

# THE WALL STREET JOURNAL.

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DJIA 39869.38 ▼ 38.62 0.10% NASDAQ 16698.32 ▼ 0.3% STOXX 600 523.62 ▼ 0.2% 10-YR. TREAS. ▼ 6/32, yield 4.376% OIL \$79.23 ▲ \$0.60 GOLD \$2,380.00 ▼ \$8.70 EURO \$1.0869 YEN 155.40

## What's News

### Business & Finance

◆ **The Dow crossed 40000** for the first time, a milestone that appeared implausible a little more than two years ago when the Fed began raising interest rates to cool an overheated economy. **A1**

◆ **Microsoft is asking** hundreds of employees in its China-based cloud-computing and AI operations to consider transferring outside the country, as it finds itself caught in the crosshairs of escalating U.S.-China tensions. **A1**

◆ **Walmart's sales** continued to grow as American shoppers kept flocking to its stores for inexpensive everyday necessities. **B1**

◆ **The sudden revival** of GameStop mania comes just as the U.S. financial industry is racing to fix a big problem with the market's plumbing that roiled investors during the original meme-stock craze in 2021. **B1**

◆ **Meta faces** an EU investigation into whether its Facebook and Instagram services do enough to protect minors under a new online-content law. **B3**

◆ **Shares of Deere** declined 4.7% after the company again cut its full-year outlook, citing shaky demand. **B2**

◆ **Honda plans to invest** nearly \$65 billion on its electric-vehicle strategy through 2030 to boost sales and production in the coming years. **B3**

◆ **EasyJet expects** summer demand to lift earnings after a narrowed first-half loss, but the airline's outlook for the end of the year weighed on its shares. **B3**

◆ **Chinese search-engine giant Baidu** reported a drop in quarterly profit, but beat estimates, helped by stable online marketing revenue and rising sales from its AI Cloud business. **B4**

### World-Wide

◆ **Russia launched** a satellite into space in February 2022 that is designed to test components for a potential antisatellite weapon that would carry a nuclear device, U.S. officials said. **A1**

◆ **The Supreme Court** rejected a conservative-backed challenge that could have dismantled the Consumer Financial Protection Bureau. **A1**

◆ **Harvard was slow** to react to a wave of hostility against Jewish students last fall, according to a report by a Republican-led House committee. **A3**

◆ **Biden has asserted** executive privilege over the audio of his two-day interview with the special counsel investigating his handling of classified documents. **A4**

◆ **Michael Cohen conceded** during cross-examination that a key conversation he earlier recounted having with Trump might not have happened the way he testified it did. **A5**

◆ **Texas Gov. Greg Abbott** pardoned a man convicted of murdering a Black Lives Matter protester in 2020. **A6**

◆ **The Israeli military** said that five of its soldiers were killed by friendly fire from an Israeli tank in Gaza. **A7**

◆ **Ukraine is rushing** to reinforce its northeastern flank, the newest front in its fight against Russia's invasion. **A8**

◆ **Police charged** the suspect in the shooting of Slovakia's Prime Minister Fico with attempted murder. **A9**

◆ **France is rushing** reinforcements to its Indo-Pacific territory of New Caledonia after days of riots. **A9**

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## Ukraine Forces Dig In as Russian Push Intensifies



MANU BRAGO FOR THE WALL STREET JOURNAL

**NEW FRONT:** Ukrainian soldiers meet with a commander on Thursday at a location south of the city of Vovchansk, where Russian troops have seized territory. Kyiv is rushing to reinforce its northeastern flank in the newest front in the war. **A8**

## Moscow Puts Satellite in Space With Eye on Nuclear Weapon

WASHINGTON—Russia launched a satellite into space in February 2022 that is designed to test components for

By Warren P. Strobel, Dustin Volz, Michael R. Gordon and Micah Maidenber

a potential antisatellite weapon that would carry a nuclear device, U.S. officials said.

The satellite that was launched doesn't carry a nuclear

weapon. But U.S. officials said it is linked to a continuing Russian nuclear antisatellite program that has been a growing worry for the Biden administration, Congress and experts outside the government in recent months. The weapon, if deployed, would give Moscow the ability to destroy hundreds of satellites in low Earth orbit with a nuclear blast.

The satellite in question, known as Cosmos-2553, was launched on Feb. 5, 2022, and

is still traveling around the Earth in an unusual orbit. It has been secretly operating as a research and development platform for nonnuclear components of the new weapon system, which Russia has yet to deploy, other officials said.

Russia said that the spacecraft is intended for scientific research, a claim that U.S. officials said isn't plausible. Though the U.S. has been aware that Russia was interested in a nuclear antisatellite

capability for years, it has only recently been able to better determine the program's progress, U.S. officials have said.

The eventual weapon, if and when deployed in orbit, could wipe out satellites in a part of space dominated by U.S. government and commercial assets, they said, including SpaceX's Starlink constellation. *Please turn to page A8*

◆ **Putin casts Russia, China as global forces** ..... **A8**

## Court Rejects Challenge to Watchdog

By JESS BRAVIN

WASHINGTON—The Supreme Court rejected a conservative-backed challenge that could have dismantled the Consumer Financial Protection Bureau, ruling Congress had authority to insulate the agency's funding stream from political interference.

Justice Clarence Thomas, writing for a 7-2 court, said Congress has wide discretion

in structuring the way federal agencies are funded.

Conservative activists and some business groups have chafed at the CFPB's authority over the consumer-finance market, launching attacks, some successful, not only on specific regulations but also the bureau's legitimacy. Thursday's decision, overturning a federal appeals court that found the CFPB's funding structure unconstitutional,

suggested that justices across the ideological spectrum were reconciled to the bureau's place in the regulatory system.

With government agencies fearful of defeat before a conservative Supreme Court skeptical of federal authority, the CFPB saw its victory as a vindication. "For years, lawbreaking companies and Wall Street lobbyists have been scheming to defund essential consumer protection enforcement," a bureau spokeswoman said. "The Court repudiated the arguments of the payday loan lobby and made it clear that the CFPB is here to stay."

Thursday's decision sprang from a lawsuit by payday lenders that sought to invalidate CFPB regulations limiting their ability to automatically draw payments from borrowers' bank accounts. The case turned on the meaning of the

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## Employers Face More Scrutiny Over Teen Sex Abuse

By LAUREN WEBER

A kitchen worker repeatedly groped a teenage employee at the Palo Alto location of Il Fornai, a chain of Italian restaurants in California, and later raped her off-site.

A manager at a Shane's Rib Shack restaurant in Georgia spread false sexual rumors about an 18-year-old worker and made daily comments about her appearance. When she complained, her supervisor said she invited the incidents by the way she dressed and later fired her without explanation.

A Taco Bell restaurant in West Virginia hired a supervisor who had previously been convicted of sexually assaulting two minors and allowed him to supervise young female employees, two of whom said he sexually harassed them.

These are among dozens of allegations in complaints filed in recent months by attorneys and by the Equal Employment

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## INSIDE



### BUSINESS & FINANCE

Under Armour's co-founder warns there won't be a quick fix to its slump. **B1**



### MANSION

Want to live in a Frank Lloyd Wright home? These kits can help you build your own. **M1**

## The Candidates Don't Drink, But Voters Sure Might Need One

'Who would you rather have a beer with?' falls flat in this rerun presidential election

By JOHN MCCORMICK

MILWAUKEE—If there ever was a presidential campaign where Americans might need a few drinks to brace themselves, this year's rerun between Joe Biden and Donald Trump is a strong contender.



Bar-partisan

The two candidates won't, however, be imbibing themselves.

Both men are teetotalers in a nation where close to two-thirds of adults drink alcohol. It's one of the few things they have in common, other than being el

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## Microsoft Asks Staff In China to Relocate As U.S. Strains Rise

By RAFFAELE HUANG AND YOKO KUBOTA

BEIJING—Microsoft is asking hundreds of employees in its China-based cloud-computing and artificial-intelligence operations to consider transferring outside the country, as the U.S. tech behemoth finds itself caught in the crosshairs of escalating Washington-Beijing tensions.

Such staff, mostly engineers with Chinese nationality, were recently offered the opportunity to transfer to countries including the U.S., Ireland, Australia and New Zealand, people familiar with the matter said. About 700 to 800 people were given the offer, the bulk of which are involved in machine learning and other cloud-computing tasks, one of the people said.

The offers to move were made earlier this week and employees have until early June to make up their minds, a separate person familiar with the matter said. Workers can choose to stay in China, too. Staff were informed the relo-

cation would help bolster Microsoft's global ambitions in cloud computing and meet needs for AI engineers in a variety of places, the person said.

The proposal comes as the Biden administration seeks to put tighter curbs around Beijing's capability to develop state-of-the-art AI—a crackdown that carries the potential to touch U.S. companies with operations in China.

After cutting China off from advanced-chip purchases and equipment, the White House is considering new rules that would require Microsoft and other U.S. cloud-computing companies, which sell access to advanced AI computing power, to get licenses for Chinese customers.

Microsoft's suggestion of worker relocation also illustrates the spillover from an expanding tech race between the world's two largest economies, in which companies from both countries have often risked accruing collateral damage.

A Microsoft spokeswoman acknowledged the company

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## Dow Tops 40000 Milestone And Then Falls Back

Recession that many economists anticipated stays out of sight

By KAREN LANGLEY

The Dow Jones Industrial Average crossed 40000 for the first time, a milestone that appeared implausible a little more than two years ago when the Federal Reserve began raising interest rates to cool an overheated economy.

Gloom and doom forecasts abounded. When the central bank ended the era of ultralow rates that prevailed in the years following the global financial crisis, economists predicted painful consequences: a U.S. recession and rising unemployment.

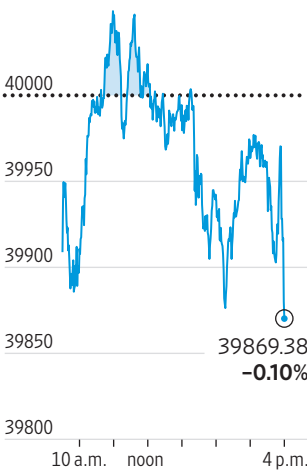
Markets shuddered. The Dow industrials and other equity benchmarks ended 2022 with their biggest declines since 2008, the year Lehman Brothers collapsed.

But as the months passed, employers kept adding jobs. People kept spending, splurging on big-ticket items like cars and blowout getaways to see Taylor Swift. Inflation kept cooling. Perhaps most important, the recession predicted by so many economists hasn't materialized, giving investors hope that stocks might keep climbing.

"Not only didn't we have a

*Please turn to page A6*

### Dow Industrials, Thursday



Source: FactSet

◆ **Investors strike gold in many markets**..... **A6**  
◆ **Heard on the Street: U.S. heads for soft landing**...**B12**