

THE WALL STREET JOURNAL.

DOW JONES | News Corp. * * * *

FRIDAY, DECEMBER 15, 2023 ~ VOL. CCLXXXII NO. 141

WSJ.com

★★★★ \$5.00

DJIA 37248.35 ▲ 158.11 0.43% NASDAQ 14761.56 ▲ 0.2% STOXX 600 476.57 ▲ 0.9% 10-YR. TREAS. ▲ 28/32, yield 3.929% OIL \$71.58 ▲ \$2.11 GOLD \$2,030.20 ▲ \$47.90 EURO \$1.0994 YEN 141.89

What's News

Business & Finance

◆ **Investors' growing** confidence that interest rates have peaked drove the Dow industrials to a record for the second-straight day, intensifying a debate about whether the rally stands to complicate the Federal Reserve's fight against inflation. **A1**

◆ **The Dow industrials** rose 0.4% to a high of 37248.35, while the S&P 500 and Nasdaq advanced 0.3% and 0.2%, respectively. **B11**

◆ **The ECB and the Bank of England** held interest rates steady as rich countries' central banks begin to reposition themselves for a world in which inflation is under control. **A7**

◆ **A surprise increase** in November retail sales dispelled lingering pessimism about the economy and reinforced growing sentiment that the U.S. will beat inflation without paying the price in significantly weaker growth. **A3**

◆ **Cruise laid off** nearly a quarter of its workforce after a series of safety mishaps and permit suspensions at the self-driving-car business owned by GM. **B1**

◆ **Nelson Peltz said he** plans to nominate himself and former Walt Disney CFO Jay Rasulo to Disney's board, weeks after the company rebuffed Peltz's request to become a director. **B3**

◆ **Costco posted** higher profit in its fiscal first quarter as same-store sales held steady at the warehouse retail giant. **B3**

◆ **Shares of Charles Schwab** closed up 7% after the brokerage reported a jump in core net new assets in November. **B3**

World-Wide

◆ **National security adviser** Jake Sullivan pressed Israeli leaders to shift from a reliance on airstrikes and ground assaults in Gaza toward targeted military operations and warned that a protracted conflict would make the Palestinian territory harder to govern after the war, U.S. officials said. **A1, A5**

◆ **The EU agreed to start** membership talks with Ukraine, but couldn't reach an agreement during summit negotiations for a new \$54 billion package of budget support for Kyiv. **A1**

◆ **The House passed** annual legislation that designates top U.S. military priorities, overcoming grumbling from some Republicans who unsuccessfully sought to include policies to restrict abortion access and transgender healthcare for service members. **A4**

◆ **Putin said Moscow** wants to reach an agreement on the return of Wall Street Journal reporter Evan Gershkovich, who is in custody on an allegation of espionage that he, the Journal and Washington vehemently deny. **A6**

◆ **A judge sentenced** former FBI counterintelligence chief Charles McGonigal to more than four years in prison for violating U.S. sanctions by accepting secret payments from a Russian oligarch. **A3**

◆ **Hong Kong's** national-security police increased efforts to crack down on dissent overseas, offering bounties for activists in exile and arresting people suspected of helping them. **A8**

JOURNAL REPORT
C-Suite Strategies:
Microsoft tops the list of 2023's best-managed companies. **R1-16**

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Putin Talks War, Deal for Prisoners



A screen in Moscow, above, shows Vladimir Putin on Thursday during his end-of-the-year news conference, where he vowed to press on with his war in Ukraine and said he wants to reach an agreement on the return of WSJ reporter Evan Gershkovich, right. **A6**



EU Advances Ukraine's Bid To Join, but Aid Is Blocked

By LAURENCE NORMAN AND DANIEL MICHAELS

BRUSSELS—In a major political victory for embattled Ukrainian President Volodymyr Zelensky, the European Union agreed to start membership talks with the country ravaged by almost two years of war with Russia. However the bloc couldn't reach an agreement during summit talks for a new \$54 billion long-term package of budget support for Ukraine, EU leaders said in the early hours of Friday. Talks will resume in the new year.

The membership boost for Zelensky comes two days after he left Washington without pledges of fresh military support, which Ukraine urgently needs. Russian President Vladimir Putin on Thursday showed no wavering in his desire to defeat and control his

neighbor, and Russian forces continued barraging Ukrainian civilian and military targets with missiles and drones. EU negotiations will take years and could be derailed along the way. It is also unclear when talks on Ukraine's accession to the EU will start. They could be months away. Yet the decision—taken despite opposition from Hungarian Prime Minister Viktor Orban—was a significant step forward. *Please turn to page A7*

INSIDE



SPORTS
Chess probe finds Niemann cheated—but not against Carlsen. **A12**



MANSION
Homeowners turn to energy healers to elevate their spaces, cleanse bad vibes. **M1**

Pfizer's Covid Gains Crumble After Vaccine, Drugs Flounder

By JARED S. HOPKINS

Thousands of Pfizer employees from around the world were watching through their computer screens in October when Chief Executive Albert Bourla and other executives at the giant drugmaker stepped onto a stage for a company town hall. Pfizer had announced several days earlier it was embarking on a \$3.5 billion cost-cutting effort, including

layoffs. Bourla and the other executives explained the company was positioning for future growth. "Future is bright...but you might get fired," one employee wrote in the video's chat room, which the company had left open. "Dumpster fires are [always] bright," read another message. Not long ago, Pfizer was among the most-admired companies, having delivered in re-

cord time a vaccine that could protect against Covid-19, and then a drug to ward off bad infections. The products powered Pfizer's revenue past \$100 billion. Employee pride swelled. This week the share price closed at its lowest since June 5, 2013, ending Thursday at \$26.13. That brought this year's drop to a stunning 49%, obliterating \$140 billion in *Please turn to page A4*

Mount Everest Is on Thin Ice

Rapid melting on the Khumbu Glacier made this year especially dangerous for climbers

By STACY MEICHTRY, KRISHNA POKHAREL, CARL CHURCHILL AND PAOLO BOSONIN

Lhakpa Rita Sherpa was on the brink of a career-making climb. The 24-year-old had secured a spot on a team of climbers reopening the trail to the top of Mount Everest this year. Before him stood the Khumbu Icefall, an obstacle course of towering shards and yawning crevasses that leads to the summit. Scaling this frozen waterfall for the first time would catapult him into the big leagues of Sherpas who ferry wealthy foreigners up the mountain for a living. As Lhakpa Rita and dozens of other Sherpas set out on the morning of April 12, however, their surroundings were on the verge of collapse. A colonnade of icy pinnacles that perennially defined the landscape had melted



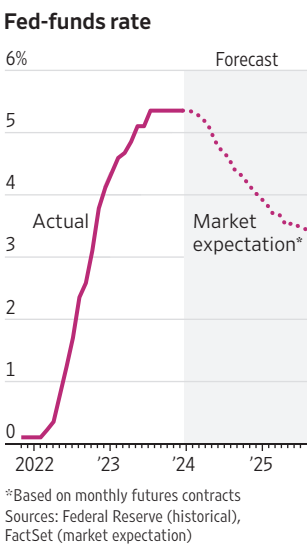
Dawa Nuru Sherpa and Sonam Tshering Sherpa prepare for a day of trail-setting.

Market Rally Muddles Fight Over Inflation

Some investors worry economy is too strong to expect a series of rate cuts

By ERIC WALLERSTEIN

Investors' growing confidence that interest rates have peaked drove the Dow Jones Industrial Average to a record for the second straight day, intensifying debate about whether the rally stands to complicate the Federal Reserve's fight against inflation. Stocks, bonds, oil and gold all climbed. The Dow's 0.4% advance extended Wednesday's 512-point rise, driving the blue-chip index to a record close of 37248.35. The S&P 500 settled at its highest level since January 2022. The yield on the benchmark 10-year U.S. Treasury note, which falls when bond prices rise, dropped below 4% to settle at 3.929%, its lowest close since late July. The surge began on Wednesday, after Federal Reserve officials unanimously voted to hold



rates steady and penciled in three quarter-point rate cuts next year. After investors were battered by the central bank's rate increases in 2022, the Fed's forecasts lifted hopes that the economy will slow just enough for rate cuts, but not enough to *Please turn to page A2*

◆ **ECB and BOE hold rates steady**..... **A7**

U.S. Presses Israel To Wind Down War

WASHINGTON—President Biden's national security adviser pressed Israeli leaders to shift from a reliance on airstrikes and ground assaults in Gaza toward targeted military

By Gordon Lubold and Andrew Restuccia in Washington and Dov Lieber in Tel Aviv

operations and warned that a protracted conflict would make the Palestinian territory harder to govern after the war, U.S. officials said. Jake Sullivan's meetings with Israeli political and military leaders Thursday seemed to have made little headway in addressing the growing rift between the U.S. and Israel over

civilian casualties, the length of the conflict, flagging international support for Israel's campaign, and the future governance of the Gaza Strip. The U.S. is undertaking a full-court press in the region for the Israelis to begin to wrap up the conflict. U.S. officials have said privately that the U.S. wants to see the fight end in weeks, not months, though the Biden administration continues to support Israel's campaign to destroy Hamas's ability to wage military operations or govern Gaza. *Please turn to page A5*

◆ **Israel steps up raids in major West Bank city**.... **A5**
◆ **Germany uncovers alleged Hamas plot in Europe**.... **A5**