

# THE WALL STREET JOURNAL.

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

MONDAY, FEBRUARY 26, 2024 ~ VOL. CCLXXXIII NO. 46

WSJ.com

★★★★ \$5.00

Last week: DJIA 39131.53 ▲ 503.54 1.3% NASDAQ 15996.82 ▲ 1.4% STOXX 600 497.25 ▲ 1.2% 10-YR. TREASURY ▲ 9/32, yield 4.258% OIL \$76.49 ▼ \$1.97 EURO \$1.0823 YEN 150.52

## What's News

### Business & Finance

◆ **The artificial-intelligence** chip battle that Nvidia dominates is shifting from supplying chips essential to training AI models to selling chips that make those models run after they are trained, powering so-called inference work. **A1, B1**

◆ **An unusually warm** winter and roaring U.S. output have pushed natural-gas prices to some of the lowest levels of the shale era, in a boon for consumers and a drag on producers. **A1**

◆ **Trump's 2022 sale** of long-term lease rights in the Trump International Hotel in Washington, D.C., appears prescient in light of higher interest rates and a recent \$355 million civil-fraud verdict against him. **A5**

◆ **Alcoa moved** to cement its position as one of the largest bauxite and alumina producers by making a \$2.2 billion offer to buy Australia's Alumina, its joint-venture partner in a global mining operation. **B1**

◆ **AT&T said it would** offer a billing credit to customers affected by last week's network outage that knocked out service to subscribers nationwide. **B3**

◆ **Some online-bank** customers said lenders deceived them by advertising competitive rates on savings accounts while paying longtime customers lower ones. **B2**

◆ **IKEA is betting it** can breathe new life into the troubled shopping-mall business model by increasing the number of locations that offer services beyond retail. **B3**

◆ **Warren Buffett** remembered Charlie Munger as the "architect" of Berkshire Hathaway and as a cherished partner in his first annual letter to shareholders since Munger's death. **B9**

### World-Wide

◆ **Trump's 20-point** victory over Haley in South Carolina's Republican primary shows the powerful hold the former president has over his party's voters and the inability of any GOP leader to rally support against him. **A1, A4**

◆ **The Supreme Court** this week will confront a clash of views about free-speech protections on the internet in cases pitting social-media giants against Texas and Florida. **A3**

◆ **Around 31,000** Ukrainian soldiers have been killed since Russia invaded two years ago, Zelensky said, highlighting the scale of Ukraine's sacrifice ahead of a decisive vote in Congress on military aid to Kyiv. **A6**

◆ **Netanyahu said** he won't agree to a deal to free the remaining hostages held in Gaza until Hamas backs down from its demands, and that Israel will press ahead with more military action in the strip. **A8**

◆ **The U.S. and the U.K.** struck 18 Houthi targets in Yemen, part of a continuing effort to fight back against the Iran-backed group that has continued to attack ships in the Red Sea. **A8**

◆ **Russia authorities** handed over Navalny's body to his mother, his team said, after days of wrangling over who should oversee the burial of the opposition leader's remains after his death in a prison camp. **A18**

◆ **Rep. Mike Gallagher** of Wisconsin suggested that SpaceX is withholding satellite service in Taiwan, potentially in violation of its obligations to the U.S. government. **A18**

<b>CONTENTS</b>	Markets Digest.....B6
Arts in Review.....A13	Opinion.....A15-17
Business News.....B3	Personal Journal A11-12
Closed-End Funds.....B7	Sports.....A14
Crossword.....A14	Technology.....B4
Heard on Street.....B10	U.S. News.....A2-5
Markets.....B9	World News.....A6, B18



© 2024 Dow Jones & Company, Inc. All Rights Reserved

## Kyiv Remains Defiant After Two Years of War



SERHI KOROVANY FOR THE WALL STREET JOURNAL

**FALLEN HONORED:** The Cross of Heroes monument in a Kyiv suburb was opened at the second anniversary of Russia's invasion. Ukraine's president, Volodymyr Zelensky, said Sunday that around 31,000 Ukrainian soldiers have been killed. **A6**

## Trump's Primary Win Deepens His Hold on GOP Nomination

By AARON ZITNER  
AND JACK GILLUM

Donald Trump's 20-point victory over Nikki Haley in South Carolina's Republican primary not only shows the powerful hold that Trump commands over his party's voters, but also the inability of any GOP leader to rally support against him as he moves to the brink of securing the presidential nomination.

The primary results have shown resistance to the former president among voters he likely would need in November, particularly professional-class, suburban voters. But Trump has now won the first five nominating contests in convincing fashion, a performance that has all but wiped out opposition within the GOP's leadership ranks.

Trump defeated Haley on Saturday in South Carolina, her home state where she served as governor for six years. Earlier this year, Trump prevailed in two other states in which the sitting governors backed his opponents: New Hampshire, where Gov. Chris Sununu backed Haley, and

Iowa, where Gov. Kim Reynolds backed Florida Gov. Ron DeSantis. Those results show that even those popular governors had little power to persuade their constituents to back an alternative to Trump.

Americans for Prosperity Action, the conservative group backed by the billionaire Koch family that has spent millions of dollars backing Haley's candidacy, told its staff Sunday that it would stop supporting her financially, according to a person familiar with the move. The decision was reported earlier by Politico.

While other donors so far have helped Haley finance her continued, long-shot campaign—her campaign said Sunday evening it had raised \$1 million since Saturday night—elected GOP officials are staying away. Other than Sununu, the only governor to endorse Haley is Phil Scott of Vermont.

"It remains Donald Trump's Republican Party, and that is exactly what the base wants," said Gunner Ramer, political

*Please turn to page A4*

◆ **Trump's sale of D.C. hotel** was well-timed..... **A5**

## Nvidia's Rivals See Shifting AI Market As a Boon

Sector's transition offers opportunity for competitors with less-powerful chips

By ASA FITCH

The AI chip battle that Nvidia has dominated is already shifting to a new front—one that will be much larger but also more competitive.

Nvidia built itself into a \$2 trillion company by supplying the chips essential for the incredibly complicated work of training artificial-intelligence models. As the industry rapidly evolves, the bigger opportunity will be selling chips that make those models run after they are trained, churning out text and images for the rapidly growing population of companies and people actually using generative AI tools.

Right now, that shift is adding to Nvidia's blockbuster sales. Chief Financial Officer Colette Kress said this past week that more than 40% of Nvidia's data center business in the past year—when revenue exceeded \$47 billion—was for deployment of AI systems and not training. That percentage was the first significant indication that the shift is under way.

Kress's comments allayed some concerns that the shift toward chips for deploying AI systems—those that do what is called "inference" work—threatens Nvidia's position because that work can be done with less-powerful and less-expensive chips than those that have made Nvidia the leader of

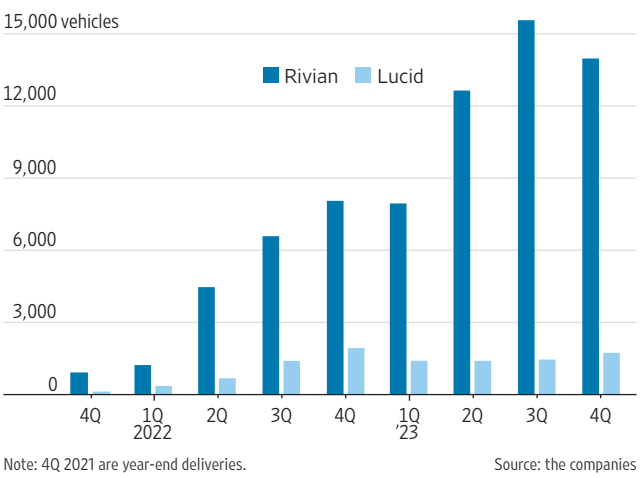
*Please turn to page A4*

◆ **Nvidia's AI-driven stock** keeps adding believers... **B1**

## EV Startups Dim Outlooks

Rivian Automotive and Lucid Group issued disappointing production outlooks for this year, saying EV demand was being hit by high interest rates and economic uncertainty. **B1**

### Quarterly vehicle deliveries



## Adjusted Natural-Gas Prices Fall to Lowest Level in Decades

By RYAN DEZEMBER  
AND DAVID UBERTI

An unusually warm winter and roaring U.S. output have pressed natural-gas prices to some of the lowest levels of the shale era.

Adjusted for inflation, natural-gas futures prices recently hit their lowest level since trading began on the New York Mercantile Exchange in 1990.

This is good news for U.S. consumers, who can look forward to lower utility bills, as well as for businesses that use a lot of natural gas making

basic materials like steel, concrete, cardboard and fertilizer. U.S. consumers' gas costs in January were about 18% lower than a year earlier, according to the Labor Department.

But the plunge is weighing on gas producers, who are dialing back their drilling plans and pushing for more exports to relieve the domestic glut.

Natural-gas futures for March delivery ended this past week at \$1.603 per million British thermal units, down 35% from a year ago. On Tuesday, futures closed at \$1.576; adjusted for inflation, that is a record low.

"The market is clearly oversupplied," said Chesapeake Energy Chief Executive Nick Dell'Oso. "We think we should hold back our supply to better meet that demand."

U.S. gas prices have been on a roller coaster in the two decades since energy producers began tapping shale formations using hydraulic fracturing and horizontal drilling techniques.

Repeatedly, the frackers' output has flooded the gas market, and prices have crashed. The low prices have discouraged drilling, prompted the plugging of

*Please turn to page A2*

## 'Peppa Is a Brat': Parents Turn On the Cheeky Preschooler Pig

Hit English cartoon, popular in America, faces backlash for making kids 'rude'

By CHAVIE LIEBER

Armita Asgari noticed some new and alarming behaviors from her 5-year-old son Luca a few months ago.

When presented with new foods, he'd respond: "Ew! Yuck!" When annoyed, he'd snap, "You're not my friend anymore!" One day, while they were playing in their community garden, Luca commented on a neighbor.

"He said, 'Look, David's got a big tummy!' recalls Asgari, a 41-year-old personal shopper in London. "That was when I realized he had picked up all these behaviors from 'Peppa Pig.'"

Asgari was drawn to the British animated series for its

five-minute episodes and simple plotlines. She thought it would help Luca with language development.

But after watching several episodes, she has decided she doesn't like its pink porcine protagonist. "Peppa is a brat," says Asgari.

"Peppa Pig" is a wildly popular English cartoon about the adventures of a cheeky preschooler pig who lives with her mummy, daddy and brother. It's such a U.S. hit that American children are acting British, including talking of petrol stations and calling cookies "biscuits." The franchise—an empire that includes toys, pajamas and theme parks—made \$1.7 billion in retail

*Please turn to page A10*



Causing a squeal

## Mexico's Gang Policy Spreads Grief

Drug cartels have more towns in grips under 'Hugs, Not Bullets' approach

By JUAN MONTES

TUXTLA GUTIÉRREZ, Mexico—Criminal gangs behind the U.S. drug epidemic are seeing accelerated growth, commanding greater control over more territory in Mexico, where they are largely free to murder rivals, neuter police, seize property and strong-arm municipalities into giving them public contracts.

Gangs affiliated with Mexico's two largest drug cartels—battling to the death over market share—have grown in number and influence since President Andrés Manuel López Obrador took office in 2018. He eased up under a policy he called "hugs, not bullets." Arrests

by Mexico's national guard, created under López Obrador to replace federal police, fell to 2,800 in 2022 from 21,700 in 2018, according to the national statistics agency.

Mexico's retreat from interdiction opened the door to an expansion of criminal enterprises by cartels whose most lucrative business remains the production and transport of fentanyl and methamphetamine to the U.S. Softening prices for cocaine and marijuana have squeezed profits, prompting cartels to broaden extortion rackets and pursue new moneymaking schemes.

Under the threat of force, city mayors are appointing

*Please turn to page A10*

## INSIDE



### PERSONAL TECHNOLOGY

Rethinking your browser of choice to meet online needs. **A11**



### MARKETS

Japanese stocks have been good bets for Warren Buffett's Berkshire Hathaway. **B1**