRANCE-PRESSE/GETTY IMAGES

Migrants are rescued by Spanish authorities in the Strait of Gibraltar earlier in September.

MADRID—One of Pedro Sánchez's first acts when he became Spain's prime minister in June was to provide safe harbor to a ship carrying 600 migrants rescued from the Mediterranean, after it was refused entry by Italy's anti-immigration government.

Two months later, when 116 migrants breached the border fence at a Spanish enclave in Africa, Mr. Sánchez returned them to Morocco the next day.

Spain has become Europe's main entry point for migrants this year, overtaking Greece and Italy, and raising the stakes for Mr. Sánchez and other leaders who want to maintain the country's position as one of Europe's most immigration-friendly countries.

More than 34,000 seaborne migrants have landed on Spain's shores so far this year, a threefold increase from last year. Italy and Greece have each received about 20,000 arrivals so far this year. Despite a sharp fall in migration to Italy, Interior Minister Matteo Salvini has kept up anti-immigration statements.

Spain wants the world to know it isn't Italy. "We defend a migration policy that's respectful of human rights," Mr. Sánchez said recently.

Pro-immigration activists said the speedy repatriations in August from the Spanish enclave of Ceuta were illegal because the migrants had no time to register and process asylum claims. Mr. Sánchez said a bilateral agreement allowed him to send them straight back to Morocco.

The new leader's different responses to the rescue vessel and border breach show him trying to support Spaniards' generally pro-immigration views while avoiding a backlash from those who are concerned about maintaining a secure border.

Spaniards are among the Europeans most likely to consider immigration an opportunity for their country rather than a problem, according to a European Union survey in April. Most Spaniards think their country's integration of immigrants has been successful, the survey found.

At the same time, tensions are visible at the local level. In Barcelona, the far-left mayor faces pressure from locals to control immigrant street vendors. Fermín Villar, head of a Barcelona business association, said the vendors create unfair competition for local retailers because they don't pay rent or taxes. Immigrants "can come, we have to help them, but [city officials] aren't demanding anything in return," Mr. Villar said. "Immigrants have all the same rights but also the same obligations."

Spanish conservatives, now in opposition, are less critical of immigration than many right-leaning politicians elsewhere in Europe.

But supporters of Spain's approach to immigration are growing concerned that the increase in migration could sow the seeds of something Spanish democracy has never seen: a far-right nativist movement.

Spain and neighboring Portugal are the only countries in Western Europe with no significant nativist parties such as Italy's League, France's National Front, or the Alternative for Germany, known as AfD. Living memories of decades-long, fascist-inspired dictatorships have played a role in preventing the rise of the far right in both Iberian countries.

Spain and Portugal's "authoritarian past is more recent than in Germany or Italy, with around half of the population still alive," noted Elcano Royal Institute analyst Carmen González. Spain's electoral system also disadvantages small national parties, she said.

But just as the AfD's rise has broken historical taboos in Germany, some voters in Spain are concerned rising migration via Africa could sow the seeds of a far-right nativist movement.

Spain had the highest net immigration per capita of any EU country between 2000 and 2009, when its roaring economy attracted workers from Latin America, North Africa and elsewhere.

Tehran Takes Saudi Arabia, West to Task Over Terrorist Attack at Military Parade

BEHRAD GHASEMI/ISNA/AGENCE FRANCE-PRESSE/GETTY IMAGES

Iran has begun a diplomatic push against European and Arab countries it says supported or harbored people linked to a terrorist attack that left 25 people dead and fueled Middle East tensions.

Al Ahvazieh, an ethnic Arab separatist group with links to Saudi Arabia, claimed responsibility for Saturday's attack by four gunmen on a military parade in the southwestern Iranian city of Ahvaz. Iranian officials said children and journalists were among the dead, along with eight members of the elite Islamic Revolutionary Guard Corps unit. At left, civilians and soldiers took cover during the attack.

Iranian officials blame Saudi Arabia for training and funding the separatist group. Saudi officials didn't respond to questions seeking comment.

Iran's foreign ministry summoned the ambassadors of Denmark and the Netherlands, where it says people linked to the assailants are based.

—Sune Engel Rasmussen

Russia, Iran Step Up Economic Rivalry

By Sune Engel Rasmussen And Benoit Faucon

A military alliance between Russia and Iran to back Syrian President Bashar al-Assad is giving way to an economic rivalry as Syria's war winds down, a contest Moscow is leading.

The friction is adding pressure on Tehran, which is under U.S. sanctions that are squeezing Iran's economy. Russia's ascendancy also illustrates the muscular role it is playing in the Middle East through oil diplomacy and strategic economic ties.

Russia also has increased arms and commercial trade with Iran's regional arch rivals, Saudi Arabia and Israel, and continues to tussle with Iran over rights to natural resources in the Caspian Sea.

In Syria, Russia is outdoing Iran for lucrative opportunities to rebuild the shattered country, even as the two continue to cooperate on the battlefield.

Russian oil production has soared in recent months as Iran's exports have fallen, drawing criticism from Iranian officials that Moscow is taking advantage of Tehran's vulnerability.

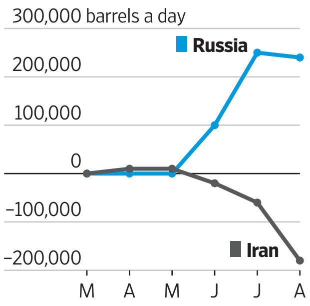
"Iran is in an unenviable position," said Mark N. Katz, professor at George Mason University and expert in Russian relations in the Middle East. "And Moscow is taking advantage of the situation."

Iran's trouble rose in May when President Trump pulled the U.S. out of a multinational deal intended to curb Tehran's nuclear program in exchange for economic benefits, and later announced new economic sanctions. That shocked Iran's already fragile economy.

An Opening

Russia has stepped in to offset Iran's falling oil production.

Change in oil production since March



Source: International Energy Agency

THE WALL STREET JOURNAL.

The strategy has crippled oil exports, prompting the currency to plummet and inflation and unemployment to soar. The dire economy prompted Parliament to force President Hassan Rouhani to dismiss cabinet members. A second round of U.S. sanctions is set to begin on Nov. 4.

The fastest-emerging front in the Iranian-Russian rivalry is oil.

Iranian Oil Minister Bijan Zanganeh withdrew plans to attend a meeting on Sunday of the Organization of the Petroleum Exporting Countries in Algeria. Iran has accused Saudi Arabia and Russia of teaming up to push for higher oil output to push down prices and hurt Iran's economy.

Since the U.S. exit from the nuclear deal, Iranian exports of oil and a light petroleum called condensate have collapsed. Officials at the state-run National Iranian Oil Co. expect crude shipments to drop to about 1.5 million barrels a day this month, down by a third from June, say people familiar with the country's ports loading program.

Russia, meanwhile, has increased its oil output by 250,000 barrels to 11.6 million barrels a day, according to the International Energy Agency. In August, Russia's oil and gas revenue rose nearly 50% from the same period last year, to about $83 billion.

Most of the additional Russian oil is going to buyers that have reduced purchases of Iran oil for fear of running afoul of U.S. sanctions, such as Greece, Italy and Turkey, according to official data, shipping trackers and company officials.

Iran's governor to OPEC, Hossein Kazempour, has accused Russia of amplifying the effects of U.S. sanctions on Iran by using oil as a political tool.

"Russia is being rewarded by the nonimplementation of the [nuclear] deal," Mr. Kazempour said in a recent interview.

Consolidating its role as a key power broker in the Middle East, Russia is stepping up trade with Iran's rivals.

Its trade with Israel grew 25% last year, according to Israel's minister for environmental protection quoted in national media.

Last year, Russia agreed to sell S-400 air-defense systems to Saudi Arabia, a superior system to the S-300 that Russia has sold Iran.

In Syria, Russia also has the upper hand, with a deeper foothold in the energy sector.

Adding to the rivalry, Iran and Russia remain at odds over Caspian Sea oil deposits even after a landmark agreement in August among countries bordering the inland body of water, dividing up its seabed into territorial zones.

U.S., Allies Face Off On Tehran

Continued from Page One

Iran, for its part, will attempt to widen the gap between the U.S. and Europe by portraying itself as abiding by its commitments while the U.S. disregards international accords.

British, French and German diplomats plan to meet Monday with counterparts from Iran and other parties to the accord—Russia and China—to try to persuade Tehran to stick with the agreement as U.S. sanctions on Iran's oil exports take hold in November and foreign companies continue to depart.

Most Western businesses appear to be heeding Washington's warnings that it will punish those found violating its economywide sanctions campaign. The risk of losing access to the world's largest economy and most important financial markets isn't worth keeping ties to a country whose gross domestic product is dwarfed by the U.S. Companies such as Boeing Co. and German industrial firm Wintershall have either pulled out completely or said they are planning an exit.

Ahead of Nov. 4, when some of the strongest sanctions kick in, Iran crude imports have fallen over the last four months in many of Tehran's biggest customers, analysts say.

The remaining parties to the 2015 accord are expected to issue a statement in support of the deal after the meeting.

The sharply differing views will put Washington and Europe on opposing courses on the world stage. "Talking about Iran, talking about their proxies and the other things they are doing to destabilize the Middle East will certainly be a topic," said Nikki Haley, U.S. ambassador to the U.N., on Thursday.

France and Britain have acknowledged concerns over Iran's assertive role in the region and its ballistic missile program, but diplomats said each plans to deliver a "strong speech" in defense of the deal during the meeting led by Mr. Trump.

IRANIAN PRESIDENCY/AGENCE FRANCE-PRESSE/GETTY IMAGES

Iran's President Hassan Rouhani, center, departs for the U.N. meeting.

Europeans will portray the agreement, formally known as the Joint Comprehensive Plan of Action, "as one of the backbones of avoiding Iran getting nuclear weapon," said one Security Council diplomat. President Emmanuel Macron of France proposal to resurrect his proposal for "JCPOA Plus," a plan that called for the U.S. to remain committed to the accord as world powers work out a parallel understanding on how to limit Iran's missile program and press Tehran on its regional policies.

France and Britain acknowledge concerns over Iran's assertive role in the region.

Iran and Europe point out that the deal was limited to the nuclear program and that U.N. monitors repeatedly have certified that Iran has been abiding by the terms of the pact.

The provisions of the nuclear deal the Europeans support aren't nearly as stringent as what Mr. Trump's administration is now demanding: an end to all uranium enrichment by Iran.

And while the U.S. and the Europeans are close on how to deal with Iran's missiles, the U.S. demands that sanctions be imposed unless Iran withdraws its forces from Syria, ends all support for militant groups and ends threats to Israel are tougher than the positions taken in European capitals on Tehran's posture in the Middle East.

The meetings are likely to be colored by Saturday's terrorist attack on a military parade in Iran's southern city of Ahvaz in which at least 25 people were killed and 60 were injured.

Both Islamic State and a separatist Iranian Arab group claimed responsibility. Iran's Foreign Minister Javad Zarif and other top Iranian officials blamed regional foes and the U.S. for backing anti-Iranian groups. On Sunday, before leaving for the U.N. meeting, President Hassan Rouhani of Iran said the U.S. doesn't "want security in Iran, they want to foment chaos and they want to create the conditions needed for them to return to the country one day and become masters of the people similar to the past."

The State Department issued a statement condemning "all acts of terrorism and the loss of any innocent lives" and said it stands with the Iranian people.

Brian Hook, the State Department special envoy on Iran, said earlier this month the U.S. wants to negotiate a new and broader treaty with Iran that would cover its regional activities, missile tests and nuclear program. Iran rejected the offer as out of the question.

—Vivian Salama and Ian Talley in Washington contributed to this article.

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Pompeo Adds New Special Envoys

By Michael R. Gordon

When Secretary of State Mike Pompeo is at the United Nations this week for a marathon round of talks, he will be joined by a cadre of special envoys chosen to spearhead diplomacy on some of the world's most vexing issues.

It was little more than a year ago that Rex Tillerson, Mr. Pompeo's predecessor, boasted that he had cut the number of special envoys to eliminate duplication and create "a more efficient State Department."

Mr. Pompeo has turned that philosophy on its head, filling some of the posts Mr. Tillerson eliminated.

Mr. Pompeo has established a special envoy for Iran policy, one for the North Korea nuclear talks and two for the crisis in Syria.

On Friday, the State Department officially added one more when it swore in a special envoy for Afghan reconciliation, whose mission is to foster a political settlement for a war that has lasted 17 years.

Though previous administrations have used special envoys, Mr. Pompeo has embraced the concept. The entire team will be in New York for the U.N. gathering, which will give Mr. Pompeo's approach a field test.

"Special envoys are a way for the secretary of state to make sure the runs the 'building' on key issues and that the building does not run him," said Dennis Ross, a former special envoy on Middle East peace issues, who held senior posts in Democratic and Republican administrations.

"They are most likely to think outside the box and not be governed by assumptions that have become embedded in the State Department's bureaus," Mr. Ross added. "But to be successful, they need to be empowered, to have their own small interagency teams and to be able to bring in the secretary of state or the president at critical moments."

One question is whether the envoys will have the backing of President Trump, who often makes foreign-policy decisions without consulting administration specialists.

Martin Indyk, who served as an assistant secretary of state and as a special envoy on Middle East peace issues, said that the envoys are a convenient way for Mr. Pompeo to flesh out his team as they don't require Senate confirmation and may not be subject to the same stringent political loyalty tests the White House personnel operation uses to fill permanent positions.

If diplomacy falters, he added, they can also be the ones to shoulder much of the blame.


JIM WATSON/AGENCE FRANCE-PRESSE/GETTY IMAGES

Special envoys will join the secretary of state at the U.N. this week.

U.K.'s Labour Faces Own Brexit Test

By Max Colchester And Jason Douglas

LONDON—British Prime Minister Theresa May isn't the only U.K. political leader presiding over a party riven by Brexit.

Jeremy Corbyn, the leader of the main opposition Labour Party, is in the same boat, as members of his party gathered on Sunday for their four-day annual conference.

Mr. Corbyn has been vague about what he wants from Brexit, in hopes of securing British voters on both sides of the debate over Britain's departure from the European Union. But with less than 200 days until the U.K. exits the bloc, that tactic is running out of road, some party activists say.

"They need a policy on Brexit," said Mike Buckley, the director of Labour for a People's Vote, a left-wing group pushing for another national referendum on whether to leave the EU. "You can't not have a policy on Brexit."

At their gathering in Liverpool, Labour delegates are expected to debate issues including whether the party supports holding a second Brexit vote, a move that could force Mr. Corbyn to tip his hand.

The U.K. remains divided over how, and even if, the country should leave the trading bloc. Mrs. May, the Conservative leader, is trying to hash out the details of a withdrawal agreement with the EU. Any deal she makes will need to be ratified by the British Parliament before the U.K. formally quits the bloc at the end of March 2019.

Party leader Jeremy Corbyn has been vague about a policy on leaving the EU.

For Labour, that parliamentary vote presents a possible opportunity to trigger an early general election. Mrs. May's party is divided over Brexit and lacks a majority in the House of Commons, depending on a small Northern Irish party to govern.

If enough die-hard euroskeptics in her party vote against her Brexit deal, Mrs. May would have to rely on Labour lawmakers to get the deal through Parliament. Some analysts say she is unlikely to get enough of such support. Failure to get her flagship proposals through Parliament would probably mean her downfall and could precipitate a general election. Polls currently have Labour running close behind the Conservatives.

The idea of a second Brexit referendum vote has gained traction of late, especially among younger Labour voters who want the U.K. to remain in the EU.

Initially, Mr. Corbyn ruled out the idea, and even as top Labour officials have softened their stance on it in recent months, the leader seems unconvinced. On Thursday, he told the BBC he "was not proposing another referendum" and Labour would seek to negotiate a "close relationship" with the EU if it came to power.

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President Donald J. Trump
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

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   Challenge Congress, the courts, and every government agency to do the same.

   Five percent is a modest goal! The examples on the next page are just the tip of the iceberg. This results from a culture of indifference and a lack of respect for the taxpaying public.

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New Way to Pay Gives The Finger

Continued from Page One

the U.K., which, along with options such as key fobs and wristbands, offers stickers customers can use to turn almost anything into a payment device.

Mr. Leahy's ring can link to a debit or credit card and uses technology similar to the tiny antennas in "contactless" bank cards users tap on card readers.

Rings have become a wearable of choice for some early adopters. If only everyone else could adapt. Allen Pluck, 60, says he caught the attention of a London ticket inspector in June when he used a ring for his bus fare. She approached him after he sat down, because she hadn't seen him use a card.

He could see the "incredulity growing in lines across her forehead" as he tried to explain the ring, he says. The inspector's hand-held card reader showed his ring had worked.

"The other bus travelers were listening in to the conversation," says Mr. Pluck, who runs an agency that helps start small businesses. "I guess they expected me to either get ejected from the bus or arrested."

A Transport for London spokesman says: "As part of our regular training for frontline staff, we advise them that contactless payment devices may come in many, and differing, forms."

Ali Paterson, 30, was in New York in January and bought a $5.20 drink at a coffee shop using a payment ring from a U.K. company, K Wearables Ltd. Mr. Paterson, founder of Fintech Finance, a website that publishes videos and articles on financial technology, says he had to take out his phone and show the skeptical cashier an app to prove the payment went through.

"They thought I had pulled a fast one by tapping" the ring, says Mr. Paterson, who lives in the U.K. His firm does some work for financial-technology companies, he says, but not K Wearables.

K Wearables founder Phil Campbell says his advice to customers is: "Do NOT claim that it's magic—because while that may seem like a good idea, isn't always well received. Do tell them that it's a Mastercard approved product."

When a customer in Eastern Europe used one at a hamburger joint, he says, the server wouldn't hand over the food until the ring-bearer showed the company's website.

"There were some surprised faces at the counters" during ABN's trial, says Yvonne Duits, an official at the bank. The results are "very promising," she says, with nearly 80% expressing a preference for wearable devices over bank cards.

'Wearable' payment devices now include rings, confusing some cashiers and onlookers.

Contactless payments are growing around the world, and industry analysts say Australia has been a big early adopter.

Yet paying by ring still confounds some Down Under. Sonia Wollersheim, 46, a ring-wearer working in mining logistics, was at a cafe last month in Noosa, Queensland, a coastal tourist spot. The barista, seeing her payment go through with no visible card, thought she bought her coffee using the New Age technique of *reiki*, which purportedly involves energy passing through hands.

"He just goes, 'Did you reiki the payment?' " Ms. Wollersheim says. "I've also had people behind me in the queue ask me, did I just pay with my fist?"

The curiosity can be annoying, says Brittany Nelson, 25, who wears a ring from Bankwest. "People are a bit baffled," says the Sydney public-relations worker. When she used the ring for coffee one Saturday this month, a cashier said it would be nice if wedding rings did the same. "Sometimes it's fun, but sometimes you just want to pay for your lunch and go about your day."

Bankwest, part of Commonwealth Bank of Australia, says it has sold some 10,000 rings at 39 Australian dollars each and hasn't received complaints from confused businesses. About 400 Bankwest employees helped test a prototype of its ring and a key fob, bracelet and clip that goes onto a watch strap, says Andy Weir, the bank's executive general manager for technology and transformation, but "no nose rings."

Jason Stangroome, 35, sometimes gives up and uses a card. The Sydney software engineer got a payment ring in August but says he used a card on a recent taxi ride home. "I thought, it's 11 o'clock at night on Thursday night, the last thing this cabbie needs is to be looking funny at what I'm trying to do."

Russia Takes Lead In Wheat

Continued from Page One

Amid a multiyear, brutal slump in grain prices, Russian agriculture is thriving. The country exported more than 40 million tons of wheat in the year ending June, around 50% more than the previous year, and the highest level for any country in the past quarter-century. Russia overtook the U.S. as the world's biggest exporter of wheat in 2016, and again beat the U.S. in 2018.

The growing Russian competition is one more pressure point threatening American farming, which is facing the biggest wave of farm closures in the U.S. since the 1980s. A global oversupply of grain has pushed prices down to around half the level in 2012, when prices peaked, making it difficult to turn a profit in dollars.

U.S. trade disputes with China and other countries could make Russian wheat even more attractive, if big buyers apply retaliatory tariffs to U.S. grains. China has added a 25% tariff on U.S. wheat, but Chinese restrictions on imports from Russia have prevented Moscow from taking advantage yet, according to Swithun Still, director at Switzerland-based Solaris Commodities SA, which trades Russian grain.

For now, "it's not the trade war, it's economics" that is helping Russian wheat compete, even in places close to the U.S. such as Mexico, Mr. Still said. Russian "quality got better, and it's cheaper."

Russian farmers come out ahead when export earnings are converted into rubles. Since the Russian currency has depreciated, a dollar now converts to twice as many rubles as it did in 2014. Russia has a similar advantage against the euro and other currencies. Russian farmers can cover their costs at home to keep planting, and also undercut Western competitors on price.

Russia's surge of agriculture exports, including grains, fish and meat, is part of an effort to diversify the economy away from crude oil. Oil and natural gas were once the source of half of federal budget revenues. With oil prices still down 25% from their high in 2014—recovering from a swoon of more than 60%—exports now account for around 40% of budget revenues.

'Grain is our oil'

"Given the fall in prices for oil, grain has come to the fore. Grain is our oil," then-Agriculture Minister Aleksandr Tkachev said in 2016.

Less-expensive Russian wheat is pushing U.S. and European grain out of import-dependent countries in the Mideast and North Africa, where the Kremlin has made a military and diplomatic push for influence in recent years.

Agriculture exports, at $20.7 billion in 2017, have overtaken the arms industry as Russia's No. 2 earner. Wheat makes up about a quarter of the total.

Russia harvested an area of wheat almost twice as large as the U.S. in the year ended in June, according to the U.S. Department of Agriculture. American farmers, seeing little opportunity to profit, planted the smallest area of wheat since records began a century ago. U.S. wheat production shrank 25% in the year.

Russia is the world's largest exporter of wheat. A worker prepares to spray crops, above. Vladimir Mishurov at his farm in Otradnaya.

DMITRI BELIAKOV FOR THE WALL STREET JOURNAL (2)

Mr. Mishurov's farm is on the fertile steppe of southern Russia. The area is the country's biggest grain producer—a bread basket known for its mineral-rich black earth and mild climate.

Now 46 years old, he spent his late teens and early 20s driving a bone-rattling tractor that needed its motor refurbished every year and left his hands callused. A lack of cash meant workers were paid in sacks of flour, wheat or sugar, and drunkenness was pervasive.

At the start of the 20th century, Russia had been the world's largest exporter of wheat. The Soviets killed and imprisoned millions, including many of the most-successful farmers, as part of an effort to install a system of collective farming that proved inefficient. By the 1970s, the Soviet Union had to import grain.

Collective farms stumbled on after the Soviet Union collapsed in 1991, often still managed by the same bosses without business smarts or cash to invest.

"No one was in charge," said Mr. Mishurov. "They couldn't adapt to the market economy. They were accustomed to unthinkingly following instructions."

Farmhands worked "to pass the time of day until they could go home," said Andrei Burdin, a farmer from a nearby village who works land that was once part of the "Dawn of Communism" collective farm. "Farming was at a dead end."

Russia opened the land market at the end of the 1990s, but new investors and their managers tended to be far from the land and averse to risks, farmers said.

Mr. Mishurov, who worked as chief agronomist at a large farming conglomerate, recalled telling an executive in the early 2000s that using pesticide could increase the barley crop by around a quarter.

" 'No, Vova, it's enough already,' " he said the executive replied, using a nickname. "Why should I persuade someone to earn more money?" Mr. Mishurov said.

He struck out on his own in the mid-2000s. At first, he pooled land with relatives and used whatever equipment he could lay his hands on. Today, he grows wheat, barley, beets, corn, sunflowers, peas and other crops.

Mr. Burdin, 43, started farming around 250 acres in 2005 with a dilapidated tractor and planter. He invested early profits into more-efficient vehicles and better fertilizer, and expanded territory by renting from neighbors.

"When we made the first money, I didn't buy a Mercedes or an apartment," he said. "I put it into the next season."

At first, he bought Russian equipment, but later upgraded to John Deere tractors and combines, which the Russians call *zelyonaya tekhnika*, or "green machines." Mr. Burdin said he tested a John Deere combine against a Russian one and found it produced about one-third more grain from the same area.

He also added a planter from Sweden's Vaderstad AB that shoots seeds into the ground at the optimal depth and intervals, improving yields. He now farms about 3,700 acres.

In April, while loading the planter with seed, Mr. Burdin joked with farmhands about equipment in the old days. He recalled working with a pesticide sprayer that would soak him with chemicals. He said he could only work for about four hours at a time before giving up, out of fear for his health. Now, his sprayer can measure how much pesticide to spray and where, keeping costs down.

The price of land in the region where Messrs. Mishurov and Burdin live is significantly lower than for many foreign rivals. On average, farmland in Romania, a European Union member on the Black Sea, is nearly three times the price, while farmland in Iowa and Kansas is more than five times the price, according to a 2017 survey by Moscow-based SovEcon, which provides consulting services, analysis and forecasts on Russian agriculture.

Mr. Burdin said Russian seeds and fertilizers still cost less than Western brands, even though they have improved significantly in recent years. He buys wheat seeds from a state-run agricultural institute, and can plant the seeds produced from those plants the next season. Many American farmers use expensive, high-yield, patented seeds from companies such as Bayer AG or DowDuPont Inc., which don't allow the produced seeds to be planted, requiring farmers to buy fresh seeds annually.

Transport costs are also low for the region. It is close to Black Sea ports, and gasoline costs are much lower than in Western Europe. Mr. Burdin and Mr. Mishurov run their own fleets of trucks that move grain to the Novorossiysk port some 200 miles away by road.

Private and state-owned companies have modernized grain terminals in recent years and increased their capacities. Farmers can use an app on a smartphone to book a slot for their trucks to deliver grain, rather than the old system of having trucks wait in line for days.

Bumper harvests are stretching infrastructure. Windows for unloading grain are snapped up quickly, and farmers are often assigned slots several days after a requested time, Mr. Burdin said.

Exports "could be even higher if they could figure out how to load more," he said.

Russia has made it a priority. President Vladimir Putin ordered officials to tackle infrastructure bottlenecks that are holding back exports. In inland areas, large distances and a lack of train cars and storage silos hamper grain from reaching external markets.

One of Russia's largest terminals in Novorossiysk is completing a three-year modernization this year that will nearly double its capacity. Other companies have announced plans to build or expand terminals on the Black Sea, the Baltic Sea in the north and in the Far East. Officials said expansions at ports could increase export capacity of grains by 50% to 7.5 million tons a month by 2020.

Government officials tout the importance of state subsidies, including inexpensive loans to help farmers replace old equipment. Analysts and farmers say the state's efforts to support agriculture have been hit and miss. Subsidies often make their way to well-connected companies, investment in infrastructure has been slow and bureaucrats and other officials often expect bribes.

Giant agroholdings

"Farmers received the freedom to do business in the way they thought most efficient," said Andrei Sizov Jr., managing director of SovEcon. "The role of the state was quite muted in the last 10 years, and that was good for the industry."

Giant agroholdings, conglomerates often created by wealthy tycoons or people close to top federal and regional government officials, have built up spreads that dwarf Western farms. Individual farms larger than 250,000 acres, or nearly 400 square miles, account for around 13% of all land farmed in Russia, according to Mr. Sizov.

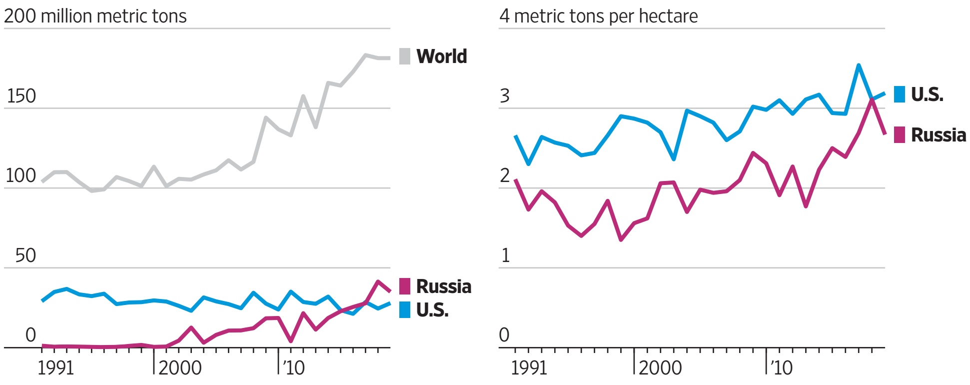
Mr. Mishurov can now afford to collect and restore a half-dozen vintage Soviet cars and vacation in the Maldives and Thailand, although he said he prefers staying home.

The poor villages here depend on the generosity of wealthier farmers. Mr. Mishurov funded renovations to his village's statue of Lenin and a monument to locals who died in World War II, while Mr. Burdin paid to fix up his village's kindergarten.

Mr. Mishurov employs 10 farmhands, three guards and a cook who prepares meals for the workers. "It's a lot for our acreage, but if we try to preserve jobs in the village," he said. One recent morning, a man dropped by Mr. Mishurov's farmyard office to cadge a bucket of corn for his hens. It was a former collective farm boss.

New Farm Power

Russia has overtaken the U.S. as the world's largest exporter of wheat, as the global wheat export market has expanded. Russian farmers have improved yields, coming close to American farmers.



Note: Market years are from July to June. 2019 is a forecast.
Source: U.S. Department of Agriculture

THE WALL STREET JOURNAL.

GREATER NEW YORK

JFK Revamp Passes on a New Runway

Omission is a mistake, some planners argue, but Port Authority says other fixes needed first

By Paul Berger

In the coming weeks, Gov. Andrew Cuomo is expected to announce details of a $10 billion face-lift for one of America's busiest airports.

The plan is expected to provide upgrades to John F. Kennedy International Airport, in Queens, including new roads for motorists, improved taxiways for aircraft and a modern, more consolidated terminal layout.

But it won't include one element that some planners say is essential to handling rising demand in the coming decades and should be considered now: a new runway.

"Right now, a new runway is not on the table," said Rick Cotton, the executive director of the Port Authority of New York and New Jersey, which runs JFK.

The airport served a record 59 million passengers last year, up 23% from 48 million passengers in 2008, according to Port Authority data. JFK's four runways are sufficient to handle projected passenger growth through 2035, Mr. Cotton said. By then, the airport expects to serve 80 million passengers, he added.

Mr. Cuomo's office referred all questions to the Port Authority. Mr. Cotton, in a statement, said the modernization plans about to be unveiled for JFK are needed to meet projected passenger growth through the 2030s. "We need to transform JFK into an airport that can actually meet 21st century demands before we start considering new runways," he said.

Airport runway projects typically are controversial because of noise and pollution concerns. The Port Authority has an added difficulty at JFK because a new runway likely would be built over Jamaica Bay, an 18,000-acre wetland estuary. It also could cost billions of dollars.

The Port Authority is a bi-state agency controlled by the governors of New York and New Jersey. Mr. Cotton was appointed to lead the agency last year by Mr. Cuomo. The agency, in addition to JFK, runs LaGuardia Airport and Newark-Liberty International. Together they act as a regional air system, with JFK and Newark in New Jersey serving a mix of domestic and international passengers, while LaGuardia, in Queens, focuses on domestic passengers.

The Port Authority was a principal sponsor of a 2011 study by the Regional Plan Association, an urban-planning organization. The study predicted that total demand at the three airports would grow to 150 million passengers by 2030, up from 104 million passengers in 2010. Since then, demand has increased more rapidly. Last year, the airports handled a record 132 million passengers combined, according to the Port Authority.

In a report published earlier this year, the Regional Plan Association said JFK needs two new runways, but it noted that so far the Port Authority hasn't indicated any plans to expand capacity.

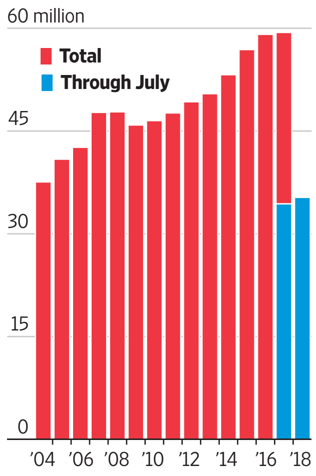
Agency officials say more time is needed to study the effects of a new air-traffic control system, which is being rolled out nationwide in the coming years. But the Regional Plan Association report noted that previous findings by its staff and by the Port Authority concluded that even with a new air-traffic system, additional runways would be needed to meet demand.

Chris Ward, who stepped down as Port Authority executive director in 2011, said that at the time, officials believed it would take 20 to 25 years to plan and build a new runway.

"There's no denying that this is a question of math," Mr. Ward said recently in an interview. "If you know the forecast is for this amount of travelers and they want to come to New York, how do you solve the equation?"

Soaring Demand

Passenger revenue at John F. Kennedy International Airport



Source: Port Authority of New York and New Jersey

The Wall Street Jounral

Museum's Plan Draws Ire, Lawsuit

By Charles Passy

In less than two weeks, community activists who have long opposed the American Museum of Natural History's $383 million expansion will get their day in court after filing a lawsuit earlier this year against the institution and New York City.

Their key argument: The plan should be nixed because the museum isn't entitled to the city-owned land that will be needed for the expansion, despite the city's approval of the project. A ruling from the judge should follow within three to six months, said Michael Hiller, attorney for the plaintiffs.

But to the alarm of the activists and some Upper West Side residents, the museum has gone ahead and started work on preconstruction aspects of the project in recent days.

"I look at this as a bullying tactic. [The museum] is trying to send the message this is a done deal," said Laura Messersmith, one of the activists who is a plaintiff in the lawsuit.

Museum officials said the community has been notified in advance of all construction work through email updates and postings on the institution's website. A spokesman for the museum also said it has "established a construction task force which includes representatives from neighborhood groups and is available to address concerns or problems that may arise during the construction period."

The museum occupies a large portion of the city-owned Theodore Roosevelt Park, which is situated between Central Park West and Columbus Avenue and between 77th and 81st streets. The expansion is a five-story building, named the Richard Gilder Center after a museum trustee, that will be adjacent to the existing institution in the park. Museum officials hope to open it in 2021.

The work that has been done over the past week is tied to the eventual installation of a construction-site fence for the Gilder Center. As part of the preparation, a park entry path was closed and work on a temporary entry path began.

The Gilder Center is slated to have a mix of exhibits and classrooms, and is touted by museum officials as a way for the institution to beef up its educational presence.

Community opposition to the project has stemmed from concerns it would add too much pedestrian and vehicular traffic to the area.

The lawsuit, however, focuses particularly on a land-use issue. Community United to Protect Theodore Roosevelt Park, the group behind the case, claims the museum doesn't have the right to expand its footprint in the park. The issue revolves around an 1876 New York state statute and a subsequent city lease agreement with the museum, according to Mr. Hiller.

A hearing on the lawsuit is scheduled for Oct. 2 in state supreme court in Manhattan.

MICHAEL NOBLE JR. FOR THE WALL STREET JOURNAL

The museum occupies a portion of Theodore Roosevelt Park.

DAVID 'DEE' DELGADO FOR THE WALL STREET JOURNAL

The company's multimillion-dollar new Bronx warehouse, pictured in July, was supposed to help improve its logistics.

FreshDirect's Deliveries Stumble

By Jennifer Smith

FreshDirect LLC is shipping out apologies to its customers for delivery problems that have plagued the New York City-based online grocery company while it has moved its operations to a new distribution center.

Customers have complained about missing items and botched deliveries since FreshDirect began moving from its old facility in Long Island City, Queens, to a new, specially designed and highly automated warehouse in the Bronx earlier this year. Some said their frustration has pushed them to try out rival services such as Amazon.com Inc.'s online grocery delivery unit, Amazon Fresh.

The transition to the new facility "has not been as smooth as we planned," FreshDirect co-founder and Chief Executive David McInerney told customers in a Friday morning email. The company's longtime CEO and co-founder, Jason Ackerman, stepped down earlier this month.

"I understand that the challenges we've faced have potentially eroded the trust and credibility we built with you over years of great service," Mr. McInerney said in the email. "We're focused on earning that trust back and I have aligned the entire company on making things right."

The problems at FreshDirect highlight the logistics challenges of delivering groceries, including making sure orders arrive complete, on time and in the same condition shoppers would expect if they went to the store themselves.

The privately held company, which started delivering groceries in 2002, is also facing new competition, with increased investment in online grocery delivery growing amid the broader moves in retail toward digital commerce. Big companies including Walmart Inc., Kroger Co. and **Koninklijke Ahold Delhaize** NV's Peapod unit are investing millions to build out grocery e-commerce operations.

FreshDirect's multimillion-dollar new Bronx warehouse was supposed to help improve its logistics by compressing the time it takes to get food from the fields to customers' doorsteps. It is also supposed to help the company, which expanded beyond the New York-New Jersey region to delivery in the Philadelphia and Washington, D.C., metropolitan areas, increase capacity as it looks to go into additional markets such as Boston.

The problems highlight the logistics challenges of delivering groceries.

But the transfer of operations, which began in late spring, proved glitchy. The issues came to a head in June, when some customers in Manhattan received emails telling them none of the items they had ordered were available, a problem the company later attributed to a software upgrade gone awry.

"There have been hiccups," Mr. Ackerman said in a July interview at the new facility.

FreshDirect said in a statement Friday it has made "meaningful progress" in its service. "There are operational growing pains which are difficult to anticipate with such a complex move, but we've already seen massive improvements from where we started."

Manhattan resident Suzy Chase said she has had items missing from her orders every week or so since June, including ingredients she needs for recipes featured on her weekly cooking podcast. Ms. Chase said she spends at least $200 a week on FreshDirect. The company has issued her some credits, but "it doesn't solve my problem of missing the ingredients that I need," she said.

Roger Schonfeld has been a loyal FreshDirect customer for years, but said he's getting fed up after three months or so of botched orders. When packaged goods like plastic wrap fail to show up, "that suggests that something is wrong with their inventory management," the New York City resident said.

Tech, Finance Firms Take On Apprentices

By Kate King

Apprenticeships have long been associated with manufacturing and construction jobs. But some New York City tech and finance companies have started to use apprenticeships as a way to train new hires and diversify their workforces.

While these efforts were growing in number, Mayor Bill de Blasio last year announced a new initiative to establish 450 apprenticeships in the industrial, health and tech industries by 2020. The city will use models already pioneered by some tech companies to encourage other businesses to hire apprentices.

Joshua Ortiz was always interested in computers, but after getting an associate degree in applied science, the Bronx native found even entry-level technology positions required certifications he couldn't afford.

A relative suggested he enroll at Per Scholas, a nonprofit technical school in the South Bronx, where he took a free, 15-week course that helped him get the qualifications he needed. In 2013, he landed a spot in Barclays PLC's first apprenticeship program in New York City, and two years later he was hired full-time in the firm's information-technology department.

KEVIN HAGEN FOR THE WALL STREET JOURNAL

Joshua Ortiz, an engineer with the information-technology department at Barclays, was hired two years after an apprenticeship.

"I was underqualified before coming here," said Mr. Ortiz, 26, who is now an engineer in the bank's IT department in Midtown Manhattan. "It was tough learning the infrastructure as a person without experience."

Apprenticeships generally last longer than internships and come with a job offer at the end, as long as the apprentice performs well. They are paid positions and typically offer gradually increasing salaries, according to a new report by the Center for an Urban Future, or CUF, an independent nonprofit.

Gregg Bishop, commissioner of the New York City Department of Small Business Services, said employers are looking to expand beyond their usual recruitment pools.

"If you're only going to one particular source, you're facing stiff competition," Mr. Bishop said. "It is becoming very difficult to not only find talent, because of the low unemployment rate, but you also want to have diversity in that talent pool as well."

New York state had 762 apprenticeship programs registered with the Labor Department last year, about 96% of which were in building or manufacturing, according to the CUF report. In New York City, 89% of the 94 registered apprenticeship programs as of June were in those trades.

But the actual number is likely higher because not all apprenticeship programs, particularly in tech, are registered with the state, the report says.

International Business Machines Corp. has rapidly expanded its apprenticeship program from its first class of 13 in October 2017 to more than 120 nationwide today, said Kelli Jordan, who oversees nontraditional hires at IBM. The company employs about two dozen apprentices in New York and plans to add an additional 12 this month.

> *The programs usually last longer than internships and may lead to a job offer.*

The program was developed primarily to train employees in the specific skills needed for technology jobs at IBM, including software engineering, cybersecurity, data analytics, mainframe administration and product management.

"The fact is that there's just not enough workers with the right skills in the U.S. today," Ms. Jordan said.

IBM apprentices, who range from teenagers to people in their late 50s, receive more than 200 hours of classroom instruction as well as job experience under a mentor. In the New York area, they can earn $50,000-$70,000 a year depending on their area of expertise, and they stand to earn more after being hired full-time.

Barclays, which provided funding for the CUF report, established its first apprenticeship program in the U.K. in 2010 as a pipeline for technology jobs. The company expanded to the U.S. three years later. More than 30 apprentices have participated in Barclays's two-year program in New York, and all have been offered full-time jobs in IT, said a company spokeswoman.

Wayne Kunow, director of cybersecurity and information-security governance at Barclays, said the apprenticeship program is a cost-effective way of recruiting beyond colleges and finding more diverse candidates.

"Financial-services firms are all competing for [graduates from] the same types of schools," he said. "We're looking for things that maybe other people were overlooking."

At Stack Overflow, a website for developers based in the financial district, an apprenticeship program was developed to help diversify a small engineering team, said principal developer Jon Chan.

"We want to bring in more diverse talent, especially from groups that are underrepresented in the industry," he said.

More than 600 people applied within one week for Stack Overflow's most recent apprenticeship program, Mr. Chan said. The company hired four apprentices, all women who had participated in coding boot camps but didn't have formal computer-science degrees.

GREATER NEW YORK WATCH

CONNECTICUT

Guard Troops Return From Florence Relief

Members of the Connecticut National Guard are returning home after helping with hurricane relief efforts in North Carolina.

Their missions have included bringing first responders and thousands of pounds of equipment and supplies into areas hit hard by Hurricane Florence.

They have also transported stranded civilians and their pets from towns isolated by floodwaters and brought critical equipment to elder-care facilities.

—Associated Press

NEW YORK

Two Men Are Killed In Separate Stabbings

The New York Police Department is investigating the deaths of two men in separate stabbings.

On Saturday, officers responding to an emergency call shortly before 7 a.m. arrived at West 176th Street and Haven Avenue in Manhattan to find a man on the ground. The 35-year-old had multiple stab wounds to his torso and was pronounced dead at the scene.

On Sunday, police in Brooklyn responded to a call shortly after 2 a.m. and found a 22-year-old man with a stab wound to his stomach on Bainbridge Street. He was pronounced dead at the hospital.

—Associated Press

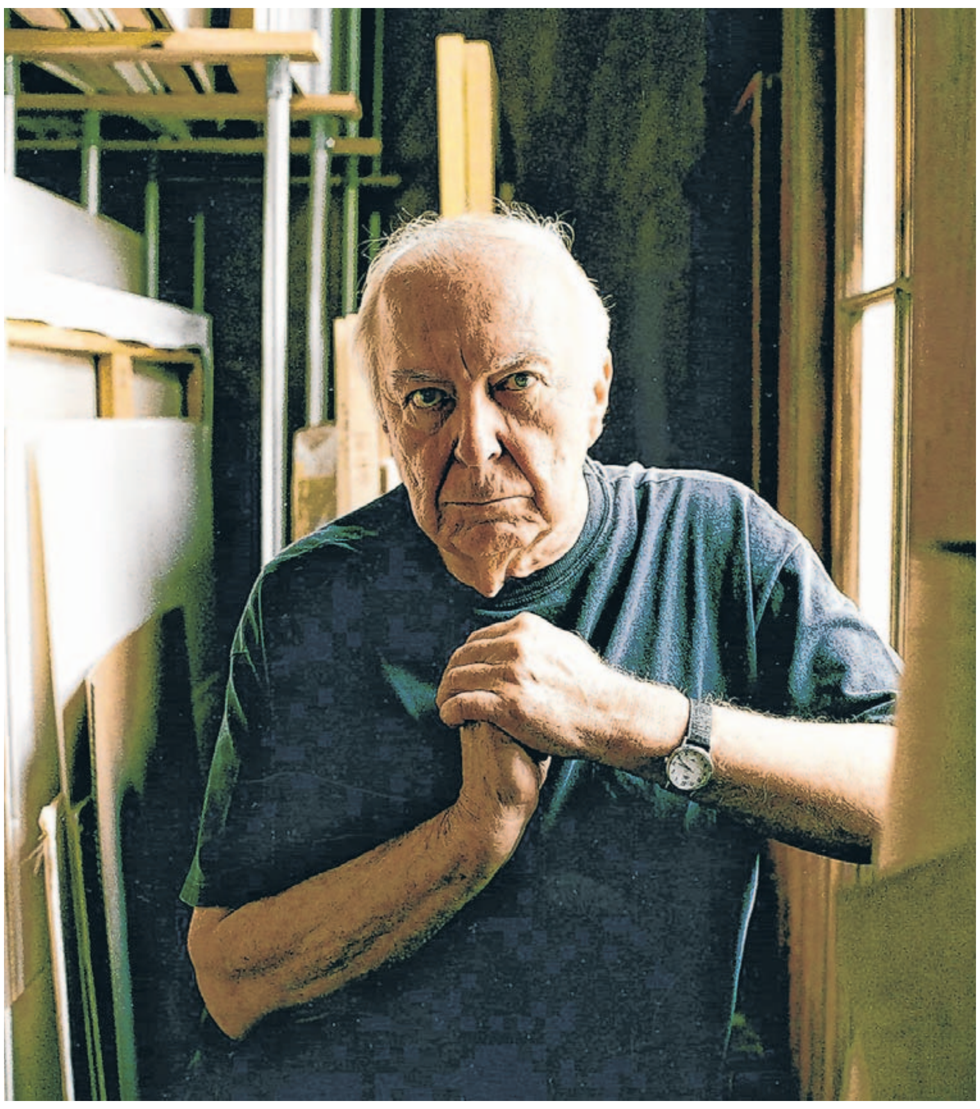
NEW JERSEY

Ferris Wheel Riders Rescued at Fair

Seven riders were rescued from a stuck Ferris wheel at the Camden County Fair on Saturday, authorities said.

Gloucester Township police said the occupied seats were at various heights, with one at the top about 40 feet off the ground. Fire crews used a tower ladder to rescue them and Police said no injuries were reported.

—Associated Press



CLOCKWISE FROM TOP LEFT: EAMONN MCCABE; BEN MARTIN/THE LIFE IMAGES COLLECTION/GETTY IMAGES; ©JASPER JOHNS/VAGA/NY/THE MENIL COLLECTION (3)

ART

Jasper Johns Isn't Done Yet

With two coming exhibitions, the 88-year-old American artist discusses inspiration and his plans for the future

BY BRENDA CRONIN

Sharon, Conn.

Jasper Johns is perplexed by the notion of legacy.

"I can't bear the word," he says. "When I hear it on television, I think: What do they mean?"

The artist, whose breakthrough depictions of American flags and targets in the 1950s jolted painting away from abstract expressionism, is focused on new projects, not retrospectives. In February, Matthew Marks Gallery in New York plans a show of his recent work, including 10 paintings never before exhibited.

In November, "The Condition of Being Here: Drawings by Jasper Johns" opens at the Menil Drawing Institute, part of the Menil Collection in Houston. The museum also will publish a six-volume catalogue raisonné, or comprehensive edition, of more than 800 of Mr. Johns's drawings.

In the Connecticut barn that is his studio, Mr. Johns, who turned 88 in May, has just finished an etching and is working on a painting. He finds ideas everywhere, saying, "I doubt that there is any limitation to what can act as a trigger."

Those inspirations "snag on his brain, and he develops them into something that's purely visual," says Edith Devaney, curator at the Royal Academy of Arts in London. The Johns show she co-curated with Roberta Bernstein traveled to the Broad in Los Angeles this year after opening at the Royal Academy in 2017.

Mr. Johns's paintings, prints and drawings since the 2000s reflect still-dazzling artistic gifts, Ms. Devaney says, but they have been enriched by his years.

"His technical brilliance remains unchanged," she adds. "But there's this additional focus of having lived a long life, a very reflective life, that comes out."

Mr. Johns's studio is surrounded by tidy fields with a manicured woodpile. Elsewhere, his interest in other contemporary artists is evident, with one room featuring sculptures by Bruce Nauman and John Duff, as well as drawings by Jane Logemann.

A courtly and deeply private figure, in conversation he is generous with silence and sparing with words. He is serious at times, erupting into trills of laughter at other moments. He remains neutral about interpretations of his work, leaving it up to viewers to form their own impressions.

"I don't think I'm single-minded in the way I approach things," Mr. Johns says. "So it's hard to then tell people what to do and how to think."

Although his paintings hang in museums around the world and sell for millions, he is "very hard

on himself," says Mr. Marks, the New York gallery owner. "If I say, 'How are things going?' he would never say, 'Things are going well.' That's not within his vocabulary."

On one visit, Mr. Marks asked to peek into the studio and recalls Mr. Johns's Eeyore-ish reply. "He said, 'You can, but I don't know what the point is because I'm sure there's nothing for you to see.' And then I went and there were three brand-new paintings."

Mr. Marks says the pieces for the planned February show all have antecedents in earlier creations, no matter how shadowy. "The way he works, everything is built on previous work," Mr. Marks says. "Everything is connected…even if it's not necessarily obvious at first."

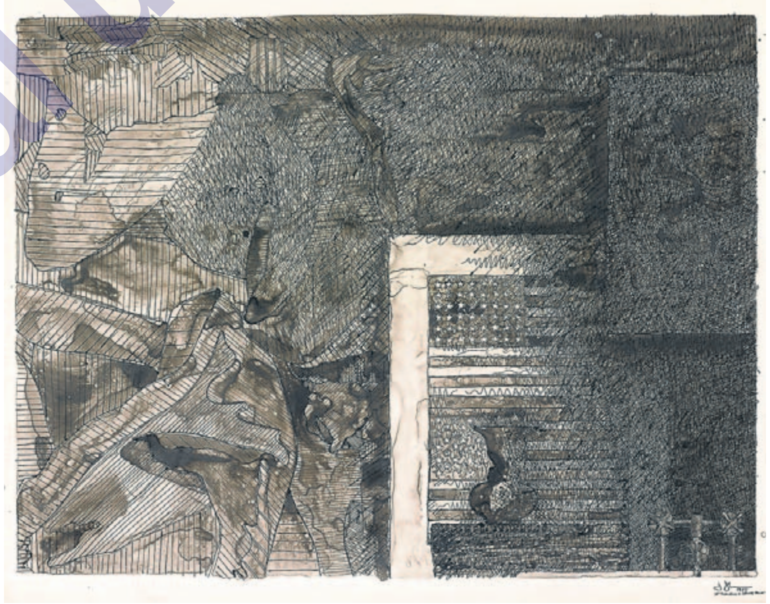
Born in Georgia and raised in South Carolina, Mr. Johns rocketed to prominence at age 27 with an exhibit at the Leo Castelli Gallery in New York. His exploration of motifs—in paintings, prints, drawings and sculpture—propelled 20th-century art into a host of avenues, including pop art, conceptualism and minimalism.

Drawing is "a way of closely observing and learning from his own works," says Kelly Montana, the Menil Drawing Institute's assistant curator, who has overseen the exhibition. The show's title, she says, quotes a phrase from Mr. Johns's sketchbooks and an observation he made about the late artist Marcel Duchamp: "He has changed the condition of being here."

Other influences Mr. Johns cites are his early friendships with the artist Robert Rauschenberg, composer John Cage and dancer and choreographer Merce Cunningham. One of his first studios, Mr. Johns recalls, was over a sandwich shop near the East River, in a Lower Manhattan building where he worked on one floor and Mr. Rauschenberg on another.

For Mr. Johns, drawing often follows painting, rather than the other way around. Over the years, he has become an expert printmaker. As a student at the University of South Carolina, Mr. Johns made silk-screen posters—"I did it very primitively," he says—for a college production of Henrik Ibsen's "Hedda Gabler."

A few years later, after he had moved to New York and was working in a bookstore, he tried again, cutting into a piece of paper, inking it, then printing it onto another piece. He eventually gave it to a friend, but in 2006, it went up for auction, and Mr. Johns found



'I doubt that there is any limitation to what can act as a trigger,' says Jasper Johns, top, in a recent photo and in 1959. Untitled works, clockwise from left, from 1990, 1984 and 2015.

himself in a bidding war.

The print, about the size of a cocktail napkin, was expected to fetch between $800 and $1,200. "I tried to get it," Mr. Johns recalls, "but I thought it had a much smaller value than the collector thought, so he outbid me."

The collector, Jordan D. Schnitzer, of Portland, Ore., paid almost $16,000. Mr. Schnitzer has one of the largest private collections of prints in the U.S., including 117 by Mr. Johns.

"He is a poet," Mr. Schnitzer says. "His work is so subtle and so powerful."

Joseph Newland, the director of publishing at the Menil, says he felt some trepidation about working with such an exacting printmaker on the catalogue raisonné of his drawings.

Last year, Mr. Newland and others visited the artist. "When we walked into the studio, he literally had a brush in his hand and was working on a canvas," Mr. Newland says. "We're not talking about somebody who is resting on his laurels."

With Mr. Newland was Massimo Tonolli, a founder of Trifolio, a Verona, Italy, specialty printer. "He has a really intense look," Mr. Tonolli says. "You can tell from the beginning if he agrees with you or not."

Mr. Johns's gaze still is piercing, his eyes cornered by white brows. When not working, he likes to spend time gardening or cooking—"neither particularly well," he says.

Growing up in South Carolina, he would help out in the kitchen, which led to some adolescent entrepreneurship. "When I was in high school I ran a snack bar in the teenage canteen and cooked hamburgers and hot dogs and such things," he says. "I don't know that I enjoyed it."

While he appears to be on a roll, Mr. Johns has gone for stretches without working, and he doesn't rule out retirement, he says. "At my age, you certainly think about stopping, whether you're stopping willingly or not."

Mr. Johns never married and has no children. He would like to turn the Connecticut property, after his death, into a retreat that hosts painters, writers and other artists for residencies.

Buildings on the grounds, which span more than 100 acres, might have to be adjusted to create more studio space. As for the details, Mr. Johns shrugs and smiles.

"I don't know," he says. "I won't be here."

SANDY HUFFAKER FOR THE WALL STREET JOURNAL

Dane Chapin goofs off, left, at the Bridges Golf Club at Rancho Santa Fe, a San Diego-area course. Adding a stability ball to his workout has improved his golf game. Mr. Chapin, far right bottom, with, left to right, tennis greats Rod Laver and Jimmy Connors and caddie Roy Tanker in Carlsbad, Calif., in 2017.

WHAT'S YOUR WORKOUT? | By Jen Murphy

Golf Obsession With Balance at the Core

An amateur athlete abandoned tennis for golf years ago, but has reached a new level of fitness on the links with a stability ball

ONE LOOK UP CLOSE at tennis great Jimmy Connors practicing in the early 1980s gave Dane Chapin a life-changing realization: He would never reach his dream of playing the sport professionally.

Mr. Chapin, then a junior on UCLA's tennis team, watched Mr. Connors, a UCLA alum, at practice one day. He knew he'd never come close to matching his talent, no matter how hard he worked. "While competitive tennis was not in my future, my desire to participate in competitive sports never left me," he says.

After putting in endless hours of his life on tennis courts, Mr. Chapin traded his favorite sport for a real-estate career. But while networking on the golf course on the way to becoming chairman of Zephyr Partners, a real-estate development company in Encinitas, Calif., he rediscovered the competitive edge of his youth on the links. At 59, he is winning amateur tournaments.

After graduating in 1982, Mr. Chapin started playing golf for fun. At first, games were casual business outings. "Golf gives you a magical place to develop personal and business relationships," he says. "Many of my investors are golf buddies."

In 2001 he joined a golf club, signed up for private lessons and began entering tournaments around Southern California.

The sport quickly went from hobby to obsession. "I loved how the game blends athleticism and intellect," he says. "And, like tennis, the primary competitor in golf is myself, which parallels life. I know I'll do well if I do the hard work." The scratch golfer—someone who can play to a course handicap of zero—plays six to seven amateur tournaments a year.

Mr. Chapin says he's always been a fitness fanatic. But a year ago he intensified his gym routine by adding a stability ball to the mix. "I adapt everything you would normally do on the floor to the ball," he says. He credits the new workout with improving his balance and coordination and says that translates on the course. "My golf swing has never been stronger and more consistent," says Mr. Chapin, who won his club championship this year at the Bridges at Rancho Santa Fe, a San Diego-area course.

The Workout

Mr. Chapin hits the gym near his home in Carlsbad, Calif., at 6 a.m., six days a week. He stopped running in his 40s due to overuse injuries. For cardio, he rides the stationary bike for 45 minutes or walks on the treadmill at 4 miles an hour with a 15% incline. Every other day he does a 40-minute strength routine using a stability ball. Kneeling on top of the ball requires serious core engagement to stay balanced. "If you cheat, you fall off," he says.

While on the ball, he might do overhead presses or oblique twists with a weighted pipe. He'll toss a 16-pound medicine ball back and forth with a trainer, alternating between chest passes and one-hand overhead throws while balancing atop the ball. The most challenging stability exercise in his routine involves performing push-ups while balancing his feet on one ball and his hands on another. "People walk past me and just shake their heads," he says.

He golfs three to four days a week, averaging four hours a round. In the summer he tries to sneak in a two-hour, 18-hole speed round at 7:30 a.m. so he can get to the office by 10 a.m. He spends 80% of his practice time working on shots inside 100 to 125 yards with a combination of pitches, chips, sand shots and putting.

He jokes that when his daughter was younger he used "every bribe in the book" to get her to golf with him. Now 26, she has a standing monthly date with him at the golf range.

The Diet

Mr. Chapin has a smoothie at gym and a latte on the way to the office. Lunch is a turkey sandwich or a Greek salad with chicken. He says ever since he and his wife, Katherine Chapin, built an outdoor kitchen, they've gone from eating out five nights a week to dining in. "We grill steak, chicken, or fish and vegetables and always make a salad," he says. Watermelon is his favorite food. Once a week he splurges on Häagen-Dazs chocolate ice cream.

The Gear and Cost

Mr. Chapin spent around $2,000 on his TaylorMade clubs and Scotty Cameron Select Mallet putter. He wears FootJoy Freestyle golf shoes ($160). He always wears a wide brim hat and sunglasses and lathers himself in sunscreen. "My buddies call me Gilligan, but I'd rather deal with ridicule than get sunburn," he says. He pays $160 a month for his Equinox gym membership.

Before Hitting the Golf Ball, Make Time For the Stability Ball

The best golfers have one thing in common: great balance. So says Randy Myers, director of golf fitness at Sea Island Resort in Sea Island, Ga. Mr. Myers, who works with over a dozen PGA Tour players, says adding a stability ball to your workout not only improves balance but can also help with hip mobility, which is key to a great golf swing.

"Being able to turn your hips in a symmetrical, balanced way can be very challenging for people who sit all day," he says. Acrobatics on the ball aren't necessary. "You can train yourself to jump on top of a ball, but that doesn't make you a good golfer," he says. "It's also not safe."

Mr. Myers suggests the following exercises to work hip mobility: Place a stability ball between your back and a wall and stand as if you are about to perform a squat. While keeping your lower body stable, extend and rotate your arms into a backswing position as far as you can to the right, then to the left, and repeat.

Sit on the ball, grip a light dumbbell or weighted plate and extend your arms straight out in front of you. Turn just your upper body side to side to isolate the core, keeping your hips squared. For an added challenge, hover one foot off the ground or extend it straight while keeping the hips squared. "It sounds counter-intuitive, but creating stability in the hips creates mobility, and that allows you to generate speed," he says.

FILM

A PERIOD PIECE UPENDS ITSELF

BY CARYN JAMES

THE MAIN characters in "The Favourite," a tale of love, sex and power opening the New York Film Festival on Friday, can all be found in British history.

Olivia Colman plays the 18th-century, gouty Queen Anne. Rachel Weisz is the Queen's reputed lover and political mastermind, Lady Sarah. And Emma Stone is the upstart servant Abigail Hill, who worms her way into the Queen's affections.

But to make that period piece his own, the filmmaker Yorgos Lanthimos laced the story with invented touches that reflect his darkly comic style.

"I tried to discover all the elements we could mess with, the subtle details that would allow us to give it a more contemporary texture," Mr. Lanthimos says. "The tone I had in mind would alternate between comedy, melodrama, a love story and a political film, and include all those things."

A Greek-born director now based on London, Mr. Lanthimos is known for his offbeat work, including "Dogtooth" (2009), about three teenagers never allowed to leave their family's yard, and "The Lobster" (2015), in which the government transforms unmarried people into animals. "The Favourite" is his most mainstream film yet, full of opulent costumes and candlelight, with much of it shot at the 17th-century Hatfield House estate just north of London.

FOX SEARCHLIGHT PICTURES

Emma Stone and Yorgos Lanthimos on the set of 'The Favourite.'

Mr. Lanthimos, 45 years old, was drawn to an early version of Deborah Davis's script that he described as "a story you rarely see on screen, of three women who at a certain point in time had this power." Tony McNamara, an Australian writer, was brought in to rewrite the screenplay, focusing less on politics and more on the characters, and adding a black-comic tone.

He and Mr. Lanthimos triaged any bit of history that didn't suit their purpose. That includes Anne's husband, who was alive when she ascended to the throne in 1702 but isn't mentioned in the film.

"Emotionally, what Anne had in her life was Sarah," Mr. McNamara says. "He seemed extraneous."

Anachronistic language here and there added to the contemporary feel. Ms. Stone's character uses the phrase "career suicide." Ms. Colman, who won the best actress award at this year's Venice Film Festival for her performance as Anne, says, "I love the profanity and modern language in the mouths of these women that we have only seen looking demure in paintings."

Mr. Lanthimos says his intention was to leave the audience wondering about the tangled relationships. Abigail, whose aristocratic family has been brought low, is determined to regain her status by seducing the queen.

"Did she ever feel anything about Anne or was it all just an act in order to try to survive?" Mr. Lanthimos asks.

"This movie could be interpreted in so many different ways, but to me it's in part about the capriciousness of people in power," says Ms. Weisz.

"The Favourite," which opens in U.S. theaters on Nov. 23, is already considered an Oscar contender. "You always prefer people to like your films," Mr. Lanthimos says. "At the same time I don't think I'd be the happiest person on Earth if absolutely everyone loved my film. I'd think there's something wrong with it."

ART REVIEW

More Than a Mannerist

Two Pontormo masterpieces provide an opportunity to reassess his work

BY CAMMY BROTHERS

New York

JACOPO PONTORMO (1494-1557), one of the most accomplished and intriguing painters Florence ever produced, has been maligned by history on at least two fronts. First, by the great artist biographer Giorgio Vasari, who recognized Pontormo's gifts but depicted him as a solitary eccentric who imitated the manner of the German painter and printmaker Albrecht Dürer to a fault. And second, by art historians quick to label him as a "Mannerist," a term that has often carried negative associations, broadly used to mean excessive artifice and often associated with a period of decline. The term isn't wrong for Pontormo, but it's a dead end, explaining away Pontormo's distinctiveness while sidelining him at the same time.

It's not hard to understand how Pontormo got his reputation. He threw out many of the hallmark artistic achievements of the Renaissance—perspectival space; realistic portraiture; the naturalistic depiction of the human body—like so much useless baggage. In their stead, he employed high-intensity color and emotional expression. He would have given the German Expressionists a run for their money.

Now comes an opportunity for reassessment in the form of a small exhibition featuring several stunning, rarely seen works, currently on view at the Morgan Library & Museum in New York before it travels to the J. Paul Getty Museum in Los Angeles. "Pontormo: Miraculous Encounters," curated by Bruce Edelstein, coordinator for graduate programs and advanced research at New York University in Florence, and Davide Gasparotto, senior curator of paintings at the Getty, centers on a magnificent altarpiece, the "Visitation" (c. 1528-29), normally housed in the church of San Michele Arcangelo in Carmignano, Tuscany, recently restored, and on view for the first time outside of Italy. It also features "Portrait of a Young Man in a Red Cap (Carlo Neroni?)" (c. 1530), never before shown in the U.S. The three venues of the show, which first opened at the Palatine Gallery in Florence, include slightly different works; the most significant and unfortunate omission at the Morgan is the Getty's stunning portrait known as the as the "Portrait of a Halberdier (Francesco Guardi?)" (c. 1529-30), which at the Palatine paired beautifully with the "Young Man in a Red Cap." The Morgan installation features just two paintings and three drawings, hung together in one room, but each work packs a punch.

The "Visitation" represents an encounter between the Virgin Mary and her aged cousin, St. Elizabeth, accompanied by female attendants. On one level, the meeting is portrayed as if it could be any familiar encounter between women: They greet each other warmly, touching, locking gazes. On another, it registers an encounter of great theological significance: Here are the mothers of Christ and of St. John the Baptist, both pregnant through miraculous intervention.

As one looks at the painting, its ambiguities multiply. Does it show four distinct women, or are these two women shown at two angles?: The clothes are different but the faces appear almost identical. The facial features of the Virgin and St. Elizabeth are themselves similar, with Elizabeth represented as an older version of the Virgin. Are all four women inspired by one model? These are visual games Pontormo plays, drawing you in and keeping your attention locked into a composition that is simple, even stark. In place of the elaborate perspective and architecture of many paintings of this period, Pontormo gives his figures a vaguely defined and sharply receding urban setting. Their scale comes through dramatically in the contrast with the two tiny figures perched on the bench of a palace. The work's focus on the foreground figures gives it a contemporary feel.

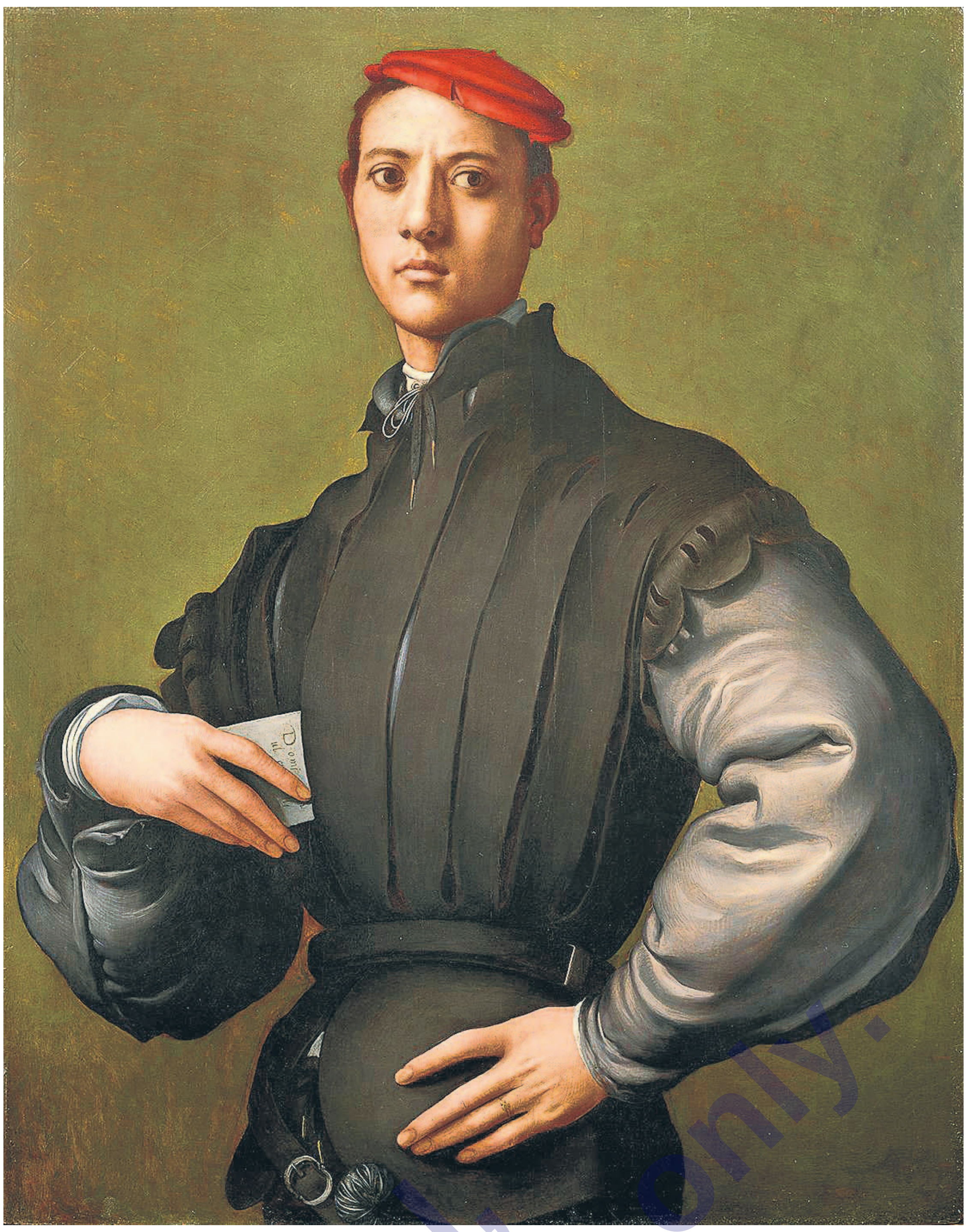
The subject of "Young Man in a Red Cap," lent from a private collection, is speculated to be Carlo Neroni, a young Florentine nobleman. The young man draws you in with his oblique glance and the mysterious note he holds. His puffed up sleeves and tightly drawn waist were the latest in military fashion, designed to protect the wearer from attacks. The clothing indicates that the painting, like the "Portrait of a Halberdier," was probably made in the context of the Siege of Florence of 1529-30, when foreign armies allied with the Medici to overthrow the Republican government.

Not mentioned in either the exhibition or the catalog is the darker skin tone of the sitter, especially relative to the pale pink of Pontormo's other figures. To my eye, it evokes discussions that have surrounded Pontormo's portraits in Chicago and Philadelphia of Alessandro de' Medici, the ill-fated Duke of Florence whose mother is thought by some to have been an African house servant, and suggests that Alessandro may not have been the only member of the Florentine nobility of mixed heritage.

Any traveler to Italy knows that one of its charms is its churches, chock-full of museum-quality art. But there are also downsides to these holy sites: insufficient lighting, no climate control, no security. Now some churches have begun to transform themselves into quasi-museums, charging admission and constructing separate entrances for tourists. This is not an option for smaller towns, and the church of Carmignano's urgent need for repairs is the occasion of the exhibition, launched together with a crowdfunding campaign. It is an ambitious gambit, which if successful could a provide model for other struggling churches. Meanwhile, it provides an opportunity to see the "Visitation" up close, recently cleaned, and in excellent lighting. For my money, it's the most beautiful painting in New York right now.

Pontormo: Miraculous Encounters
The Morgan Library & Museum, through Jan. 6, 2019

Ms. Brothers is the author of "Michelangelo, Drawing, and the Invention of Architecture" (Yale).


Pontormo's 'Portrait of a Young Man in a Red Cap (Carlo Neroni?)' (c. 1530)


Pontormo's 'Visitation' (c. 1528-29)

FROM TOP: COLLECTION OF MR. AND MRS. J. TOMILSON HILL; CARMIGNANO, PIEVE DI SAN MICHELE ARCANGELO

SPORTS

GOLF

Tiger Woods Caps Season With Win

The golf star ended a five-year title drought with a two-shot victory in the Tour Championship

BY BRIAN COSTA

In his long list of victories, there were some that counted for more and some that looked more impressive. But none were anywhere remotely as improbable as this one.

Tiger Woods, engineer of golf's most spectacular ascent and author of its most dramatic downfall, has pulled off one of sports' greatest revivals.

He won the Tour Championship on Sunday at the age of 42, 17 months removed from his fourth back surgery and just a year since he resigned himself to the possible end of his playing career. It had been more than five years—1,876 days in all—since his last professional win.

In that span, Woods endured pain so severe that he could barely walk and the humiliation of a DUI arrest mug shot seen around the world. But what he gained has never been clearer.

Long removed from the days when winning was so routine that he would hardly celebrate, Woods appreciates his mere presence on the golf course as never before. A sentimental favorite, he has also never been more appreciated.

As Woods walked up the 18th fairway at East Lake Golf Club in Atlanta, chatting with Rory McIlroy, he was trailed by a massive throng of fans. They chased him with their phone cameras raised high, nearly outpacing him as he approached the green. And they

SAM GREENWOOD/GETTY IMAGES

Tiger Woods won the Tour Championship on Sunday at the age of 42, 17 months removed from his fourth back surgery.

roared when he made a tap-in putt to finish at 11-under par.

It was Woods's 80th career win on the PGA Tour, putting him two behind all-time leader Sam Snead.

"It was just a grind out there. I loved every bit of it," Woods told NBC, adding, "I had a hard time not crying coming up the last hole."

The athletes that Woods considers his contemporaries have all faded from the limelight of competition. Kobe Bryant, who debuted in the NBA around the time that Woods turned pro in 1996, is running a venture capital fund. Derek Jeter, who won his first World Series just months before Woods won his first Masters in 1997, is running the Miami Marlins.

Woods is writing his third act. His first was legendary, including 14 major championships. His second was painful, from the sex scandal that ended his marriage to the injuries that rendered him a morose shell of his former self. His third act continues. Next weekend in France, Woods will represent the U.S. in the Ryder Cup for the first time since 2012.

Before this year, Woods's last full season was in 2013, when he won five times and was ranked No. 1 in the world.

With each sighting of Woods marching down fairways on Sundays—clad in his traditional red shirt and charging up leaderboards—the world of golf grew more intoxicated. The drug was nostalgia, and Woods evoked it in a way that few athletes in the world could.

By Sunday, announcements like the one NBC made about Saturday's third round—when Woods drove a 142% ratings increase from 2017—had started to seem routine. But there was a significant difference between Woods's other chances at victories this year and Sunday.

In all of the others, he teed off in the final round chasing at least one leader, which was never his quintessential path to a trophy. On Sunday, Woods teed off with a three-shot lead. He led by as many as five shots, though three bogeys on the back nine added some drama to the final holes.

The win added a degree of clarity to the question that has hung over Woods for years: How would it end?

Would there be some storybook finish to his career, as befitted one of the greatest athletes ever? A major championship in twilight? Or would the last decade be it: scandal, injuries, fade to black?

The ending, as it turns out, has yet to be written.

NFL

EAGLES SET TO FLY WITH WENTZ BACK IN LINEUP

BY ANDREW BEATON

The Eagles didn't begin this season looking much like the team that won the Super Bowl last season. They squeaked past the Falcons in the opener, but the 18-12 win was so ugly that Philadelphia fans were booing before halftime of the first game. The next week, the Eagles were ransacked by Ryan Fitzpatrick and the Buccaneers.

But star quarterback Carson Wentz made his much anticipated season debut in Sunday's game against the Colts and engineered a game-winning drive that showed shades of how valuable he is to a team that was good enough to have won the Super Bowl without him.

In the fourth quarter, Wentz led a 17-play series that chewed up 11 minutes and 18 seconds, finishing with a touchdown to give Philadelphia a 20-16 lead. That advantage held when the Eagles defense sacked Indianapolis quarterback Andrew Luck on a drive that neared the end zone. A minute later, they stopped Luck's Hail Mary attempt.

Wentz was far from perfect. He completed 25 of 37 passes for 255 with one touchdown and one interception. He also took five sacks.

Still, he showed the same set of skills that made him a sensation a year ago. He fit balls into tight windows and moved nimbly in the pocket. And he did it with an offense that has been ravaged by injuries already this season at the skill positions. That includes wide receiver Alshon Jeffery and running back Jay Ajayi, who were both inactive on Sunday.

The best way to understand what Wentz's return means for

BILL STREICHER/REUTERS

Eagles quarterback Carson Wentz during Philadelphia's 20-16 over the Colts.

the Eagles is to remember just how good he was last season. He was arguably the favorite to win Most Valuable Player before he went down with a knee injury, completing 33 touchdowns with only seven interceptions. Those 33 touchdowns finished the season as the second most in the NFL—even though Wentz only played 13 games.

After he got hurt, with the Eagles at 11-2 on the season, their hopes appeared shot until backup Nick Foles stepped in and played in the playoffs like Wentz did during the regular season. But as well as Foles played, there was never any uncertainty: Wentz remained the team's franchise quarterback. The only question was when he would return.

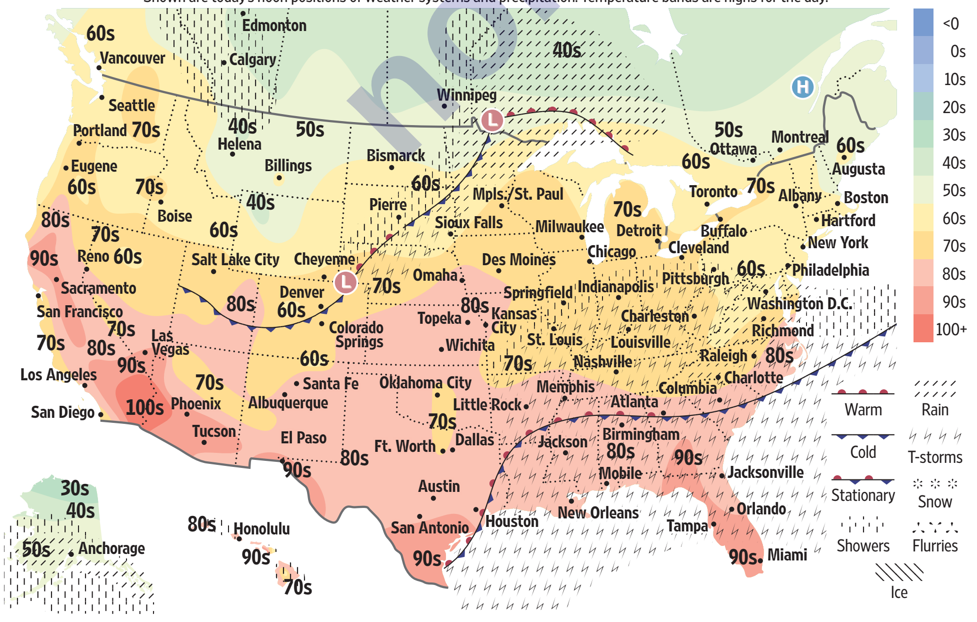
There were hopes he would be back for Week 1. That didn't materialize. If anything, it made his impact even clearer with Foles struggling in that win. Then Philadelphia lost in Week 2.

Now Wentz is back and the Eagles are 2-1—the same record they had a year ago when they rattled off a nine-game winning streak.

Weather

AccuWeather DOWNLOAD THE FREE APP

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



U.S. Forecasts

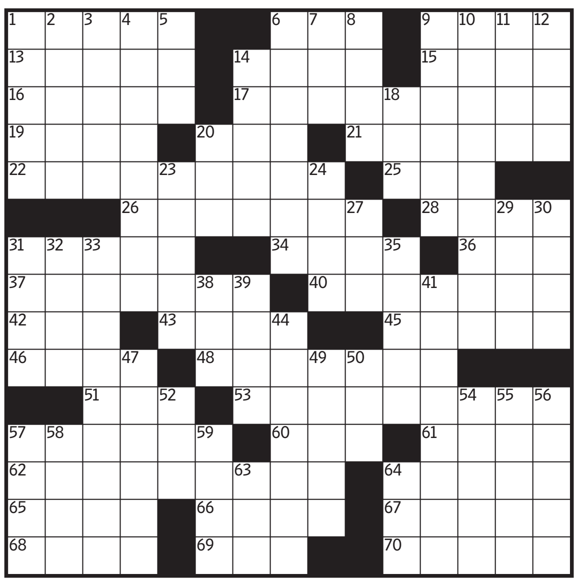
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Anchorage	59	50	r	57	43	pc
Atlanta	84	72	t	86	71	pc
Austin	88	70	c	91	73	c
Baltimore	66	63	r	78	69	sh
Boise	69	40	s	71	43	s
Boston	60	54	pc	67	65	r
Burlington	66	49	s	62	58	r
Charlotte	79	69	r	85	69	c
Chicago	72	62	s	78	54	r
Cleveland	73	66	sh	77	65	t
Dallas	80	70	pc	88	68	pc
Denver	77	43	pc	66	42	pc
Detroit	71	66	pc	78	64	t
Honolulu	87	77	c	89	76	pc
Houston	87	71	c	88	73	t
Indianapolis	74	69	t	79	63	t
Kansas City	80	63	c	77	49	t
Las Vegas	98	73	s	97	74	s
Little Rock	82	68	t	85	66	t
Los Angeles	80	62	pc	81	63	s
Miami	90	78	pc	90	78	pc
Milwaukee	70	60	pc	76	52	r
Minneapolis	74	51	pc	62	45	pc
Nashville	78	69	t	82	69	t
New Orleans	88	74	t	88	74	t
New York City	68	60	pc	72	68	r
Oklahoma City	79	64	pc	84	57	t
Omaha	80	59	c	70	48	pc
Orlando	89	75	t	90	74	t
Philadelphia	68	62	r	77	68	r
Phoenix	99	79	s	100	79	s
Pittsburgh	66	61	sh	75	67	sh
Portland, Maine	57	42	s	62	57	r
Portland, Ore.	73	48	s	82	51	s
Sacramento	92	54	s	94	56	s
St. Louis	78	69	c	84	60	r
Salt Lake City	73	44	s	71	45	s
San Francisco	76	52	pc	76	53	pc
Santa Fe	81	50	s	78	45	pc
Seattle	67	50	s	69	52	s
Sioux Falls	67	48	c	64	42	pc
Wash., D.C.	69	65	r	80	69	sh

International

City	Today Hi	Today Lo	Today W	Tomorrow Hi	Tomorrow Lo	Tomorrow W
Amsterdam	58	44	sh	61	46	pc
Athens	87	70	s	77	61	pc
Baghdad	104	72	s	104	72	s
Bangkok	90	77	t	93	78	t
Beijing	76	49	s	77	54	pc
Berlin	55	39	sh	57	44	pc
Brussels	58	40	pc	59	42	pc
Buenos Aires	72	53	pc	68	52	pc
Dubai	105	85	s	102	85	s
Dublin	56	41	pc	59	53	pc
Edinburgh	56	43	pc	58	54	pc
Frankfurt	60	36	pc	60	37	pc
Geneva	62	42	pc	66	44	s
Havana	90	72	pc	89	74	pc
Hong Kong	88	78	t	88	77	pc
Istanbul	79	64	s	70	60	sh
Jakarta	94	74	s	93	76	s
Jerusalem	85	66	s	83	63	s
Johannesburg	84	56	pc	81	55	s
London	59	41	pc	63	44	pc
Madrid	91	60	s	88	62	s
Manila	90	79	pc	90	79	pc
Melbourne	60	40	pc	59	37	pc
Mexico City	74	57	pc	74	56	pc
Milan	78	55	s	69	48	s
Moscow	55	45	r	48	36	r
Mumbai	89	79	t	88	80	t
Paris	63	42	pc	62	40	s
Rio de Janeiro	89	71	s	87	74	s
Riyadh	107	79	s	105	80	s
Rome	81	61	t	72	54	pc
San Juan	87	77	pc	86	78	sh
Seoul	72	52	s	73	57	s
Shanghai	81	68	s	77	69	pc
Singapore	88	79	pc	87	78	c
Sydney	61	51	c	62	50	pc
Taipei City	82	76	r	80	75	r
Tokyo	82	72	c	78	64	t
Toronto	68	57	c	72	64	t
Vancouver	62	47	s	64	50	pc
Warsaw	56	39	sh	55	39	sh
Zurich	59	39	pc	59	35	s

The WSJ Daily Crossword | Edited by Mike Shenk



LOWER CASE | By Debbie Ellerin

Across

1 Gullible one
6 "60 Minutes" network
9 Egyptian serpents
13 Folk standard "Goodnight, ___"
14 Transportation secretary Elaine
15 Foot, fathom or furlong
16 Noble gas used in some lamps
17 It may race during a race
19 For an additional time
20 Fido's foot
21 Laotzu's philosophy
22 Sites of great disorder
25 Address bar entry
26 Melatonin, for one
28 They pump up the volume
31 Goof
34 Circular tent of central Asia
36 Motorists' org.
37 Not at all challenging
40 Forbidden City setting
42 "Meet the Press" network
43 Conked out
45 Fur trader's wares
46 Inquires
48 Least lit
51 Kitten call
53 Flower visitors
57 Smiling, maybe
60 Campaign pro
61 Easter lead-in
62 Lead to suspicions about, with "on"
64 ___ Gras
65 Southernmost of the Great Lakes
66 Art colony near Santa Fe
67 Less friendly
68 Splinter group
69 Evil spell
70 Programmer's charts, informally

Down

1 "Finding Nemo" studio
2 Sports venue
3 Deeply held belief
4 *Footwear for a winter hike
5 Currency in Kyoto
6 *Rawhide bone, for example
7 Flock sound
8 Arrange from A to Z, say
9 Dawn goddess
10 *Regular post
11 Peach parts
12 Flower support
14 Deep gorge
18 Letter after sigma
20 A pop
23 Missile-warning org.
24 Give the cold shoulder
27 Before, for poets
29 Huff and puff
30 Gives in to gravity
31 Sicilian volcano
32 Holds up
33 *Focus of a Cleveland hall of fame
35 A bit buzzed
38 Caesar of "Your Show of Shows"
39 "Uh-huh"
41 *Coal color
44 Big name in the cloud, and a hint to the starred answers
47 Six-line stanza
49 Lace problems
50 Serpentine fish
52 Get hitched
54 Like ghost stories
55 Finished
56 Commotions
57 Top pair in poker
58 Foal's mother
59 "How ___ the little crocodile improve his shining tail...": Lewis Carroll
63 Dubai's land: Abbr.
64 Prefix with deal or dial

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

Previous Puzzle's Solution

The contest answer is JUMPS. The parenthetical numbers after five clues indicate the lengths of the names of moons that cross spaces (as suggested by 1-Across) in the grid (CALLISTO, moon of Jupiter; OBERON, of Uranus; DEIMOS, of Mars; CHARON, of Pluto; TITAN, of Saturn). Taking the first letters of the planets (or dwarf planet), in order, gives the contest answer.

OPINION

A Phony Peace in Colombia

AMERICAS
By Mary Anastasia O'Grady

An announcement by Néstor Humberto Martínez, Colombia's attorney general, earlier this month reveals the sad state of the country's November 2016 "peace agreement" with the narco-terrorist Revolutionary Armed Forces of Colombia. Mr. Martínez said that he has evidence that there are officials inside the agreement's "special peace court" who are "cooking up falsehoods and fraudulent processes" in violation of the Colombian Constitution.

Mr. Martínez pledged to prosecute these "unscrupulous" individuals for hiding information about members of the guerrilla group, known by the Spanish acronym FARC, who have violated the terms of the agreement requiring them to report to special enclaves and confess their crimes. This fits with reporting from the region that thousands of renegade FARC members have rearmed and returned to the battlefield. Their goal is to reclaim their turf from other drug-trafficking armies.

Welcome to Colombia, where the much-ballyhooed deal, crafted in Havana by the government of then-President Juan Manuel Santos and FARC leadership, is unraveling faster than you can say "crime pays."

The scandal at the peace court is only a slice of the trouble left behind by Mr. Santos, who handed power to President Iván Duque in August. As Bloomberg reported Sept. 11, Colombia is now experiencing a spike in rural violence, which had been greatly diminished under President Álvaro Uribe (2002-10).

Credit for this burgeoning regional security disaster also goes to former Secretary of State John Kerry, who backed the plan, and President Obama's envoy to the Havana talks, Bernard Aronson. They took their bows and have scampered off. Rural Colombians are left with the bloody mess.

The collapse of the deal was predictable. The FARC is an organized-crime network that traffics cocaine, runs kidnapping and extortion operations, and engages in illegal mining. It got into these activities as far back as the 1980s, and while political power remains its ostensible goal, the objective has long been to keep and expand the businesses. It was foolish to think that a democratic state could find middle ground with these gangsters.

Mr. Santos promised he wouldn't strike a deal unless it sent FARC leaders to prison for their crimes against humanity. He also pledged that the top commanders would have to turn over their drug-trafficking profits to compensate their victims.

FARC leadership refused those terms. But Mr. Santos was so hungry for something to distinguish his presidency that he broke his word and agreed to what is essentially an amnesty for capos.

They were supposed to surrender to special "zones" of reincorporation, where they would be confined for a time and tell the peace court about their atrocities. Norway was so impressed by the agreement that it awarded Mr. Santos a Nobel Peace Prize.

FARC leaders never accepted restraints on their liberty. They did no penance in the countryside. Instead they returned from Cuba to take victory laps around the nation, lecturing civilians about the

Many rebels who were part of the Santos deal are returning to the battlefield.

beauty of Venezuela-style socialism. They demanded unelected seats in Congress, and Mr. Santos gave them, violating a promise not to do so.

They didn't renounce their lives as mobsters. In April federal prosecutors in the Southern District of New York charged "FARC members and associates" with "conspiring to import" 10 tons of cocaine into the U.S. The accused include Jesús Santrich, one of the FARC negotiators in Havana, and Marlon Marín, the nephew of Iván Márquez, another Havana negotiator for the FARC. Messrs. Santrich and Márquez had been slated to take unelected seats in Congress.

Mr. Marín surrendered to authorities and was extradited to the U.S. with his family, where he has likely agreed to cooperate in exchange for witness protection. His uncle Iván has gone underground, giving up his congressional seat. Mr. Santrich was arrested and is fighting extradition to the U.S.

FARC apologists say prosecution would violate the Havana agreement. But the Southern District charges specify that the crimes were committed between June 2017 and April 2018. If proven, it would mean that the FARC members maintained their drug businesses in violation of the deal.

Many FARC rank and file also haven't gone straight. Some immediately joined the National Liberation Army, a cousin to the FARC. Many others went to the special camps but have since fled. Some of those have done so, as Attorney General Martínez suggests, with the help of insiders at the peace court.

FARC criminals should be in prison. Instead they received lump-sum cash payments to launch new lives and they get monthly stipends that are far more generous than military grunts get. The FARC claims that the government camps aren't up to their standards. It's true. They had asked for gymnasiums, AstroTurf soccer fields and tile floors in the bathrooms. They didn't appreciate having to work to build their housing.

Mr. Santos's vision of converting the FARC into forest rangers and eco-tourism guides isn't working out. Maybe that's because, to paraphrase Willie Sutton, cocaine is where the money is.

Write to O'Grady@wsj.com.

The Company Implosion Pageant

INSIDE VIEW
By Andy Kessler

Minimal sales, an unproven business model, huge losses—and a multibillion-dollar valuation amid a booming stock market. Sound familiar? Dozens of companies could fit this description today. But I'm thinking about Webvan, the online grocery company that went public in November 1999. Its leaders scaled a flawed business until it failed, blowing through $830 million and declaring bankruptcy less than two years after its initial public offering.

Webvan wasn't alone. Who can forget Naveen Jain, CEO of directory company Infospace? He declared in 2000: "The nonbelievers will be converted when we become a trillion-dollar company." The stock peaked at around $1,300 a share in March 2000. It then fell to about $3 two years later as investors soured on the company amid accounting irregularities.

There are plenty of great companies being created today, but it's late in the cycle. Venture capitalists are funding questionable businesses they pray will scale. It's hard to call the absolute peak, but the brew is frothy. As Groucho Marx in "The Cocoanuts" said of Florida real estate: "You can have any kind of a home you want. You can even get stucco. Oh, how you can get stuck-oh!" Who will be this cycle's Webvan, eToys, Pets.com?

Honorable mention: Tesla. Forget Elon Musk's $420-a-share buyout tweet. Unlike Google or Facebook—which deliver virtually zero-marginal-cost services—Mr. Musk actually has to make cars. Many Teslas still appear to be made by hand. Tesla lost $718 million last quarter and had negative $1.8 billion in cash flow through June, with debt due soon. Cash is available, but at what cost?

Harry Lange, who ran Fidelity's Magellan Fund, once told me his rule of thumb for valuation: Divide a company's market value by 10 and see if it eventually can make that in annual net income. Tesla is worth around $50 billion. To make $5 billion, it has to produce and sell a million cars a year with a $5,000 after-tax profit. That's a stretch, especially with hundreds of competing electric-car models already announced.

First runner up: WeWork. Co-working spaces are hot. WeWork leases commercial office space and then turns around and jacks up the price for shared space to startups as well as some big corporations, offering beanbag chairs, foosball tables and beer kegs. In Manhattan, a private office might run for as much as $2,000 a month. Meantime, $500 gets you a "hot desk," or an open seat in a common area. It's more fun than Starbucks.

WeWork is a giant arbitrage. The company contracts spaces long-term and sells them in short increments. This works great in up cycles but is still unproven, especially in downturns. What happens when startups disappear and WeWork gets stuck with a lot of expensive space? So far the company has raised $8.1 billion. More than half comes from Softbank's Vision Fund, which has been spreading around capital like Johnny

We're late in the cycle and VCs are making some crazy bets. Who will fail hardest?

Appleseed on steroids. But WeWork is tapping the debt markets as well. Oh, and it lost $723 million in the first half of 2018. I admire the company's "go for it" attitude but question a management team that recently announced, "We will not serve or pay for meat." No beef, poultry or pork on company expense accounts. Looks like lobster for lunch again!

The overall winner: Scootermania. Forget Tesla. The cool way to get to your coworking space is on a shared dockless electric scooter. You see them littering the streets of cities near you. Companies like Lime, Bird and Ofo have been raising tons of money at huge valuations. Even Lyft is scootering. Meanwhile, losses mount. The China Economic Review says Ofo, known for its bike-sharing service, may be losing $25 million a week!

In round numbers, scooters cost around $400. In Santa Monica, Calif., Bird riders pay $1 a ride plus 15 cents a minute, averaging $3 a ride. Scooters are used five or six times a day. Generating $15 a day means the scooter pays for itself in under two months. The spreadsheets are flashing green! But, and there's always a but, expenses are still murky. You pay someone to charge the scooters. And cities are wising up and piling on fees. Portland, Ore., is adding all sorts of surcharges. Oops. Usage numbers are suspect as scooters are still new and fun. Lime and Bird report more than 10 million rides each. But I'd guess churn is huge. No one knows how long scooters will last before they end up in rivers or garbage dumps like China's bike graveyards. Fads are never great investments.

Besides bitcoin and cannabis stocks, how silly is it? Elon Musk's other company, SpaceX, announced that a Japanese billionaire will pay to be sent around the moon. Even better, the company Moon Express is raising billions to land on the moon and mine for gold and platinum purportedly worth trillions. Its founder: Naveen Jain.

Iraqi Refugees Deserve Special Treatment

By Luma Simms

Secretary of State Mike Pompeo announced last week that the Trump administration will reduce refugee admissions from 45,000 in 2018 to 30,000 in 2019. Mr. Pompeo offered some reasons for this decision: catching up on the 800,000 cases the State Department currently has on file, furthering national-security interests, prioritizing asylum and refugee applicants already in the country, and helping refugees return to their homes.

These are all reasonable concerns, and the last point is especially welcome. The administration is right to prioritize the restabilization of regions from which refugees now escape so that people have the opportunity to return to the land of their heritage. As an Iraqi immigrant raised in the Iraqi Christian community here in America, I know well the longing of many refugees to live at peace in their homeland. The peoples of this world, no matter their religion, deserve the choice to stay in that place they call home.

The U.S. caused their displacement, and many of them helped the war effort.

But any such reorientation of policy has to take account of two critical matters. First, we should prioritize the protection of Iraqis who have risked their lives to help American troops. According to an Aug. 20 Reuters report, only 48 Iraqis who previously worked for the U.S. government or other American entity in Iraq have been accepted as refugees so far this year. That is 98.4% less than the number admitted in 2017, and 99.05% less than those admitted in 2016. These particular refugees risked their lives to help America, and America must repay its debt by standing up for them.

Second, some refugee arrivals reflect the repercussions of U.S. foreign policy decisions. America is not responsible for all the world's travails. But it is directly responsible for a few particular trouble spots. If the U.S. removes dictators outright or by proxy, or if American intervention destabilizes a region and sets its people at each other's throats, we should expect millions of people to be displaced, with many pounding the door for safe haven. When it comes to Iraq in particular—and not only those Iraqis who directly helped the effort—the U.S. has distinct moral obligations.

Americans tend to ignore the ways our laws and policies attract and drive immigration to our country, creating flows of refugees. The liquidation of Iraqi Christians, to name one example, is the direct result of the war in Iraq. Iraqi citizens who helped American troops—no matter their religion—are in perilous positions because of America.

Secretary Pompeo rightly says that his department is backlogged in processing a daunting number of refugees. But this does not mean the government cannot draw distinctions. There are 100,000 applicants in this program as of July this year. The processing of these Iraqis who have helped the U.S. effort—who are in a vulnerable and time-sensitive position as the country is engulfed by yet another wave of violence—needs to be a priority.

Ms. Simms is a fellow at the Ethics and Public Policy Center.

BOOKSHELF | By Jane Gleeson-White

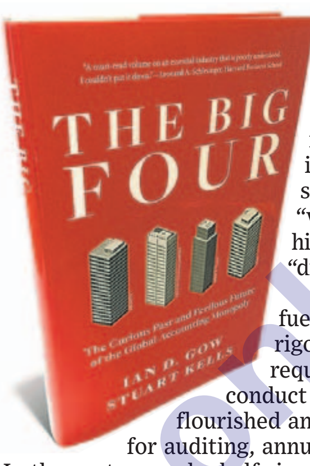
Titans Of the Books

The Big Four

By Ian D. Gow and Stuart Kells
(Berrett-Koehler, 260 pages, $27.95)

Deloitte, EY, KPMG and PwC are among the best-known brands in the world. These "Big Four" accountancy firms are international organizations which together generate revenues of more than $130 billion annually and employ almost 1 million staff. Despite their modish names with hip abbreviations and the stylish typography of their logos, each firm can trace its origins to 19th-century Britain. Take PricewaterhouseCoopers: Samuel Price started practicing in 1848, and William Cooper in 1854. William Deloitte began in 1845. The earliest ancestor organizations of Ernst & Young and KPMG were also founded in England.

In "The Big Four," Ian Gow and Stuart Kells, with a characteristically light touch, observe that the 19th century was the accounting profession's " 'wild west' era, even more so than the 1980s." Samuel "Sammy" Price was a "rule-breaking, lumbago-suffering oddball." From a family of potters, he could work his hands in more than one respect: As a "fan of prize fights, streetfights and indeed any kind of fight, he was not averse to joining in himself." Edwin Waterhouse was a member of the Religious Society of Friends—that is, a Quaker. His Quakerism shaped his view of himself as "a 'Christian gentleman' responsible for delivering an important social service." His son Nicholas, however, threw "very un-Quaker-like" parties in his Chelsea home that featured "drugs as well as sex."



The boom in British railways fueled the need for financial rigor, and as the law increasingly required accounting for the conduct of commerce, the small firms flourished and merged to meet the demand for auditing, annual reporting, and liquidation. In the century and a half since, their descendant firms have expanded globally and survived fraud, lawsuits and scandals. Yet unusually in these times of transparency, the inner workings of the accounting giants remain shrouded from view.

"The Big Four" is not so much the history of these institutions as a brief tour of accounting's past, from its origins in Renaissance Italy to the current era of mega-firm dominance. The authors are well-placed to examine this history. Mr. Gow has worked for Morgan Stanley and other multinationals, has taught at Harvard Business School and is now a professor at the University of Melbourne. Mr. Kells has been a director of KPMG, as well as an assistant auditor-general of the state of Victoria in Australia.

Their pacy prelude opens with the 1880 founding of the world's first national accounting association, the Institute of Chartered Accountants in England and Wales, and then canvasses the origins of modern accounting via three formative books acquired by the organization for its library. One is Luca Pacioli's 1494 "Summa de Arithmetica," which includes the first printed treatise on double-entry bookkeeping. The other two, published in 16th-century Antwerp and London, reflect double entry's movement west across Europe.

The mightiest accounting firms now scorn their traditional core business of auditing and have taken to 'consulting' like ducks to water.

The authors argue that the institute's collection of such books is a monument to the principle "that sound bookkeeping is the foundation of success in statecraft and in commerce." The Big Four reached the pinnacle of their profession by trading on a widespread belief in this idea; the authors then explore how well-founded the public's faith in these institutions is today.

The book is divided into four parts whose titles convey its argument: "Infancy," "Maturity," "The Difficulties of Adulthood" and "The Twilight Years." The first two sections take us from the Medici Bank through the rise of the Big Four. But the authors hit their stride in part three, which covers the postwar years, when the firms made auditing the books of major corporations into the basis of their brands. Recently, the authors note, auditing has become undervalued and scorned within the four fiefdoms. Instead, they have taken to "consulting" like ducks to water.

Messrs. Gow and Kells believe the Big Four are endangering their futures by neglecting their one-time core business. They point out that the corporate collapses and scandals of the early 21st century—most spectacularly Enron, which brought down its adviser and auditor Arthur Andersen—led to a regulatory response "focused largely on the role of the auditor." In the United States, the Sarbanes-Oxley Act of 2002 didn't prevent "a string of similar-sized calamities" during the 2008 financial crisis.

As the authors observe, each of the Big Four was linked to "some of the most spectacular failures. Deloitte had audited Bear Stearns and Fannie Mae. KPMG had audited Citigroup. PwC had audited American International Group and Goldman Sachs. EY had audited Lehman Brothers." These examples challenge the mistaken view of outsiders that audited accounts are trustworthy.

In part four, "The Twilight Years," the authors assess the threats to the supremacy of these giants from "smaller players with low overheads and high agility." But they also take us back to a story begun earlier in the book, that of the unraveling of the Medici Bank, which is offered as a sort of precursor to the Big Four. What the two stories share, the authors suggest, is the dilution of an original purpose: "Focus had been at the heart of the Medicis' success," they write. "Gradually, though, they had forgotten their core business." The book's analysis of the causes of the Medici Bank's collapse—defaults by profligate borrowers, increased appetite for risk, failure to oversee the bank's distant franchises and a departure from the organization's core business—offers a salutary lesson for the Big Four today.

While there is still a larger, more detailed history of these firms to be written, Messrs. Gow and Kells have made an invaluable contribution, writing in an amused tone that nevertheless acknowledges the firms' immense power and the seriousness of their neglect of traditional responsibilities. "The Big Four" will appeal to all those interested in the future of the profession—and of capitalism itself.

Ms. Gleeson-White is the author of "Double Entry: How the Merchants of Venice Created Modern Finance."

OPINION

REVIEW & OUTLOOK

The Rebellion at Justice

Donald Trump keeps saying that the November election is a referendum on him, so a key part of the Democratic strategy is feeding the narrative of chaos in the White House: Trump-baiting so he'll overreact. That's probably the best way to look at the New York Times story on Friday that Deputy Attorney General Rod Rosenstein contemplated wearing a wire at the White House and removing the President via the 25th Amendment.

Mr. Trump is so far avoiding the advice that he instantly fire Mr. Rosenstein, and rightly so. The alleged comments were made in spring 2017 and it isn't clear how much is true. The story is based on an account by former FBI Deputy Director Andrew McCabe about a meeting among Justice officials in May 2017. Mr. McCabe was part of the Jim Comey FBI tong that wants to elect a Democratic Congress and impeach Mr. Trump.

Mr. Rosenstein says he "never pursued or authorized recording the President and any suggestion that I have ever advocated for the removal of the President is absolutely false." The idea of using the 25th Amendment to remove a President who isn't physically incapacitated is so dumb that only pundits looking for attention would propose it.

Senate Minority Leader Chuck Schumer immediately warned Mr. Trump not to fire Mr. Rosenstein, which in today's Washington means that he wants Mr. Trump to fire him. Then he'll have another media conflagration his candidates can ride to retake Congress.

Mr. Rosenstein was no doubt feeling beleaguered in May 2017, and a day after the alleged meeting he appointed Special Counsel Robert Mueller. But Mr. Trump was partly responsible for that mess.

Mr. Rosenstein had written an excellent memo explaining why Mr. Comey deserved to be fired as FBI director. But Mr. Trump, taking the anti-Trump media bait, told NBC that the real reason he fired Mr. Comey was because he refused to say publicly that he wasn't investigating Mr. Trump. Then the President tweeted falsely that there may be tapes of Mr. Comey's White House meetings. Mr. Comey leaked his own memos, and a political uproar left Mr. Rosenstein feeling used.

That was 16 months ago. Mr. Mueller has since brought many indictments against former Trump associates but he hasn't provided a sliver of evidence about the Russia-Trump collusion narrative that was supposed to justify the investigation. The immediate battle now is over the midterm election and whether Mr. Trump can stay in office as the impeachment assault begins from Nancy Pelosi's Democrats. Mr. Trump can make personnel changes after the midterms if Republicans still hold the Senate and he can get someone confirmed.

> Don't fire Rosenstein, but do release the 2016 FBI-Justice documents.

* * *

Meanwhile on Friday, President Trump walked back his earlier decision to declassify a host of documents related to the Justice Department and FBI investigations during the 2016 election campaign. This is an odd decision and looks like a mistake.

"I met with the DOJ concerning the declassification of various UNREDACTED documents. They agreed to release them but stated that so doing may have a perceived negative impact on the Russia probe. Also, key Allies' called to ask not to release," Mr. Trump tweeted Friday.

But releasing documents to the public isn't a coverup. It's an act of transparency. Mr. Trump needs to declassify the documents because the FBI and Justice have consistently stonewalled Congress. Releasing documents at this stage can't hurt the Mueller probe. As for the allies, sometimes U.S. democratic accountability has to take precedence over the potential embarrassment of British intelligence.

Releasing the documents would let Americans see for themselves how the FBI and Justice Department justified their decision to start their counterintelligence probe of the Trump campaign and seek a warrant to spy on Carter Page; and whether or how they vetted the notorious Steele dossier. The unredacted emails and texts of Jim Comey's FBI team might also reveal political motivation.

Mr. Trump has agreed to let the Justice Department Inspector General review the documents "on an expedited basis," but time is of the essence. If Democrats take the House, they will shut down any attempt to scrutinize the actions of the FBI and Justice in 2016.

We keep reading that Mr. Trump threatens the independence of the Justice Department, but he has less influence over his own political appointees at Justice than any President we can recall. Much of this is due to his own self-indulgence and falsehoods, but there is no evidence that any investigation has been stopped or interfered with due to White House pressure. Declassify and release the documents, Mr. President.

Clueless in Seattle

Seattle's head tax is one for the annals of political regret. In May the City Council unanimously approved an annual tax of $250 per employee on any business with $20 million or more a year in revenue. A month later the Council repealed the tax 7-2 amid local and national ridicule. Now we're learning how the politicians realized they had made a big mistake and scrambled to curb the damage—at least until it's safe to try again.

The Seattle Times obtained the text conversations of Mayor Jenny Durkan and Councilwoman Lorena González on the weekend before the June 12 repeal vote. "Pulling the head tax down now is super super smart and strategic," venture capitalist Nick Hanauer advised the mayor in a June 10 text. "This was a no-win fight. Wrong fight at the wrong time on the wrong terms."

"Thanks—totally agree," she replied.

A day earlier, Councilwoman González fretted about how the mayor would respond to the backlash over the tax. "What a mess," she wrote to her legislative aide, Cody Reiter, on June 9. "Yeah it is," he replied. "I'm gonna be on the mayors staff like crazy because they might scoop council on repeal. Her favorables are much better than council and I imagine she's feeling emboldened."

"As she should," Ms. González wrote back. "Because she is." Mr. Reiter advised the councilwoman that the mayor was "still in honeymoon period," but "not long before the [expletive] will be all over her face, too."

Ms. González's response: "And we should allow an opportunity for that to happen rather than attempting to own it. It's time for us to swallow our medicine. 'We' [expletive] this up. Royally."

The political fallout was entirely predictable since the tax was essentially a levy on job creation. Days before the initial vote, more than 100 businesses signed a letter warning that the tax sends the message that "if you are investing in growth, if you create too many jobs in Seattle, you will be punished." Voters heard the message, too, and after the tax passed the mayor's office was inundated with nearly 5,000 emails, the Seattle Times reported.

So lesson learned? Not for Ms. González. "Sadly the policy is right," she wrote. "Our timing, however, was off. It'll occur but we need to socialize people to what we've done, what we could do, the need and the real lack of resources."

"A replacement may be in the cards but not now," Ms. González wrote in another text. "We need to get rid of this albatross and then quietly work to figure out what takes its place," adding that "I'm thinking this is a November 2019 strategy." Liberal taxers never sleep.

California's Mortgage Raid

California Governor Jerry Brown was ordered by a state appellate court this summer to return $331 million in funds that his administration had unlawfully diverted from the national mortgage settlement for budget triage. His response? Take a judicial hike.

The five largest mortgage servicers in 2012 paid more than $20 billion to atone for alleged abuses. Most of that cash flowed directly to foreclosed homeowners, but $2.5 billion was earmarked for state homeowner assistance and consumer protection programs. California's haul was $410 million.

> Jerry Brown and the Legislature refuse to honor a court order.

Amid yawning deficits, Mr. Brown redirected $331 million to the Justice Department and debt service on housing bonds issued in 2002 and 2006. Liberal groups that stood to benefit from state grants for homeowner programs sued, and Mr. Brown argued that the Legislature had given him carte blanche to spend the funds.

But as a three-judge appellate panel noted in July, "this would effectively defeat the purpose of creating a special deposit fund to house the money." The state had also agreed in the national mortgage settlement to use the funds for purposes specified by then Attorney General Kamala Harris, which did not include budget backfill.

The state's position would "raise serious doubts," the court explained, "not only as to whether the Legislature may override a federal judgment, but also whether the Legislature constitutionally may delegate to an agency the authority to decide how millions of dollars of state funds shall be spent with virtually no guidance or direction from the Legislature."

The judges gave the Legislature the benefit of the doubt by holding that it could not truly have intended for the Governor to flout the settlement. But Mr. Brown appealed to the state Supreme Court, and Democratic lawmakers have now made themselves explicitly complicit in his lawlessness by passing legislation that claims "to abrogate the holding of the Court of Appeal" and asserts his settlement fund raid was "consistent with legislative direction and intent."

But neither the Governor nor the Legislature may override a court settlement. Imagine the outcry if Texas were to use settlement funds to, say, house detained illegal immigrants. With nearly $14 billion in reserves, California is no longer starved for cash. But more important than the misuse of money is the state's contempt for the law. Democratic norms?

LETTERS TO THE EDITOR

Drug Rebates Help Many, but Not Patients

Joseph Antos and James C. Capretta write in support of pharmacy-benefit managers (PBM) that are middlemen to middlemen, two orders of magnitude between the consumer and producer, with market discipline totally absent ("Drug Rebates Aren't 'Kickbacks'" (op-ed, Sept. 17). Certainly, in today's electronic age pharmaceutical manufacturers could have websites for consumers to purchase their products after an electronic prescription is received. Alternatively, for a known additional amount, a pharmacist could advise and dispense. Americans with health accounts could pay directly for most drugs, especially generics. Insurance could supplement the individual's payment to purchase the newer, more expensive items. Reforms of the drug-approval process to lower costs would be beneficial.

KENNETH A. FISHER, M.D.
Kalamazoo, Mich.

The entire PBM industry is all about kickbacks and market manipulation. The more rent takers, the more forced manipulation of consumers and the less transparency there are, the less free any market can be. Oligopsony is the antithesis of a free market and directly leads to increased consumer prices. The safe harbor allowing kickbacks and market manipulation for PBMs needs to be rescinded.

HOWARD C. MANDEL, M.D., FACOG
Los Angeles

Rebates create an environment where higher-list-price drugs are favored, providing zero incentive for pharma companies to introduce lower-priced medicines in competitive therapeutic classes. Over the last five years, according to the Department of Health and Human Services, pharmaceutical spending has increased by 38% while the average individual health-insurance premium has increased by 107%. During the same period, rebates, discounts and fees paid by the biopharmaceutical industry to insurers and PBMs have risen from $74 billion to $153 billion—an increase of 107%. Rebates, discounts and fees haven't slowed precipitous premium increases.

Because PBMs retain a portion of negotiated rebates and other price concessions as compensation for their services, list prices are rising rapidly even as net prices have held steady. Unsurprisingly, manufacturers are willing to raise prices and transfer the greatest list-price-based rebate value to middlemen to secure preferred formulary position at the expense of real free-market competition, while also limiting the therapeutic options of physicians and patients.

Most rebates are generated from the medicines needed by the sickest patients, including those with cancer, autoimmune disorders and HIV. These patients pay 10 times more out of pocket than healthy patients and are forced to try cheaper or more rebate-rich drugs before getting medicines that work best. Faced with higher out-of-pocket costs and barriers to access, people are more likely to stop their treatment, getting sicker and more expensive to treat.

Rebates targeting the most vulnerable Americans aren't just kickbacks, they are discriminatory and deadly measures as well.

PETER J. PITTS, ROBERT GOLDBERG
Center for Medicine in the Public Interest
New York

Legalized kickbacks for an industry that is controlling the prescription market? This has turned the pharmaceutical market into a pay-to-play operation as manufacturers can pay an increasing kickback for a coveted place on the formulary. Euphemistically calling them rebates is simply a way to keep the money flow of health care hidden from the unsuspecting public.

MARION MASS, M.D.
Perkasie, Pa.

The NLRB's Rule-Making Follows the Rules

Recently the National Labor Relations Board issued a proposed rule regarding the joint-employer standard. Contrary to assertions in your Sept. 17 editorial "Big Labor's Deep State," the board's decision to engage in rule-making, as opposed to case adjudication, was not made either to circumvent recusal issues nor to avoid protecting the NLRB's ethics standards from abuse. As we have stated numerous times, the board undertook this rule-making because we believe it is the best way to address this important issue.

Notice and comment rule-making is used by most federal agencies to carry out their statutory missions. It allows all interested parties—not just those who can afford a lawyer—to participate in the process and have their views be heard. I have been a vocal proponent of using rule-making to provide more clarity, predictability and stability in our labor law. Both Democratic and Republican majorities on the board have engaged in rule-making in the past, and the current board majority is considering more rule-making on certain other topics.

Change in Washington is difficult. We are not surprised that some opposed to our proposed joint-employer standard would seek to undermine the rule-making through political and collateral personal attacks. Nevertheless, we look forward to considering all comments from the public on this important issue. To be sure, there is no "unilateral disarmament" going on at the NLRB.

JOHN F. RING
Chairman
National Labor Relations Board
Washington

California's Green Laws Hurt the Poor More

Thank you for your editorial "California's Carbon Exorcism" (Sept. 12) exposing the costs of California's policies to substitute green energy for fossil fuel. One of these costs, not mentioned in the editorial or in the letters of Sept. 17 in response, is the impact on the state's most vulnerable citizens, namely the poor.

Almost all these green policies inflict more burdens on the poor than the rich. For example, those who are wealthy install solar panels that give them extremely low rates and allow them to sell their excess electricity back to the utilities at prices in excess of the cost of power derived from fossil fuels. However, poor people end up paying higher rates to subsidize these benefits for the more well-to-do. Another example of green inequality: The less fortunate Californians pay the second-highest state gasoline tax but not those who can afford Teslas and other expensive electric cars that use little or no gas. There are other examples of the neediest people of California being called to subsidize the upper classes in pursuit of a carbon-free energy program. This seems to be inconsistent with principles of the Democratic Party as the champion of the poor.

GREGORY W. GOVAN
Oakland, Calif.

Some Thoughts on the Gov. Browns' Six Terms in Office

Regarding Julia Flynn Siler's review of Miriam Pawel's "The Browns of California" (Bookshelf, Sept. 17): Ms. Siler states that Jerry Brown's father, Pat Brown, was governor from 1959 to 1967, implying he must have retired. He was "retired" by Ronald Reagan who defeated him in a landslide in his bid for a third term.

The reviewer criticizes Jerry Brown for aggressively implementing Proposition 13 because it "led to the erosion of public services." This assertion about public services is bunk; it reflects leftist and public-employee-union boss agitprop. California may be the most heavily taxed state, but there would be plenty of tax money for public services if we had competent political leadership in California.

Gov. Jerry Brown vehemently opposed Prop. 13. But after it passed in June 1978, he got out in front of the people and aggressively implemented it because he would not have been reelected governor that November. Prop. 13 saved thousands of retirees on fixed incomes from being forced from their homes by out-of-control property taxes.

JOHN FENNELL
Los Altos, Calif.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

Pepper ... And Salt

THE WALL STREET JOURNAL

"Who's the new guy?"

Why the Left Is Consumed With Hate

By Shelby Steele

Even before President Trump's election, hatred had begun to emerge on the American left—counterintuitively, as an assertion of guilelessness and moral superiority. At the Women's March in Washington the weekend after Mr. Trump's inauguration, the pop star Madonna said, "I have thought an awful lot of blowing up the White House." Here hatred was a vanity, a braggadocio meant to signal her innocence of the sort of evil that, in her mind, the White House represented. (She later said the comment was "taken wildly out of context.")

Lacking worthy menaces to fight, it is driven to find a replacement for racism. Failing this, what is left?

For many on the left a hateful anti-Americanism has become a self-congratulatory lifestyle. "America was never that great," New York Gov. Andrew Cuomo recently said. For radical groups like Black Lives Matter, hatred of America is a theme of identity, a display of racial pride.

For other leftists, hate is a license. Conservative speakers can be shouted down, even assaulted, on university campuses. Republican officials can be harassed in restaurants, in the street, in front of their homes. Certain leaders of the left—Rep. Maxine Waters comes to mind—are self-appointed practitioners of hate, urging their followers to think of hatred as power itself.

How did the American left—conceived to bring more compassion and justice to the world—become so given to hate? It began in the 1960s, when America finally accepted that slavery and segregation were profound moral failings. That acceptance changed America forever. It imposed a new moral imperative: America would have to show itself redeemed of these immoralities in order to stand as a legitimate democracy.

The genius of the left in the '60s was simply to perceive the new moral imperative, and then to identify itself with it. Thus the labor of redeeming the nation from its immoral past would fall on the left. This is how the left put itself in charge of America's moral legitimacy. The left, not the right—not conservatism—would set the terms of this legitimacy and deliver America from shame to decency.

This bestowed enormous political and cultural power on the American left, and led to the greatest array of government-sponsored social programs in history—at an expense, by some estimates, of more than $22 trillion. But for the left to wield this power, there had to be a great menace to fight against—a tenacious menace that kept America uncertain of its legitimacy, afraid for its good name.

This amounted to a formula for power: The greater the menace to the nation's moral legitimacy, the more power redounded to the left. And the '60s handed the left a laundry list of menaces to be defeated. If racism was necessarily at the top of the list, it was quickly followed by a litany of bigotries ending in "ism" and "phobia."

The left had important achievements. It did rescue America from an unsustainable moral illegitimacy. It also established the great menace of racism as America's most intolerable disgrace. But the left's success has plunged it into its greatest crisis since the '60s. The Achilles' heel of the left has been its dependence on menace for power. Think of all the things it can ask for in the name of fighting menaces like "systemic racism" and "structural inequality." But what happens when the evils that menace us begin to fade, and then keep fading?

MICHAEL NIGRO/PACIFIC PRESS/LIGHTROCKET VIA GETTY IMAGES

Protesters outside Trump Tower the day after Election Day 2016.

It is undeniable that America has achieved since the '60s one of the greatest moral evolutions ever. That is a profound problem for the left, whose existence is threatened by the diminishment of racial oppression. The left's unspoken terror is that racism is no longer menacing enough to support its own power. The great crisis for the left today—the source of its angst and hatefulness—is its own encroaching obsolescence. Today the left looks to be slowly dying from lack of racial menace.

A single white-on-black shooting in Ferguson, Mo., four years ago resulted in a prolonged media blitz and the involvement of the president of the United States. In that same four-year period, thousands of black-on-black shootings took place in Chicago, hometown of the then-president, yet they inspired very little media coverage and no serious presidential commentary.

White-on-black shootings evoke America's history of racism and so carry an iconic payload of menace. Black-on-black shootings carry no such payload, although they are truly menacing to the black community. They evoke only despair. And the left gets power from fighting white evil, not black despair.

Today's left lacks worthy menaces to fight. It is driven to find a replacement for racism, some sweeping historical wrongdoing that morally empowers those who oppose it. (Climate change?) Failing this, only hatred is left.

Hatred is a transformative power. It can make the innocuous into the menacing. So it has become a weapon of choice. The left has used hate to transform President Trump into a symbol of the new racism, not a flawed president but a systemic evil. And he must be opposed as one opposes racism, with a scorched-earth absolutism.

For Martin Luther King Jr., hatred was not necessary as a means to power. The actual details of oppression were enough. Power came to him because he rejected hate as a method of resisting menace. He called on blacks not to be defined by what menaced them. Today, because menace provides moral empowerment, blacks and their ostensible allies indulge in it. The menace of black victimization becomes the unarguable truth of the black identity. And here we are again, forever victims.

Yet the left is still stalked by obsolescence. There is simply not enough menace to service its demands for power. The voices that speak for the left have never been less convincing. It is hard for people to see the menace that drives millionaire football players to kneel before the flag. And then there is the failure of virtually every program the left has ever espoused—welfare, public housing, school busing, affirmative action, diversity programs, and so on.

For the American left today, the indulgence in hate is a death rattle.

Mr. Steele, a senior fellow at Stanford University's Hoover Institution, is author of "Shame: How America's Past Sins Have Polarized Our Country" (Basic Books, 2015).

Is Germany Slouching Toward Weimar Again?

By Josef Joffe

Agitators and their opponents were marching through town. In-your-face Nazi symbols were brandished. Racist and anti-Semitic slogans filled the air. Arms were raised in a Hitler salute. Bottles were hurled into a Jewish restaurant. One person died; many were wounded. The police couldn't separate the combatants.

Charlottesville, Va., in August 2017?

No, Chemnitz at the end of last month: a city of 120,000 in former East Germany. On Aug. 25, right-wing groups took to the streets in reaction to the alleged murder of a local man by Arab immigrants. The clash came at a tense time, as Chancellor Angela Merkel's shaky coalition was sinking in the polls. If there were an election today, the government might lose its majority.

As horrifying as the clashes were between antifa and neo-Nazis in Charlottesville, only the deranged would argue that the U.S. was descending into fascism. But history keeps hounding Germany. Even after 70 years of continuous democratic development, the shibboleth of the day is "Weimar": Germany's first try at popular rule after its defeat in World War I. The experiment lasted only 14 years, collapsing into Hitler's hands in 1933. Today a Stern magazine columnist sees Germany at a "tipping point," about to degenerate into a "failed state." The daily Frankfurter Rundschau trumpets: "Berlin is turning into Weimar." Princeton historian Harold James conjures up the "specter of Weimar."

Punditry invites hype. In this case, the Weimar analogy is as persuasive as the flat-earth theory. None of the conditions that conspired to kill German democracy in the 1920s are present in today's Federal Republic.

Start with the international setting that turned Weimar into an encircled pariah state. Although there was plenty of blame to be shared among great powers for starting World War I, the Treaty of Versailles had stuck the defunct Wilhelmine Empire with sole responsibility. The punitive peace meted out by the victors forced Germany to cede lands in the east, such that even Germany's democratic parties soon rallied around a revanchist agenda.

Threatening to overturn the postwar order, however, wasn't a good way to win friends. The economic consequences of peace were deadly, and the astronomic reparations Berlin was forced to pay continued to sabotage its economic recovery. The German army was cut to 100,000. Defenseless, Germans looked on in humiliation as the French occupied the industrial heartland of the Ruhr Valley from 1923 to 1925.

No. Today's immigration problem is much more limited than the social ills of the interwar period.

Hyperinflation immiserated the German working and middle classes. The economy was barely back on its feet when the Great Depression struck in 1930, condemning 30% of the workforce to a paltry dole. The domestic scene became ripe for the Communist and Nazi parties, which ground down the frail democracy from the left and the right. In 1928 the Nazi Party had eked out less than 3% of the vote; in 1932, its take grew 14-fold. The Communists doubled their haul. Germany became ungovernable, a failing state. Governments lasted an average of eight months.

Now compare the waif of Weimar to the wunderkind of the Bonn-Berlin Republic, the successor of the Third Reich founded in 1949. Instead of being bled dry by reparations, Hitler's successors profited from the Marshall Plan, which jump-started the economy. Instead of rampant protectionism, there was free trade. Today the country is encircled only by friends, a first in German history. Fourteen million refugees from German territories incorporated by the Soviet Union and Poland were reintegrated quickly in the 1950s, along with those expelled from the rest of Eastern Europe. Today 72% of Germans say they are happy with democracy.

Given this miracle, the Chemnitz marches should be viewed like Charlottesville: ugly, shameful and terrifying, but not a threat to the democratic fabric. Nor is the right-wing anti-immigrant party Alternative for Germany, though it vaulted to 13% in last year's elections. This left 87% for mainstream parties. In 1932 the Nazis and Communists grabbed the majority of the votes.

In Weimar, everything that could go wrong did, and so the republic died from an overload of problems. Germany today suffers from only one serious ailment: uncontrolled immigration through its porous borders. That is the issue that gave rise to the right-wing Alternative, plus assorted hooligans decked out in Nazi regalia like their kin in the U.S.

There is no such overload today. Berlin can't stop unwanted immigration completely—no nation can. But the Merkel government has learned a lesson since it welcomed a million migrants in 2015, triggering the right-wing insurgency. New migrants have decreased to a manageable 13,000 a month, minus about 2,000 who are sent out of the country. Weimar's democrats would have been delirious with joy if they had faced only Mrs. Merkel's travails.

Mr. Joffe serves on the editorial council of Die Zeit in Hamburg and is a fellow of Stanford's Hoover Institution.

I Was Born Unable to Speak, and a Disputed Treatment Saved Me

By Ido Kedar

I have nonspeaking autism, which means my ability to communicate verbally is limited to a few words and well-practiced short phrases. Thanks to apraxia, even that is mostly unintelligible, except to those who know me well. While no one demanded that Stephen Hawking rely only on his speech to prove his smarts, it's different with nonspeaking autism. Because we are born trapped, we never had the chance to prove ourselves before losing the ability to speak.

When I was a toddler, my parents were told I had a receptive language processing disorder and possibly a cognitive disorder, too. I was drilled endlessly at the most remedial level. This might have been OK if I actually had a language processing disorder and didn't understand basic concepts, but my disability is something else entirely. I have always understood speech. I have insight and I'm intelligent. I just couldn't demonstrate this in my drills because my body didn't enable me to speak or move the way I wished. So I spent a lonely childhood listening to specialists who misunderstood everything about me, unable to defend myself by communicating.

My intact thoughts don't transmit reliably to my motor system. I want to speak, but I cannot. This has robbed me of autonomy, imprisoning me within my own uncooperative body. To compound the problem, my autism comes with strong involuntary compulsions like waving my arms in excitement. My odd-looking movements only worsened the specialists' perceptions of me. The experts, who held such power over my young life, were always confident in their theories. Until I was 7, I had no means to disprove them or convey my thoughts at all.

What liberated me was the Rapid Prompting Method, or RPM. Through it I learned how to move my arm to touch letters to communicate, first on a letter board, then on a keyboard, then on a tablet with a voice-output app. The process of learning how to control my unreliable hand for the purpose of expressing myself was gradual and painstaking, but it was worth it.

Yet the professional organization of speech-language pathologists has denounced RPM. The American Speech-Language-Hearing Association, or ASHA, claims RPM has not yet been validated by testing, asserting "there is no evidence that messages produced using RPM reflect the communication of the person with the disability," rather than that of their helper. Yet my partner merely helps me to maintain my focus. I move my own arm, untouched. The thoughts I express are my own. Many typers, myself included, have progressed steadily in skills, fluency and independence over time. It's documented in films and evident by observation. We are not exceptions but indications of what could be possible for many more suffering children.

The Rapid Prompting Method taught me to communicate. But speech pathologists disdain it.

Slowly touching letters with one finger has transformed my life. With this skill, I escaped remedial education, became a general-education student, and graduated high school with honors. I now take college classes. On my iPad, I've delivered speeches at universities and conferences. I've written two books about autism. My first, "Ido in Autismland," a memoir I wrote as a teenager, has been used in university classes. I released my second book, a novel called "In Two Worlds," in July, shortly before ASHA released its position paper discrediting RPM.

"In Two Worlds" takes the reader into the head and heart of Anthony, a nonspeaking boy underestimated by everyone. Though his parents comply with all the recommended therapies, Anthony improves little and loses hope. At the late age of 16, he learns to communicate by touching letters, but his family endures skepticism and opposition from the professional community. The book shows how confirmation bias is a huge problem in autism treatment. ASHA's recent announcement has further validated this point.

Speech therapy, which I received to no effect for more than 10 years, is ASHA's endorsed path to communication. But if my family had relied only on that, no one would know I was even in here, intact under the quicksand of autism. Through letters I became a free soul, not one limited to a few unclear spoken words. It would now serve ASHA well to listen to the voice that RPM gave me.

Mr. Kedar publishes a blog at IdoInAutismland.com.

Notable & Quotable: Keyser

Burgess Everett reporting at Politico.com, Sept. 23:

A woman [who] Christine Blasey Ford said was at a party where Ford claimed she was sexually assaulted by Brett Kavanaugh is denying that she knows the Supreme Court nominee. . . .

"Simply put, Ms. Keyser does not know Mr. Kavanaugh and she has no recollection of ever being at a party or gathering where he was present, with, or without, Dr. Ford," said Howard Walsh, who said he has been "engaged in the limited capacity" of corresponding with the committee on behalf of Keyser.

Walsh's email was in response to a missive from one of the lawyers for the GOP majority staff, which stated: "I understand that you have been identified as an individual who was in attendance at a party that occurred circa 1982 described in a recent Washington Post article."

Ford's attorney Debra Katz dismissed the significance of the email because "she did not share her story publicly or with anyone for years following the incident with Judge Kavanaugh."

"It's not surprising that Ms. Keyser has no recollection of the evening as they did not discuss it. It's also unremarkable that Ms. Keyser does not remember attending a specific gathering 30 years ago at which nothing of consequence happened to her. Dr. Ford of course will never forget this gathering because of what happened to her there," Katz said.

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Dell Shifts Tack With IPO Talks

PC maker engages with banks after less conventional go-public plan faces resistance

By Cara Lombardo And Dana Cimilluca

Dell Technologies Inc. is exploring the possibility of launching a traditional IPO instead of going public through a proposed acquisition that has met resistance from several investors.

The PC and storage giant plans to interview several banks for underwriting roles in an initial public offering this week, according to people familiar with the matter. As a result, it has postponed a roadshow by about a week, the people said. The roadshow, intended to sell the takeover deal, was to begin this week.

Dell would be one of the largest U.S. companies to launch an IPO. It is far from certain that it will ultimately do so, however, and interviewing banks could be seen as a tactic to put pressure on investors to support the current deal.

Either way, the move is a sign tensions are rising between Dell and investors who argue that the takeover deal undervalues its Class V stock. Known as DVMT, that stock was created to track Dell's controlling stake in **VMware** Inc., a rapidly growing provider of cloud-infrastructure services.

Acquiring DVMT would allow Dell to go public by swapping its shares for the tracking stock. DVMT holders would receive cash too, for total consideration of about $109 a share.

But several significant tracking-stock holders have privately balked at the terms, with the chief complaint that Dell is overestimating the value of its shares—and thus underestimating the value of the DVMT stock. Dell has said the deal is "extraordinarily fair" and gives tracking-stock shareholders a path to invest in a broader business.

Shareholders who are considering rejecting the current deal in a vote that is required for it to go through include **Elliott Management** Corp., Carl Icahn, some teams at **BlackRock** Inc., Dodge & Cox, **Farallon Capital Management** LLC and **Canyon Capital Advisors** LLC, according to people familiar with the matter. These holders represent around 20% of the shares, according to FactSet.

A straight IPO, in which Dell would sell shares directly to the public and may buy out the tracking-stock holders at a smaller premium, is seen as a backup. Even if the DVMT deal falls apart, there is no guarantee Dell will hold a traditional IPO, which some analysts have said would result in a lower valuation for the company.

Last week, Dell said its current DVMT offer is final, meaning it won't raise the price.

The deal on the table, which would help simplify Dell's complicated ownership structure, was announced this summer.

Oil Prices Fuel Rift Among Producers

By Benoit Faucon, Christopher Alessi and Summer Said

ALGIERS, Algeria—OPEC producers largely agree that oil prices above $80 a barrel would be too high. But there is widespread disagreement on how the cartel and its allies should contain crude prices once U.S. sanctions banning Iranian oil sales take effect in November.

The lack of a consensus highlights inequities between oil-producing countries that can boost output beyond current levels and those that can't. The former group would like to see a rise in demand. The latter prefer higher oil prices.

At a gathering of the cartel and nonmember producing nations here on Sunday, Saudi Arabia, the de facto leader of the 14-member Organization of the Petroleum Exporting Countries, and Russia, which leads 11 other allied producers, reiterated that they want to adhere to production quotas to which they agreed in late 2016.

But sticking to those limits would mean an extra 500,000 barrels a day would flow to compensate for expected declines once the Iran sanctions take effect and as Venezuela's economic crisis continues.

"Every extra dollar on the oil price eases their pain," said Richard Mallinson, geopolitical analyst at consultancy Energy Aspects, of struggling OPEC producers including Libya, Angola, Algeria, Nigeria and Venezuela. "The only way those countries can ease their economic pressure "is by hoping for, pushing for a higher price," he said.

Any extra supply would need to come from Saudi Arabia and other Persian Gulf countries, along with Russia. Thanks to years of investment and relative stability, those countries can generate the revenue they desire by offsetting lower prices with increased production.

By maintaining official limitations, the alliance will keep a floor for oil prices, which have recently hovered between $70 and $80 a barrel. That will benefit African countries such as Angola and Nigeria, as well as others including Iran and Venezuela, which benefit from higher prices because of an inability to increase output after years of bureaucratic and political challenges.

These differences are expected to complicate talks between OPEC members and nonmembers. Meanwhile, President Trump last week urged the

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PayPal Shakes Up Venmo Leadership

By Peter Rudegeair

PayPal Holdings Inc. is replacing the executive in charge of its popular Venmo service for the second time in two years, putting its leadership in flux at a time the company is looking to transform it into a moneymaker.

Amit Jhawar was promoted to general manager of Venmo in August, the company said for the first time in announcing the shake-up. Mr. Jhawar previously served as operations chief of Braintree, a PayPal unit that enables internet companies to accept mobile payments.

Venmo is best known as a money-transfer service that connects to users' bank accounts and lets them send money digitally, along with a caption or an emoji that by default gets posted into a public newsfeed. It has be-

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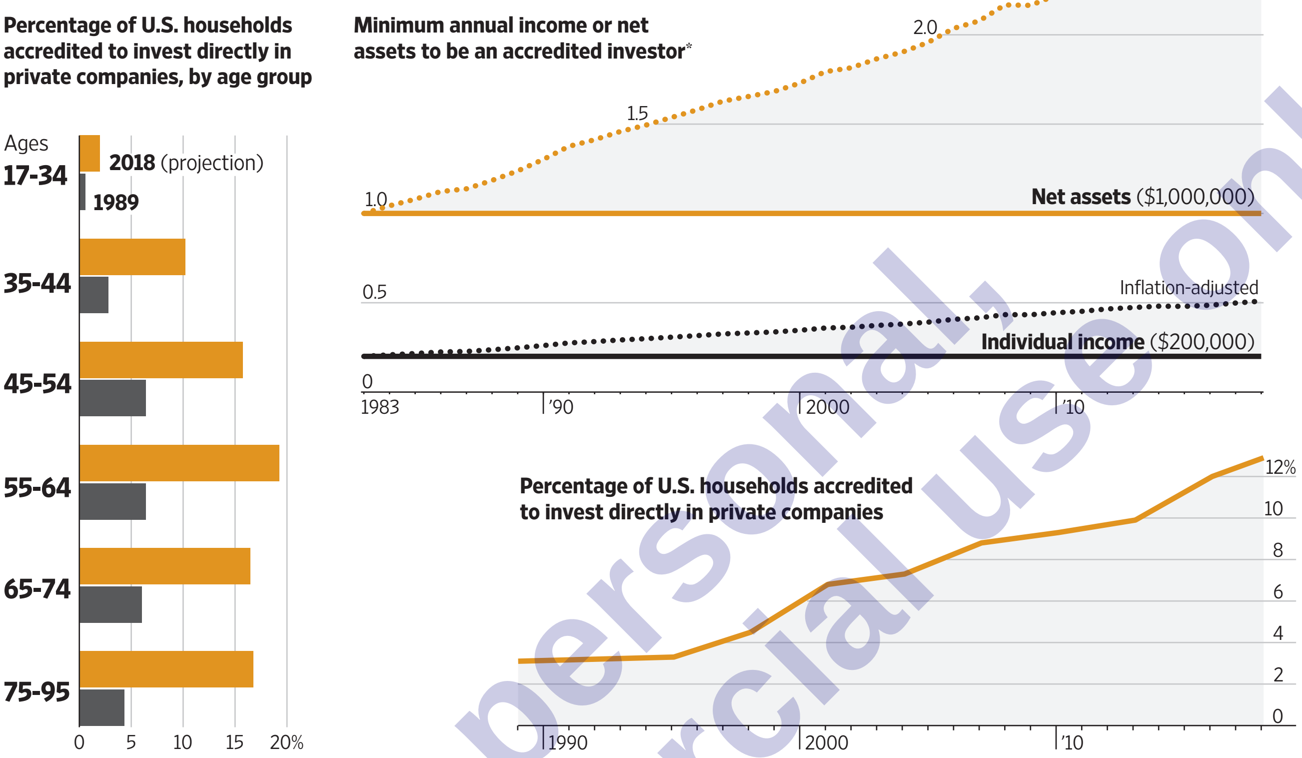
You May Have the Money to Fund a Startup

The financial thresholds for private-market investing haven't changed in more than three decades, so they haven't kept pace with inflation. Investors can qualify by income or net worth.



*The definition of net assets was changed in 2012 to exclude an investor's primary residence. The minimum income required for a married couple to be accredited investors is $300,000.
Sources: WSJ analysis of data from the Securities and Exchange Commission and the Federal Reserve System's Survey of Consumer Finances; Bureau of Labor Statistics Consumer-Price Index

The number of people eligible to invest in startups has soared since the 1980s, and the SEC is considering increasing that number. B5

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Comcast's Next Test on Sky: Winning Over Shareholders

By Stu Woo And Shalini Ramachandran

LONDON—Having secured control of European pay-TV giant **Sky** PLC, **Comcast** Corp. now must persuade investors that it didn't overpay and that the deal will accelerate its growth.

The U.S. cable giant topped **21st Century Fox** Inc. with a $38.8 billion bid in a rare auction held by British regulators over the weekend, ending a monthslong takeover battle that was part of a larger chess match among some of media's most powerful players.

Comcast's offer of £17.28 a share, or about $22.60 a share, easily surpassed Fox's highest bid of £15.67 after three rounds of bidding Saturday. The final round was blind, so neither side knew the other's offer until the results were announced.

Comcast executives say a combination with Sky—which itself is a giant in both content and distribution—will boost its user base to 53 million and add more heft to invest in technology, programming and valuable sports-media rights. The merger will help Comcast diversify its revenue base beyond the U.S., where cable cord-cutting is taking a toll on the traditional TV business.

In a statement late Saturday, Comcast Chief Executive Brian Roberts said the acquisition "will allow us to quickly,

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BUSINESS & FINANCE

Sky Loss Muddles Disney Strategy

By Erich Schwartzel

LOS ANGELES—The unusual bidding war for **Sky** PLC ended with **Comcast** Corp. paying a sum that will benefit **Walt Disney** Co. as a minority owner of the British pay-television operator, but the outcome complicates Disney's companywide direct-to-consumer strategy.

Comcast's victorious bid for Sky on Saturday leaves the company without an asset that Disney Chief Executive Robert Iger once called a "crown jewel" of the Fox acquisition.

The $38.8 billion deal might please some on Wall Street. As the contentious bidding war between Comcast and Disney over the entirety of Fox assets heated up over the summer, some analysts grew nervous as the deal's price increased to $71 billion. Though Disney's balance sheet is seen as strong, unloading Sky, they argued, would make the acquisition easier to stomach.

Disney didn't respond to a request for comment after bidding ended on Saturday.

Despite some calls to "split the baby" and leave Sky to Comcast, Mr. Iger fought on, taking the Sky bidding war to this weekend's unusual finish. Though Mr. Iger's tenure at Disney has been marked by high-profile acquisitions such as Pixar Entertainment and Lucasfilm Ltd., he never before has had to contend with a messy public bidding war on the scale of Comcast's pursuit of Fox and Sky.

When the Fox deal was first announced, Mr. Iger praised Sky's business and seemed determined to win it as part of a larger goal of controlling distribution platforms in the direct-to-consumer streaming age. Disney is doubling down on streaming services and will become a majority owner of Hulu once the Fox deal closes.

Now, Disney must continue with this strategy without a TV operator that would have given it an immediate presence in more than 23 million homes.

The company is mounting a streaming service of Disney programming, set to launch in late 2019, that is entering a crowded field of competitors dominated by **Netflix**. The service's European launch would have had a major advantage had Disney scored Sky.

Winning Sky also would have expanded Disney's presence in Europe at the same time most of the company's international focus has been on China. Mr. Iger has said getting Sky would have increased his company's share of foreign revenue to 40%, from 24%.

NICK POTTS/PA WIRE/GETTY IMAGES

Boxer Kell Brook working for Sky Sports. Comcast says combining with Sky will add more heft to invest in valuable sports-media rights.

Producers Debate Oil Prices

Continued from the prior page
group to churn out more oil to keep prices lower, tweeting "The OPEC monopoly must get prices down!" on Thursday.

The group must decide whether to keep the current system of allocating individual production limits into next year or allow countries to bring as much oil as they want to market. Countries that can pump more like Saudi Arabia are considering giving more leeway on such restrictions. Others with restrained capacity disagree.

One of the nations opposed to a production free-for-all is Algeria, the host nation of this weekend's summit. A lack of quotas means "some producers can increase as they want while others can't," Abdelmoumen Ould Kaddour, chief executive of state oil company Sonatrach, told the Wall Street Journal.

Algeria is struggling to capture the benefits of oil prices currently near $80 per barrel. It depended on hydrocarbons for 96.1% of its export revenue last year, according to an International Monetary Fund report released in June. Despite rising prices, unemployment rose to 11.7% an inflation remained at 5.6%, the IMF said. Meanwhile, the country's international foreign reserves have halved since 2013, falling to $96 billion at the end of 2017.


EPA/SHUTTERSTOCK

Abdelmoumen Ould Kaddour, CEO of Algeria's Sonatrach

In September 2016, the country spearheaded talks within OPEC to cut output as prices crashed under the weight of mounting U.S. supply. Algeria's need to maximize revenue on each of the million barrels a day it pumps explains its active support for the effort, said Richard Mallinson, geopolitical analyst at consultancy Energy Aspects. It and the rest of the cartel later brought Russia and others into the deal, engineering a quick recovery in oil prices.

The extra earnings from $70-plus per barrel oil have gone toward nonproductive spending more than diversifying beyond oil, said Soufiane Djilali, president of opposition party Jil Jadid, Arabic for New Generation. "It's just giving a breath of fresh air to the regime."

Comcast's Next Test On Deal

Continued from the prior page
efficiently and meaningfully increase our customer base and expand internationally."

Still, Wall Street had shown some jitters about Comcast's pursuit of Sky, even before the weekend auction. Veteran cable analyst Craig Moffett of MoffettNathanson research said Sunday the price the company is paying is a substantial premium over the market's valuation of Sky before it went into play two years ago. "They're going to have a very hard time convincing shareholders that this is a good use of their capital," he said.

Comcast's winning bid was up sharply from its £12.50 bid in February and Fox's initial £10.75 bid in December 2016.

Jonathan Chaplin, an analyst at New Street Research, said the stock could face pressure from investors frustrated at the price, but he will be recommending clients buy it on a dip, because he believes Comcast's fundamentals are strong. "I am not delighted by the price but I am delighted that this is behind us. Now the market will start refocusing on the business, and the business is doing really well," he said in an email.

Comcast felt it needed to win by a substantial margin to avoid difficulty winning over any significant shareholders and ensure it can close the deal smoothly, a person familiar with the matter said.

The jostling over Sky was part of a broader scramble by media companies to fortify themselves against a rising threat from Silicon Valley giants such as **Netflix** Inc.

This summer, Comcast lost a bidding war to **Walt Disney** Co. for Fox's entertainment assets. Disney agreed to pay $71 billion for Fox's famed Hollywood studio and international assets, including a 39% stake in Sky that Fox had long held.

If Fox had won the weekend's auction for Sky, Disney would ultimately have taken 100% control of the pay-TV company. Instead, attention will now turn to whether Disney will sell the 39% stake in Sky—its value has increased by the bidding competition—or remain a minority partner for Comcast.

Fox, in a statement, said it was considering its options regarding its 39% stake in Sky.

Rupert Murdoch and his family are major shareholders in Fox and Wall Street Journal parent News Corp.

To seal control of Sky, Comcast needs over 50% of Sky's shareholders to support the offer. That seems likely given the wide gap between the bids.

Bidding War Gave Hedge Funds a Win

The bidding war for broadcaster **Sky** PLC had already provided hedge funds with one of their best trades of the year. Saturday's dramatic auction made it even better.

Paul Singer's **Elliott Management** Corp., Seth Klarman's **Baupost Group** and Crispin Odey's **Odey Asset Management** are among funds to have reaped huge profits from their positions this year. A 21-month sale process culminated in a dramatic auction on Saturday that saw U.S. cable giant **Comcast** Corp. beat **21st Century Fox** Inc. with a bid of $38.8 billion, or £17.28 a share, or about $22.59 a share, to buy the broadcaster. That represents a 71% uptick in Sky's share price this year.

"I'm really very happy. It's been a long fight to get the right price," said Mr. Odey, who initially bought into Sky around 15 years ago, in an interview on Saturday. He recently increased his holding and said he now owns more than 1% of the company.

Sky has helped his fund gain 28.8% through Sept. 14, ranking it as one of the world's best-performing hedge funds this year.

One of the biggest winners in this wave of deal-making has been Elliott, which has been accumulating Sky shares through the course of this year. It was holding 4.3% of the company, now worth £1.29 billion based on Comcast's winning auction price, as at Sept. 17, up from 1.1% in January.

Baupost made hundreds of millions of dollars on its Sky position. It was already holding 4.58% in late January, and had lifted this to 4.75% by August.

Elliott and Baupost declined to comment.

Sky had been on many investors' radar since Fox made an offer in December 2016 to buy the rest of the firm that it didn't already own for £10.75 a share. But the shares moved above that price after Sky retained the rights to broadcast English Premier League soccer matches at a lower-than-expected cost in February of this year. Comcast then initiated the takeover battle later that month by announcing plans to bid £12.50 a share for Sky.

The trade has become one on which many funds almost couldn't lose. The fact that many managers had already accumulated sizable positions earlier this year meant that even if no new bid emerged in the auction, the shares would have only fallen back to Comcast's share offer of £14.75. That would still have left most funds sitting on big profits.

"It was a good bet on Friday," said Mr. Odey. "You could see the 6% downside, and I didn't know if it was going to be 10% or 20%" upside.

—Laurence Fletcher and Ben Dummett contributed to this article.

OPEC Predicts U.S. Shale Oil Will Peak Late Next Decade

By Christopher Alessi

ALGIERS—U.S. shale-oil production will peak by the late 2020s, triggering renewed demand for OPEC crude after an expected decline and stagnation, the oil cartel said Sunday.

In its latest forecast on the global oil landscape, the Organization of the Petroleum Exporting Countries said it expects U.S. shale growth to "slow significantly" after 2023, before peaking at 14.3 million barrels a day between 2027 and 2028. Output should then fall to an average of 12.1 million barrels a day by 2040, according to OPEC.

The use of hydraulic fracturing in the U.S. to drill for oil in shale rock—known as fracking—has dramatically reshaped the face of the global oil industry over the past decade, rivaling OPEC for market share. Shale was largely behind a glut of American oil that flooded the market over four years ago, leading oil prices to fall to $30 a barrel from more than a $100 a barrel in late 2014.


DANIEL ACKER/BLOOMBERG NEWS

The oil cartel says it expects U.S. shale growth to 'slow significantly' after 2023 before peaking.

In 2018, U.S. shale production is growing at a faster pace than it did during the boom years of 2011 to 2014, the International Energy Agency said earlier this year. The IEA has forecast that U.S. shale-oil production will plateau in the late 2020s, while total non-OPEC production should decline.

OPEC projects that "the strongest annual increases are seen in the near term, in which total U.S. tight oil increases by an average of 1.4 million barrels a day" annually from this year to 2020.

The world's appetite for OPEC crude, meanwhile, should fall to 31.6 million barrels a day in 2023, compared with 32.6 million barrels a day in 2017, before again rising to current levels when U.S. shale supply peaks, the cartel said.

"Thereafter, a gradual decline in non-OPEC liquids supply, coupled with moderate, but sustained global demand growth, leads to a steady increase in demand for OPEC crude, which rises to nearly 40 million barrels a day by 2040," the OPEC report noted.

OPEC's updated outlook comes as the oil cartel is meeting in Algiers with its partner producers, including Russia. The discussion centers on whether producers should raise crude production levels and supply more oil to global markets, amid continued pressure from President Trump to rein in rising prices.

More broadly, OPEC on Sunday also said it expects global demand for oil to increase by an average of 1.2 million barrels a day in the medium term, reaching 104.5 million barrels a day by 2023. But the cartel said it expects growth to "decelerate over time," reaching 111.7 million barrels a day in 2040. That is up from its forecast last year for 2040 of demand of roughly 107.5 million barrels a day.

The cartel has said it doesn't expect global demand for oil to peak before 2040. That is largely in line with the forecast of the International Energy Agency, which has argued that global oil demand will grow slowly past 2040.

WPP Weighs Shift With Digital Focus

BY NICK KOSTOV AND SUZANNE VRANICA

WPP PLC's new chief executive is preparing to consolidate some of the advertising giant's major properties, as traditional agencies struggle to keep pace with the industry's digital shift.

Marquee ad agencies that buoyed WPP in earlier decades—including Young & Rubicam, Ogilvy, J. Walter Thompson and Grey—are generally growing more slowly than WPP's digital and media buying operations, according to the company.

WPP's chief, Mark Read, intends to introduce the strategy update before year-end.

CEO Mark Read has said he will unveil a strategy update by year-end and that merging creative and digital firms makes more sense than combining creative agencies.

One idea under consideration is a merger between Young & Rubicam and WPP's digital-ad firm VML, with VML Chief Executive Jon Cook leading the combined business, according to people familiar with the matter. That change would place Mr. Cook at the helm of Young & Rubicam, an agency that WPP acquired in 2000 for a record $4.7 billion, and that sports accounts as varied as Office Depot and the U.S. Navy. The new entity could be called **VMLY&R**, according to one of the people.

WPP declined to comment on merger considerations.

There have also been discussions about having WPP's tech-savvy direct-marketing company Wunderman work with its creative firms, to provide access to consumer data to help them craft more relevant ads, a person familiar with the company said.

The strategy aims to make the creative agencies less dependent on television and other traditional ad revenue while also giving them access to new technologies such as artificial intelligence.

Advertisers are doing more of their creative work in-house or taking their business to smaller agencies that have been more nimble in adapting to a digital age dominated by Facebook Inc. and Alphabet Inc.'s Google. "It's been the perfect storm" for creative agencies, said Greg Paull, co-founder of R3, a consulting firm that helps match marketers with agencies.

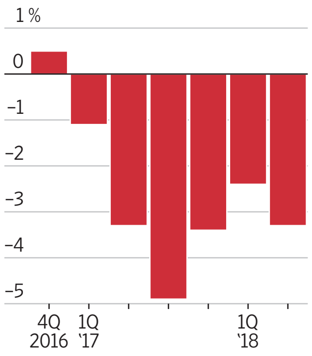
WPP's like-for-like net sales—a figure closely watched by analysts to measure the company's underlying performance—have dropped for six consecutive quarters in North America. Although WPP doesn't break out the performance of its creative agencies, it blamed weakness in their North American operations for its latest lackluster quarter.

—Alexandra Bruell contributed to this article.

Ad Pain

A measure of WPP's underlying performance has fallen for six consecutive quarters.

WPP's like-for-like net sales in North America, change from previous year



Source: the company
THE WALL STREET JOURNAL.

Marijuana Becomes Investing Hit

BY JACQUIE MCNISH AND VIPAL MONGA

TORONTO—Shannon Soqui just quit his Wall Street job to go after what he thinks is a bigger business: selling marijuana the way Mary Kay Inc. sells cosmetics.

The 51-year-old banker wants to focus on **Qind**, his San Francisco startup that organizes home parties to sell cannabis products, to get a piece of what he says could sprout into a $100 billion annual business in the U.S.

"It's like the internet in 1997 or 1998," said Mr. Soqui. "Investment opportunities to create new businesses have never been more compelling."

Entrepreneurs and investors are rushing into the nascent legal marijuana industry, fueling a stock craze reminiscent of the late 1990s dot-com bubble and the recent bitcoin mania. Big companies, wealthy families and amateurs alike are taking stakes in speculative companies, many of which have scant revenue or history.

Tilray Inc., which grows marijuana in Canada and is one of just a few pot companies listed in the U.S., had its stock halted multiple times on Wednesday, after announcing it had received permission to export a small amount of cannabis to California for a medical study. Because it is difficult to gain approval to bring cannabis from abroad into the U.S., where it hasn't been legalized under federal law, Tilray's announcement suggested it had gained an advantage over other suppliers.

The company's share price more than doubled between Monday and Wednesday, nearing $300 before plunging Friday to end the week at $123, after a lawmaker questioned the decision to allow a Canadian company to supply marijuana for the study. Rep. Matt Gaetz (R., Fla.) said the federal government should give the license to an American company instead. A Tilray spokeswoman declined to comment.

A Canopy Growth facility in Ontario. The company is one of Canada's largest marijuana growers.
CHRIS WATTIE/REUTERS

Canada has become a hotbed for the cannabis industry because it is one of only two countries, along with Uruguay, that has legalized recreational marijuana use. Starting Oct. 17, Canadians will be able to buy pot from licensed vendors across the country. In the U.S., the use, sale or possession of marijuana is illegal under federal law, though 30 states permit medical use and nine states allow recreational use.

Federal restrictions make it more difficult for U.S. cannabis companies to make financial transactions, and markets such as the Nasdaq and Toronto Stock Exchange refuse to list companies that have any federally unsanctioned U.S. business, leading many to list on other lightly regulated Canadian markets.

There are more than 120 marijuana companies listed on Canadian stock exchanges, but the sector is dominated by five companies, whose total market value has catapulted from less than $4 billion to nearly $40 billion in the past year.

About 100 of the stocks are listed on the Canadian Securities Exchange, a small Toronto exchange designed for start-ups. Many of these companies are so new they are still developing business plans.

Investors took notice last year when **Constellation Brands** Inc., whose stable of products includes Corona and Modelo beer, sank nearly $200 million into **Canopy Growth** Corp., one of Canada's biggest marijuana growers. In August, the beverage group raised its bet on Canopy, investing an additional $4 billion. Constellation's president, Bill Newlands, told investors recently that the company is expanding into cannabis products because it believes more countries will open their doors to medicinal or recreational sales, and the global market "could be a $200 billion business in very short order."

The optimism has grown beyond any reasonable fundamentals, some investors say. Tilray, for example, posted less than $20 million in revenue for the first half of the year. It ended its volatile week with a market value of $11 billion.

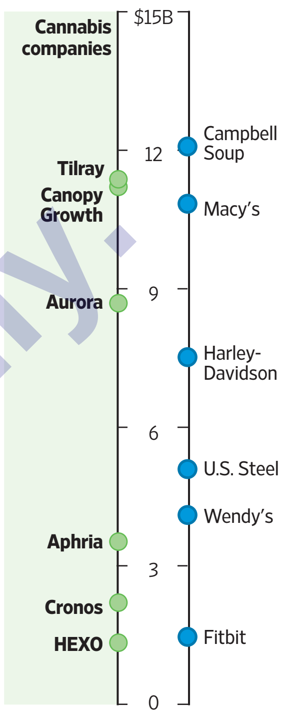
"This will be a global industry, and it will rival alcohol or beverage in the size and scope," Tilray Chief Executive Brendan Kennedy said in an interview. The company expects a new facility in Portugal to begin operating next year.

—Jennifer Maloney contributed to this article.

Stacking Up

How highflying Canadian cannabis companies stack up with select U.S. companies.

Market Cap



Note: Canadian-listed companies' values converted to U.S. dollars
Source: FactSet
THE WALL STREET JOURNAL.

Vox Media to Miss Revenue Target

By Benjamin Mullin And Amol Sharma

Digital publisher **Vox Media** is expected to miss its revenue goal for this year by more than 15%, according to people familiar with the matter, adding to the list of new-media companies struggling to live up to lofty growth expectations.

The company, which owns websites including Vox, The Verge and SB Nation, had been targeting revenue of about $200 million in 2018, which would have translated into about 25% growth from last year's haul of roughly $160 million, the people said. Instead, the company will be struggling to achieve double-digit percentage revenue growth, the people said.

The expected miss was discussed last week at a Vox Media board meeting, as some investors grow concerned about the situation, one of the people said.

A spokeswoman for Vox Media said it is too early to make predictions about 2018's final revenue because the fourth quarter is traditionally the largest, by far, for the company and the digital media industry. The spokeswoman said Vox Media is having a strong third quarter and expects to finish the year within its forecasting range, with double-digit percentage revenue growth.

A person close to the company said that $200 million is a "stretch" sales goal, at the high end of the range.

The expected Vox Media shortfall is another sign that the digital-media industry is struggling to adapt to the reality that online ad growth is becoming harder to come by, especially as tech firms such as Facebook Inc., Alphabet Inc.'s Google and Amazon.com Inc. corner the market. Last year, BuzzFeed and Vice Media, two of the largest digital-media firms by revenue, missed their revenue targets substantially.

The growth posted by venture-backed digital-media companies would still be the envy of most of their peers in traditional media, whose mature businesses have grown at a slower pace in recent years. But the new-media companies are under pressure to live up to the high expectations of venture and strategic investors, who not long ago believed companies in the sector could easily grow faster than 25% annually.

DAVID PAUL MORRIS/BLOOMBERG NEWS

Vox Media CEO Jim Bankoff

Vox Media, which has raised more than $300 million in venture capital, has nearly 1,000 employees. Its last major investment round, a $200 million infusion from Comcast Corp.'s NBCUniversal in 2015, valued the company at about $1 billion.

One concern for Vox Media, much like other digital-media firms, is that revenue from sponsored content isn't growing as fast as it once did, the people familiar with the matter said.

Vox Media, which relies on advertising as its primary source of revenue, has sought to diversify its business over the past year. The company has expanded its cross-company advertising network, Concert, launched a podcast business, cut licensing deals with video companies such as Netflix and PBS and has begun selling publishers its proprietary content-management system, Chorus.

—James Oberman contributed to this article.

UNIVERSAL/EVERETT COLLECTION

Cate Blanchett in 'The House With a Clock in Its Walls.' The movie made its debut with an estimated $26.9 million in ticket sales.

'House With Clock' Ticks to Top

Associated Press

NEW YORK—The gothic family fantasy "The House With a Clock in Its Walls" exceeded expectations with an estimated $26.9 million in ticket sales for its debut at the weekend box office, while audiences showed considerably less interest in Michael Moore's Donald Trump-themed documentary, "Fahrenheit 11/9," than his George W. Bush-era one.

"The House With a Clock in Its Walls" was easily the biggest draw on a quiet weekend at North American movie theaters, where the other three new wide releases all disappointed or downright flopped.

"Fahrenheit 11/9" opened with $3.1 million in 1,719 cinemas—a huge debut for most documentaries but a fraction of the $23.9 million opening generated in 2004 by Moore's record-breaking "Fahrenheit 9/11." That film went on to make $222.4 million world-wide, a record for documentaries.

Estimated Box-Office Figures, Through Sunday

FILM	DISTRIBUTOR	SALES, IN MILLIONS: WEEKEND*	CUMULATIVE	% CHANGE
1. The House With a Clock in Its Walls	Universal	$26.9	$26.9	--
2. A Simple Favor	Lions Gate	$10.4	$32.6	-35
3. The Nun	Warner Bros.	$10.3	$100.9	-44
4. The Predator	Twentieth Century Fox	$8.7	$40.4	-65
5. Crazy Rich Asians	Warner Bros.	$6.5	$159.4	-25

*Friday, Saturday and Sunday Source: comScore

Mr. Moore's new film, which examines the rise of Mr. Trump and other developments like the water crisis in his hometown of Flint, Mich., was the first release from former Open Road chief executive Tom Ortenberg's new distributor, Briarcliff Entertainment. It had been predicted to open with $5 million to $8 million.

Dan Fogelman's "Life Itself" and the home-invasion thriller "Assassination Nation" both barely made a blip in nationwide release. Though Mr. Fogelman's "This Is Us" is one of TV's top-rated series, his "Life Itself" bombed with $2.1 million despite a starry cast including Olivia Wilde, Oscar Isaac and Antonio Banderas.

But Universal Pictures' "The House With a Clock in Its Walls," based on the classic book written by John Bellairs and illustrated by Edward Gorey, capitalized on a recent dearth of child-friendly options. The film, directed by the horror veteran Eli Roth with a budget of $40 million, stars Jack Black and Cate Blanchett.

PayPal Shakes Up Venmo

Continued from page B1

come a hit with consumers—more than $14 billion in payment volume moved across Venmo in the second quarter—but a financial drain on PayPal since it doesn't charge most users to move money.

Bill Ready, PayPal's chief operating officer, said in an interview that Venmo will be Mr. Jhawar's sole focus, "indicative of how much its importance has risen inside of PayPal."

In the past year, PayPal has tried to turn Venmo into a more mainstream financial service. Users can use Venmo as a method of payment at **Uber Technologies** Inc., **Grubhub** Inc. and roughly two million other online retailers. PayPal also has started to issue customers a plastic Venmo debit card that lets them spend their funds offline.

Analysts and investors have bought into the strategy. Hedge-fund firm **Third Point** LLC took an $800 million stake in PayPal this year and told investors in a letter that it expected Venmo to add $1 billion in annual revenue for the company within the next three years.

Yet the executive changes and a lack of a dedicated leader has hindered Venmo's ability to roll out some new features and weighed on employee retention, people familiar with the matter said. Mr. Jhawar is Venmo's third general manager since the end of 2016, and his predecessors had to split their time between Venmo and other PayPal projects.

Joanna Lambert, who oversaw Venmo until early 2017, also had responsibility for PayPal's broader push into financial services for consumers. She left PayPal in March for a job at **Verizon Communications** Inc.'s media and advertising business.

Ms. Lambert's successor, Kevin Laracey, also ran PayPal's **Paydiant** division, which develops technology allowing bricks-and-mortar retailers to accept mobile payments and coupons. Mr. Laracey remains at the company.

Mr. Ready said Venmo's staff turnover and other challenges are the "growing pains of a rapidly growing startup."

PayPal executives have tried to balance preserving some of the original culture of Venmo, which came to PayPal as part of the 2013 purchase of Braintree, against the overall company's priorities. But there have been times when the Venmo rank-and-file have objected to strategies undertaken by their bosses.

Last fall, Venmo started circulating proposed ads for a new marketing campaign it called "blank me" that was designed to riff on the fact that "Venmo me" has become a verb for users wanting to receive money digitally.

The campaign, in Mad Libs style, subbed out Venmo's name for a blank space. "Let's not make it awkward, just ____ me," the text of one proposed ad said.

The ads caused a rift between executives, who thought they were edgy but playful, and a group of employees who thought they trivialized sexual harassment at a time that the #MeToo movement was ramping up, according to people familiar with the matter.

At a staff meeting where the ads were discussed, female employees broke out in tears as they retold their experiences with harassment as a way to argue that PayPal should pull the plug on the campaign, the people said.

The backlash helped change PayPal executives' thinking, some of the people

$14B

Payment volume across Venmo in the second quarter

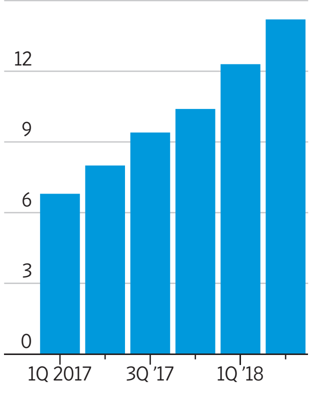
said. Not long after the meeting, PayPal stopped the "blank me" campaign before any ads officially ran and quietly deleted a blog post on Venmo's website that highlighted them.

Mr. Ready said the episode was a "great example of an inclusive culture having great dialogue and discussion." He also said that the "blank me" ads were the idea of an outside agency.

Privacy advocates, meanwhile, have harangued the company for automatically sharing information about Venmo users' transactions publicly. Regulators also have taken issue with Venmo's privacy policies: Earlier this year, the Federal Trade Commission accused the company of making it too difficult to change privacy settings in Venmo. PayPal settled with the consumer watchdog and agreed to clarify how to limit sharing of transaction details.

Just Venmo Me

Volume of payments processed on Venmo



Source: PayPal Holdings

THE WALL STREET JOURNAL.

PERSONAL TECHNOLOGY | By David Pierce

Make Sure You're Using the Right Browser

The most important thing your computer does is run a web browser. Whether you use Chrome or Firefox or some outdated version of Internet Explorer, it's probably the most-used app on your machine. Heck, Google made a whole operating system out of a browser, because it's really all you need.

Years ago, Chrome was practically the only good browser available, and it's still the dominant force on the market. Recently, though, Firefox and **Apple**'s Safari have seen huge upgrades, and **Microsoft** replaced Internet Explorer with Edge, a much better way to use the web.

All these new options presented the perfect reason to test what a modern browser can do.

For most people, there are five browsers worth considering: Chrome, Safari, Firefox, Edge and Opera.

In my testing, I found surprising differences. To test how each browser taxes my system, I loaded the same 10 sites on each browser on my MacBook's RAM. Chrome took up the most memory, with Safari and Opera close behind.

JAMES PACE-CORNSILK/THE WALL STREET JOURNAL

Each web browser each has its own look and stand-out features.

When it came to performance testing, both industry benchmarks and playing web-based games, the built-in browsers—Edge on Windows 10 and Safari on MacOS—outperformed all others, but Chrome was close behind.

Among mobile browsers (which I tested on an iPhone XS and a Google Pixel 2 XL), the differences were smaller. Surprisingly, mobile browsers outperformed their desktop counterparts. They're faster to load pages, able to crunch through more intense web apps and generally just better browsers.

If you're only using a single device, you're best off using the built-in browser.

But you're probably not using a single device. That's why your browser should follow you around, syncing your bookmarks, settings and history. There's no Edge for Mac or Safari for Windows or Android, so unless you're all in on Microsoft or Apple products, I recommend casting your lot elsewhere.

Choosing between Chrome, Opera and Firefox is largely a matter of personal taste.

Chrome is a delightfully simple app, especially after a recent update: It has a space for tabs and the big box to type URLs and searches.

Firefox is a fountain of features. Virtually every pixel can be customized, and even the layout can be changed. I found Firefox messy, but I solved that with 10 minutes customizing the interface.

Opera's appeal centers on two talents: saving your battery and data cap, and automatically protecting your privacy. It will block ads and trackers that nab your personal data. But it has only a small library of extensions.

I thought I'd end my experiment all-in on a single browser, but I've instead begun to split my time. I use Firefox most, because even though it's a bit slower at least it doesn't slow down my computer, and it's so useful to quickly send stuff back and forth between my devices. Chrome I use for Google apps, both because they seem to run better there and because it's helpful to have my mail and calendar out of the morass of other tabs.

BUSINESS NEWS

MIKE SEGAR/REUTERS

A proposal could let more investors buy into hot startups like Uber.

Opportunities to Invest in Private Companies Grow

BY JEAN EAGLESHAM AND COULTER JONES

The Securities and Exchange Commission is drawing up plans to increase the number of people allowed to buy stakes in hot Silicon Valley startups and other private companies. But that population has already grown 10-fold since the 1980s, a Wall Street Journal analysis found.

More than 16 million U.S. households—about one in eight—are already allowed to invest directly in private companies, according to the analysis. Private companies don't have to make the disclosures that public companies do, and regulators thus limit them to only relatively wealthy investors. When the SEC first set its rules of entry for private markets in 1982, only 1.5 million households made the cut.

The reason more households are eligible: The SEC

The number of accredited investors has jumped, but such investing can be risky.

uses income and net worth to determine who can invest, and the thresholds haven't changed in more than three decades.

SEC Chairman Jay Clayton says he now wants to give even more investors the opportunities to buy into fast-growing private companies, such as **Uber Technologies** Inc. and **Airbnb** Inc. Further opening access to these markets could reshape the financial landscape, letting millions of retail investors add startups to their portfolios' traded stocks and bonds.

But such investing can be high-risk and more opaque than the public stock market—and a draw for fraudsters. Tens of billions of dollars a year of private stakes in companies are now being sold by securities firms with an unusually high number of brokers with three or more investor complaints or other red flags on their records, a recent analysis by the Journal found.

"The biggest area of fraud has always been in these private offerings," said Denise Voigt Crawford, a former Texas securities regulator. "Now you've got more people that are eligible to be the victims of fraud."

An investor typically has to be "accredited" to buy stakes in private companies, which requires an annual income of more than $200,000 or a net worth of more than $1 million—a rule designed to ensure that anyone allowed into these markets can afford to lose what they put in.

The SEC hasn't increased the accredited-investor limits since they were set, apart from a 2012 tweak that excluded primary homes from the calculation of net worth. If the limits had been adjusted to keep pace with inflation, an accredited investor would now need an annual income of about $515,000 and net worth over $2.5 million, the Journal found.

Sales of these investments, known as private placements, are expanding rapidly as investors chase profits outside more traditional stocks and bonds. Last year, a record $710 billion was sold through brokers, a nearly threefold rise from 2009, the Journal reported. For this year through August, at least $500 billion has been sold through brokers.

The SEC is expected to seek public comment in coming months on expanding the accredited-investor definition. It is unclear how many more investors would become eligible. One addition Mr. Clayton talked about recently is people who don't hit the financial limits but have professional licenses or advanced degrees.

John Harrison, executive director of the Alternative and Direct Investment Securities Association, said sophisticated investors "should be allowed that opportunity" and are an essential source of capital for growing the economy.

But Barbara Roper, director of investor protection at the Consumer Federation of America, said the current accredited-investor limits "aren't even remotely adequate to ensure people are protected from potentially devastating losses."

Arbitration claims tied to two kinds of private markets, private equities and limited partnerships, ballooned from 192 in 2013 to 294 last year, according to the Financial Industry Regulatory Authority, which oversees the brokerage industry.

—Lisa Schwartz contributed to this article.

Porsche Discontinues Use of Diesel Engines

BY RUTH BENDER

BERLIN—German luxury-car maker Porsche AG will no longer offer diesel versions of its cars, the **Volkswagen** AG unit said Sunday, becoming the first German auto maker to drop the engines in the wake of the emissions-cheating scandal.

"As a sports-car maker where diesel has traditionally played an inferior role, we have come to the conviction that we'll continue without diesel," Porsche said in a statement.

Porsche's decision highlights a growing trend among premium auto manufacturers to focus resources on the rise of plug-in hybrid and full-battery electric vehicles over the next decade, rather than on developing diesel in face of rising costs of developing combustion engines that meet ever-stricter emissions regulations.

The decision also comes as diesel car sales have plunged as part of a wider backlash of the emissions-cheating scandal with European cities beginning to ban older diesel models from their roads to meet emissions reductions targets.

In an interview with German weekly Bild am Sonntag, which first reported Porsche's decision, Chief Executive Oliver Blume said Porsche's image had suffered after the Volkswagen emissions-cheating scandal.

"The diesel crisis has caused us a lot of trouble," he said, adding that was is the reason the car maker wants to focus on petrol and hybrids—and from 2019 all-electric vehicles as well.

Porsche parent Volkswagen has pleaded guilty to conspiracy to defraud the U.S. government over emissions levels for its diesel cars. The company's cheating came to light in September 2015, when Volkswagen admitted some 11 million of its diesel vehicles world-wide were equipped with software that allowed them to sidestep emissions testing.

—William Boston contributed to this article.

WSJ PRO CYBERSECURITY

SMALL BUSINESS ACADEMY

Dear Small Business Owners and Executives,

In my role as Cybersecurity Research Director for WSJ Pro, The Wall Street Journal's professional membership, I constantly assess how nation states and cybercriminals seek to steal our data and bring chaos to our networks.

In my experience, small businesses are at significant risk of attack. Last year, 51% of small businesses experienced a cyberattack—a growing trend—and others may not have even known they were compromised. Despite the average cost of a data loss incident reaching over $2.2 million this year, few small businesses are adequately prepared to respond. For some, a single attack could be enough to put them out of business.

Improving cybersecurity without breaking the bank is possible and on October 15 and 16 in Dana Point, California, we will show you how. Our inaugural, two-day Small Business Academy event aims to give executives and senior practitioners expert insight and practical training.

Please don't become one of an ever-growing number of companies that finds out the hard way the cost of getting cybersecurity wrong. Secure your company's future at the Small Business Academy. I look forward to seeing you this October.

Register today at cyber.wsj.com/sba.

Best,

Rob Sloan
Cybersecurity Research Director, WSJ Pro

October 15-16, 2018
Dana Point, California

Register now: cyber.wsj.com/sba
Early bird discount ends 9/14 (SBAEarly200)

Event Research and Training Partners

INFRAGARD SAN DIEGO VISTAGE (ISC)²

MARKETS DIGEST

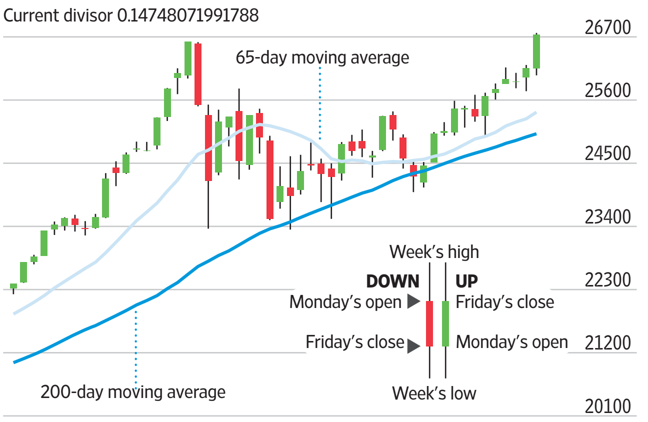
Dow Jones Industrial Average

26743.50 ▲588.83, or 2.25% last week

High, low, open and close for each of the past 52 weeks

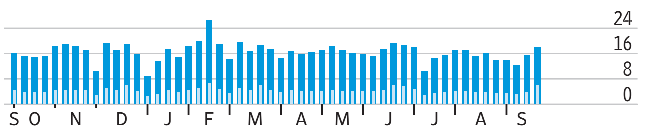
	Last	Year ago
Trailing P/E ratio	24.17	20.45
P/E estimate *	17.27	18.89
Dividend yield	2.06	2.31
All-time high	26743.50, 09/21/18	

Current divisor 0.14748071991788



Bars measure the point change from Monday's open

NYSE weekly volume, in billions of shares



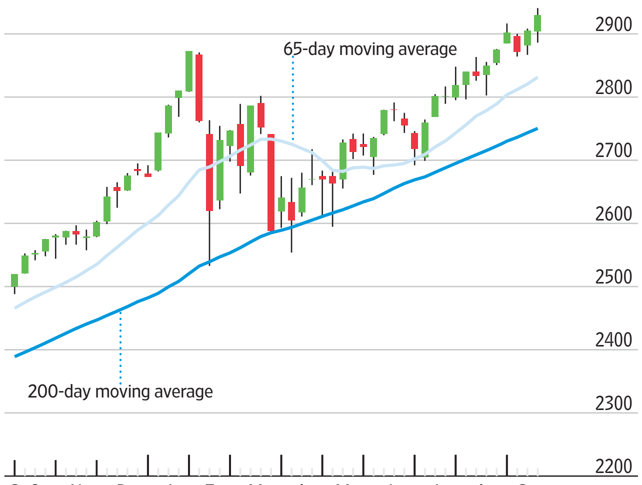
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2929.67 ▲24.69, or 0.85% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio *	24.55	24.25
P/E estimate *	18.06	19.14
Dividend yield	1.80	1.99
All-time high	2930.75, 09/20/18	



Financial Flashback

The Wall Street Journal, September 24, 1985

Rupert Murdoch agreed to buy Marvin Davis's half of Twentieth Century Fox Film Corp. for $325 million, six months after acquiring half the studio for $250 million.

Major U.S. Stock-Market Indexes

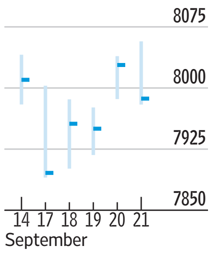
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	% chg YTD	3-yr. ann.
Dow Jones											
Industrial Average	26769.16	26030.35	26743.50	588.83	2.25	22284.32		26743.5	19.7	8.2	17.4
Transportation Avg	11611.65	11395.58	11532.56	-38.28	-0.33	9440.87		11570.84	18.8	8.7	12.5
Utility Average	740.79	715.44	727.16	-9.72	-1.32	647.90		774.47	0.1	0.5	8.6
Total Stock Market	30491.50	29963.32	30365.21	179.20	0.59	25876.47		30390.61	17.1	9.7	13.9
Barron's 400	781.56	772.80	777.37	-3.17	-0.41	661.72		786.73	17.4	9.3	13.8
Nasdaq Stock Market											
Nasdaq Composite	8057.26	7890.07	7986.96	-23.09	-0.29	6370.59		8109.69	24.3	15.7	18.3
Nasdaq 100	7603.86	7427.79	7531.07	-14.42	-0.19	5867.35		7660.18	26.9	17.7	20.2
S&P											
500 Index	2940.91	2886.16	2929.67	24.69	0.85	2496.66		2930.75	17.1	9.6	14.2
MidCap 400	2052.39	2026.42	2041.36	-5.20	-0.25	1768.65		2050.23	15.4	7.4	12.9
SmallCap 600	1085.89	1069.45	1074.35	-12.00	-1.10	874.87		1098.36	22.8	14.7	16.8
Other Indexes											
Russell 2000	1724.38	1700.51	1712.32	-9.40	-0.55	1450.78		1740.75	18.0	11.5	13.8
NYSE Composite	13261.77	13020.58	13236.44	185.92	1.42	12127.92		13637.02	8.9	3.3	9.6
Value Line	592.44	583.83	589.79	2.41	0.41	530.28		593.57	11.2	4.9	8.8
NYSE Arca Biotech	5271.29	5053.45	5205.94	66.09	1.29	4045.25		5342.46	24.9	23.3	10.6
NYSE Arca Pharma	593.81	583.79	592.43	7.02	1.20	516.32		593.12	8.4	8.7	2.5
KBW Bank	110.89	106.75	110.07	2.50	2.33	96.78		116.52	13.4	3.1	16.1
PHLX§ Gold/Silver	67.59	63.39	66.03	2.67	4.21	61.92		92.08	-23.3	-22.6	11.6
PHLX§ Oil Service	147.61	138.97	147.55	7.12	5.07	127.61		170.18	8.3	-1.3	-4.4
PHLX§ Semiconductor	1394.10	1356.10	1383.09	5.78	0.42	1126.40		1445.9	20.3	10.4	31.5
CBOE Volatility	13.75	11.10	11.68	-0.39	-3.23	9.14		37.32	21.8	5.8	-16.6

§Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

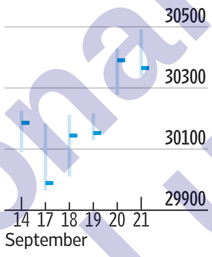
Nasdaq Composite

▼ 23.09, or -0.29% last week



DJ US TSM

▲ 179.20, or 0.59% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	Close	High	YTD % chg
World	The Global Dow	3155.23	2.49	2889.80		3323.74	2.2
	DJ Global Index	407.45	1.55	373.51		425.41	2.6
	DJ Global ex U.S.	255.17	2.54	245.00		285.34	-4.3
Americas	DJ Americas	695.72	0.86	603.07		695.86	8.3
Brazil	Sao Paulo Bovespa	79444.29	5.32	69814.74		87652.64	4.0
Canada	S&P/TSX Comp	16224.13	1.32	15034.53		16567.42	0.1
Mexico	S&P/BMV IPC	49344.29	-0.54	44647.37		51065.49	-0.04
Chile	Santiago IPSA	4040.31	2.00	3704.57		4442.56	-4.0
EMEA	Stoxx Europe 600	384.29	1.70	363.18		402.81	-1.3
	Stoxx Europe 50	3067.38	1.98	2894.75		3274.97	-3.5
Eurozone	Euro Stoxx	382.52	2.08	366.11		404.86	-0.8
	Euro Stoxx 50	3430.81	2.58	3278.72		3697.40	-2.1
Austria	ATX	3368.91	1.20	3224.40		3688.78	-1.5
Belgium	Bel-20	3774.89	1.76	3640.78		4176.88	-5.1
France	CAC 40	5494.17	2.65	5066.28		5640.10	3.4
Germany	DAX	12430.88	2.53	11787.26		13559.60	-3.8
Greece	Athex Composite	698.74	2.50	678.83		886.54	-12.9
Israel	Tel Aviv	1670.26	2.61	1391.67		1676.03	10.6
Italy	FTSE MIB	21536.74	3.12	20269		24544	-1.4
Netherlands	AEX	549.79	1.71	518.33		576.24	1.0
Portugal	PSI 20	5345.85	1.15	5232.99		5791.88	-0.8
Russia	RTS Index	1149.53	5.01	1043.46		1324.62	-0.4
South Africa	FTSE/JSE All-Share	57164.25	1.03	54602.68		61684.77	-3.9
Spain	IBEX 35	9590.40	2.40	9171.2		10609.5	-4.5
Sweden	OMX Stockholm	613.35	1.13	546.21		617.64	7.8
Switzerland	Swiss Market	8995.38	0.28	8456.95		9611.61	-4.1
U.K.	FTSE 100	7490.23	2.55	6888.69		7877.45	-2.6
Asia-Pacific							
Australia	S&P/ASX 200	6194.60	0.48	5651.8		6352.2	2.1
China	Shanghai Composite	2797.48	4.32	2651.79		3559.47	-15.4
Hong Kong	Hang Seng	27953.58	2.45	26345.04		33154.12	-6.6
India	S&P BSE Sensex	36841.60	-3.28	31159.81		38896.63	8.2
Japan	Nikkei Stock Avg	23869.93	3.36	20267.05		24124.15	4.9
Malaysia	FTSE Bursa Malaysia KLCI	1810.64	0.38	1663.86		1895.18	0.8
Singapore	Straits Times	3217.68	1.78	3109.91		3615.28	-5.4
South Korea	Kospi	2339.17	0.90	2240.80		2598.19	-5.2
Taiwan	TAIEX	10972.41	0.96	10257.02		11253.11	3.1

Source: SIX Financial Information; Dow Jones Market Data

Commodities and Currencies

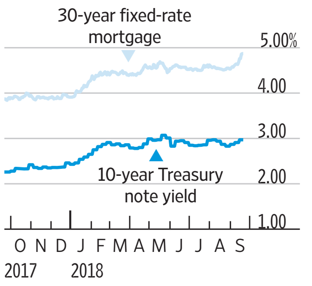
	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	620.01	15.18	2.51	-0.86
TR/CC CRB Index	193.98	3.49	1.83	0.06
Crude oil, $ per barrel	70.78	2.01	2.92	17.15
Natural gas, $/MMBtu	2.977	0.21	7.59	0.81
Gold, $ per troy oz.	1196.20	1.20	0.10	-8.43
U.S. Dollar Index	94.22	-0.71	-0.75	2.27
WSJ Dollar Index	89.10	-0.48	-0.54	3.63
Euro, per dollar	0.8512	-0.0093	-1.08	2.16
Yen, per dollar	112.58	0.53	0.47	-0.11
U.K. pound, in dollars	1.31	0.0012	0.09	-3.20

	52-Week Low	Close (●)	High	% Chg
DJ Commodity	579.76		667.35	5.64
TR/CC CRB Index	180.90		206.38	5.67
Crude oil, $ per barrel	49.29		74.15	39.72
Natural gas, $/MMBtu	2.55		3.63	0.61
Gold, $ per troy oz.	1176.20		1362.40	-7.51
U.S. Dollar Index	88.59		96.73	2.22
WSJ Dollar Index	82.70		90.39	4.18
Euro, per dollar	0.7996		0.8816	1.69
Yen, per dollar	104.73		114.17	0.52
U.K. pound, in dollars	1.27		1.43	-3.08

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

30-year mortgage, Rate

Bankrate.com avg†:	**4.87%**
Easthampton Savings Bank	**4.25%**
Easthampton, MA	413-527-4111
Fidelity Bank Trust	**4.25%**
Dubuque, IA	563-557-2300
Frandsen Bank Trust	**4.43%**
Grand Forks, ND	701-780-7700
Crossroads Bank	**4.50%**
Wabash, IN	260-563-3185
Home Savings Bank	**4.50%**
Madison, WI	800-282-5115

Interest rate	Yield/Rate (%) Last (●)	Week ago	52-Week Range (%) Low		High	3-yr chg (pct pts)
Federal-funds rate target	1.75-2.00	1.75-2.00	1.00		1.75	1.75
Prime rate*	5.00	5.00	4.25		5.00	1.75
Libor, 3-month	2.37	2.34	1.33		2.37	2.05
Money market, annual yield	0.47	0.47	0.25		0.53	0.17
Five-year CD, annual yield	1.87	1.87	1.43		1.87	0.43
30-year mortgage, fixed†	4.87	4.63	3.84		4.87	1.01
15-year mortgage, fixed†	4.16	4.07	3.11		4.16	1.13
Jumbo mortgages, $424,100-plus†	5.16	4.85	4.21		5.16	0.69
Five-year adj mortgage (ARM)†	4.77	4.57	3.37		4.78	1.47
New-car loan, 48-month	4.43	4.42	2.99		4.52	1.26

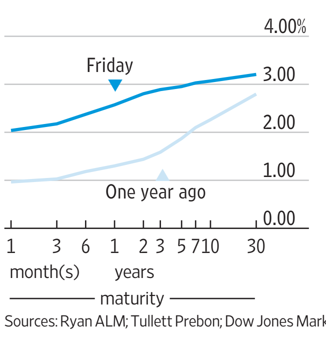
Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.

Sources: SIX Financial Information; Dow Jones Market Data; Bankrate.com

Benchmark Yields and Rates

Treasury yield curve

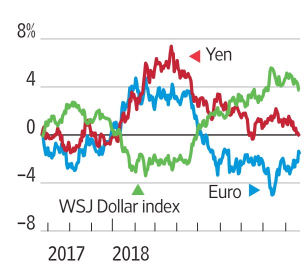
Yield to maturity of current bills, notes and bonds



Sources: Ryan ALM; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
10-yr Treasury, Ryan ALM	3.068	2.992				-4.50	-0.47
DJ Corporate	4.155	4.119				-1.30	3.08
Aggregate, Barclays Capital	3.470	3.420	40	34	45	-1.39	1.43
High Yield 100, Merrill Lynch	5.871	5.840	288	285	376	2.793	5.693
Fixed-Rate MBS, Barclays	3.600	3.550	29	20	31	-1.03	1.04
Muni Master, Merrill	2.693	2.614	13	5	17	-0.567	1.980
EMBI Global, J.P. Morgan	6.768	6.824	370	289	407	-3.761	4.697

Sources: J.P. Morgan; Ryan ALM; S&P Dow Jones Indices; Barclays Capital; Merrill Lynch

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Shares (mil.)	Pricing Range($) Low/High	Bookrunner(s)
9/24	8/28	Viomi Technology Provider of internet-connected home appliances.	VIOT Nq	34.2	9.00/ 11.00	MS, China Int'l
9/25	8/24	Arco Platform Software company engaged with education software solutions.	ARCE Nq	11.1	15.50/ 17.50	GS, MS, Itau BBA, BofA ML, Allen & Co, BTG Pactual, UBS
9/25	8/31	Capital Bancorp Commercial bank.	CBNK Nq	2.2	12.50/ 14.50	Stifel, Stephens
9/25	8/17	Entasis Therapeutics Hodings Developer of therapies for multi-drug resistant bacteria.	ETTX Nq	4.4	16.00/ 18.00	Credit Suisse, BMO Cptl Mkts
9/25	8/29	SVMK Inc Software company offering web-based surveys.	SVMK Nq	13.5	9.00/ 11.00	JPM, Allen & Co, BofA ML, Credit Suisse, UBS, WFS
9/26	8/30	Arvinas Preclinical biotech developing protein degradation therapies for advanced cancers.	ARVN Nq	6.7	14.00/ 16.00	GS, Citi, Piper Jaffray
9/26	8/31	LAIX Inc Provider of english learning service.	LAIX N	5.8	11.50/ 13.50	MS, GS
9/26	7/16	Ra Medical Systems Medical device company developing treatments for vascular and dermatological diseases.	RMED N	3.3	14.00/ 16.00	Piper Jaffray, Cantor Fitzgerald & Co, SunTrust
9/26	8/29	Sutro Biopharma Developer of pharmaceutical products.	STRO Nq	5.0	14.00/ 16.00	Cowen & Co, Piper Jaffray
9/26	7/13	Urovant Sciences Biopharmaceutical company developing therapies for urologic conditions.	UROV Nq	10.0	14.00/ 16.00	JPM, Jefferies, Cowen & Co
9/27	8/16	CooTek (Cayman) Software company engaged with mobile internet services.	CTK N	217.5	12.00/ 14.00	Credit Suisse, BofA ML, Citi, KeyBanc
9/27	8/23	Gritstone Oncology Biotechnology company specialized in developing cancer therapeutics.	GRTS Nq	6.1	13.00/ 15.00	GS, Cowen & Co, Barclays, BTIG

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
Sept. 24	March 28, '18	Bilibili	BILI	11.50	483.0	8.1	180 days
	March 28, '18	Unum Therapeutics	UMRX	12.00	71.8	1.3	180 days
Sept. 25	March 29, '18	Genprex	GNPX	5.00	n.a.	–51.8	180 days
	March 29, '18	iQIYI	IQ	18.00	2423.6	45.8	180 days

Sources: Dealogic; WSJ Market Data Group

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close	Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
Farfetch **FTCH** Sept. 21/$20.00	28.45	42.3	...	X Financial **XYF** Sept. 19/$9.50	9.50	...	–20.6
Y-mAbs Thera **YMAB** Sept. 21/$16.00	24.00	50.0	...	Principia Biopharma **PRNB** Sept. 14/$17.00	27.23	60.2	–16.6
Bank7 **BSVN** Sept. 20/$19.00	19.10	0.5	0.1	Qutoutiao **QTT** Sept. 14/$7.00	8.56	22.2	–46.4
Elanco Animal Health **ELAN** Sept. 20/$24.00	34.10	42.1	–5.3	111 **YI** Sept. 12/$14.00	15.44	10.3	11.9
Eventbrite **EB** Sept. 20/$23.00	34.25	48.9	–6.2	NIO **NIO** Sept. 12/$6.26	8.59	37.2	30.2

Sources: Dow Jones Market Data; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Expected	Issuer/Business	Symbol/ Primary exchange	Amount ($mil.)	Friday's price ($)	Bookrunner(s)
Sept. 24	FlexShopper Professional Services	FPAY Nq	16.9	1.71	Fordham Financial Mgmt

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/ Registration date	Deal value ($ mil.)	Registration (mil.)	Bookrunner(s)
Avino Silver & Gold Mines Mining	Sept. 20 Aug. 21,'18	$4.1	$25.0	HC Wainwright & Co
Lantronix Computers & Electronics	Sept. 18 Aug. 31,'18	$10.0	$35.0	Needham & Co, Lake Street Cptl Mrkts

Public and Private Borrowing

Treasurys

Monday, September 24

Auction of 13 week bill;
announced on September 20; settles on September 27

Auction of 26 week bill;
announced on September 20; settles on September 27

Auction of 2 year note;
announced on September 20; settles on October 1

Tuesday, September 25

Auction of 4 week bill;
announced on September 24; settles on September 27

Auction of 2 year FRN;
announced on September 20; settles on September 28

Auction of 5 year note;
announced on September 20; settles on October 1

Thursday, September 27

Auction of 7 year note;
announced on September 20; settles on October 1

Public and Municipal Finance

Deals of $150 million or more expected this week

Sale	Final maturity	Issuer	Total ($mil.)	Rating Fitch	Moody's	S&P	Bookrunner/ Bond Counsel(s)
Sept. 24	prelim.	Connecticut Hlth & Ed Facs Auth	300.0	N.R.	N.R.	N.R.	Barclays/—
Sept. 24	prelim.	So California Metro Water Dt	175.6	N.R.	N.R.	N.R.	J P Morgan Securities LLC/—
Sept. 24	Aug. 15, 2047	Williamson (Leander) ISD	207.5	N.R.	N.R.	N.R.	FTN Financial Capital Markets/ Norton Rose Fulbright
Sept. 25	Sept. 30, 2019	Milwaukee City-Wisconsin	180.0	N.R.	N.R.	N.R.	Preliminary/Katten Muchin Rosenman LLP/ Hurtado Zimmerman LLC
Sept. 25	May 1, 2039	Wisconsin	260.6	N.R.	N.R.	N.R.	Preliminary/ Foley & Lardner

Source: Thomson Reuters/Ipreo

CLOSED-END FUNDS

wsj.com/funds

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies fund not in existence of entire period. 12 month yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, September 21, 2018

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Divers Equity Fd **ADX**	19.34	16.74	-13.4	22.1
Boulder Growth & Income **BIF**	13.53	11.36	-16.0	15.8
Central Securities **CET**	35.83	29.81	-16.8	20.4
CohSteer Opprtnty Fd **FOF**	13.59	13.17	-3.1	8.5
EtnVnc TaxAdvDiv **EVT**	NA	24.44	NA	19.8
Gabelli Dividend & Incm **GDV**	25.46	24.23	-4.8	16.3
Gabelli Equity Trust **GAB**	6.63	6.56	-1.1	13.4
Genl American Investors **GAM**	44.15	37.26	-15.6	16.4
HnckJohn TxAdv **HTD**	25.10	23.27	-7.3	0.2
Liberty All-Star Equity **USA**	7.04	6.82	-3.1	27.4
Royce Micro-Cap **RMT**	10.99	10.27	-6.6	23.8
Royce Value Trust **RVT**	17.75	16.65	-6.2	16.9
Source Capital **SOR**	46.05	40.53	-12.0	4.0
Tri-Continental **TY**	31.58	27.93	-11.6	16.1
Specialized Equity Funds				
Aberdeen Glbl Prem Prop **AWP**	6.71	6.25	-6.9	5.2
Adams Natural Rscs Fd **PEO**	23.75	19.85	-16.4	9.1
AllnzGI NFJ Div Interest **NFJ**	NA	13.17	NA	6.5
BlkRk Enh Cap Inco **CII**	18.06	17.23	-4.6	19.0
BlkRk Engy Res Tr **BGR**	15.56	14.39	-7.5	14.0
BlackRock Enh Eq Div Tr **BDJ**	10.14	9.55	-5.8	12.6
BlackRock Enh Gl Div Tr **BOE**	12.28	11.12	-9.4	-1.6
BlkRk Intl Grwth&Inco **BGY**	6.42	5.74	-10.6	-5.3
BlkRk Health Sci **BME**	39.53	41.26	+4.4	22.2
BlackRck Rscs Comm Str Tr **BCX**	10.19	9.15	-10.2	11.0
BlackRock Science & Tech **BST**	32.26	35.18	+9.1	52.3
BlackRock Utilities Infr **BUI**	19.89	20.67	+3.9	5.5
CBREClarionGlblRlEstIncm **IGR**	8.44	7.39	-12.4	2.7
Cohen & Steers Infr Fd **UTF**	24.38	22.94	-5.9	7.3
C&S MLP Incm & Engy Opp **MIE**	11.41	10.39	-8.9	11.1
Cohen & Steers Qual Inc **RQI**	13.18	12.38	-6.1	7.1
CohnStrsPfdInco **RNP**	21.92	19.75	-9.9	1.4
Cohen & Steers TR **RFI**	13.01	12.41	-4.6	7.5
CLSeligmn Prem Tech Gr Fd **STK**	21.44	21.56	+0.6	10.7
DNP Select Income Fund **DNP**	9.45	11.03	+16.7	5.6
Duff&PhelpsGblUtilIncFd **DPG**	16.30	14.42	-11.5	-1.5
Eaton Vance Eqty Inco Fd **EOI**	NA	16.22	NA	26.5
Eaton Vance Eqty Inco II **EOS**	NA	17.62	NA	25.6
EtnVncRskMngd **ETJ**	NA	9.94	NA	16.4
Etn Vnc Tax Mgd Buy-Write **ETB**	NA	16.59	NA	8.3
Eaton Vance BuyWrite Opp **ETV**	NA	16.08	NA	15.1
Eaton Vance Tax-Mng Div **ETY**	NA	12.79	NA	21.9
Eaton Vance Tax-Mngd Opp **ETW**	NA	11.99	NA	12.1
EtnVncTxMngGlDvEqInc **EXG**	NA	9.57	NA	14.0
FT Energy Inc & Growth Fd **FEN**	23.38	22.37	-4.3	-0.6
FstTrEnhEqtIncFd **FFA**	16.67	16.25	-2.5	17.0
First Tr Engy Infr Fd **FIF**	17.61	16.12	-8.5	-5.3
First Tr MLP & Engy Incm **FEI**	13.25	12.48	-5.8	-7.7
Gabelli Hlthcr & Well **GRX**	12.94	11.07	-14.5	15.4
Gabelli Utility Tr **GUT**	5.03	5.83	+15.9	-3.7
GAMCOGlblGoldNatRscs&Inc **GGN**	4.60	4.74	+3.0	-4.9
John Hancock Finl Opps Fd **BTO**	38.84	37.91	-2.4	12.3
Neuberger Berman MLP Incm **NML**	9.80	8.65	-11.7	0.6
Neubrgr Brm Rl Est Sec Fd **NRO**	5.37	5.04	-6.1	1.4
Nuveen Dow 30 Dynamic **DIAX**	19.30	19.64	+1.8	25.4
Nuveen Core Eq Alpha **JCE**	15.30	15.57	+1.8	19.2
Nuveen Diversified Div **JDD**	11.99	10.98	-8.4	-2.3
Nuveen Engy MLP Fd **JMF**	11.94	10.83	-9.3	1.5
Nuv NASDAQ 100 Dyn Over **QQQX**	24.28	23.97	-1.3	19.1
Nuveen Real Est Incm Fd **JRS**	10.92	9.97	-8.7	-1.2
Nuveen Real Asset Income **JRI**	18.49	16.22	-12.3	-1.7
Nuv S&P 500 Dyn Overwrite **SPXX**	NA	16.92	NA	17.3
Nuveen S&P 500 Buy-Write **BXMX**	14.22	14.40	+1.3	12.9
Reaves Utility Fund **UTG**	33.11	31.20	-5.8	1.3
Tekla Hlthcr Investors **HQH**	25.07	22.78	-9.1	NE
Tortoise Energy **TYG**	27.88	27.56	-1.1	7.1
Tortoise MLP Fund **NTG**	17.01	16.31	-4.1	0.6
Income & Preferred Stock Funds				
Calamos Strat Fd **CSQ**	13.49	13.47	-0.1	21.9
Cohen & Steers Dur Pfd **LDP**	25.56	23.99	-6.1	-3.8
Cohen & Strs Sel Prf Inco **PSF**	25.87	27.14	+4.9	5.7
FT Interm Duration Pfd **FPF**	23.45	21.53	-8.2	-5.2
John Hancock Pfd Income **HPI**	21.21	22.01	+3.8	9.6
John Hancock Pfd II **HPF**	20.91	21.49	+2.8	7.4
John Hancock Pfd Inc III **HPS**	18.66	18.64	-0.1	7.9
JHancock Pr Div **PDT**	14.91	16.26	+9.1	8.1
Nuveen Pfd & Incm Opps Fd **JPC**	10.14	9.20	-9.3	-5.3
Nuveen Pfd & Incm Secs Fd **JPS**	9.67	8.72	-9.9	-9.0
Nuveen Preferred & Incm **JPI**	24.29	22.86	-5.9	-1.7
Nuv Tax-Adv Div Gr **JTD**	18.05	17.59	-2.5	14.3
TCW Strategic Income Fund **TSI**	NA	5.63	NA	2.8
Virtus Global Dividend **ZTR**	11.15	11.16	+0.1	-4.0
Convertible Sec's. Funds				
AllianzGI Conv & Incm **NCV**	6.28	6.94	+10.5	12.0
AllianzGI Conv & Incm II **NCZ**	5.63	6.18	+9.8	11.7
AllianzGI Equity & Conv **NIE**	NA	23.09	NA	20.3
Calamos Conv Hi Inco Fd **CHY**	11.89	13.19	+10.9	23.8
Calamos **CHI**	11.26	12.10	+7.5	17.6
World Equity Funds				
Aberdeen Total Dyn Div **AOD**	10.13	8.88	-12.3	7.4
Calamos Glbl Dyn Inc **CHW**	8.82	9.17	+4.0	12.5
Cdn Genl Inv **CGI**	37.20	25.96	-30.2	23.8
China Fund **CHN**	21.25	19.68	-7.4	-2.6
EtnVncTxAdvGblDiv **ETG**	NA	17.95	NA	13.6
EatonVance TxAdv Opport **ETO**	NA	25.35	NA	13.1
First Trust Dynamic Eur **FDEU**	17.31	15.82	-8.6	-10.9
Gabelli Glbl Multimedia **GGT**	8.98	9.25	+3.0	5.0
GDL Fund **GDL**	11.24	9.14	-18.7	-6.1
India Fund **IFN**	26.10	NA	NA	NA
Japan Sml Cap **JOF**	12.83	10.84	-15.5	2.1
Korea Fund **KF**	41.40	36.37	-12.1	-2.5
Mexico Fund **MXF**	18.79	16.13	-14.2	-5.2
Morgan-Stanley Asia-Pac **APF**	19.23	16.56	-13.9	-3.7
MS China a Shr Fd **CAF**	25.26	21.44	-15.1	-5.4
MS Emerging Fund **MSF**	18.12	15.72	-13.2	-10.0
MS India Invest **IIF**	27.66	24.50	-11.4	-13.3
New Germany Fund **GF**	21.02	18.68	-11.1	9.1
Swiss Helvetia Fund **SWZ**	9.05	8.62	-4.8	9.5
Templeton Dragon **TDF**	22.27	19.98	-10.3	1.8
Templeton Emerging **EMF**	16.99	14.70	-13.5	-6.6
Virtus Total Return Fund **ZF**	11.28	10.53	-6.6	-8.2
Wells Fargo Gl Div Opp **EOD**	NA	5.40	NA	-3.7

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
BlackRock Income Trust **BKT**	6.21	5.72	-7.9	5.6
Nuveen Mtg Opp Term Fd **JLS**	24.35	23.89	-1.9	7.9
Investment Grade Bond Funds				
Blackrock Core Bond Tr **BHK**	13.88	12.81	-7.7	6.0
BlkRk Credit Alloc Incm **BTZ**	14.05	12.39	-11.8	6.5
John Hancock Income Secs **JHS**	14.43	13.35	-7.5	5.6
MFS Inc Tr **MIN**	4.07	3.74	-8.1	9.6
Western Asset Infl Opps **WIW**	12.27	10.84	-11.7	3.9
Loan Participation Funds				
Apollo Sr Fltg Rate Fd **AFT**	17.68	16.05	-9.2	6.9
BlkRk Debt Strat Fd **DSU**	12.58	11.25	-10.6	7.2
BlackRock FR Incm Strat **FRA**	14.92	13.79	-7.6	5.3
Blkrk FltRt InTr **BGT**	14.40	13.15	-8.7	5.3
BlackstoneGSO Strat Cred **BGB**	16.86	15.88	-5.8	7.9
Blackstone GSO Sr Float **BSL**	17.74	18.16	+2.4	6.5
Eagle Point Credit **ECC**	NA	18.00	NA	13.2
Eaton Vance FR Incm Tr **EFT**	15.72	14.68	-6.6	5.6
EatonVnc SrFltRate **EFR**	15.43	14.08	-8.7	6.0
Eaton Vance Sr Incm Tr **EVF**	7.31	6.48	-11.4	5.6
First Trust Sr FR Fd II **FCT**	14.05	12.63	-10.1	5.8
FT Sr Floating Rate 2022 **FIV**	9.67	9.32	-3.6	5.3
Highland FR Opps Fd **HFRO**	15.08	15.46	+2.5	5.5
Invesco Credit Opps Fund **VTA**	13.28	11.50	-13.4	6.7
Invesco Senior Income Tr **VVR**	4.94	4.33	-12.3	5.5
Nuveen Credit Strt Inc Fd **JQC**	9.15	7.94	-13.2	6.5
NuvFloatRteInco Fd **JFR**	11.52	10.32	-10.4	7.4
Nuv Float Rte Opp Fd **JRO**	11.44	10.19	-10.9	7.7
Nuveen Senior Income Fund **NSL**	6.90	6.14	-11.0	7.4
Pioneer Floating Rate Tr **PHD**	12.31	11.03	-10.4	6.5
High Yield Bond Funds				
AllianceBernstein Glbl **AWF**	NA	11.64	NA	7.1
Barings Glbl Short Dur HY **BGH**	20.66	19.52	-5.5	9.0
BlackRock Corp Hi Yd Fd **HYT**	11.87	10.55	-11.1	7.8
BlackRockDurInco Tr **BLW**	16.71	14.88	-11.0	6.3
Brookfield Real Assets **RA**	24.13	23.14	-4.1	10.2
Credit Suisse High Yld **DHY**	2.66	2.62	-1.5	9.6
DoubleLine Incm Solutions **DSL**	NA	20.16	NA	8.8
Dreyfus Hi Yd Strat Fd **DHF**	3.40	3.20	-5.9	8.8
Fst Tr Hi Inc Lg/Shrt Fd **FSD**	17.05	14.78	-13.3	9.3
Ivy High Income Opps Fund **IVH**	15.90	14.22	-10.6	9.0
Neuberger Berman HYS **NHS**	12.82	10.88	-15.1	7.6
NexPoint Strat Opps Fund **NHF**	NA	22.27	NA	10.4
Nuveen Credit Opps 2022 **JCO**	9.85	9.51	-3.5	5.9
Nuveen Gl Hi Incm Fd **JGH**	17.83	15.69	-12.0	8.8
Nuveen High Incm Dec18 **JHA**	9.94	9.85	-0.9	3.7
Nuveen High Incm Dec19 **JHD**	10.04	9.84	-2.0	4.8
Nuveen Hi Incm Nov 2021 **JHB**	9.98	9.55	-4.3	5.9
PGIM Global Short Dur HY **GHY**	16.15	13.79	-14.6	7.5
PGIM Short Duration HY Fd **ISD**	16.34	14.14	-13.5	7.4
Pioneer High Income Trust **PHT**	10.31	9.16	-11.2	8.3
Wells Fargo Incm Opps Fd **EAD**	NA	8.00	NA	8.0
Other Domestic Taxable Bond Funds				
Ares Dynamic Credit Alloc **ARDC**	NA	15.76	NA	7.4
Barings Corp Investors **MCI**	NA	15.49	NA	7.7
BlackRock Multi-Sector IT **BIT**	18.85	17.36	-7.9	8.6
BlackRock Taxable Mun Bd **BBN**	22.60	21.28	-5.8	7.0
Doubleline Oppor Credit **DBL**	NA	20.72	NA	9.5
Duff & Phelps Utl & Cp Bd **DUC**	9.15	8.45	-7.7	5.6
EtnVncLtdFd **EVV**	14.64	12.75	-12.9	7.1
Franklin Ltd Duration IT **FTF**	11.25	10.33	-8.2	11.7
Invesco High Incm 2023 **IHIT**	10.10	9.90	-2.0	6.0
KKR Income Opps Fund **KIO**	17.54	16.52	-5.8	9.1
MFS Charter **MCR**	8.70	7.77	-10.7	9.1
Nuveen Build Am Bd Fd **NBB**	21.07	20.25	-3.9	5.9
PIMCO Corporate & Incm **PTY**	NA	17.77	NA	8.6
PIMCO Corporate & Incm **PCN**	NA	18.40	NA	7.4
PIMCO HiInco **PHK**	NA	NA	NA	10.8
PIMCO Inco Str Fd **PFL**	NA	11.99	NA	8.9
PIMCO Incm Strategy Fd II **PFN**	NA	10.55	NA	9.0
Putnam Mas Inco **PIM**	4.94	4.51	-8.7	6.5
Putnam Premier Income Tr **PPT**	5.51	5.18	-6.0	5.9
Wells Fargo Multi-Sector **ERC**	NA	12.31	NA	10.3
World Income Funds				
Abeerden Asia-Pacific **FAX**	4.74	4.09	-13.7	10.0
Etn Vnc Short Dur Fd **EVG**	14.83	12.92	-12.9	6.8
MS EmMktDomDebt **EDD**	7.44	6.66	-10.5	8.8
PIMCO Dynamic Credit **PCI**	NA	24.15	NA	8.1
PIMCO Dynamic Income Fund **PDI**	NA	33.10	NA	8.0
PIMCO Income Opportunity **PKO**	NA	27.36	NA	8.3
PIMCO Strat Income Fund **RCS**	NA	9.37	NA	8.6
Templeton Emerging **TEI**	11.15	9.95	-10.8	10.2
Templeton Global **GIM**	6.95	6.03	-13.2	5.5
National Muni Bond Funds				
AllianceBrnstn NtlMun **AFB**	14.09	12.24	-13.1	4.5
Blackrock Invest **BKN**	15.11	13.36	-11.6	5.0
BlackRock Mun 2030 Target **BTT**	23.32	20.68	-11.3	3.9
BlackRock Municipal Trust **BFK**	13.83	12.47	-9.8	5.7
BlackRockMuni **BLE**	14.39	13.12	-8.8	5.6
BlackRockMuni Tr **BYM**	14.46	12.71	-12.1	5.1
BlkRk MuniAssets Fd **MUA**	13.98	13.04	-6.7	4.9
BlkRk Munienhanced **MEN**	11.31	10.00	-11.6	5.8
BlkRk MuniHldgs Inv **MFL**	13.89	12.31	-11.4	6.0
BlkRk MuniHldgs Qlty II **MUE**	13.30	11.84	-11.0	5.7
BlkRk MuniVest **MVF**	9.22	8.60	-6.7	5.9
BlkRk MuniVest II **MVT**	14.57	13.35	-8.4	5.9
BlkRk MuniYield **MYD**	14.22	13.31	-6.4	5.5
BlkRk MuniYld Quality **MQY**	15.04	13.39	-11.0	5.6
BlkRk MuniYld Qlty II **MQT**	13.21	11.70	-11.4	5.3
BlRkMunyldQltyIII **MYI**	13.69	12.00	-12.3	5.7
Dreyfus Mun Bd Infr Fd **DMB**	13.86	12.20	-11.9	5.0
Dreyfus Strat Muni Bond **DSM**	8.04	7.35	-8.6	5.9
Dreyfus Strategic Munis **LEO**	8.27	7.42	-10.3	5.9
DWS Muni Income Trust **KTF**	11.86	10.49	-11.6	5.7
Eaton Vance Mun Bd Fd **EIM**	12.92	11.41	-11.7	5.0
Eaton Vance Mun Income **EVN**	12.79	11.52	-9.9	5.3
EV National Municipal Opp **EOT**	20.89	21.56	+3.2	4.7
Invesco Adv Mun Incm II **VKI**	11.51	10.39	-9.7	5.9
Invesco Mun Incm Opps Tr **OIA**	7.34	7.59	+3.3	5.1
Invesco Mun Opportunity **VMO**	12.85	11.51	-10.4	5.6
Invesco Municipal Trust **VKQ**	12.84	11.41	-11.1	5.8
Invesco Qlty Mun Inco **IQI**	12.93	11.68	-9.7	5.6
Invesco Inv Grade Muni **VGM**	13.27	11.70	-11.8	6.0
Invesco Value Mun Incm Tr **IIM**	15.47	13.86	-10.4	5.1
MainStay Mac Defined Muni **MMD**	20.08	19.30	-3.9	5.3
Nuveen AMT-Free Mun Value **NUW**	16.08	14.84	-7.7	4.6
Nuveen AMT-Free Quality **NEA**	14.43	12.69	-12.1	5.2
Nuveen AMT-Free Mun **NVG**	15.84	14.61	-7.8	5.6
Nuveen Mun Credit Incm Fd **NZF**	15.37	14.34	-6.7	5.6
Nuveen Enhncd Mun Val Fd **NEV**	14.46	13.14	-9.1	5.5
Nuveen Intermed Dur Mun **NID**	13.57	12.37	-8.8	4.6
NuveenMuniIncoOpp Fd **NMZ**	13.04	12.48	-4.3	5.7
Nuveen Muni Value Fund **NUV**	9.95	9.34	-6.1	3.9
Nuveen Qual Mun Incm Fd **NAD**	14.68	12.76	-13.1	5.2
Nuveen Sel TF **NXQ**	14.40	13.27	-7.8	3.7
PIMCO MuniFd **PMF**	12.39	13.00	+4.9	5.4
Pimco Muni Inc II **PML**	11.70	13.04	+11.5	5.9
PIMCO Muni Inc III **PMX**	10.65	11.51	+8.1	5.8
Pioneer Mun Hi Inc Adv Tr **MAV**	11.37	10.83	-4.7	5.5
Pioneer Mun Hi Incm Tr **MHI**	12.36	11.33	-8.3	5.4
Putnam Tr **PMM**	7.74	7.03	-9.2	5.2
Putnam Muni Opportunities **PMO**	12.86	11.38	-11.5	4.9
Single State Muni Bond				
BlackRock CA Municipal Tr **BFZ**	14.53	12.31	-15.3	5.1
BlkRk MuniHldgs CA Qlty **MUC**	14.75	12.61	-14.5	5.0
BlkRk MunHI NJ Qlty **MUJ**	15.02	12.59	-16.2	5.6
BlRk MuHldg NY Qlty **MHN**	14.06	11.94	-15.1	5.0
BlkRk MuniYld CA Fd **MYC**	14.82	12.76	-13.9	5.0
BlkRk MuniYld CA Quality **MCA**	14.97	12.82	-14.4	5.0
BlkRk MuniYld MI Qlty **MIY**	14.76	12.42	-15.9	5.4
BlRk Muyld NY Qlty **MYN**	13.48	11.46	-15.0	4.8
Eaton Vance CA Mun Bd **EVM**	11.77	9.93	-15.6	5.0
Invesco CA Value Mun Incm **VCV**	12.76	11.64	-8.8	5.2
Invesco PA Value Mun Incm **VPV**	13.36	11.81	-11.6	5.5
Invesco Inv Grade NY Muni **VTN**	13.82	12.46	-9.8	5.4
Nuveen CA AMT-Free Qual **NKX**	14.98	12.86	-14.2	5.3
Nuveen CA Muni Value **NCA**	10.07	9.31	-7.5	3.8
Nuveen CA Quality Muni **NAC**	14.86	13.02	-12.4	5.2
Nuveen MD Qual Muni **NMY**	13.98	11.83	-15.4	4.6
Nuveen MI Qual Muni **NUM**	14.73	12.37	-16.0	4.5
Nuveen NJ Qual Muni **NXJ**	15.23	12.80	-16.0	5.2
Nuveen NY AMT-Free **NRK**	13.89	11.82	-14.9	4.6
Nuveen NY Qual Muni **NAN**	14.45	12.27	-15.1	4.9
Nuveen OH Qual Muni **NUO**	15.87	13.46	-15.2	4.7
Nuveen PA Qual Muni **NQP**	14.62	12.44	-14.9	5.1
Nuveen VA Qual Muni **NPV**	13.86	11.79	-14.9	4.5
PIMCO California Muni **PCQ**	13.50	16.06	+19.0	5.4
PIMCO California Mun II **PCK**	8.33	8.32	-0.1	5.3

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
Specialized Equity Funds				
Griffin Inst Access RE:A	26.92	NA	NA	7.1
Griffin Inst Access RE:C	26.32	NA	NA	6.3
Griffin Inst Access RE:I	27.14	NA	NA	7.4
NexPointHCOpp;A	18.13	NA	NA	NS
NexPointHCOpp;C	18.08	NA	NA	NS
NexPointHCOpp;Z	NA	NA	NA	NE
NexPointRlEstStrat;A	21.12	NA	NA	16.4
NexPointRlEstStrat;C	21.20	NA	NA	16.5
NexPointRlEstStrat;Z	21.22	NA	NA	17.5
NorthStar RE Cap Inc:Adv	9.18	NA	NA	NS
PREDEX;I	26.16	NA	NA	6.7
PREDEX;T	26.15	NA	NA	NS
PREDEX;W	26.15	NA	NA	NS
SharesPost 100;A	28.75	NA	NA	12.0
SharesPost 100:I	28.80	NA	NA	NS
SharesPost 100:L	28.70	NA	NA	NS
Tot Inc+ RE:A	30.27	NA	NA	7.9
Tot Inc+ RE:C	29.29	NA	NA	7.1
Tot Inc+ RE:I	30.68	NA	NA	8.2
Tot Inc+ RE:L	30.17	NA	NA	7.7
USQ Core Real Estate:I	25.49	NA	NA	NS
USQ Core Real Estate:IS	25.49	NA	NA	NS
Versus Cap MMgr RE Inc:I	28.06	NA	NA	NE
Versus Capital Real Asst	25.27	NA	NA	2.9
Wildermuth Endwmnt:A	13.54	NA	NA	9.6
Wildermuth Endwmnt:C	13.28	NA	NA	8.8
Wildermuth Endowment:I	13.64	NA	NA	9.96
Income & Preferred Stock Funds				
Flat Rock Opportunity	20.43	NA	NA	NS
MultiStrat Gro & Inc:A	14.34	NA	NA	-0.8
MultiStrat Gro & Inc:C	13.94	NA	NA	-1.5
MultiStrat Gro & Inc:I	14.55	NA	NA	-0.5
MultiStrat Gro & Inc:L	14.07	NA	NA	-1.3
Convertible Sec's. Funds				
Calamos Dyn Conv & Incm **CCD**	21.36	21.90	+2.5	13.8
World Equity Funds				
BMO LGM Front ME	9.89	NA	NA	-4.5
Calamos Global Tot Ret Fd **CGO**	12.98	14.27	+9.9	9.3

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Vertical Capital Inc:A	12.22	NA	NA	3.1
Vertical Capital Inc:C	12.35	NA	NA	NS
Loan Participation Funds				
504 Fund	9.59	NA	NA	3.8
Angel Oak Str Crdt:Inst	25.41	NA	NA	NS
Blackstone/GSO FR EI I	24.98	NA	NA	NS
Blackstone/GSO FR EI T	24.92	NA	NA	NS
FedProj&TrFinanceTendr	10.10	NA	NA	3.7
Invesco Sr Loan A	6.81	NA	NA	3.9
Invesco Sr Loan C	6.83	NA	NA	3.2
Invesco Sr Loan IB	6.82	NA	NA	4.1
Invesco Sr Loan IC	6.82	NA	NA	4.0
Invesco Sr Loan Y	6.82	NA	NA	4.1
Sierra Total Return:T	25.07	NA	NA	5.2
High Yield Bond Funds				
Griffin Inst Access Cd:A	NA	NA	NA	5.4
Griffin Inst Access Cd:C	NA	NA	NA	5.4
Griffin Inst Access Cd:F	NA	NA	NA	NS
Griffin Inst Access Cd:I	NA	NA	NA	5.4
Griffin Inst Access Cd:L	NA	NA	NA	NS
PIMCO Flexible Cr I;Inst	10.43	NA	NA	7.3
Other Domestic Taxable Bond Funds				
Am Beacon SP Enh Inc:Y	10.22	NA	NA	NS
BlackRock Mlt-Sctr Oppty	95.71	NA	NA	NS
Capstone Church Capital	11.88	NA	NA	3.1
CION Ares Dvsfd Crdt;A	NA	NA	NA	5.4
CION Ares Dvsfd Crdt;C	NA	NA	NA	5.4
CION Ares Dvsfd Crdt;I	NA	NA	NA	5.4
CION Ares Dvsfd Crdt;L	NA	NA	NA	NS
CNR Select Strategies	10.08	NA	NA	0.0
GL Beyond Income	2.13	NA	NA	NE
OFI Carlyle Pvt Credit;A	NA	NA	NA	NS
OFI Carlyle Pvt Credit;I	NA	NA	NA	NS
OFI Carlyle Pvt Credit;L	NA	NA	NA	NS
OFI Carlyle Pvt Credit;Y	NA	NA	NA	NS
Palmer Square Opp Inc	NA	NA	NA	4.5
Resource Credit Inc:A	11.10	NA	NA	6.2
Resource Credit Inc:C	11.23	NA	NA	5.4
Resource Credit Inc:I	11.12	NA	NA	6.4
Resource Credit Inc:L	11.10	NA	NA	5.9
Resource Credit Inc:W	11.10	NA	NA	6.2
World Income Funds				
Destra Int&Evt-Drvn Crdt	24.90	NA	NA	NS
National Muni Bond Funds				
Tortoise Tax-Adv Soc Inf	9.98	NA	NA	NS

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 588.83 points, or 2.25%, on the week. A $1 change in the price of any DJIA stock = 6.78-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $33,328, or a gain of 11.09%, on the $30,000 investment, including reinvested dividends.

The Week's Action: Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '17)
7.92	11.48	77.84	**Caterpillar**	CAT	$156.38	$1,008
4.06	8.45	57.30	**3M**	MMM	216.33	937
3.87	2.72	18.44	**Walgreens**	WBA	73.00	1,024
3.83	4.35	29.50	**JPMorgan Chase**	JPM	117.85	1,119
3.45	12.43	84.28	**Boeing**	BA	372.23	1,281
3.41	4.43	30.04	**Travelers**	TRV	134.44	1,008
3.19	3.75	25.43	**Chevron**	CVX	121.13	995
3.11	4.28	29.02	**United Technologies**	UTX	142.08	1,132
2.77	4.46	30.24	**McDonald's**	MCD	165.30	979
2.71	2.25	15.26	**Exxon Mobil**	XOM	85.17	1,050
2.66	6.10	41.36	**Goldman Sachs**	GS	235.34	933
2.64	2.21	14.99	**Procter & Gamble**	PG	85.82	959
2.56	1.10	7.46	**Pfizer**	PFE	44.06	1,250
2.47	2.06	13.97	**Nike**	NKE	85.55	1,379
2.46	1.12	7.59	**Intel**	INTC	46.66	1,030
2.45	1.16	7.87	**Cisco Systems**	CSCO	48.56	1,298
2.43	3.39	22.99	**Johnson & Johnson**	JNJ	142.88	1,044
2.04	3.02	20.48	**IBM**	IBM	151.35	1,018
1.62	1.11	7.53	**DowDuPont**	DWDP	69.69	995
1.60	1.12	7.59	**Merck**	MRK	71.10	1,293
1.59	3.32	22.51	**Home Depot**	HD	212.39	1,139
1.49	2.21	14.99	**Visa**	V	150.05	1,322
1.38	1.31	8.88	**WalMart**	WMT	95.90	989
1.28	0.59	4.00	**Coca-Cola**	KO	46.58	1,042
1.22	1.34	9.09	**American Express**	AXP	110.90	1,129
1.04	1.14	7.73	**Walt Disney**	DIS	110.40	1,035
0.79	0.89	6.03	**Microsoft**	MSFT	114.26	1,353
0.51	1.36	9.22	**UnitedHealth Group**	UNH	266.67	1,222
–0.24	–0.13	–0.88	**Verizon**	VZ	54.42	1,065
–2.76	–6.18	–41.90	**Apple**	AAPL	217.66	1,301

*Based on Composite price. DJIA is calculated on primary-market price.
Source: Dow Jones Market Data; FactSet.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Thomson Financial on September 21, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Sept. 18-19	Molina Healthcare	MOH	J. Woys	O	25	148.18-149.40	3,720	152.72	99.2
Sept. 13	Bausch Health Companies	BHC	R. De Schutter	D	125	23.96	2,995	24.92	19.9
Sept. 14			J. Papa	CEO	30	22.32	670		
Sept. 14			P. Herendeen	CFO	10	22.61	226		
Sept. 18-20	Odonate Therapeutics	ODT	K. Tang	CEOI	90	19.03-20.43	1,759	21.01	-16.0
Sept. 14	Independent Bank Group	IBTX	G. Smith	DI	25	65.90	1,647	67.55	-0.1
Sept. 17	Salesforce.com	CRM	S. Wojcicki	D	6	157.57	945	155.52	52.1
Sept. 14	NGL Energy Partners	NGL	J. Raymond	D	50	11.04	552	11.30	-19.6
Sept. 14	Camping World Holdings	CWH	M. Lemonis	CEOI	25	19.74	493	22.06	-50.7
Sept. 11-12	FGL Holdings	FG	R. Massey	D	50	8.74-8.77	438	8.97	-10.9
Sept. 14			C. Littlefield	CEO	30	8.74	262		
Sept. 13			D. Vigneau	CFO	25	8.75	219		
Sept. 13	Catalent	CTLT	D. Morel	D	10	43.00	430	42.65	3.8
Sept. 18	PolarityTE	COOL	P. Mann	CFO	20	17.24	345	21.65	-6.7
Sept. 6	Keurig Dr Pepper	KDP	B. Loucks	O	13	22.86	298	23.80	52.3
Sept. 13-14	Tile Shop Holdings	TTS	P. Jacullo	DOI	41	7.14-7.23	295	7.90	-17.7
Sept. 14	National Storage Affiliates Trust	NSA	C. Meisinger	D	10	26.80	268	26.01	-4.6
Sept. 14	Jerash Holdings (US)	JRSH	G. Haseley	D	50*	4.90	245	5.21	
Sellers									
Sept. 18	Americold Realty Trust	COLD	R. Burkle	DOI	16,530	23.54	389,074	25.38	...
Sept. 18			B. Gross	DI	9,083	25.59	232,441		
Sept. 18	DocuSign	DOCU	P. Solvik	DI	1,304	55.00	71,739	52.54	...
Sept. 18			E. Salem	DI	478	53.57	25,620		
Sept. 14	Intuit	INTU	B. Smith	CEO	254	227.52-228.92	57,898	220.44	39.7
Sept. 19			S. Cook	CBI	100	219.77-228.18	22,158		
Sept. 18	Walmart	WMT	S. Walton	DOI	600	95.37	57,223	95.90	-2.9
Sept. 18			A. Walton	BI	600	95.37	57,223		
Sept. 18			J. Walton	BI	600	95.37	57,223		
Sept. 13			S. Walton	DOI	531	95.23	50,600		
Sept. 13			A. Walton	BI	531	95.23	50,600		
Sept. 13			J. Walton	BI	531	95.23	50,600		
Sept. 13	IQVIA Holdings	IQV	J. Danhakl	DI	413	125.47-126.92	52,263	127.58	30.3
Sept. 18	Square	SQ	J. Mckelvey	D	400	87.71-89.13	35,215	85.30	146.0
Sept. 14	Invitation Homes	INVH	B. Sternlicht	D	1310**	23.55	30,847	23.94	1.6
Sept. 17-19	Roku	ROKU	A. Wood	CEO	422	70.04-72.45	29,884	72.45	39.9
Sept. 13-14	Motorola Solutions	MSI	G. Brown	CEO	205	126.30-126.65	25,921	128.41	42.1
Sept. 14-17	Masimo	MASI	J. Kiani	CEO	201	122.42-124.00	24,652	122.50	44.5

* Half the transactions were indirect ** Two day transaction
p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	442,473	4,318,097	Finance	1,011,786	39,448,560
Business services	182,280	11,492,574	Health care	7,679,969	57,808,574
Capital goods	0	0	Industrial	225,478	50,294,588
Consumer durables	0	9,037,835	Media	391,377	6,446,441
Consumer nondurables	24,880	14,947,858	Technology	1,670,626	159,313,635
Consumer services	73,556	122,207,214	Transportation	0	1,190,686
Energy	371,265	14,425,010	Utilities	54,748	4,212,063

Sources: Thomson Financial; WSJ Market Data Group

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

September 21, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Aug. index level	Chg From (%) July '18	Aug. '17
U.S. consumer price index			
All items	252.146	0.06	2.7
Core	258.012	0.06	2.2

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	5.00	5.00	5.00	4.25
Canada	3.70	3.70	3.70	3.20
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50	0.50
Britain	0.75	0.75	0.75	0.25
Australia	1.50	1.50	1.50	1.50
Overnight repurchase				
U.S.	1.97	2.01	2.18	1.02

U.S. government rates

	Latest	Week ago	52-Week High	52-Week Low
Discount	2.50	2.50	2.50	1.75
Federal funds				
Effective rate	1.9500	1.9400	1.9600	1.0700
High	2.1500	2.1500	2.2000	1.3125
Low	1.9000	1.9100	1.9100	1.0000
Bid	1.9100	1.9000	1.9200	1.0600
Offer	1.9300	1.9300	2.1500	1.0700

	Latest	Week ago	52-WEEK High	52-WEEK Low
Treasury bill auction				
4 weeks	2.020	1.975	2.020	0.960
13 weeks	2.125	2.110	2.125	1.045
26 weeks	2.290	2.265	2.290	1.170
Secondary market				
Fannie Mae 30-year mortgage yields				
30 days	4.370	4.281	4.394	3.383
60 days	4.397	4.303	4.420	3.412

Other short-term rates

	Latest	Week ago	52-Week high	52-Week low
Call money	3.75	3.75	3.75	3.00
Commercial paper (AA financial)				
90 days	2.25	2.24	2.31	1.14
Libor				
One month	2.21581	2.16469	2.21581	1.23222
Three month	2.37263	2.33713	2.37263	1.32944
Six month	2.59200	2.56875	2.59200	1.49683
One year	2.90825	2.88019	2.90825	1.77483
Euro Libor				
One month	-0.404	-0.395	-0.390	-0.420
Three month	-0.353	-0.356	-0.349	-0.389
Six month	-0.316	-0.318	-0.304	-0.339
One year	-0.218	-0.222	-0.210	-0.263
Euro interbank offered rate (Euribor)				
One month	-0.371	-0.371	-0.366	-0.373
Three month	-0.319	-0.319	-0.318	-0.331
Six month	-0.268	-0.269	-0.265	-0.279
One year	-0.168	-0.168	-0.165	-0.194

DTCC GCF Repo Index	Latest	Value Traded	52-Week High	52-Week Low
Treasury	1.984	22.400	2.233	1.028
MBS	1.983	72.700	2.321	1.038

DTCC GCF Repo Index Futures	Settle	Change	Open Interest	Implied Rate
Treasury Sep	97.945	unch.	2174	2.055
Treasury Oct	97.745	unch.	1030	2.255
Treasury Nov	97.730	unch.	518	2.270

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 14, 2018. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective June 14, 2018. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Cash Prices | WSJ.com/commodities

Friday, September 21, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Friday
Energy	
Propane,tet,Mont Belvieu-g	1.0534
Butane,normal,Mont Belvieu-g	1.2448
NaturalGas,HenryHub-i	3.020
NaturalGas,TranscoZone3-i	2.960
NaturalGas,TranscoZone6NY-i	2.520
NaturalGas,PanhandleEast-i	1.850
NaturalGas,Opal-i	2.340
NaturalGas,MarcellusNE PA-i	1.860
NaturalGas,HaynesvilleN.LA-i	2.830
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	74.300
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	12.100
Metals	
Gold, per troy oz	
Engelhard industrial	1195.68
Engelhard fabricated	1285.36
Handy & Harman base	1198.70
Handy & Harman fabricated	1330.55
LBMA Gold Price AM	*1203.00
LBMA Gold Price PM	*1208.35
Krugerrand,wholesale-e	1244.98
Maple Leaf-e	1256.96
American Eagle-e	1256.96
Mexican peso-e	1451.34
Austria crown-e	1176.40
Austria phil-e	1256.96
Silver, troy oz.	
Engelhard industrial	14.2000
Engelhard fabricated	17.0400
Handy & Harman base	14.3370
Handy & Harman fabricated	17.9210
LBMA spot price	*£10.7500
(U.S.$ equivalent)	*14.2300
Coins,wholesale $1,000 face-a	10622
Other metals	
LBMA Platinum Price PM	*826.0
Platinum,Engelhard industrial	832.0
Platinum,Engelhard fabricated	932.0
Palladium,Engelhard industrial	1050.0
Palladium,Engelhard fabricated	1150.0
Aluminum, LME, $ per metric ton	*2018.5
Copper,Comex spot	2.8365
Iron Ore, 62% Fe CFR China-s	n.a.
Shredded Scrap, US Midwest-s,m	n.a.
Steel, HRC USA, FOB Midwest Mill-s	n.a.
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.5700
Cotton,1 1/16 std lw-mdMphs-u	0.7788
Cotlook 'A' Index-t	*88.30
Hides,hvy native steers piece fob-u	58.000
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Barley,top-quality Mnpls-u	n.a.
Bran,wheat middlings, KC-u,w	82
Corn,No. 2 yellow,Cent IL-bp,u	3.1000
Corn gluten feed,Midwest-u,w	112.9
Corn gluten meal,Midwest-u,w	442.3
Cottonseed meal-u,w	258
Hominy feed,Cent IL-u,w	95
Meat-bonemeal,50% pro Mnpls-u,w	238
Oats,No.2 milling,Mnpls-u	2.9550
Rice, Long Grain Milled, No. 2 AR-u,w	24.75
Sorghum,(Milo) No.2 Gulf-u	7.3613
SoybeanMeal,Cent IL,rail,ton48%-u	316.40
Soybeans,No.1 yllw IL-bp,u	7.7700
Wheat,Spring14%-pro Mnpls-u	6.6250
Wheat,No.2 soft red,St.Louis-bp,u	4.8150
Wheat - Hard - KC (USDA) $ per bu-u	5.2525
Wheat,No.1soft white,Portld,OR-u	5.9750
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	179.63
select 1-3,600-900 lbs.-u	169.24
Broilers, National comp wghtd-u,w	0.8401
Butter,AA Chicago	2.2350
Cheddar cheese,bbl,Chicago	136.00
Cheddar cheese,blk,Chicago	163.50
Milk,Nonfat dry,Chicago lb.	87.25
Cocoa,Ivory Coast-w	n.a.
Coffee,Brazilian,Comp	1.0060
Coffee,Colombian, NY	1.2572
Eggs,large white,Chicago-u	0.9150
Flour,hard winter KC	15.05
Hams,17-20 lbs,Mid-US fob-u	0.61
Hogs,Iowa-So. Minnesota-u	60.36
Pork bellies,12-14 lb MidUS-u	n.a.
Pork loins,13-19 lb MidUS-u	1.1507
Steers,Tex.-Okla. Choice-u	n.a.
Steers,feeder,Okla. City-u,w	167.25
Fats and Oils	
Corn oil,crude wet/dry mill-u,w	27.0000
Grease,choice white,Chicago-h	0.2400
Lard,Chicago-u	0.3300
Soybean oil,crude;Centl IL-u	0.2772
Tallow,bleach;Chicago-h	0.2425
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brooks; G=ICE; H=Hurley Brokerage; I=Natural Gas Intelligence; M=monthly; N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly, Z=not quoted. *Data as of 9/20

Source: Dow Jones Market Data

Bond Yields Approach Highest in 7 Years As Investors Add Risk

By Daniel Kruger

The yield on the benchmark 10-year U.S. Treasury note has climbed back to near a seven-year high, a sign of increased optimism that trade disputes and problems in emerging markets won't derail the global economy.

Encouraged by data showing robust U.S. growth, rising wages, gains in corporate profits and persistently low unemployment, investors have pushed stocks to records and ramped up their selling of government debt.

At the same time, forces that had weighed on bond yields, such as worries about tariff fights and turmoil in countries including Argentina and Turkey, have eased.

That leaves investors grappling with a tension between the economic strength that seems primed to push stocks and other riskier assets higher and concerns that those gains could be derailed by anything from the fight over global trade to tightening monetary policy. The Federal Reserve is expected to raise interest rates this week for the third time this year, with investors watching officials' forecast for 2021, seeking clues as to how long policy makers think the expansion can continue.

Rising Treasury yields serve as a reference rate for lending throughout the economy, influencing borrowing costs for homes and cars, or the price of debt for credit-card holders and businesses. Many analysts say a sustained climb above 3% in the 10-year yield would mark the latest sign of the economy's gradual postcrisis strengthening after years of ultralow rates.

"The wall of fear that we were talking about just two weeks ago—be it Italy or trade wars or emerging markets—it seems like it's completely collapsed," said Priya Misra, head of global rates strategy at TD Securities. However, it is "not clear to me that any of these risks have fundamentally been solved," she added.

The yield on the 10-year Treasury note, which rises as bond prices fall, climbed as high as 3.10% in intraday trading last week, up from 2.85% at the start of September and near its 2018 closing high of 3.11% reached May 17. It is approaching its highest level since July 2011.

One sign the climb in yields is based on investors' increased appetite for risk can be seen in the stability of market-based inflation expectations. Because inflation poses a threat to government bonds by eroding the purchasing power of their fixed payments, rising inflation expectations often accompany climbing yields. Yet one measure of those expectations, known as the 10-year break-even rate, indicates investors lately see the annual rise in the consumer-price index for the next 10 years at a relatively steady 2.1 percentage points.

While yields are rising, they remain low by historical standards, bolstering many analysts' view that the economy can withstand modest near-term increases in borrowing costs.

At the same time, investor confidence has climbed while volatility has eased. Stock gains have bolstered the portfolios of higher-income people, while the tightening labor market and rising wages have made people in lower-income groups more optimistic, said Ellen Zentner, chief economist at Morgan Stanley. The Dow Jones Industrial Average closed at a record on Friday.

Investors also are less worried that rising bond yields could provoke declines in stock prices than they were earlier in the year. In February, stocks tumbled after the 10-year Treasury yield reached 2.85%, prompting concerns that rising borrowing costs could derail the expansion. Since then, economic growth has moderated the risk that higher yields will undermine stocks, several analysts said.

The yield on the two-year note, which typically moves in line with expectations for monetary policy, has climbed faster than the 10-year yield in 2018. That reflects a narrowing in dispersion between shorter- and longer-term rates, known as a flattening yield curve. Many view a flattening yield curve as a cautionary signal, as recessions have followed such times short-term rates have exceeded long-term yields since 1975.

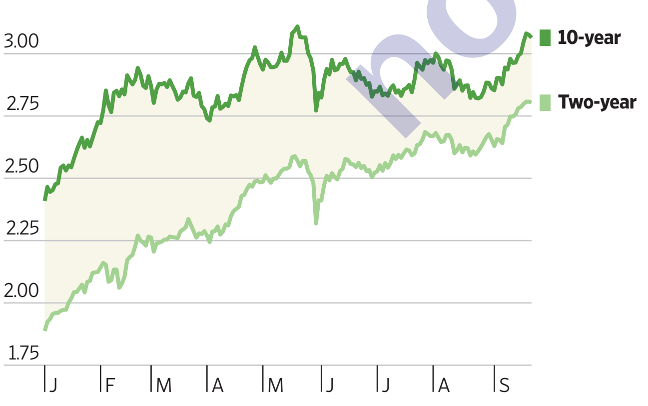
—Sam Goldfarb contributed to this article.

3.11%

The 2018 closing high reached in May for the 10-year Treasury

Upward Bound

The gap between shorter- and longer-term Treasury yields has narrowed even as 10-year yields have climbed.



Source: Thomson Reuters

THE WALL STREET JOURNAL.

DAVID PAUL MORRIS/BLOOMBERG NEWS

Southwest Airlines' quarterly per-share earnings rose as a result of stock buybacks even though its profit fell from a year earlier.

Buybacks Dress Up Profits

Tax changes spur stock repurchases as companies move to lift per-share earnings

By Michael Rapoport And Theo Francis

Last December's tax overhaul is boosting corporate profits in more ways than one.

The legislation lowered companies' tax bills, improving their earnings. But the change has also helped them fund record stock buybacks—a move that makes their results appear even better by boosting the per-share earnings they highlight for investors.

S&P 500 companies bought back a record $189 billion of their own shares in the first quarter, and a similar number—if not more—is expected for the second quarter, according to S&P Dow Jones Indices. By contrast, S&P 500 buybacks totaled no more than $137 billion in any of the six quarters before the tax overhaul.

Stock buybacks make profits appear better by boosting per-share earnings, a metric investors frequently use to justify a company's stock price. Buybacks reduce a company's share count, spreading the profits across fewer shares. As a result, companies can report a bigger percentage increase in per-share earnings than the profit results alone may show.

Among the more aggressive companies in buying back stock, **Apple** Inc. repurchased 112.8 million shares in the quarter that ended in June, contributing 5 cents to its earnings of $2.34 a share. **Union Pacific** Corp. repurchased about 4% of its shares in the second quarter, helping earnings per share climb substantially faster than net income. Thanks to buybacks, **Southwest Airlines** Co.'s quarterly per-share earnings rose even though its profit fell from a year earlier.

For the S&P 500, per-share earnings in the second quarter rose about 25% from a year ago—a full 2 percentage points faster than net income, according to data from Thomson Reuters. "It would be fair to assume it is all from buybacks," said David Aurelio, senior research analyst at Thomson Reuters.

The higher per-share earnings have helped lead investors to pay more for stocks. The S&P 500 index is posting records after gaining about 10% this year.

"Investors need to realize what they're paying a premium for," said Howard Silverblatt, senior index analyst at S&P Dow Jones Indices.

In all, dozens of large companies bought back 4% or more of their shares outstanding in the 12 months ended in June, according to data from S&P Dow Jones Indices. The resulting boosts to earnings might seem small in any given quarter, but they add up—Apple's buybacks also added 8 cents a share in the March quarter, for instance. And companies also have started big new buyback programs, suggesting earnings-per-share increases will continue.

The buybacks aren't necessarily done for the express purpose of increasing per-share earnings. Often companies say they want to return excess capital to shareholders. Others intend to offset new shares issued to employees as compensation.

The per-share earnings increases generated by stock buybacks are low quality, inflating results without underlying substance, said Gregory Milano, chief executive of Fortuna Advisors, a financial consulting firm that has examined buyback trends. "It has less value."

Companies play down the buyback effect. They say their earnings are strong even without buybacks, and that while the buybacks add to per-share earnings, the effect is clear to investors and baked into the analyst earnings estimates that drive stock prices.

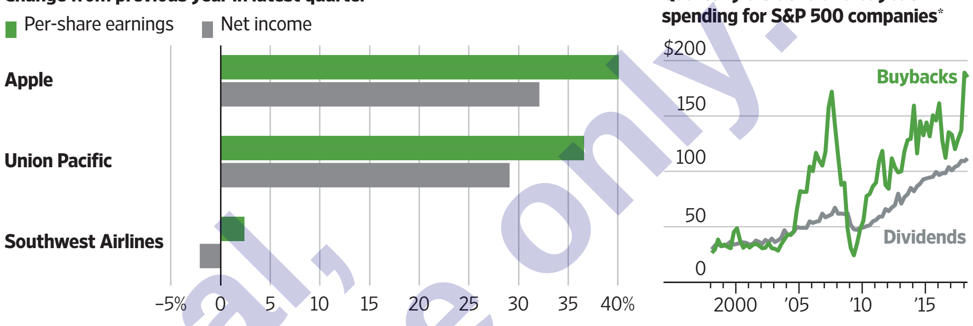
Apple pointed to its past statements that its earnings growth is accelerating and that tax overhaul "enables us to deploy our global cash more efficiently," leading it to put forward plans to create 20,000 U.S. jobs and invest $350 billion in U.S. operations over the next five years.

Union Pacific's buybacks contributed 9 cents to its second-quarter per-share earnings, helping that metric to climb 37%, while net income rose 29% from a year ago. The railroad's finance chief, Robert Knight, said the buybacks "represent the return of excess cash to our shareholders and are consistent with guidance we provided to the financial-analyst community."

Southwest Airlines' second-quarter net income excluding items declined 2.1% from a year ago. On a per-share basis, however, it rose 2.4%, in part because the company has repurchased 28.3 million shares in the past year. Southwest said its per-share earnings growth "has been driven primarily by the strong financial performance of our robust network."

Earnings Adjustment

How stock buybacks can improve year-over-year quarterly EPS relative to net income.



*2Q 2018 buyback figure is preliminary.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0269	37.2303	100.1
Brazil real	.2469	4.0504	22.3
Canada dollar	.7743	1.2915	2.7
Chile peso	.001500	666.70	8.3
Ecuador US dollar	1	1	unch
Mexico peso	.0531	18.8332	–4.3
Uruguay peso	.03020	33.1100	15.0
Venezuela b. fuerte	.000004	248519.9501	2402951.2
Asia-Pacific			
Australian dollar	.7289	1.3719	7.1
China yuan	.1458	6.8568	5.4
Hong Kong dollar	.1281	7.8093	–0.05
India rupee	.01384	72.240	13.1
Indonesia rupiah	.0000675	14819	9.9
Japan yen	.008883	112.58	–0.1
Kazakhstan tenge	.002809	356.05	7.0
Macau pataca	.1243	8.0434	–0.03
Malaysia ringgit	.2419	4.1334	1.8
New Zealand dollar	.6680	1.4970	6.2
Pakistan rupee	.00808	123.750	11.8
Philippines peso	.0184	54.241	8.6
Singapore dollar	.7331	1.3641	2.0
South Korea won	.0008969	1114.95	4.5
Sri Lanka rupee	.0059284	168.68	9.9
Taiwan dollar	.03264	30.641	3.3
Thailand baht	.03084	32.430	–0.5
Vietnam dong	.00004286	23334	2.7

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Europe			
Czech Rep. koruna	.04590	21.787	2.4
Denmark krone	.1575	6.3486	2.3
Euro area euro	1.1749	.8512	2.2
Hungary forint	.003622	276.06	6.6
Iceland krona	.009079	110.14	6.4
Norway krone	.1227	8.1520	–0.7
Poland zloty	.2728	3.6652	5.4
Russia ruble	.01501	66.629	15.5
Sweden krona	.1138	8.7890	7.4
Switzerland franc	1.0433	.9585	–1.6
Turkey lira	.1589	6.2923	65.8
Ukraine hryvnia	.0357	28.0440	–0.4
UK pound	1.3080	.7645	3.3
Middle East/Africa			
Bahrain dinar	2.6529	.3770	–0.04
Egypt pound	.0558	17.9185	0.8
Israel shekel	.2800	3.5710	2.6
Kuwait dinar	3.3001	.3030	0.5
Oman sul rial	2.5976	.3850	...
Qatar rial	.2746	3.642	–0.2
Saudi Arabia riyal	.2666	3.7504	unch
South Africa rand	.0699	14.3136	15.8

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	89.10	0.28	0.31	3.63

Sources: Tullett Prebon, Dow Jones Market Data

THE TICKER | Market events coming this week

Monday

No major events are scheduled

Tuesday

Fed two-day meeting starts

Short-selling reports
Ratio, days of trading volume of current position, at Aug. 31

NYSE	5.5
Nasdaq	4.5

Consumer confidence

Aug., previous	133.4
Sept., expected	131.9

Earnings expected*

	Estimate/Year Ago($)
Cintas	**1.80**/1.48
FactSet	**2.21**/1.90
IHS Markit	**0.55**/0.57
Jabil	**0.68**/0.64
Neogen	**0.28**/0.23
Nike	**0.63**/0.57

Wednesday

Fed policy meeting ends

Target rate	1.75%-2.00%

Mort. bankers indexes

Purch., previous	up 0.3%
Refinan., prev.	up 4%

EIA status report
Previous change in stocks in millions of barrels

Crude oil	down 2.1
Gasoline	down 1.7
Distillates	up 0.8

New-home sales

July, previous	627,000
Aug., expected	636,000

Earnings expected*

	Estimate/Year Ago($)
CarMax	**1.22**/0.98

Thursday

Initial jobless claims

Previous	201,000
Expected	205,000

EIA report: natural gas
Previous change in stocks in billions of cubic feet

up 86

Durable-goods orders

July, previous	down 1.7%
Aug., expected	up 1.7%

Gross domestic product:
Percentage change, annual rate

2nd qtr. sec. est.	up 4.2%
2nd qtr., third est.	up 4.2%

GDP deflator

2nd qtr. sec. est.	up 3.0%
2nd qtr., third est.	up 3.0%

Earnings expected*

	Estimate/Year Ago($)
Accenture	**1.56**/1.48
Cantel Medical	**0.61**/0.54
Carnival	**2.32**/2.29
Conagra	**0.49**/0.46
McCormick	**1.26**/1.12

Friday

Personal income

July, previous	up 0.3%
Aug., expected	up 0.4%

Personal spending

July, previous	up 0.4%
Aug., expected	up 0.3%

U.Mich. consumer index

Sept., prelim.	100.8
Sept., final	100.2

Earnings expected*

	Estimate/Year Ago($)
Vail Resorts	**(2.26)**/(1.43)

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ◆ ADJUSTED FOR STOCK SPLIT

NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

VALENTYN OGIRENKO/REUTERS

Analysts expect sportswear maker Nike to post quarterly earnings of 63 cents a share on Tuesday.

Bull Market Charges On, Even Without Tech

Stocks notched new highs last week. The feat was particularly notable because one of the recent drivers of market gains, the technology sector, has faltered. Potentially greater regulatory scrutiny of the tech industry put the S&P 500 technology sector on course for its worst month since March. Yet the resurgence of nontech sectors, like industrials and health care, has proved the bull market has more room to run, investors say.

—Akane Otani

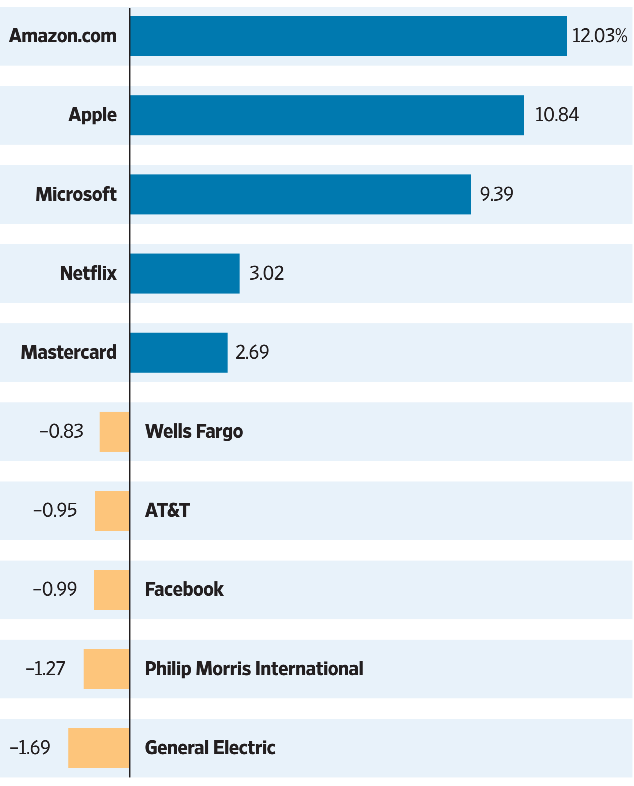
Share of S&P 500's year-to-date change driven by each stock

GAINERS

Industrial stocks have rebounded in September as investors bet on a strong economy offsetting uncertainty over global trade policies. But technology-driven companies remain the biggest drivers of the stock rally this year.

DRAGS

Meanwhile, consumer-staples stocks have extended a slump, hurt by rising costs and changing consumer tastes. Philip Morris International Inc. is one of the two of the five biggest drags on the S&P 500 this year, even after rallying on news that the head of the U.S. Food and Drug Administration was considering banning flavored e-cigarettes.



Dow Jones Industrial Average records

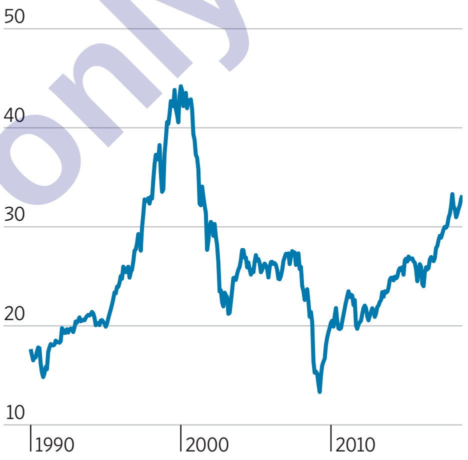
The resurgence of stocks outside of the technology sector has helped the Dow Jones Industrial Average hit new highs again after an eight-month drought of records.

Ratio of S&P 500's price/earnings over the next 12 months

Even after hitting a string of new records, the stock market looks less pricey than it did in January.

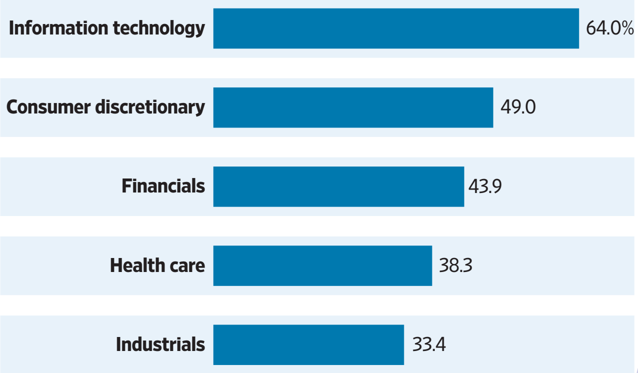
Robert Shiller's cyclically adjusted price/earnings ratio

But a measure that compares prices with inflation-adjusted earnings from the past decade suggests stock valuations are stretched.



Top-performing S&P 500 sectors

Going back further, the technology rally looks even more striking. Technology stocks in the S&P 500 have soared more than 60% since the 2016 election, by far the best-performing group in the index over that period. Consumer discretionary, boosted by heavy hitters like Amazon.com Inc. and Netflix Inc., has fared well, too.



Sources: S&P Dow Jones Indices (contributions, sector performance, Dow records); FactSet (S&P price/earnings ratio); Robert Shiller, Yale University (cyclically adjusted price/earnings ratio)

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HEARD ON THE STREET

Email: *heard@wsj.com* FINANCIAL ANALYSIS & COMMENTARY **WSJ.com/Heard**

Box Office Will Miss MoviePass

The past year has been very good for the U.S. box office. Much of that had to do with the combination of a good economy and a great lineup of movies, but at least some of it is thanks to MoviePass.

This year through June, the movie subscription service's cost of revenue came to $313 million, according to a securities filing from parent company **Helios & Matheson Analytics.** That was equal to 5% of the U.S. box office in the first half of the year.

But Helios's future is in question. It slashed prices for MoviePass when it bought the service last year, leading to a surge in subscriptions. Since then it has spent far more on movie tickets than it has taken in, sustaining steep losses as a result.

With doubt growing over its ability to continue operations, Helios's market value has been nearly wiped out. Even if it does survive, new limits it has placed on the number of films subscribers can see could make it far less of a force at the box office.

Movie theaters have been having a busy year. Driven by blockbusters such as "Black Panther" and "Incredibles 2," U.S. box-office receipts through August hit a record $8.2 billion, up 10% from a year earlier. But if MoviePass subscribers stop scooping up tickets like before, it could be harder to fill seats. Adding to the challenge, the slate of movies coming out over the next several months looks less inspiring and the box office also will be going up against some tough comparisons with the last third of last year, when big movies including "Star Wars: The Last Jedi" and "Thor: Ragnarok" came out.

Theater chains have recently rolled out subscription services of their own, which may fill some of the seats that MoviePass filled before. Chief Executive Mark Zoradi of theater chain Cinemark Holdings said earlier this month that so far this quarter, its new Movie Club service represents 7% to 8% of its box office versus 3% for MoviePass. Last month, **AMC Entertainment Holdings** Chief Executive Adam Aron said that because the chain had launched its A-List subscription service, "we are not at all worried about any falloff in our visitation or revenues because of problems that others have in the marketplace."

Still, none of the new services are as generous as MoviePass, which allowed subscribers to watch movies as often as once a day for less than $10 a month through much of this year. And it is the theater chains, not MoviePass, that will eat the cost of any discounts they now offer.

Maybe they can make up the difference on popcorn.

—Justin Lahart

Big Picture

Annual box-office receipts through August

Source: Box Office Mojo

THE WALL STREET JOURNAL.

OVERHEARD

It is easy to see why investors got interested in marijuana.

While a handful of U.S. states have legalized or are in the process of legalizing its recreational use, and still more for medical use only, its federal prohibition leaves it in legal limbo. But now Canada, a whole country, will allow recreational sales next month—a brand new legitimate industry.

The rush of large corporations such as **Coca-Cola** and **Constellation Brands** to the bandwagon has further stoked excitement.

Consider, though, that just one listed pot company, **Tilray** Inc., had share turnover of over $30 billion on Nasdaq in September through Friday morning as its price gyrated wildly. That is more than blue chips **IBM**, **General Electric** and **Exxon Mobil** combined. It is also about six times the projected amount of Canadian marijuana sales in four years.

People just need to chill out and see what happens.

Abenomics Will Outlast Its Author

Abenomics is with us for a while yet. Shinzo Abe, Japan's prime minister, is set to stay in office until 2021 after he won an internal party leadership fight. His victory, along with Haruhiko Kuroda's reappointment earlier this year as governor of Japan's central bank, means there should be little interruption to the radical economic policies the two have spearheaded.

Right now, the positives of Abenomics are outweighing the negatives. Japan's economy grew by a healthy 0.7% in the second quarter over the first. In all, nominal gross domestic product is up 11% since the end of the first quarter of 2013.

Meanwhile, the Nikkei is at levels not seen since the early '90s. Prices remain the glaring hole in this picture of success. At 0.9% in August, core inflation is at least edging upward.

In turn, that means the BOJ will keep monetary policy loose for a while yet. This already has led to massive market distortions. The central bank now owns just less than 50% of Japan's government-bond market, according to Japan Macro Advisers, and through its ownership of exchange-traded funds it also effectively owns large shareholdings in many Japanese companies.

Concerns about the rise of so-called state capitalism globally tend to focus on China, but such figures show government dominance of markets has become shockingly high in Japan too. Mr. Abe has talked of trying to 'normalize' policy during his final years in office. The reality is that rolling back Abenomics will likely be the work of generations.

—Andrew Peaple

Comcast Makes a Global Gambit With Its Sky-High Bid

Comcast is offering a stratospheric price for **Sky** PLC. To justify its bid, Comcast will need to take the Sky streaming platform on a risky Europe-wide offensive.

In a blind auction organized by the U.K. takeover regulator Saturday, the cable giant agreed to pay £17.28 ($22.60) a share—almost $40 billion in total—for Sky, Europe's largest pay-TV group. Meanwhile, **21st Century Fox**, the other bidder, offered just £15.67 a share.

The Comcast bid, closely overseen by Chief Executive Brian Roberts, is valued at $48.6 billion including debt, giving a multiple of 15.5 times Sky's adjusted earnings before interest, taxes, depreciation and amortization for the year through June. That compares with multiples of roughly 11 times for 21st Century Fox's first bid for Sky in December 2016 and 13.2 times for **AT&T**'s recently completed acquisition of Time Warner.

The deal even looks somewhat expensive compared with the $71.3 billion **Walt Disney** agreed to pay for Fox's entertainment assets in June to beat away a rival offer from Comcast. The winning bid for the Fox assets was equivalent to 16.2 times next year's Ebitda, excluding Fox's minority stakes in Sky and streaming service Hulu, according to Disney's acquisition prospectus. But that deal should yield much richer cost savings than Comcast and Sky, which have little operational overlap.

Both Disney and Comcast wanted Sky, but Comcast could afford to pay more. Comcast still has to convince shareholders—no foregone conclusion. Fox owns 39% of Sky and said late Saturday it was "considering its options" regarding the stake. Fox and News Corp, parent of The Wall Street Journal, share common ownership.

But Disney might want to use the stake as a bargaining chip to get control of Comcast's 30% stake in streaming service Hulu, of which it will own 60% after the Fox deal. To complete the Sky deal, Comcast needs more than 50% of Sky shareholders to tender their shares; without Disney's cooperation, it could end up in a far more difficult position with hedge funds such as Elliott Management that own a big chunk of Sky.

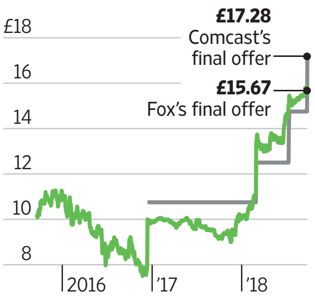
Assuming it does get the deal over the line, Comcast will at a stroke gain a chunk of international earnings. But diversification alone can't justify the price offered. Sky needs to be the front line in a far more ambitious global streaming offensive for the deal to add up.

This is risky, but the implication of this weekend's bidding is that in a rapidly changing media landscape Mr. Roberts sees no other choice.

—Stephen Wilmot

TV Saga

Sky's **share price** relative to successive **bids** by 21st Century Fox and Comcast



Sources: FactSet, Sky £1 = $1.31

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ay, September 24, 2018 | R1

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A Better Way to Think About REBALANCING

Investors should regularly adjust their portfolios. But perhaps not the way they typically do.

BY MEIR STATMAN

REBALANCING IS a mantra of investing—the idea that investors should regularly adjust their portfolios to keep a fixed proportion of stocks and bonds, based on their tolerance for risk.

I agree that rebalancing should be a mantra. But I disagree with the way most investors practice it.

The problem is that the traditional approach to rebalancing pays too much attention to a misguided definition of risk, and too little attention to what investors actually want and what they save money for.

*Dr. Statman is the Glenn Klimek professor of finance at Santa Clara University's Leavey School of Business and the author of "Finance for Normal People: How Investors and Markets Behave." Email: **reports@wsj.com.***

What's more, it leads to excessive trading of stocks and bonds—which is unnecessarily costly.

To understand why, consider first how rebalancing typically works.

Investors gauge their appetite for risk—that is, the volatility of a portfolio. The more stocks in a portfolio, the higher the long-term returns, as well as the higher the volatility.

Investors then choose a balance of stocks and bonds that gives them the returns they desire combined with the volatility they can sleep with—say 60% in stocks and 40% in bonds.

If, over the next few months, stock prices increase while bond prices remain the same, so that the portfolio is 70% in stocks and 30% in bonds, they would sell stocks and buy bonds until the 60-40 proportions are restored.

Such rebalancing is executed regularly, usually quarterly or annually, as stock and bond prices go up and down.

Aiming to satisfy wants

But there's another way of looking at this. According to behavioral finance, investors want to satisfy wants. I like to say, with obvious exaggeration, that each of us wants two things in life. One is not to be poor. The other is to be rich. Not being poor means, for example, having an adequate level of retirement income. Being rich means, for example, being able to pay off a child's college debt or donate money to charities.

Under this theory, risk isn't measured by the volatility of a portfolio, but rather by a failure to satisfy these wants. Sometimes, it could result in the same portfolio, but often it doesn't. To use a simple example: Investing a portfolio in a money-market fund ensures low volatility, but it's hardly a low-risk portfolio, since it almost

Please turn to the next page

OLIVER MUNDAY

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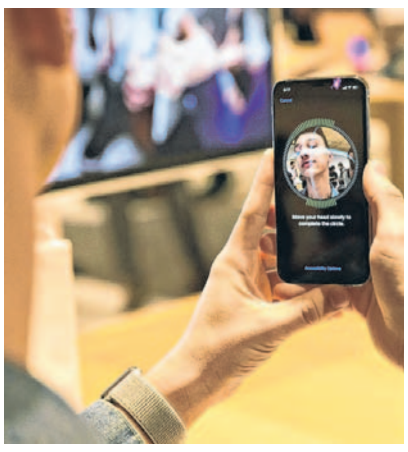

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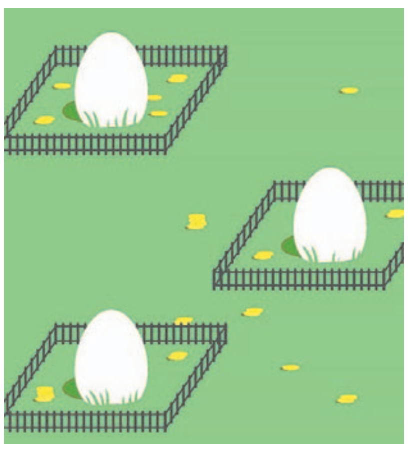

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What's a QCD? (And Why It's Timely)

Thanks to tax changes, qualified charitable distributions can save taxpayers a lot of money

BY GLENN RUFFENACH

OLDER ADULTS WHO donate to charities—and don't like taxes—need to get very familiar, very quickly, with qualified charitable distributions.

That's the advice financial planners are giving clients as the new tax law takes effect. These instruments have been around since 2006. But big changes in how deductions work on federal tax returns mean that QCDs are garnering new attention and new fans.

"We've run [tax] projections for a number of clients using QCDs, and it's saving them a lot of money," says Helen Modly, a certified financial planner with Buckingham Strategic Wealth in Fairfax, Va. "I think more people are going to realize that this is an effective tax-planning strategy."

Of course, the calendar year is already winding down, and accountants and financial advisers are cautioning clients not to wait until late December to take advantage of QCD planning. Given that, here's a primer on QCDs:

What is a QCD?

A qualified charitable distribution is a withdrawal from an individual retirement account that is sent directly to a charity. In other words, the funds don't pass through your hands. You instruct your IRA custodian to send the money straight to the group or groups you specify.

Who can do this?

You must be age 70½ or older at the time of the donation.

How do I benefit from using a QCD?

A qualified charitable distribution allows a person to "do good" and, at the same time, reduce her/his taxes.

After you reach age 70½, you are required to withdraw funds annually from your IRA and report the distributions as income on your tax return. So, if you're required to withdraw $6,000 from your IRA in 2018, that will increase your income this year by $6,000.

Running the Numbers

How a qualified charitable distribution of $10,000 could help a couple's taxes. In this case, both spouses are older than 70½ and file a joint return.

	Without QCD	With QCD
Income before IRA	$200,000	$200,000
IRA required withdrawal	+$10,000	+$0
Adjusted gross income	$210,000	$200,000
Standard deduction*	–$26,600	–$26,600
Taxable income	$183,400	$173,400

Taxable difference **$10,000** x tax rate of **24%** = tax saving of **$2,400**

*Standard deduction of $24,000 plus $1,300 for each individual age 65 or older.
Source: Michael G. Thompson; Galligan, Thompson & Flocas, LLP THE WALL STREET JOURNAL.

But let's say you are charitably inclined and plan to donate money to a half-dozen groups before year-end. If you tell your IRA administrator to send $1,000 to each charity, those contributions—in the eyes of the Internal Revenue Service—will satisfy your RMD for the year. And you wouldn't need to include the $6,000, as you normally would, as income on your tax return.

As a result, your adjusted gross income, your taxable income—and, consequently, your tax liability—all end up being lower than they would otherwise. And you still get to support the charities you were planning to help in the first place. (More about "adjusted gross income" in a moment.)

What's happening this year? Why the new interest in QCDs?

A qualified charitable distribution preserves a way to donate money to charity and still enjoy tax benefits under the new tax law.

Traditionally, people who contribute large amounts to charity itemize their deductions; as such, they get a tax benefit for their gifts. Under the new tax law, many of these same people will be better off using the new and much larger standard deduction: $13,600 for individuals age 65 and older, and $26,600 for couples age 65 and older filing jointly. But in doing so—in not itemizing—they get no tax benefit from donating to charity.

This is where a QCD helps. First, if you give money to a charity—and, again, if you are 70½ or older—you can still get a tax break, only now it comes in the form of an IRA withdrawal (and the ability to exclude that income from your tax return), instead of an itemized deduction. Second, you get the new, sizable standard deduction—as much as $26,600—against other income.

Do I have to send all my required withdrawal from my IRA to charity?

No. You can send part of your RMD to charity and keep the rest. But the amount you keep would have to be reported as income on your tax return.

I'm just hearing about QCDs for the first time, and I have already taken my required minimum distribution for 2018. Can I still take advantage of a QCD?

If you have already taken your full RMD, you're out of luck.

In the eyes of the IRS, the first dollars that come out of your IRA each year are "deemed" to count toward your RMD, says Ed Slott, an IRA expert in Rockville Centre, N.Y. If your RMD for 2018 is, say, $6,000, and you have already pulled that amount from your retirement account, that money is taxable. "You cannot use the QCD on funds already withdrawn," Mr. Slott says.

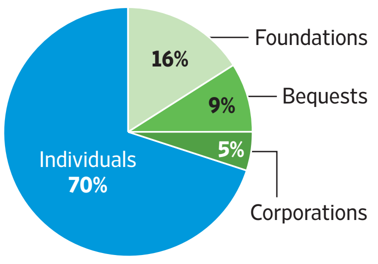
But here are two additional, and more encouraging, scenarios. Again, let's say your RMD for this year is $6,000—and as of this month, you have pulled $4,000 from your IRA. At this point, you could apply the brakes and tell your IRA custodian to send the remaining $2,000 in required withdrawals directly to charity. In this case, $4,000 would be taxable income—but you could exclude $2,000 from your tax return as a QCD.

There is a second possibility: Many people take their RMDs late in the year. If you haven't withdrawn any funds from your IRA to date, you can still take full advantage of a QCD in 2018.

Donation Dollars

Americans gave $410.02 billion to charity in 2017.

Those Who Gave...



...And Received

Source: Giving USA
THE WALL STREET JOURNAL.

How much can I contribute to charity via a QCD?

You can transfer as much as $100,000 a year from your IRA to any combination of qualified charities, and none of that money would be taxed. And the limit is $100,000 a year per person—not per IRA, Mr. Slott notes.

In short, if you're feeling generous, you can do QCDs in excess of your required distribution.

Can I take a QCD and take an itemized tax deduction for a charitable gift?

No. You can't do both. There's no double tax break.

Are there other benefits to QCDs?

Again, a QCD isn't taxable income; as such, it "keeps those funds out of your adjusted gross income," says Peggy Stephan, a certified financial planner at Retirement Capital Strategies in San Jose, Calif. "And many things are tied to adjusted gross income that can cost you."

Among them, she says: the amount of Medicare premiums you pay, your ability to deduct certain items on your taxes, and taxation of Social Security benefits.

What can trip me up?

More things than you might imagine, which argues—if you're taking a QCD for the first time—for working with a tax professional and/or financial adviser.

To start, donations typically come from a traditional IRA or an inherited IRA. You can't use a 401(k) or 403(b). ("Active" SEP and Simple IRAs—those receiving employer contributions—also aren't eligible for QCDs. But "inactive" plans are.) A Roth IRA qualifies, but given that distributions from Roths generally are tax free to begin with, most people are better off skipping this option. If you're working with an inherited IRA, you still must pass the age test: 70½ or older at the time of the distribution.

The contributions must be made directly—again, they can't pass through your hands—to an eligible or "qualified" public charity, as defined and approved by the IRS. You can't transfer the IRA dollars to a donor-advised fund or a private foundation. And you can't receive any benefits in return from the charity that receives your donation.

Paperwork and record-keeping are crucial. You need to keep track of which charities are getting the distributions; you need documentation from the charities that they, in fact, received your funds; and you need to share all this information with your tax preparer (if you use one).

"Start planning early," Ms. Stephan cautions. "This is not something you want to do in the final days of the year."

*Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. Email: **reports@wsj.com**.*

EXPERTS' VOICES
BENJAMIN HARRIS

How to Lower Risk of Home Ownership

For the best part of a century Americans have mostly turned to long-duration, fixed-rate mortgages to buy their homes.

That could all change with shared-appreciation agreements, which are starting to appear in the market.

The details differ a bit among companies and with each property, but the fundamental trade is the company buys a small piece of a home for the right to a percentage of future appreciation.

These products won't entirely replace mortgages, and they aren't loans—there are no interest payments due.

They have marked benefits for home buyers, including the ability to share some of the risk inherent in homeownership. They also might help people who see their housing values plummet.

The fate of these agreements may depend on how consumers respond to their cost. To start, homeowners pay upfront financing fees—typically 2.5% to 3% of the cost of the investment, but sometimes as high as 5%.

—Benjamin Harris is a visiting associate professor at the Kellogg School of Management and former chief economist to Vice President Joe Biden.

The Experts are industry and thought leaders who write on topics of their expertise. You can read this full blog post and others at WSJ.com/Experts.

A Different Way to Think About Rebalancing

Continued from the prior page

certainly guarantees that it will fail to satisfy even the minimum wants.

To see how rebalancing works under a wants-based approach, consider an investor whose primary want is to be rich, and her secondary want is not to be poor. If that's the case, the investor figures she can satisfy the not-poor want with a small amount of bonds (plus her income), so her portfolio is composed of a thin layer, 20%, in bonds, and a fat layer, 80%, in stocks.

Next, suppose that during the following month stock prices increase while bond prices remain the same, such that now her portfolio consists of 90% stocks and 10% bonds. Under the standard rebalancing approach, an investor would sell stocks and buy bonds. But that isn't necessarily the case with wants-based rebalancing. If the investor still thinks her not-poor wants can be satisfied with the bonds she currently owns plus her earnings potential, then she shouldn't rebalance at all.

I recall reading of a women who died and left behind millions in stocks, and dedicated most of it for helping the poor. Almost all her portfolio was clearly devoted to being rich, so she could benefit others. Looking at her portfolio without the accompanying story we might have concluded that the woman was motivated by high risk tolerance. But wants for riches to benefit others motivated her, not high risk tolerance.

A retiree's objective

Let's look at another example, of an older retired person whose main objective is not being poor, leading to a portfolio that is 80% bonds.

Now suppose that during the following month stock prices increase while bond prices remain the same, such that now his portfolio consists of 30% in stocks and 70% in bonds. Traditional rebalancing calls for selling stocks and buying bonds. In this case, though, if he deems the not-being-poor layer of his portfolio sufficient, he need not rebalance, enjoying a better shot at being rich.

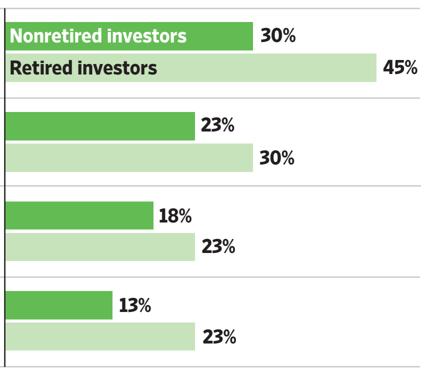
A financial adviser told me about a client, a woman who saved enough to retire at 60. Her savings ethos derived from a poor childhood. She was always afraid that she would end up living in a box eating cat food. Despite more than enough money to sustain her lifestyle for the rest of her life, roughly 70% of her portfolio is in bonds. Her personal statement was "By nature, I'm risk-averse."

That woman speaks in the language of risk, but is thinking in the language of wants. Her want to not be poor motivates her to keep a fat not-being-poor portfolio layer in bonds.

Why does it matter if an investor speaks the language of wants rather than the language of risk? Potentially, a lot. Persuading that woman in the language of risk that she should not be so very risk-averse is hard when she perceives risk-aversion as part of her nature. It might be easier to persuade her in the language of wants that she can satisfy her wants for not being poor with a portfolio containing much less than 70% in bonds.

Moving Money

Six in 10 investors recently surveyed said they'll watch their investments and the market more closely given the recent volatility. Investors in the survey reported making the following portfolio moves in the first half of 2018.



Note: Adults in households with $10,000 or more in total savings and investments.
Source: Wells Fargo/Gallup Investor and Retirement Optimism Index, second quarter 2018
THE WALL STREET JOURNAL.

Speaking the language of wants is also beneficial when investors declare, as many did in early 2009, that they can no longer take the risk of stocks that have fallen so steeply. An adviser speaking the language of wants might forestall hasty dumping of stocks by pointing that while losses are painful, that investor still has more than enough in bonds and stocks to forestall poverty.

Missed opportunities

Two rationales are commonly offered for the traditional fixed-proportions rebalancing method. First, investors who choose a particular fixed proportion for their portfolio have in effect declared that their chosen proportion reflects their optimal trade-off between portfolio returns and the volatility of returns.

But, again, risk isn't about volatility; it's about not satisfying wants. Remember that money-market fund? What could be riskier than that, if you want a decent retirement?

The second rationale centers on the claim that returns are mean-reverting—that is, above-average stock or bond returns are predictably followed by below-average returns. If so, fixed-proportions rebalancing entails selling stocks or bonds at above-average prices and buying them at below-average prices.

But stock and bond returns don't follow predictable patterns. Yes, fixed-proportions rebalancing would have helped in 2007 as it directed us to sell stocks and buy bonds, and it would have helped again in early 2009, directing us to buy stocks and sell bonds, knowing now that stock prices subsequently increased. But fixed-proportions rebalancing might have also directed us to sell stocks at many points since 2009. That would have been a costly mistake.

What's more, fixed-proportions rebalancing imposes extra costs in taxable portions of portfolios. Realizing losses reduces taxes, but rebalancing is likely to involve realizing gains as we sell stocks or bonds following increases in prices. Fixed-proportions rebalancing also imposes greater transaction costs than wants-based rebalancing because it is executed more frequently. After all, rebalancing with wants-based investing is executed infrequently, typically as a person goes through life's changes and wants change. Years might pass between one rebalance and the next.

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◆ "Aging Boomers Aren't Financially Prepared for Widowhood," by Maddy Dychtwald, an author and co-founder of Age Wave, a think tank and consultancy.

◆ "How Early Retirees Can Get ACA Premium Subsidies," by Jonathan Guyton, principal at a fee-only advisory firm Cornerstone Wealth Advisors Inc.

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Wealth Firms Battle Over Millennials

Fintech startups have a head start with a generation comfortable with digital. But the traditional firms are fighting back.

BY ROB CURRAN

MILLENNIALS ARE expected to have more than $11 trillion in financial assets in the next 12 years. Who will help them manage that money as they get older?

The battle between fintech startups and traditional wealth-management firms promises to be a fierce one. Many younger investors are loyal to the fintech startups, which are trying to expand their offerings. The traditional firms, meanwhile, have polished their once-dreary websites and rolled out low-cost options in a bid to attract millennials.

"The problem that some of the fintechs will face is that while they were with you when you didn't have much money, they gave you a great experience and didn't make you feel like you were less than a full-fledged investor, does that loyalty carry over when your financial needs become more complex?" says Raja Bose, a partner at consulting firm Genpact.

But established wealth managers should take little comfort in whatever growing pains fintech firms might encounter. In many ways, this is the newer companies' race to lose, some observers say.

Fintechs' advantages

Fintechs, which often started with one product, are now offering many. For instance, **Acorns**, a platform that helps its users save by investing spare change into exchange-traded funds, has in the past year launched an individual retirement account product called Acorns Later, as well as a debit card. It's also exploring impact-investing products, which are geared toward social and environmental goals, an area thought to be popular among millennials.

"You have a lifelong relationship" with someone if you can help them do something they thought was otherwise impossible, like saving money, says **Noah Kerner**, chief executive of Acorns. Fund giant **BlackRock** recently invested $50 million in Acorns to help it expand further.

Betterment, a robo-advisory pioneer, is also branching out. Last year it launched a premium product for those who have at least $100,000 to keep in a Betterment account. It includes unlimited access to human advisers and carries an annual fee of 0.4% of the account balance. That compares to its digital service, which has no minimum and a 0.25% fee.

"The industry's case is: 'Oh yeah, when [millennials] grow up and have money they'll come running' " to the old-line wealth-management giants, says **Matt Harris**, a managing director at **Bain Capital Ventures**. Bain was an early investor in Acorns. "I don't think that's a safe bet—not even remotely."

One advantage the challengers have is that they are digital-first by their nature. That positions them well with millennials. Millennial investors "are far more likely to feel that some of the most cutting-edge technology tools are basic requirements of a service offering, rather than a 'nice-to-have,' " according to a 2017 report by Accenture.

Fighting back

But the old guard are hardly pushovers. A few years ago, the conversation about incumbents vs. challengers was about apps and interfaces. Fintechs had slicker offerings. But Genpact's Mr. Bose says incumbents have largely closed that gap.

For instance, Merrill Lynch and **Morgan Stanley** have launched their own robo advisers with interfaces they believe rival those of the newcomers. They are, however, eyeing customers who already have a few thousand dollars to invest. Merrill Lynch's Merrill Edge Guided Investing has a $5,000 minimum, while Morgan Stanley's Access Investing has a $10,000 minimum. Betterment has no minimum on its digital account and Wealthfront's is $500.

Merrill and Morgan Stanley also charge slightly more in fees, which they say is justified by the combination of human and digital advice available to their robo clients.

"As people age, their lives get more complex—there are trust and tax and estate issues, mortgages and inheritance," says Naureen Hassan, chief digital officer at Morgan Stanley Wealth Management. "That's where we see people wanting the help of a financial adviser to help them talk through decisions and make decisions in a collaborative way."

Millennial customers have "an appreciation for both the high tech and the high touch," says David Poole, head of advisory, client services and digital capabilities for Merrill Edge, the online side of **Bank of America Merrill Lynch**'s brokerage business.

Some investors—young and old—prefer to act as their own financial adviser. These market junkies have long used discount brokers like **TD Ameritrade** or **Charles Schwab** to save on commissions. Millennials often play the market with the app **Robinhood**, which doesn't charge any commissions.

Now **JPMorgan Chase** plans to launch an app that will offer 100 free stock trades to account holders at its retail bank in the first year. (Merrill Lynch also offers Bank of America account holders free trades on Merrill Edge, if they meet balance requirements.)

Joining forces

One way incumbents and newcomers could proceed is by joining forces, says Mr. Bose. **Goldman Sachs**'s approach could provide a road map. Although the firm has a long history of serving the wealthy, Marcus by Goldman Sachs, the company's online consumer bank, is eyeing the same types of customers as the fintechs. Its consumer-loan business has no origination fees and low rates, and lets users customize things like the payment date. The minimum size for its high-yielding savings accounts is $1.

Earlier this year Marcus bought Clarity Money, an app that lets consumers view all of their financial data in one place, keep better tabs on their spending and see tailored offers for various financial products. One of Clarity's partners is Acorns.

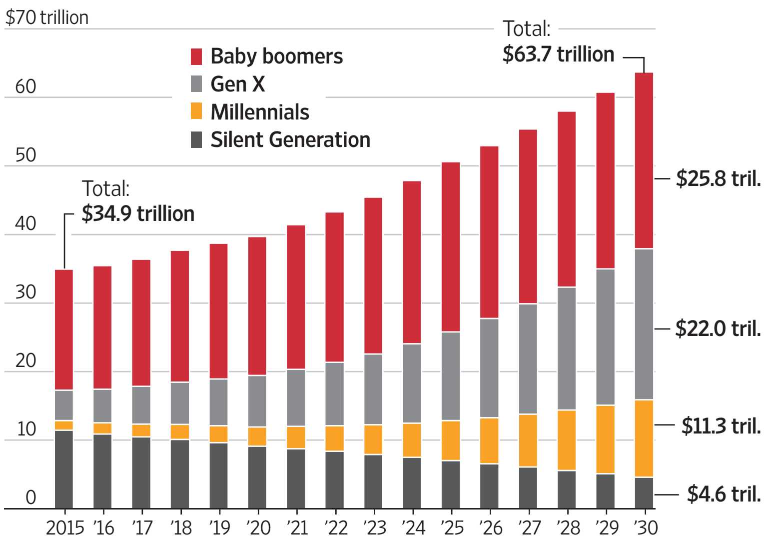
The partnership with Acorns was a draw for Marcus, says Omer Ismail, chief commercial officer at Marcus.

Marcus doesn't currently offer investing tools, but the company is exploring that possibility, Mr. Ismail says. Goldman is leaning on the company's legacy, Mr. Ismail says, but it is also looking to build trust the way fintechs did it—by addressing specific challenges people face in figuring out their finances.

*Mr. Curran is a Dow Jones Newswires editor in Denton, Texas. Email: **rob.curran@dowjones.com**.*

Generation Gaps

Value of financial assets, including checking accounts, CDs, savings bonds, bonds, stocks, retirement accounts, cash value life insurance, and other managed assets, owned by each generation in the U.S. as of 2015



Note: The Silent Generation is considered to be those born from 1928 to 1945.
Source: Deloitte Center for Financial Services

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EXPERTS' VOICES
BRUCE E. WOLFE

A New Approach to Financial Education

When it comes to financial education, the financial-services industry would do well to take a lesson from the way doctors advise patients.

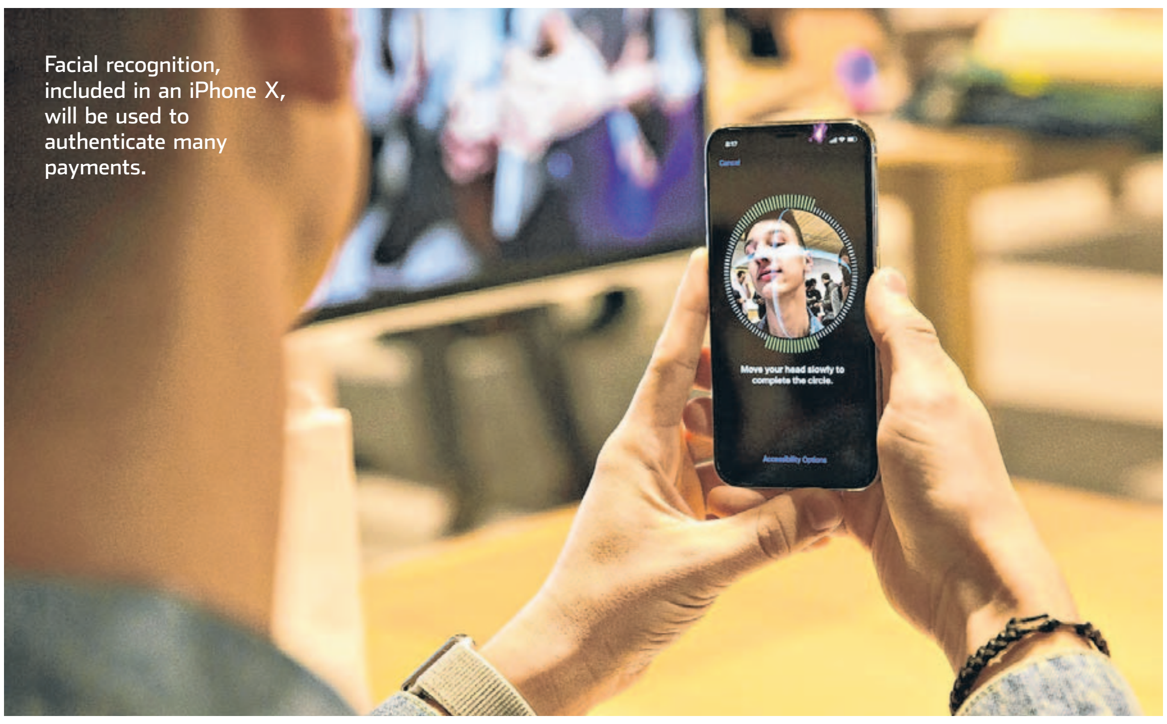
When you visit the doctor, you may get 15 or 20 minutes. But in that period, a physician finds a way to temporarily raise the patient's knowledge level to the point where a health decision can be made with confidence.

What if we could find the right composition of information-and-decision-making structure delivered at the "point of sale" to help people make an informed financial decision in the moment.

The task falls to financial-services providers to perfect this 15-20 minute interaction across a host of subjects. To make this happen, we need to think of the process in three steps: Engage and motivate the investor; ensure that people are actually absorbing and processing the information and trade-offs; and create a process for taking action.

—Bruce E. Wolfe is a principal at C.S. Wolfe & Associates and founder and former executive director of the BlackRock Retirement Institute.

The Experts are industry and thought leaders who write on topics of their expertise. You can read this full blog post and others at WSJ.com/Experts.



Facial recognition, included in an iPhone X, will be used to authenticate many payments.

DANIEL ACKER/BLOOMBERG NEWS

Changing Credit-Card Tech

As companies update how they verify identities, Europe offers a glimpse of the future

BY MISCHA FRANKL-DUVAL

CREDIT-CARD companies, banks and vendors are changing how they verify consumers' identities. Passwords and PINs could become less important. Biometric analysis could become the norm.

The proving ground for the latest in payment technology is Europe, where a new law could encourage greater use of biometrics in a bid to reduce burgeoning payment fraud.

Starting September 2019 in the European Union, a large portion of online payments greater than €30 (currently about $35) will require multifactor authentication. Consumers will need to use two of three things to verify transactions: something they know, like a password; something they have, like a digital device, perhaps a USB token, that identifies them; or something they are: biometric data.

Proofs based on physical characteristics, like fingerprints and faces, are slowly becoming more common. This legislation will likely cause them to surge.

Most consumers using biometrics will likely do so on their phones, many of which already have technology that payment-service providers will use to verify payments—such as **Apple** Inc.'s Touch ID fingerprint sensors or Face ID facial-recognition software on its iPhones.

Making the payment process frictionless could determine which providers prosper—and which languish.

"We're helping the industry move toward biometrics as a preferred method," says Mark Nelsen, senior vice president at Visa Inc. "Customers are getting more comfortable with those solutions, and they're our preferred method, too."

Another company hoping to profit from the change is Veridium, a New York-based biometrics firm.

"We've built our company around trying not to change the way you interact with technology too radically," says Chief Executive James Stickland. "You could plug in Touch ID or Face ID, and that's great because people are used to it."

Veridium also provides an authentication technology it calls 4F that turns smartphones, even older models, into fingerprint scanners.

Ease of use will be paramount to companies in the payment-services and biometrics sector. Vendors and payment-services providers "have to meet requirements on the fraud side and provide a good user experience," says Frances Zelazny, chief marketing officer at BioCatch, a firm based in Boston. "If they can't manage their fraud, they'll go away," Ms. Zelazny says. "And if they can't manage their user experience, they'll go away" because consumers won't use them.

Behind the scenes, BioCatch and other biometrics companies are working on technology called behavioral biometrics. That technology allows vendors and payment providers to analyze users' actions and habits to determine whether a transaction should be considered valid. Criteria include whether the transaction is in line with a user's usual spending pattern, made from a familiar location, or aimed at someone who often receives payments from that user.

"With touch-screen devices, we have a lot of sensors, so we're able to infer how you swipe, the pressure you put on the screen, how much of your finger you'd leave on the button as you pause before the next one," says Dr. Neil Costigan, CEO of BehavioSec, a behavioral biometrics firm. "Not so much what you're doing as how you're doing it."

Though behavioral biometrics can't be used as one of the three proofs mandated by the EU regulation, the EU guidelines say that payments of €30 to €500 will be exempt from multifactor authentication if they are judged to be sufficiently safe—a determination that behavioral biometrics can help to make. Smoother, more secure verification processes minimize false alarms when cards are declined, thus reducing abandoned purchases.

Still, biometric solutions face barriers to adoption. Veridium's Mr. Stickland says: "People's education is probably the most immature element of utilization. The end user has to be more aware."

Meanwhile, even if customers do take to biometrics, a full rollout of the technology may take some time.

"Part of the challenge has been lethargy. We've seen that with chip and PIN in the U.S.," says Mr. Stickland, referring to the card industry's ponderous transition away from requiring signature-based payments.

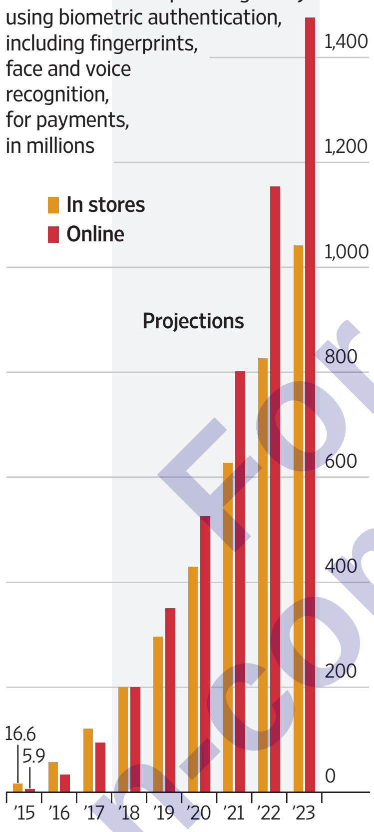
Passwords, too, will be around for quite some time. Mr. Nelsen says that biometrics systems already in place still use passwords as backups for authentication.

"The only way to get rid of passwords is to have a number of biometrics, so if one fails, you can use another one," he says. "We'll start to see more biometrics used to verify identity.... You'll walk up to the counter, use face recognition to initiate the payment, and that's it."

Mr. Frankl-Duval is a Wall Street Journal reporter in London. Email: mischa.frankl-duval@wsj.com.

How Will You Be Paying?

Numbers of smartphones globally using biometric authentication, including fingerprints, face and voice recognition, for payments, in millions



Source: Juniper Research Ltd.
THE WALL STREET JOURNAL.

A #MeToo Clawback

Investors look to fine firms hit by harassment scandals

BY LAURENCE FLETCHER

AS THE #MeToo movement continues to sweep through U.S. corporations, some venture capitalists are pushing a proposal that would make it easier for big investors to extract fines from companies embroiled in such scandals.

Arguing that sexual-misconduct cases pose a financial threat to businesses and their shareholders, the group is working to craft a standard clawback clause that could be added to agreements between investors and private-equity managers, and between managers and the firms they invest in. Such language, the venture capitalists say, would help discourage bad behavior by giving investors a way to automatically fine firms whose employees engage in misconduct and/or harassment.

A similar push is already under way in the mergers-and-acquisitions arena, where buyers increasingly are being advised to add sexual-misconduct-disclosure clauses to deal documents.

The moves come as the business world grapples with a series of sexual-misconduct allegations that have taken down Hollywood producer Harvey Weinstein, and led to the resignations of **Wynn Resorts** CEO Steve Wynn and **CBS** Corp. CEO Leslie Moonves, among others. (Mr. Weinstein has pleaded not guilty to charges that include rape and predatory sexual assault and denied all allegations of nonconsensual sex. Mr. Wynn has said it is "preposterous" that he would assault a woman; Mr. Moonves has denied assaulting or forcing himself on any women, and has denied punishing women professionally who rebuffed his advances.)

> Proponents of clawback clauses say inappropriate behavior by top executives is evidence of weak corporate governance and a flawed culture.

Although the #MeToo movement's cost to investors has been less clear in a bull market that is lifting the shares of many companies, proponents of clawback clauses say inappropriate behavior by top executives is evidence of weak corporate governance and a flawed culture. That, they say, can manifest in legal costs, lost time, management distraction and negative publicity.

"A business that allows that kind of behavior probably has other issues, too, that they're not sharing with their shareholders," says Bill Liao, an Australian entrepreneur and a general partner in venture-capital firm SOSV, who is working with the firm's New York-based founder, Sean O'Sullivan, to create a boilerplate clawback clause that private-equity investors could use to protect themselves during the decade in which their money is typically locked up.

Eamon Devlin, managing partner at MJ Hudson, a law and advisory firm that works with private-equity funds and investors, says that with pension funds increasingly being held accountable for where their money is invested, such a clause could become standard practice in investment agreements.

"I can see it happening," he says. But for the effort to succeed, investors would have to band together to pressure fund managers, who in turn would have to get the firms in which they invest to agree, he says.

Some investment contracts already include language about other issues. For example, CDC Group PLC, a U.K.-government-owned emerging-market private-equity firm, includes environmental and social targets in its contracts. However, the penalty for breaching these doesn't typically include a clawback or fine, the firm says.

To be sure, finding usable wording for a #MeToo clawback clause that covers different countries and a range of different types of bigotry and harassment, without being pages and pages long, has proved challenging, Mr. Liao says. Lawyers who have donated their services to the initiative have run 30 different versions past him already, he says.

The success of the effort also may hinge on the issue of who should be penalized. Senior executives who own large amounts of shares in a portfolio company could argue that they shouldn't be held responsible for the actions of every employee.

"If I was a senior executive in a portfolio company, if it's small then I might agree to that," says Dale Gabbert, partner at law firm Simmons & Simmons, who advises private-equity-fund managers. "If it's big, then I can't personally monitor everyone. I might say that I'm totally happy to sack people, but I'm not going to personally lose out because of that."

Rather than trying to measure the financial cost to investors of a harassment situation, Mr. Liao proposes a "speeding ticket" system, whereby a standard fine—likely to be paid as extra shares issued to investors—is levied. The trigger for compensation would be when the law is proven to have been broken, or when a civil lawsuit is successfully brought, he says.

Mr. Liao has been drumming up support among investors and venture capitalists. He aims to have the clause ready within the next year. "The intent is that people take the workplace more seriously as a place to behave well," he says.

Mr. Fletcher is a reporter for The Wall Street Journal in London. Email him at laurence.fletcher@wsj.com.

Precious-Metals Buyers Go Online

Consumers in Asia are leaving behind the local shops their families have used for generations

BY BIMAN MUKHERJI

IT'S THE END of an era for precious-metals buyers and sellers in Asia.

For centuries, individual buyers of precious metals patronized the same shops and local dealers trusted by some families for generations. Now, amid the same general growth of e-commerce everywhere, bullion retailers in countries like Singapore, Malaysia, China and India are seeking to tap a rich vein of tech-savvy precious-metal purchasers who prefer to use their laptops or mobile phones to buy gold and silver.

Some of these companies are startups, but others are part of established gold retailers wanting to tap this new market segment as the younger generation increasingly gravitates to smartphones for investing, shopping and sending gifts.

Online gold retailers say the ease of buying and selling on the Web improves price transparency and security for customers who formerly made expensive purchases in person and arranged for storage themselves. Now most online sellers offer quality certification, insurance and secure storage.

"You no longer need to go to physical shops to buy," says Torgny Persson, chief executive officer of Singapore-based gold dealer **Bullion-Star**. "You can control everything remotely. It is also safer. Everything can be handled online."

BullionStar, which started its online platform in 2012, says it has seen annual sales rise to 174.7 million Singapore dollars (US$127 million) in 2017 from 44.1 million Singapore dollars in 2014. The company in May 2017 added a mobile platform that customers have rapidly adopted as well. Its most recent data, through August, show mobile purchases account for about one-third of its orders this year, says Mr. Persson.

"In the modern age, people like to have accessibility," says Mr. Persson. "We are trying to bridge the gap through technology."

Brian Lan, managing director at **GoldSilver Central Pte** Ltd., also based in Singapore, says that online purchasing increases transparency in pricing "and allows clients to even set buy limits [on prices] for gold they wish to purchase."

GoldSilver offers both mobile and desktop-based platforms for retail customers, but also targets large clients such as international wholesale buyers through services such as live prices in different languages.

"These are innovations we bring to customers," says Mr. Lan, who adds that the company is also exploring offering the ability to invest in bullion using blockchain technology, the secure technology used by cryptocurrencies. Plans are at a preliminary stage, he says.

To be sure, there are some concerns in the international financial community about security and transparency in online bullion dealing. Gold bars can be melted and recast, for example, disguising the origins and ownership of specific shipments. But blockchain technology, with its online ledger capabilities, is seen as a way to overcome such concerns by giving the industry, and its customers, a secure and accurate way of tracking who owns what bullion.

"Gold being on the blockchain is like gold on a ledger," Mr. Lan says, "it is immutable and irrefutable. This would in fact reduce [money laundering] and terrorist funding issues if there are proper rules in place within the blockchain to govern this."

To tap demand from buyers with limited means, Malaysia-based HelloGold launched a mobile app that lets individuals buy as little as 25 U.S. cents of gold, says CEO Robin Lee. Mr. Lee says he realized mobile phones were the right platform for his company because of the devices' high penetration in emerging markets.

Johnson Tan, a 51-year-old businessman in Kuala Lumpur, Malaysia, says he has been accumulating gold steadily on the HelloGold platform without taking physical delivery.

"I check every day for prices, and if it is low enough, then I buy 1 or 2 grams," he says. (One gram of gold currently costs about $40.)

"I don't invest in other things," he says. "I think gold is more secure than any other thing."

Others are more circumspect. Shalini Bajaj is a Malaysia-based schoolteacher who has bought a diamond solitaire online and gold products in person. She is wary about online purchases of gold jewelry, since any gap in quality, weight or specifications would be tough to redress with an online retailer, she says.

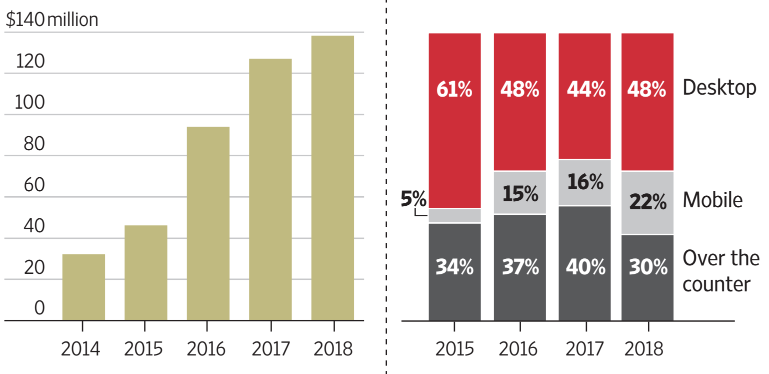
Sensitive to such fears, Mithun Sacheti, managing director of online retailer Caratlane, a subsidiary of Titan and part of India's **Tata Group**, says any small weight differences between the items that it ships and what its website advertises those items as weighing are calculated at the time of the transaction and if money is owed to clients it is reimbursed.

Mr. Sacheti says his company also offers a 30-day money-back program for its products sold online and provides hallmarks on its gold and diamond-studded jewelry.

Mr. Mukherji is a Wall Street Journal reporter in New Delhi. Email: biman.mukherji@wsj.com.

Shining Bright

Sales have grown for Singapore-based gold dealer BullionStar, which started an online platform in 2012.



Notes: Annual revenue is for fiscal years ended June 30 and converted from Singapore dollars. Total for fiscal 2018 is estimated.

Source: BullionStar

Notes: Figures are rounded. Mobile sales before and for part of 2017 were placed on the main website by customers using mobile devices.

THE WALL STREET JOURNAL.

Wanted: Coders Who Can Cobol

As old coders retire, companies are scrambling to find those who know the decades-old program

BY MAX COLCHESTER

EILEEN HINSHAW

One of the early Cobol programmers himself, Bill Hinshaw.

TEN YEARS before man walked on the moon, a group of software engineers created the Common Business-Oriented Language—better know as Cobol— to standardize business computer programming.

Not long after, in the early 1960s, Bill Hinshaw began plying his trade as one of the thousands of Cobol programmers working in banks across the world. Now, more than 50 years later, the 76-year-old coder is still working in Cobol, much to his amazement.

“I was coming to the end of my career and I thought that Cobol might be going away,” says Mr. Hinshaw. “But it has actually grown.”

Indeed, despite its advanced age, Cobol is still the most prevalent programming language in the financial-services industry world-wide. Software programmed in Cobol powers millions of banking transactions every day and underpins critical computer mainframes.

And Cobol isn't going away anytime soon. Banks and other companies have come to the uncomfortable realization that ripping out old mainframes is pricey and complicated. Transitioning to new systems is likely to take years, and besides, a lot of the older tech works just fine.

The problem is that Cobol isn't popular with new programmers. So, with a generation of Cobol specialists retiring, there is a continuing hunt to find a new generation of programmers to service this technology.

In Texas, Mr. Hinshaw's company, the Cobol Cowboys, a group of mostly older programmers, is training U.S. military veterans in the programming language. **Accenture** PLC is coaching hundreds of Cobol programmers every year in India and the Philippines to work at banks. In Malaysia, one consultancy that provides engineers versed in Cobol for its clients, iTAc MSC Outsourcing, has adopted the slogan “Keeping the Dinosaurs Alive.”

A host of companies offer online courses in Cobol in places like South Africa, India and Bangladesh. Developing economies are key technology-outsourcing centers for banks.

Can't let go

Detractors say Cobol isn't versatile and results in reams of code, because it is partly written in actual English words. It's also used to configure mainframes, which isn't exactly a career-enhancing proposition for young coders in an era dominated by cloud computing.

Still, for banks that expect to be tied to their old technology to some extent for the foreseeable future, fluency in Cobol remains key. While a bunch of smaller banks have successfully ripped out their old core processing systems, no major bank has dared to do so, says John Schlesinger, chief enterprise architect at Temenos, a company that sells software to banks. The cost of a botched upgrade leaving customers without access to their bank accounts are too great, he says.

Several companies are making hay while the sun still shines on Cobol. **Micro Focus International** PLC is offering courses to some 400 colleges to train Cobol programmers. The company, one of whose specialties is upgrading old computer systems, polled its customers last year and found that 90% plan to use Cobol systems for the next decade.

“We don't see that demand going anytime soon,” says Derek Britton, who runs a unit at Micro Focus that modernizes old systems.

Nod to Hollywood

Mr. Hinshaw's Cobol Cowboys—the name is a nod to the Clint Eastwood movie “Space Cowboys,” about a crew of aging test pilots—has a team of some 200 freelance coders. The average age is around 60. “They can work when they want to,” says Mr. Hinshaw. “They can spend time with their grandchildren.”

When it comes to coding, age is in the eye of the beholder, says Mr. Hinshaw. Several other coding languages have comfortably slipped into useful middle age. For instance, the coding language “C”—one of the most popular of all time—is still widely used more than 45 years after it came on the scene.

And Cobol isn't retiring on his watch, Mr. Hinshaw says. “I don't see Cobol going away in my lifetime.”

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The Bitcoin Push

Bitcoin ETFs keep trying, despite SEC rejections

BY ASJYLYN LODER

BITCOIN ENTHUSIASTS trying to launch funds that would bring the cryptocurrency to small investors have been rebuffed at least 10 times by Wall Street's top regulator.

That hasn't stopped them. There's at least one application for a bitcoin exchange-traded fund still pending with the **Securities and Exchange Commission**, and more are planned, like one from cryptocurrency asset manager **Bitwise Asset Management**.

First advantage

Why keep pushing? History shows that the first fund to market has a huge advantage over later entrants, so firms are jockeying to keep their place in line in case regulators change their minds.

There is, of course, no shortage of opinions about what the SEC should do and what it will do. One central question concerns the basis of any SEC decision on crypto-currency ETFs: Does the commission need to determine that cryptocurrencies are a worthwhile investment for individual investors, or should it be enough for fund firms to provide clear warnings about the risks?

> History shows that the first fund to market has a huge advantage.

“Is [the SEC] a merit regulator, or should investors be able to decide for themselves what to invest in?” says Paul Atkins, a former SEC commissioner and now chief executive of Patomak Global Partners, a financial consulting firm. Resolving that debate will take time, he says.

Will Rhind, founder and chief executive of **Granite-Shares** Inc., one of the aspiring bitcoin ETF firms denied recently, says the commission is being tougher on cryptocurrencies than it has been on other asset classes.

Bitcoin is a virtual currency introduced 10 years ago as an alternative to government-issued money. Last year's rally drew throngs of new investors, but prices tumbled by more than half this year, raising concerns about the volatility and potential manipulation of the opaque market. Mr. Rhind says that trading in physical markets for oil or gold is also largely unregulated, but that hasn't prevented the SEC from approving ETFs based on those commodities.

“That risk has always been a disclosure issue,” Mr. Rhind says. “But in this case, we had to go way beyond that and prove that the market was not being manipulated, which is a standard that is impossible to prove.”

Bitcoin is just the latest example of the $3.7 trillion U.S. ETF industry trying to bring an esoteric asset into the investing mainstream.

For example, ETFs have popularized speculation on commodity futures and on derivatives tied to stock-market volatility, and some employ leverage to double or even triple gains and losses. But investors haven't always understood the risks, and unexpected losses in some funds have led to Congressional hearings, lawsuits and multimillion-dollar fines.

Those controversies may explain some of the SEC's caution when it comes to bitcoin. Also, Jay Clayton, the regulator's chairman, has expressed skepticism about initial coin offerings, saying retail investors are particularly at risk in the once-hot market.

The latest setbacks for ETF firms include three rejections in August and July's unsuccessful appeal by Cameron and Tyler Winklevoss of an earlier SEC rejection. Their ETF would have backed investors' cash with virtual stockpiles of the digital currency.

The SEC wasn't convinced. The commission rejected the Winklevoss proposal in March 2017, in part because of the difficulty of detecting manipulation in the largely unregulated markets where most bitcoin is traded.

Rekindled Fervor

But bitcoin ETF fervor was rekindled late last year after exchange firms **CME Group** Inc. and **Cboe Global Markets** Inc. launched bitcoin futures contracts.

Fund firms such as First Trust, Direxion, ProShares and GraniteShares proposed ETFs that would invest in the nascent futures market instead of digital stockpiles of cryptocurrency. The hope was that a regulated bitcoin futures market would allay the SEC's concerns.

ETF firms still see a glimmer of hope. At the behest of at least one commissioner, the SEC is reconsidering the three proposals that were turned down in August. The rejections hinged, in part, on a concern that the cryptocurrency futures markets are still too small. It's a problem time may solve, if trading catches on.

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OLIVER MUNDAY

Private Equity Turns to Data

Technology is helping firms pick investments, determine bids and forecast future performance

BY JAEWON KANG

PRIVATE-EQUITY FIRMS have long relied on human connections to find deals, sending partners to meet thousands of executives every year and turning to their professional networks for investment ideas.

But they're increasingly applying data science and algorithms to drive their investments. They're using software to scrutinize companies' strengths and weaknesses to spot potential investments. They're deciding what to pay for businesses by analyzing their past bids. And they're looking to use programs to figure out how companies will perform down the road.

"We as an industry spend a lot of time manually gathering data and manually doing predictions. And of course that's better done by technology," says Olof Hernell, chief digital officer at Swedish private-equity firm EQT.

Starting out

Private-equity firms are late to the party in their use of high-tech analysis. Venture-capital firms, which have deep roots in the tech business and Silicon Valley, have taken big strides in incorporating data science and predictive analytics into investment decisions.

Yet about 75% of private-equity surveyed in 2017 said they struggled to gauge how using data science could affect the value of portfolio companies, according to Ernst & Young LLP.

Now that capital has poured into private equity and competition for investments has intensified, these firms are starting to turn to data analytics to gain an edge in finding deals or ruling them out. About 94% of firms expect to use more predictive analytics within the next two years, according to Ernst & Young.

Some of the biggest firms in the field are getting in on analytics. Publicly traded **Blackstone Group** LP, for instance, disclosed on a February earnings call that it has built its own data platform to help inform its investment decision-making.

Using data science has already proved to be useful for other firms. Midmarket buyout firm Falfurrias Capital Partners developed its internal data-science platform, DealCloud, in 2010 before spinning it out as a separate company and selling it to software provider Intapp Inc.

Falfurrias, of Charlotte, N.C., uses data analytics for industry research or to find smaller businesses that it can acquire and merge into large companies it already owns. For instance, after Falfurrias officials met executives of SixAxis LLC in 2016, the private-equity firm used DealCloud to track the manufacturing-technology company's performance. Falfurrias opted to acquire the business last year.

When Falfurrias-backed Marquis Software Solutions Inc. bought DocuMatrix Inc. in 2017, Falfurrias used DealCloud to analyze the financial-software industry and measure DocuMatrix's strengths against that of its competitors. Falfurrias had already spotted DocuMatrix as an acquisition target, but DealCloud enabled the firm to better grasp its business model and its fit with Marquis.

In some cases, Falfurrias inputs data on its past bids and uses the analytics program to decide how much it should pay for assets, the firm says.

"Relationships are a big part of [private equity] and investment banking, but if you can overlay that with data, that becomes so much more powerful," says Rob Cummings, chief technology officer and managing director at Falfurrias.

Broader applications

Mr. Cummings sees broader applications for the technology. The firm eventually wants to apply the data to predict company performance and valuations to aid in selecting investment targets, he says.

EQT first launched its Motherbrain software platform roughly three years ago within its EQT Ventures division, a venture-capital unit that invests in young technology-driven companies, primarily in Europe. Today, nearly every investment EQT Ventures makes is at least partly sourced by Motherbrain. EQT's private-equity arm began to use the software more recently.

The platform combines information EQT has gathered about thousands of companies on its own with data from a range of traditional sources, including industry research reports and company websites to find patterns among successful companies.

The software then uses an algorithm to identify businesses with desirable characteristics—such as a solid trajectory of growth and an ability to establish itself as a market leader—that executives can then contact. It also allows the firm to prioritize its pipeline of potential investment targets, Mr. Hernell says.

"Out of all the companies you could potentially look at, it's pretty likely that we would like this company based on our [learning] and decisions we have made on the thousands of companies that we have already assessed," he says.

Still, widespread adoption of the technology across the private-equity industry may require a shift in mind-set. Some private-equity professionals say they see the value of integrating data analytics into their workflow, but question the necessity of investing in the technological infrastructure when they've had success by using their instinct and connections.

"This is a journey that we're just beginning, and while we've got a team, it'll take more investment in the team," Tony James, executive vice chairman of Blackstone, said during the company's February earnings call. "It'll take somewhat of a cultural change," Mr. James said. "It'll take education around our people."

Some private-equity investors say that finding the right balance between human judgment and machine learning will take time.

"I've never viewed it as an either-or," says Eric Bradlow, a professor at the Wharton School of the University of Pennsylvania who founded data-research center Wharton Customer Analytics Initiative in 2006. Says Prof. Bradlow, "Analytics is a form of business intelligence."

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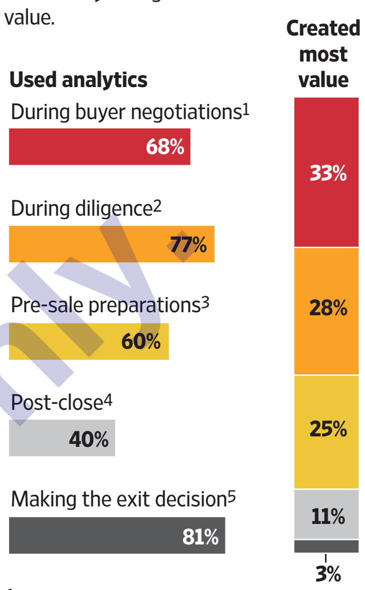
Analytics of the Deal

Private-equity executives were asked at which points they used data analytics in their last major sale of a company, and where they thought it created the most value.



1 Stress test data with a buyer's perspective
2 Look at profitability, performance and trends across segments
3 Identify potential issues and position the business in a positive light
4 Measure captured value
5 Understand the true value and whether to exit

Source: Ernst & Young, 2018

THE WALL STREET JOURNAL.

Policy Makers Rethink 2% Inflation

That number has long been the Holy Grail for central banks. The big debate now is over what would be a better target.

BY TOM FAIRLESS

WHAT'S SO SPECIAL about 2% inflation?

From Ottawa to Oslo, policy makers have been considering whether that level of consumer-price growth, a Holy Grail for the world's major central banks over the past quarter-century, is still relevant.

The 2% target was always an arbitrary figure, some economists argue, and even if it was optimal two decades ago, that is no longer the case given deep changes that have since reshaped the global economy.


ANDREW HARRER/BLOOMBERG NEWS

Then-Fed Chairwoman Janet Yellen said the Fed might revisit the 2% target.

Trouble is, it isn't clear what inflation rate would be better. Dozens of academic studies that considered that question have produced answers ranging from 6% to less than zero, according to a survey published last year by Federal Reserve economist Anthony M. Diercks. While deflation, or steadily falling prices, are generally considered to weigh on economic growth, a mildly negative inflation rate would also have benefits, such as eliminating the cost of holding cash.

The debate has gained traction since former Federal Reserve Chairwoman Janet Yellen suggested last year that the U.S. central bank might revisit its 2% inflation target. Canadian officials have also suggested they might be open to changing the Bank of Canada's 2% target when its mandate comes up for review in 2021.

Recently, economists have tended to call for a higher target. The main argument: That would give central banks more room to fight economic downturns because higher inflation implies higher interest rates, thus giving the Fed more room to cut.

"Whatever [inflation] rate was thought to be optimal in 2006 or before is now too low," says Olivier Blanchard, a senior fellow at the Peterson Institute for International Economics in Washington, D.C., who has called for a 4% target.

Factors such as aging populations, low economic growth and higher savings rates are working to push down the neutral interest rate, at which the economy is growing at a sustainable rate for the long run and inflation is stable. As a result, central banks run a greater risk of taking benchmark interest rates to zero or below when seeking to support growth.

And yet, Norway's government said recently it would reduce its central bank's inflation target, to 2% from 2.5%, arguing there was no longer any reason to diverge from international norms. With inflation near target, the central bank raised interest rates to 0.75% on Sept. 20.

The case for a higher target runs like this: Policy makers find it difficult to cut benchmark interest rates much below zero. If inflation is 2%, that means central banks can reduce the real interest rate—the benchmark rate minus inflation—to minus 2% by cutting the benchmark rate to zero. If inflation were higher, say 4%, cutting the benchmark rate to zero would push the inflation-adjusted rate to minus 4%, providing an extra kick for the economy.

Higher inflation could have other benefits. It could help economies adjust after a downturn by lessening the need for outright wage cuts, because rising prices will erode wages anyway. It could also make it easier for borrowers to pay down debt, though that is something that lenders historically have always resisted. A 2009 study estimated that U.S. inflation of 6% for four years could reduce the nation's debt-to-GDP ratio by around 20 percentage points, similar to what happened after World War II.

Other economists have cast doubt on whether that level of inflation would reduce the debt ratio by so much. And many worry that central banks would struggle to push inflation to 6% anytime soon, given how hard it was to hit 2%.

Vítor Constâncio, the European Central Bank's vice president back in May, said at the time that while he had "no theoretical objections" to a "mild" upward revision of the inflation target, moving to a new target could undermine central banks' hard-won credibility.

The ECB is among a group of central banks to have cut benchmark interest rates below zero, a novel move aimed at providing extra stimulus to their economies. Former Fed Chair Ben Bernanke has suggested that negative rates might be a better alternative to higher inflation targets.

"Yes, negative interest rates raise a variety of practical problems, as well as political and communications issues, but so does a higher inflation target," Mr. Bernanke wrote in a 2016 blog post. "In the political sphere, the fact that negative rates would be temporary and deployed only during severely adverse economic conditions would be an advantage."

Higher inflation can have drawbacks, as many economies have learned through painful experience. It could distort the tax system and mask economic signals, such as whether goods are rising in price because they are scarce. Banks might demand an inflation-risk premium when granting long-term loans, because high inflation can lead to more volatile price movements, says Michael Schubert, an economist with **Commerzbank** in Frankfurt. Thus, financing would become more expensive, causing companies to invest less.

Crucially, an inflation rate of 2% allows households and businesses to largely disregard price increases. That effect might be lost if inflation is allowed to rise much higher.

"We know that some number higher than a 2% to 3% rate of inflation will materially enter decision-making, because we have had plenty of experience of higher rates of inflation that demonstrates that," says Guy Debelle, deputy governor of Australia's central bank. "How much higher though, we don't really exactly know."

One possible solution: Central banks could allow inflation to rise a bit above 2% without aggressively trying to bring it down. That could give them more room for maneuver, and gradually inflate away some of the world's enormous debt load.

It seems to already be happening in the U.S., where inflation in August was 2.7%.

Although eurozone inflation has accelerated in recent months and is now 2%, the ECB has signaled that it won't raise rates for about a year.

Joseph Gagnon, a fellow at the Peterson Institute, says the Fed "ought to tilt policy toward overshooting, not for its own sake, but to avoid" undershooting its target again in future.

***Mr. Fairless** is a Wall Street Journal reporter in Frankfurt. Email: **tom.fairless@wsj.com**.*

EXPERTS' VOICES
WILLIAM REICHENSTEIN

When Target-Date Funds Don't Work

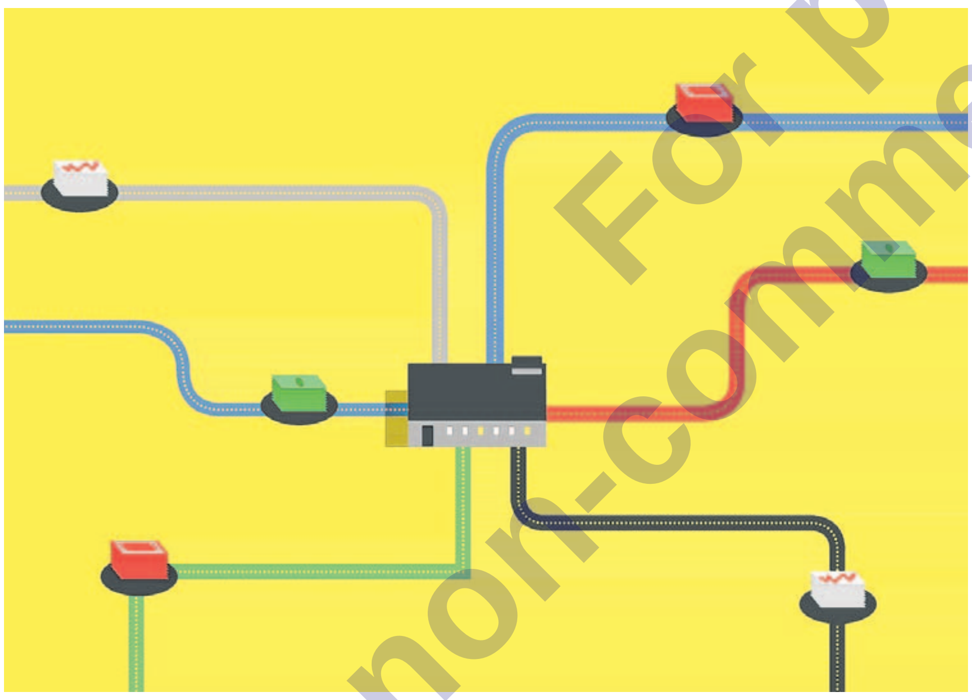
Target-date funds recommend a globally diversified portfolio that is deemed to be appropriate for a "typical investor" by age. The problem is that not everyone who invests in target-date funds fits the category of "typical."

Nontypical investors will receive substantial funds from sources other than their financial portfolio and Social Security, and the funds need to take that into account. But they often don't—and that could leave these investors with portfolios that are less diversified than they think. These investors include:

- A mid-60s person who will continue to work.
- A retiree with a monthly defined-benefit payment in addition to Social Security.
- A retiree with an annuity.
- A retiree with a balance of $75,000 on his mortgage.
- A retiree whose financial portfolio contains more funds than needed to meet her retirement needs.

—William Reichenstein is Powers Professor at Baylor University and head of research at socialsecuritysolutions.com.

The Experts are industry and thought leaders who write on topics of their expertise. You can read this full blog post and others at WSJ.com/Experts.


OLIVER MUNDAY

A Startup's Trading Vision

OneChronos is building a platform as a hub for exchanging all kinds of assets

BY TELIS DEMOS

TRADING HAS COME a long way since men swapped stocks under a buttonwood tree in Manhattan in 1792. Yet one constant has been that there are different places to trade different things. Stocks are traded on a stock exchange, bonds in the bond market.

OCX Group Inc., a Silicon Valley-funded startup, is trying to change that with OneChronos, a new trading platform that would match traders across different markets. Its vision: a hub for traders to exchange all kinds of assets—currencies, stocks and bonds, to name a few.

While it is easier than ever for retail investors to make small trades with a few taps in a mobile app, investment professionals and institutional investors face more complicated and ever-expanding menus of options that often involve big-bank trading desks and dozens of trading venues around the world.

The OneChronos trading platform would function for investors the way a transit center does for travelers, enabling them to switch between trains, buses, cars and subways to reach their destinations.

"People have been complaining about how electronic markets work since the early '90s, and the solutions have all been Band-Aid fixes," says Richard Suth, a principal at OCX Group and former trader at Goldman Sachs Group Inc. "It's time to finally imagine some real, wholesale changes."

For its software, the startup, currently based in a shared workspace in New York's SoHo neighborhood, plans to employ combinatorial mathematics, the same class of calculations that underpin Google's search algorithm. In the same way that a Web search narrows billions of possible results into just a handful, ranked by probability, OneChronos will automate what a bevy of human brokers or other software programs do, which is to decide when and where to place trades in different markets.

For big investors, for example, a trade is rarely as simple as one transaction. To complete a foreign-stock trade, an investor may also need to sell U.S. shares and buy euros. Rather than placing three different trading orders—which Mr. Suth likened to trying to buy first a left, then a right shoe—a trader would anonymously give OneChronos a series of conditions for making each of those trades, and a desired transaction price. OneChronos's software would consider the multitude of possible moves for each piece of the trade, and execute the moves when those conditions arise. The goal is to do the trade more quickly, and at a better overall price, than if each trade was considered individually.

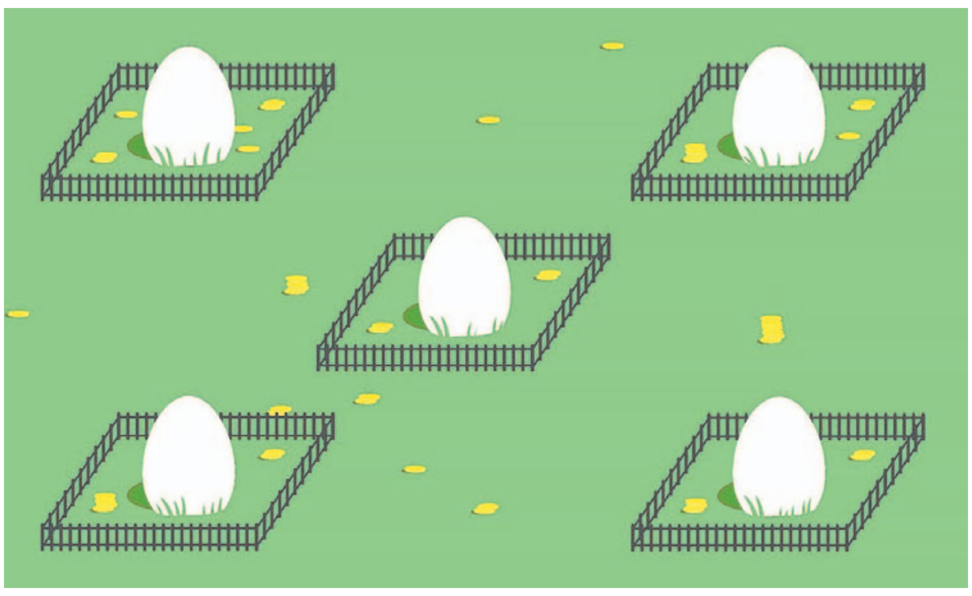
OCX Group was founded by Kelly Littlepage, who had a background in mathematics and auctions and worked on Wall Street, and Stephen Johnson, a former consultant who has worked on cybersecurity and distributed systems. The company has raised seed money from venture-capital firms including Y Combinator, DST Global, and Data Collective.

OneChronos plans to start with U.S. stocks as a way to get investors comfortable with their technology before using it for even more complex multiasset trades.

***Mr. Demos** is a Wall Street Journal reporter in New York. He can be reached at **telis.demos@wsj.com**.*

Let's Revamp 401(k)s

Retirement accounts need to be overhauled, a professor argues



OLIVER MUNDAY

BY BENJAMIN HARRIS

OVER THE NEXT five years, the federal government will provide subsidies in excess of $1 trillion for retirement saving, according to estimates from the Joint Committee on Taxation. The bulk of these subsidies will be delivered through defined-contribution accounts, such as 401(k)s and IRAs, that lower savers' tax bills if they sock money away for retirement.

While retirement security is indeed an important policy goal, the way we subsidize such saving is ineffective, regressive and in pressing need of reform. Here's why.

Limited value for many

When someone puts money in a 401(k) or traditional IRA, the value of their tax savings is based largely on their tax rates during both their working years and retirement. Under this system, people deduct from taxes contributions made to a retirement account. This contribution is invested and grows tax-free until retirement, when retirees pay taxes on withdrawals from these accounts. This "deferral" of taxes on investment returns confers significant benefits. Account holders receive a double benefit if their tax rate in retirement is lower than during their working years.

This system is flawed for several reasons. One, it's regressive and worth little-to-nothing to people with low income. In a given year, more than 40% of taxpayers won't pay income taxes (although they will pay other taxes, such as payroll taxes, sales taxes and property taxes), according to the Tax Policy Center. If you don't pay income taxes, you won't benefit from an income-tax deduction.

Not only does that undermine their retirement, it can impact their ability to weather hardship during their working years, too. In the midst of the 2007-09 recession, crowds of workers borrowed from their retirement accounts to help cushion the blow of a once-in-a-generation downturn. But households can only draw on retirement plans if they have savings in the first place.

Complex and ineffective

The system is also exceptionally complex; understanding your tax break from saving requires knowing your current tax rate, investment earnings and how you'll take withdrawals in old age. Over decades of studying retirement, the only places I've ever seen this tax benefit explicitly calculated is in the appendices of academic papers. That isn't very helpful for the typical saver.

The biggest problem with this flawed system, though, is that the tax subsidies are often ineffective. While they boost saving within retirement accounts, some studies have found that every $1 in tax-based incentives boosts *total* retirement saving by just pennies. In other words, savers just shift savings from nonretirement accounts into 401(k)s and IRAs instead of saving more. This is due to a host of factors: Some people don't pay attention to incentives, subsidies mean that workers can save less and still reach a given wealth target, and the tax breaks are worth little to those in lower tax brackets. All told, the research suggests a terribly inefficient system.

So what is the alternative? A better way is to direct billions in subsidies through a direct match on worker contributions.

A credit for savers

Rather than making the subsidy dependent on tax rates, savers should get a transparent upfront credit for putting money into a retirement account—say 25% of contributions. Workers who put in $100 would get an extra $25 deposited in their account—regardless of whether they are earning $50,000 or $250,000. The benefit should be capped to avoid the subsidy from growing out of control. That is, just as current savers can't get a tax break for contributions over $18,500 to 401(k)s, the same cap would apply under the new system. To encourage workers to actually save their tax credit, this new system would deposit the credit directly into the retirement account—rather than refunding it back through lower income taxes.

The U.S. already has a pilot program of sorts through the current Saver's Credit, which provides a limited number of taxpayers with a small plus-up on their retirement savings. But the benefit is complex, available only to a few and poorly advertised.

By reforming the system of tax subsidies for saving to incorporate the spirit of the Saver's Credit—more equal benefits for saving—Congress can help boost the value of retirement saving for millions of middle-class families.

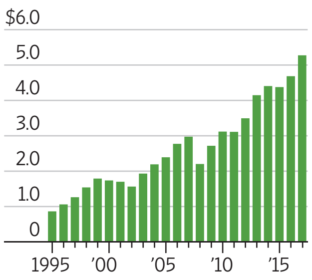
This reform isn't without shortcomings. Swapping a deduction with a flat-rate credit will lower the saving benefit for select high-income taxpayers, who may reduce contributions to retirement accounts. That could lead to a small number of employers dropping their plans altogether. And it only mitigates, but doesn't fix, the complexity and regressivity inherent in the current system. Still, it's an unambiguous improvement.

Retirement security should be a first-order priority for the American public. Let's start by instituting a retirement saving system that does what it's designed to do.

Dr. Harris is a visiting associate professor at the Kellogg School of Management and was the chief economist to Vice President Joe Biden. Email him at reports@wsj.com

Is It Enough?

Assets under management in 401(k) plans, in trillions



Source: Investment Company Institute, using data from the U.S. Department of Labor

THE WALL STREET JOURNAL.

EXPERTS' VOICES | JONATHAN GUYTON

Know These Numbers

Suppose a sports team's manager had little knowledge of how players were doing and didn't even know a match's score. How could decisions on players and substitutions be made?

This scenario seems ludicrous. But it can happen with your investment portfolio when it is divided across multiple accounts, and if its manager lacks accountability to regularly report key measures. Here are six numbers to keep up-to-date on how things are going and how your portfolio's manager is doing...even if that's you.

1. Your asset allocation. What is your overall mix of stocks and bonds? It may be 75% stocks and 25% bonds (75/25) or 58/42 or 14/86. It's also helpful to break your mix into its key subcategories since they often perform quite differently.

2. Your portfolio expense ratio/percentage. This number is a weighted average of each holding's annual expense ratio. Under 0.35% annually is good, especially if it includes active managers.

3. Your portfolio's overall rate of return. Calculate over one-, three- and five-year periods. It should reflect all expenses (#2) and advisory fees.

4. A benchmark return for your stock/bond mix. You need one for stocks and one for bonds, weighting each by your overall mix.

5. A comparison of each holding's return to a benchmark for its asset class. Sources such as Morningstar, Fidelity, Schwab and Vanguard make this data readily available. You need a good reason to retain any holding that lags by more than 1% over the past three and five years.

6. The tax efficiency of your after-tax assets. This doesn't apply to 401(k)s, IRAs or annuities, but after-tax assets generate taxable dividends and capital gains each year.

—Jonathan Guyton is principal at fee-only advisory firm Cornerstone Wealth Advisors Inc.

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