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What's News

Business & Finance

◆ **The U.S. economy**, defying economists' outlook for a likely recession in 2023, grew 3.1% from a year earlier in the fourth quarter on the back of a resilient labor market and strong consumer spending. **A1**

◆ **The S&P 500 rose** 0.5% to a fifth straight record after the GDP data were released, while the Dow and Nasdaq gained 0.6% and 0.2%, respectively. **B9**

◆ **Microsoft became** the second company ever to end the trading day valued at more than \$3 trillion after the software giant's shares rose 0.6% to \$404.87 each. **B1**

◆ **The FTC said it would** investigate the growing arms race among the biggest technology companies to produce and commercialize artificial intelligence. **A2**

◆ **Insurer Humana** reported a steep loss for the fourth quarter and signaled its financial woes will extend into next year, due to higher-than-expected medical costs. **B1**

◆ **Intel gave a tepid** outlook for sales in its current quarter, signaling further challenges for its business amid signs that the PC market is starting to recover. **B4**

◆ **Apple's smartphone** shipments in China fell in the final quarter of 2023, hurt by weaker consumer demand and rising market share for rival Huawei Technologies. **B4**

◆ **LVMH posted sales** above analysts' forecasts for 2023, led by strong growth at its core fashion and leather-goods division. **B3**

◆ **The ECB held its** key interest rate at a record but kept open the door to rate cuts as soon as the spring. **A18**

World-Wide

◆ **The U.S. secretly warned** Iran that Islamic State was preparing to carry out the terrorist attack this month that killed more than 80 Iranians in a pair of coordinated suicide bombings, U.S. officials said. **A1**

◆ **The CIA chief prepared** to head to Europe for talks aimed at bringing an end to the war in Gaza, as tensions boiled over between Qatar and Israel after weeks of strained negotiations over a hostage deal. **A8**

◆ **National security** adviser Jake Sullivan is heading to Thailand to discuss the Houthi attacks on Red Sea shipping with China's foreign minister, U.S. officials said. **A8**

◆ **Top Senate Republicans** indicated Congress may have to find a new path to secure funding for Ukraine, as Trump worked to erode GOP support for a monthslong effort seeking to pair aid for Kyiv with changes to U.S. border law. **A4**

◆ **Trump took the witness** stand in a bid to rebut claims by writer E. Jean Carroll that she is entitled to monetary damages from the former president for defamation. **A6**

◆ **Former White House** official Peter Navarro was sentenced to four months in prison for defying a subpoena from the House panel that investigated the Jan. 6 attack on the Capitol. **A6**

◆ **Alabama executed** Kenneth Eugene Smith using nitrogen hypoxia, becoming the first U.S. state to carry out the procedure. **A3**

◆ **Almost a quarter** of the \$12.82 billion the federal government spent in the past three years helping low-income households pay for internet service went to one company. **A2**

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Strong Economy Expanded 3.1%

Consumer spending, strong hiring defied expectations and spurred growth in '23

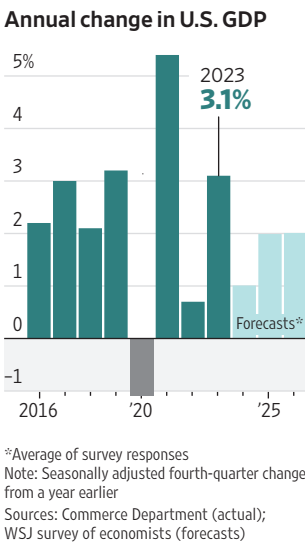
By GABRIEL T. RUBIN

The recession never showed up in 2023. Consumers made sure of it. The U.S. economy grew 3.1% over the past year, the Commerce Department said Thursday. A resilient labor market supported strong consumer spending and brushed aside a feared downturn. A year ago economists saw a recession as very likely and projected ane-

mic 0.2% growth for 2023. Instead, last year's gain was a sharp pickup from a comparable 0.7% advance in 2022. The year was capped by a fourth quarter in which the economy grew at an annualized, seasonally and inflation-adjusted rate of 3.3%, fueled by household and government spending. The quarterly reading was a slowdown from the summer's 4.9% pace but still healthy. "It's been a really strong year for economic growth," said James Knightley, chief international economist at ING. "The consumer was meant to roll over—and they didn't." The expansion is expected

to continue in 2024, albeit significantly slower. With inflation moderating, the Federal Reserve is likely to shift toward interest-rate cuts which would support the economy this year, economists said. But that buoyancy could be challenged by slower hiring and increased strain on people who have spent down pandemic-era savings. The 3.1% annual GDP growth shows the seasonally adjusted fourth-quarter

◆ **Stocks climb on data for fourth-quarter growth.... B9**
◆ **Heard on the Street: U.S. economy keeps going... B10**



Iran Got Warning From U.S. On ISIS Attack

Washington secretly offered intelligence to Tehran on plot that killed 84 people

WASHINGTON—The U.S. secretly warned Iran that Islamic State was preparing to carry out the terrorist attack this month that killed more than 80 Iranians in a pair of coordinated suicide bombings, U.S. officials said.

By Michael R. Gordon, Vivian Salama and Warren P. Strobel

The confidential alert came after the U.S. acquired intelligence that Islamic State's affiliate in Afghanistan, ISIS-Khorasan, known as ISIS-K, was plotting to attack Iran, they said. U.S. officials said the information passed to Iran was specific enough about the location and sufficiently timely that it might have proved useful to Tehran in thwarting the attack on Jan. 3 or at least mitigating the casualty toll. Iran, however, failed to prevent the suicide bombings in the southeastern town of Kerman, which targeted a crowd that was commemorating the anniversary of the death of Qassem Soleimani, the commander of the Islamic Revolutionary Guard Corps' Quds force. Soleimani was killed in a January 2020 drone attack near the Baghdad airport ordered by then-President Donald Trump. "Prior to ISIS's terrorist attack on January 3, 2024, in Kerman, Iran, the U.S. government provided Iran with a private warning that there was a terrorist threat within Iranian borders," a U.S. official said, using an acronym for Islamic State. "The U.S. government followed a longstanding 'duty to warn' policy that has been implemented across administrations to warn governments against potential lethal threats. We provide these warnings in part because we do not want to see innocent lives lost in terror attacks." Please turn to page A8

French Farmer Protest Turns Wild and Woolly



BAAED TRAFFIC: Farmers shepherded 600 sheep and 400 lambs through Draguignan on Thursday, part of a nationwide protest that snarled traffic in France. Farmers are demanding government help with foreign competition, red tape and soaring costs.

Insurers' Profits Soar as Rates Climb

By JEAN EAGLESHAM

The pain for home- and auto-insurance customers is quickly becoming investors' gain. Insurance giants' shares and profits are hitting records, due in part to steep rate increases. Shares of Travelers, a bellwether for the property and casualty sector, closed at an all-time high earlier this week,

up 35% from their lows last fall. The jump came after the company reported a record profit for its fourth quarter, boosted by double-digit rate increases in its business and personal insurance units. Progressive said Wednesday that its quarterly profit more than doubled from a year earlier. Its stock rose, pushing the company's market capitalization past \$100 bil-

lion for the first time. Shares of Allstate, which reports results next month, also reached new heights this week, up more than 50% from their lows last summer. After suffering some of the worst years in their history, insurers said they now see a path to profitability for home and auto policies. Big rate increases are driving up revenue, while the inflationary

pressures that pushed up repair and replacement costs appear to be easing. Losses from extreme weather tied to climate change remain a wild card, but the short-term outlook for insurers appears more favorable. "We've started seeing the potential for light at the end of the tunnel," said Josh Esterov, an insurance analyst at Please turn to page A4

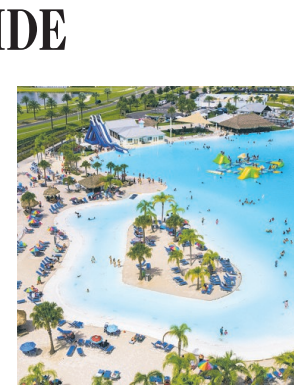
Adult Kids Still Get Financial Help From Parents

By JULIA CARPENTER

Parents have always supported their children into adulthood, from funding weddings to buying a home. Now, the financial umbilical cord extends much later into adulthood. About 59% of parents said they helped their young adult children financially in the past year, according to a report released Thursday by the Pew Research Center that focused on adults under age 35. (This question hadn't been asked in prior surveys.) More young adults are also living with their parents. Among adults under age 25, 57% live with their parents, up from 53% in 1993. Parental support is continuing later in life because younger people now take longer to reach many adult milestones—and getting there is more expensive than it has been for past generations, economists and researchers said. There is also a larger wealth gap between older Americans and younger ones, giving some parents more means and reason to help. In short, adulthood no longer means moving Please turn to page A6



BUSINESS & FINANCE
Vince McMahon is accused of sex trafficking by staffer he paid to be quiet. **B1**



MANSION
Planned communities are ditching backyard pools for giant, artificial lagoons. **M1**

Couples Are Hiring Birds of Prey To Be Ring Bearers at Weddings

Replacing traditional tots in tuxes, raptors will play the role for a \$1,200 fee

By JAMES FANELLI

When the time came to exchange rings at her wedding ceremony in San Diego last year, Jessica Huete donned a leather glove with a piece of quail meat attached. Moments later, a falcon swooped down, landing on the bride's forearm to deliver the silver bands and devour the snack. "We were both fighting over who would catch the bird," Huete said of her

and her husband. "I said, 'It was my idea. I win. I'm the wife.'" Adorable tots in tuxes have long held the inside track on ring-bearing responsibilities at weddings, but the use of hawks, falcons and other birds of prey has taken flight in recent years, fueled by animal-loving brides, renaissance fair buffs and a generation of Muggles who grew up reading Please turn to page A10



Wing man

Gaza Buffer Zone Rankles Washington

TEL AVIV—Beginning last November, an Israeli soldier and members of his reserve unit worked day after day in a

By Dov Lieber, David S. Cloud and Anat Peled

northern section of the Gaza Strip to create a wasteland. Their orders were to clear a one-kilometer-wide area along the border, the soldier said, as part of an Israeli plan to con-

struct a security zone just inside Gaza—to which Palestinians would be barred entry. With bulldozers and other heavy equipment, they leveled greenhouses and other structures, filled Hamas militants' tunnel shafts and plowed under farm fields. "Everything has been flattened," the soldier said. "It Please turn to page A8

◆ **Tensions rise between Israel and Qatar..... A8**

Olympians Who Left Are Wanted in Russia

Moscow has warrants out for arrest of fencers who moved to the U.S.

By JOSHUA ROBINSON

Sergey and Violetta Bida, who wore Russia's colors in the military and at the Olympics, had accepted for months that, by moving to the U.S. and renouncing their country's war against Ukraine, they might never return home to Moscow. And that was before Russia issued two warrants for their arrest. The fencers had both rep-

resented Russia at the Tokyo Olympics in 2021, where Sergey's silver medal earned him the Order of Merit for the Fatherland, awarded by President Vladimir Putin. But by early 2023, the couple had made two life-changing decisions: they would get married, and they would leave Russia for the U.S. Once they got to America, they hoped to continue competing with an eye toward Please turn to page A10