

# THE WALL STREET JOURNAL.

DOW JONES | News Corp \*\*\*\*\*

TUESDAY, JANUARY 2, 2024 ~ VOL. CCLXXXIII NO. 1

WSJ.com

★★★★ \$5.00

DIJA Closed(37689.54)

NASDAQ Closed(15011.35)

STOXX 600 Closed(479.02) 10-YR. TREAS. Closed (yield 3.860%)

OIL Closed(\$71.65)

GOLD Closed(\$2,062.40)

EURO \$1.1048

YEN 140.88

## What's News

### Business & Finance

◆ **Investors anticipate a good year for stocks in 2024** in the belief that the Fed's campaign to fight inflation is winding down, ending the interest-rate increases that buffeted markets in recent years. **A1**

◆ **U.S. employers slowed hiring and handed out smaller raises** in recent months, signs of fading momentum in the job market that have some forecasters expecting unemployment to increase in 2024. **A3**

◆ **A surprise surge in U.S. oil and gas production and exports** is helping to keep the world stocked, blunting the impact of widening conflict in the Middle East. **B1**

◆ **Redemptions from non-traded real-estate investment trusts** are expected to continue to exceed funds raised as 2024 gets under way, further straining the sector. **B1**

◆ **Volkswagen has so far been disappointed** in its quest to build an electric "people's car" with the mass appeal to match the success of its historic gasoline-powered models. **B1**

◆ **Delta Air Lines** is planning to hire roughly half as many pilots this year as the carrier did in 2023, the latest sign that a more-than-two-year pilot-hiring spree is starting to slow. **B2**

◆ **Demand for manganese** used in rechargeable batteries is buoying the fortunes of South Africa's closely held MMC, which sources ore from the Kalahari desert. **B9**

### World-Wide

◆ **Israel's highest court** struck down a controversial judicial overhaul law enacted last year by Netanyahu's government that would have limited the justices' power, a ruling that analysts said could have substantial consequences for postwar domestic politics. **A1**

◆ **Israel began preparations** for prolonged fighting in the Gaza Strip, shuffling forces as it weighs how to sustain lower-intensity fighting over the long term. **A7**

◆ **A powerful 7.6-magnitude earthquake** that struck an area along the west coast of Japan killed at least 30 people and caused a tsunami wave of at least 4 feet. **A16**

◆ **The head of South Korea's opposition party** was stabbed in the neck during a Tuesday visit to the port city of Busan, and the alleged assailant was arrested at the scene. **A16**

◆ **Chief Justice Roberts** in his year-end report addressed the promise and perils of artificial intelligence for the federal judiciary while avoiding discussion of the ethics questions that dogged the U.S. Supreme Court in 2023. **A3**

◆ **The GOP has an edge** in the fight for control of the Senate heading into November's elections, as Democrats work to defend key seats in states Trump won decisively in 2020. **A4**

◆ **The Energy Department** accelerated its purchases of crude oil in recent weeks, helping to replenish stocks released from petroleum reserves in 2022 and signaling the agency could move more aggressively in 2024. **A4**

### JOURNAL REPORT

Year-End Review & Outlook: Markets & Finance. **R1-14**

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## Hearty Swimmers Plunge Headlong Into 2024



CHILL LIFE: Revelers take part in the annual L Street Brownies' polar bear plunge on New Year's Day in Boston.

## Optimism Flows on Wall Street, Fueled by Economy, Rise of AI

By CHARLEY GRANT

Wall Street is feeling sunny about the stock market as the calendar flipped to 2024. Last year's widespread skepticism proved to be misplaced. Stocks rose through much of 2023, powered by the rise of artificial intelligence and an economy that stayed stronger than nearly all of Wall Street had anticipated. The recession that investors had largely agreed was immi-

nent never came. Now, with the S&P 500 within 0.6% of a record high, the crowd is much more optimistic. Behind the dramatic turn in attitude is a growing belief among investors that the Federal Reserve's campaign to fight inflation is winding down, ending the interest-rate hikes that buffeted markets in recent years. Many now expect the central bank will likely next cut rates in-

stead, shifting market dynamics in ways that seemed unlikely just months ago. Obvious risks are on the horizon: A sharp fall in rates could follow bad news, like an economic shock or recession. The few big stocks that powered the market higher last year could run out of steam. The looming presidential election in the U.S., and wars in Europe and the Middle East, might make the world less investor-friendly.

But 2023's big gains and the prospect of even smoother seas ahead have helped dissipate much of the gloom. "Instead of a higher for longer rate environment, it's lower and sooner," said David Kostin, chief U.S. equity strategist at Goldman Sachs. Goldman has an S&P 500 target of 5100, implying a return of about 7% from current levels near 4770. Strategists at JPMorgan Chase are among the bears, with a

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## Covid-19 Slashed Consumer Choices

By PAUL BERGER

The furniture retailer Malouf sells beds and bedding in a fraction of the colors it did a few years ago. Newell Brands, the Sharpie maker, has retired 50 types of Yankee Candle. Coca-Cola offers half as many drinks. Covid led companies to slash consumer choices, paring their offerings to ease clogs in the supply chain. The logistical mess is behind them. But many of the choices aren't coming back. Retailers and suppliers across industries—from groceries to health, beauty and furniture—have said that it didn't pay to offer products for everyone, and consumers didn't care that much when they stopped. "Today, people would rather lose a portion of consumer demand as opposed to

spending extra on too much variety," said Inna Kuznetsova, chief executive officer of ToolsGroup, a company that specializes in supply-chain planning and optimization. The president and CEO-elect of Macy's, Tony Spring, told analysts in November that "the customer today does not want an endless aisle." In 2023, new items made up about 2% of products in stores across categories such as beauty, footwear and toys, down from 5% of items in 2019, according to the market-research firm Circana. Shelf Engine, a technology company that automates ordering for grocery retailers, said large grocery stores have reduced offerings of fresh foods such as fruit, dairy products and deli meats by 15% to 20%. The cutbacks by large gro-

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### INSIDE



**U.S. NEWS**  
Robust raises in recent years have rendered minimum wages irrelevant for many. **A3**



**SPORTS**  
Michigan beat Alabama 27-20 and will move on to the college championship game. **A12, WSJ.com**

## Gaza's Destruction Stands Out In Modern History

Satellite images reveal scale of damage

By JARED MALSIN AND SAEED SHAH

The war in the Gaza Strip is generating destruction comparable in scale to the most devastating urban warfare in the modern record. By mid-December, Israel had dropped 29,000 bombs, munitions and shells on the strip. Nearly 70% of Gaza's 439,000 homes and about half of its buildings have been damaged or destroyed. The bombing has damaged Byzantine churches and ancient mosques, factories and apartment buildings, shopping

malls and luxury hotels, theaters and schools. Much of the water, electrical, communications and healthcare infrastructure that made Gaza function is beyond repair. Most of the strip's 36 hospitals are shut down, and only eight are accepting patients. Citrus trees, olive groves and greenhouses have been obliterated. More than two-thirds of its schools are damaged. Israel says that the bombing campaign and ground offensive has inflicted thousands of casualties on its

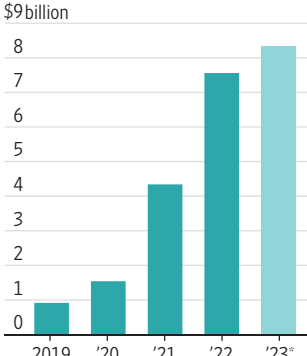
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## Sports-Betting Traders Juggle Athletic Drama, Money Behind It

By KATHERINE SAYRE

JERSEY CITY, N.J.—Miami Dolphins wide receiver Tyreek Hill recently marked a 78-yard touchdown with an unusual celebration. He and teammates imitated riding a roller coaster, sitting on the field with their arms waving overhead. More than 200 miles away, sports-betting company FanDuel's sports-trading desk was riding its own waves that Sunday afternoon. The traders on duty—self-professed sports buffs with a knack for math—were trying to predict how National Football League athletes and teams would perform that day. Sports-trading desks are similar to financial-trading

### U.S. sports-betting revenue



desks on Wall Street, which enable investors to buy and sell stocks and bonds. However, the sports desks create

odds to influence and entice bets in a live market where hundreds of millions of dollars are exchanged on U.S. athletic events. Hill's seconds-long run into the end zone meant a \$68,000 hit to the sportsbook on customer bets on whether he would score the first touchdown of the game. Immediately, bettors' money started rolling in on Hill to score more touchdowns and gain more yards. The Dolphins ended up trouncing the Washington Commanders 45-15. FanDuel lost \$1 million on the game. "You have good days, bad days," said Will Twinn, a lead FanDuel sports trader that

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### Mild Weather Leaves Minnesotans Longing to Have an Ice Day

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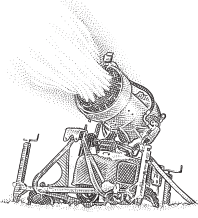
Scarce cold cancels wintry events, disrupts routines; 'praying to the pond hockey gods'

By MELANIE EVANS

For Minnesotan Tara Young, the perfect beach conditions are when the water is, well, extra stimulating. She prefers the middle of winter, when most mornings she treks off to soak in a nearby frigid lake. The 38-year-old enjoys her chilly pastime so much she volunteers to clear and maintain an opening to the water through inches of ice, so bathers may plunge. "I love the sawing and the

clearing," says Young, a mom and retail worker. "It warms you up a bit before you get in." That hasn't been needed lately. There was thin or no ice on many Minnesota lakes in December, and the state's average temperature for the month appears to be the warmest on record. "Maybe we'll get lucky and have a polar vortex," says Young. That is not a sentiment uttered in most of the U.S., but Minnesotans have an unusually

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Let it snow