

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

THURSDAY, AUGUST 15, 2024 ~ VOL. CCLXXXIV NO. 39

WSJ.com

★★★★ \$5.00

DJIA 40008.39 ▲ 242.75 0.61% NASDAQ 17192.60 ▲ 0.03% STOXX 600 504.10 ▲ 0.5% 10-YR. TREAS. ▲ 8/32, yield 3.821% OIL \$76.98 ▼ \$1.37 GOLD \$2,439.40 ▼ \$27.30 EURO \$1.1014 YEN 147.35

What's News

Business & Finance

◆ **Inflation fell below 3%** for the first time since 2021, extending a run of cooler readings in July and sealing the case for the Fed to cut interest rates at its meeting next month. **A1**

◆ **The S&P 500 and Dow** rose 0.4% and 0.6%, respectively, as investors expressed confidence in a September rate cut, while the Nasdaq was little changed. **B11**

◆ **Cisco Systems unveiled** a restructuring plan that will affect 7% of its global workforce, citing a need to cut costs and invest in growth areas. **B1**

◆ **A walkout at the Escondido** copper mine run by BHP in Chile risks disrupting supplies of a metal essential to the manufacturing and construction industries. **B1**

◆ **Eric Schmidt, ex-CEO** and executive chairman at Google, walked back remarks in which he said the company was losing the AI race because of its remote-work policies. **B4**

◆ **UBS reported** a second-quarter net profit that beat analysts' estimates and said cost savings from its integration of Credit Suisse would come faster than expected. **B5**

◆ **Tencent posted** a surge in second-quarter profit as a blockbuster game release led a turnaround in its domestic gaming division. **B4**

◆ **Shares of Victoria's Secret** surged 16% after the lingerie retailer tapped Hillary Super, chief executive of Savage X Fenty, to be its next CEO. **B3**

◆ **Hapag-Lloyd said** it would focus on growth and service quality for the rest of the year after container freight rates fell in the second quarter, helping to depress profit. **B3**

World-Wide

◆ **As the prospect of an Iranian** attack on Israel looms, officials in Washington and Tehran are facing a potential escalation with major risks for both sides. **A7**

◆ **The parallel escalations** in the Middle East and in the Russian war with Ukraine are creating fresh challenges for the budding partnership between Iran and Russia. **A7**

◆ **Columbia University's** president resigned, ending an embattled 13-month term during which her campus was the scene of a series of chaotic and sometimes violent protests. **A3**

◆ **Defense Secretary Austin** faces legal objections and political pushback for his order revoking a plea deal for accused Sept. 11 mastermind Khalid Sheikh Mohammed and two co-defendants. **A6**

◆ **Trump, seeking to** fine-tune an argument against Harris, promised an audience in North Carolina an economic boom if he wins a second term. **A4**

◆ **New Jersey Gov. Phil Murphy** is set to appoint his former chief of staff to fill the Senate seat of Bob Menendez, who was convicted of corruption charges. **A6**

◆ **Ernesto hit** Puerto Rico with torrential rain and left nearly half of all customers in the U.S. territory without power. **A3**

◆ **Geologists and researchers** determined that the altar stone at Stonehenge came from northernmost Scotland, some 430 miles away from where the monument stands. **A16**

◆ **Died: Wally Amos**, 88, creator of the Famous Amos cookie empire. **A6** ... **Gena Rowlands**, 94, actress. **A6**

CONTENTS	
Markets.....	B11
Arts in Review.....	A11
Business & Finance B26	Opinion..... A13-15
Business News..... B3-5	Personal Journal A9-10
Crossword..... A12	Sports..... A12
Equities..... B7	Technology..... B4
Heard on Street..... B12	U.S. News..... A2-4,6
	World News..... A7,16



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

Inflation Hits Lowest Level Since 2021

July's 2.9% reading, the first below 3% in years, seals case for Fed to cut rates

By SAM GOLDFARB AND NICK TIMIRAO

Inflation fell below 3% for the first time since 2021, extending a run of cooler readings in July and sealing the case for the Federal Reserve to cut interest rates at its meeting next month.

The consumer-price index rose 2.9% from a year earlier, the Labor Department said

Wednesday, slightly below economists' expectations of 3%. Core inflation, which excludes volatile food and energy items, was 3.2%, also a three-year low.

A sustained and broad inflation slowdown provides the Fed with greater latitude to focus on shoring up any potential weakness in the labor market. The data were "very encouraging...and should give the Fed lots of confidence to start the easing process," said Kathy Bostjancic, chief economist at Nationwide.

Markets reacted in muted fashion, a sign that investors have already moved on from worrying about inflation to

fretting about the job market. Major stock indexes edged higher, while Treasury yields ticked down after initially climbing. The Dow Jones Industrial Average gained about 243 points, or 0.6%.

Wednesday's report wasn't perfect. The cost of housing rose at a faster pace than it did in June. Still, broad improvement in other categories, from used cars to medical care, was enough to offset that one setback.

The release marked the third straight month that core prices rose at a mild level consistent with the Fed's inflation target, resuming a slowdown that be-

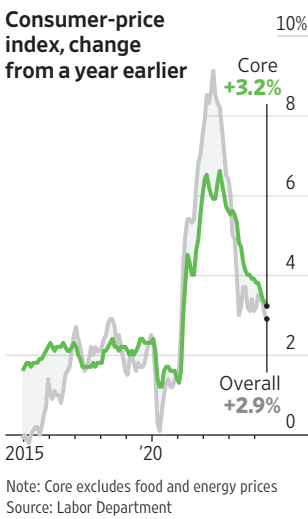
gan last year but was interrupted at the start of this year.

After raising rates in July 2023 to their highest level in two decades, Fed officials have spent the year focused on when to start lowering them. A potential June cut was derailed in April after inflation turned up.

But now, a rate cut is on track both because of better inflation readings and signs that the labor market might weaken undesirably in the months ahead. The unemployment rate rose to 4.3% in July from 3.7%

Please turn to page A2

◆ **S&P 500 rises with rate-cut hopes.....** B11



Taliban Celebrate Third Year of Return to Power



ARMED FORCE: Taliban security personnel take part in a military parade Wednesday at the former U.S. air base at Bagram to celebrate the third anniversary of the group's return to rule over Afghanistan after the U.S. withdrew from the country. **A16**

Millennials Experience Dramatic Financial Turnaround

Soaring home prices and well-timed investments have helped boost the generation

By JOE PINSKER AND VERONICA DAGHER

Millennials are now wealthier than previous generations were at their age. They can't believe it either.

Fifteen years ago, Andy Holmes was a college graduate living with his parents, mowing lawns and digging ditches for extra income. He and his college pals who could only get low-paid jobs wondered if they would have a shot at the success their parents had.

Today, Holmes is a chief financial officer in Kansas City, Mo., on track to

retire at 52.

"I'm in a place financially that I couldn't have imagined coming out of college," he said. "At age 37, my net worth is closer to what I thought it'd be at 47."

The change in fortune for Holmes's generation, now between 27 and 44 years old, was recent and swift.

The median household net worth of older millennials, born in the 1980s, rose to \$130,000 in 2022 from \$60,000 in 2019, according to inflation-adjusted data from the Federal Reserve Bank of

St. Louis. Median wealth more than quadrupled to \$41,000 for Americans born in the 1990s, which includes the generation's youngest members, born in 1996.

The turnaround has been so dramatic that millennials—mocked at times for being perpetually behind in building wealth, buying homes, getting married and having children—now find themselves ahead.

In early 2024, millennials and older members of Gen Z had, on average and adjusting for inflation, about 25% more

Please turn to page A8

Laundry Machines Tumble Ahead With New Spin on a Soggy Chore

Combo washer-dryers aim to save time and help avoid the stench of forgetfulness

By JIYOUNG SOHN

With five children and a teaching job, Sandra Markowitz, 37, has an endless list of chores. None stress her out like the two daily loads of laundry. A main reason: Leaving wet clothes in the washing machine.

"Probably, like, twice per week I'd forget," she says. "It puts you behind."

Her dampened mood about laundry changed about a year ago. That's when she bought a new GE Profile Ultrafast machine that does both the washing and drying together. No more sour stench from forgetfulness. No more redos. It has made her life easier. "I mean, I am constantly washing clothes," says Markowitz, of Columbia, S.C.

The new combo machines

aim to end one of laundry's biggest soap operas: Remembering to lug the wet clothes into the dryer. The typical American load, on average, sits unattended for more than two hours, according to GE Appliances' data that analyzed 13 million cycles across 90,000 homes between 2020 and 2022.

Two-in-one machines have existed for decades, found largely in Europe and Asia, though they took eons to finish—and often left clothes moist.

These latest incarnations, from GE Appliances, owned by China-based Haier Group, and South Korea's LG Electronics and Samsung Electronics, offer bigger capacity, stronger drying power and more energy efficiency. They're

Please turn to page A8



Soap opera

INSIDE



U.S. NEWS
Minouche Shafik resigns as Columbia's president after tenure marked by protests. **A3**



WORLD NEWS
Russia vows to hold firm on border after Ukraine's surprise incursion. **A16**

How Starbucks Board, Schultz Soured on CEO

By HEATHER HADDON AND LAUREN THOMAS

Laxman Narasimhan bounded onto a stage late last month at Starbucks headquarters, sporting a varsity jacket with the chain's logo emblazoned on the white sleeve and exclaiming to the crowd about the joy he felt and signs of a turnaround.

"We have big challenges, no question, but they're not impossible," he told employees gathered at the July 31 company forum in Seattle, according to a replay viewed by The Wall Street Journal. On the company's quarterly earnings call the day before, he asked investors for patience.

His days leading the coffee giant were already numbered, as the company's board eyed his replacement. Less than two weeks later, Narasimhan was out.

Narasimhan's exit from Starbucks, announced Tuesday, continues a turbulent period at the world's largest cof-

fee chain. This year Starbucks has faced two high-profile activist investors, public criticism from longtime former CEO Howard Schultz, and slowing sales. This week, it named its third CEO in less than 2½ years.

By hiring restaurant industry veteran Brian Niccol as Starbucks's new leader, the board said Tuesday that it was bringing in a steady hand. Niccol, 50 years old, who helped turn Chipotle into an industry powerhouse after it was laid low by food-safety problems, said he was energized at the opportunity to spur growth at Starbucks and improve things for customers and employees.

Behind the scenes, Niccol's appointment was the culmination of months of internal angst over Starbucks's direction and leadership.

Investors grew increasingly

Please turn to page A2

◆ **Another boss joins list of short-term CEOs** B6