

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

FRIDAY, DECEMBER 8, 2023 ~ VOL. CCLXXXII NO. 135

WSJ.com

★★★★ \$5.00

DJIA 36117.38 ▲ 62.95 0.17% NASDAQ 14339.99 ▲ 1.4% STOXX 600 468.78 ▼ 0.3% 10-YR. TREAS. ▼ 2/32, yield 4.129% OIL \$69.34 ▼ \$0.04 GOLD \$2,029.90 ▼ \$0.60 EURO \$1.0796 YEN 144.13

What's News

Business & Finance

- ◆ **The amount of money** Institutional investors have in Chinese stocks and bonds has declined by more than \$31 billion this year, through October, the biggest net outflow since China joined the WTO in 2001. **A1**
- ◆ **A former OpenAI board** member who voted to fire co-founder Sam Altman said a lack of trust was the reason and the dismissal was consistent with the board's duty to ensure AI systems are built responsibly. **A1, B1**
- ◆ **Apple and its suppliers** aim to build more than 50 million iPhones in India annually within the next two to three years, according to people involved. **B1**
- ◆ **Yellow rejected** an offer to revive the bankrupt trucking company and rehire thousands of its former workers. **B1**
- ◆ **Investment giant** Blackstone and Digital Realty are creating a new venture to develop \$7 billion in data centers, as demand has soared. **B1**
- ◆ **More than 1,100** union workers at DHL's air cargo hub at the Cincinnati/Northern Kentucky International Airport walked off the job. **B3**
- ◆ **Woodside Energy** and Santos said they are discussing a merger that could result in a new global giant worth around \$52 billion. **B5**
- ◆ **JetBlue lifted** its outlook for fourth-quarter sales, saying that demand for air travel is holding up and bookings have accelerated into the holidays. **B5**
- ◆ **The S&P 500 increased** 0.8% to close near its high for the year, while the Nasdaq and Dow added 1.4% and 0.2%, respectively. **B9**

World-Wide

- ◆ **The breakdown** of public order in southern Gaza is accelerating as Israel dislodges Hamas's control, threatening aid deliveries to Palestinians who now fear robberies and looting while reporting a rise in starvation and disease. **A1**
- ◆ **A Texas judge granted** an emergency request permitting a pregnant woman whose fetus has a fatal diagnosis to get an abortion in the state. **A3**
- ◆ **Hunter Biden** was indicted on nine tax charges, in a case that adds a new layer of legal peril for the president's son. **A4**
- ◆ **The man suspected** in the fatal shooting at UNLV had applied to be a professor at the university but wasn't hired. **A3**
- ◆ **Biden pledged** to keep pressing for the release of Wall Street Journal reporter Evan Gershkovich days after his administration revealed that Russia rejected a new offer to gain his freedom. **A10**
- ◆ **The U.S. and U.K.** accused Russian intelligence of orchestrating a global hacking campaign that targeted British lawmakers, journalists and civil-society groups. **A9**
- ◆ **Russia scheduled** March 17 for its presidential vote, setting the stage for Putin to announce a run for a fifth term. **A10**
- ◆ **Chinese leader Xi** and Europe's top officials sought to ease tensions over trade and economic disputes at their first in-person summit in Beijing. **A8**
- ◆ **The cost of hiring** an au pair could double under a Biden administration proposal to set pay for foreign nannies using a formula that takes into account state and local minimum wages. **A6**

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Centenarian Survivors Remember Pearl Harbor



MENGSHIN LIM/ASSOCIATED PRESS

HONORS: Pearl Harbor survivors Harry Chandler, 102, left, and Herb Elfiring, 101, were among the veterans attending a remembrance day ceremony in Honolulu on Thursday on the 82nd anniversary of the World War II attack by Japan.

Wall Street Falls Out of Love With Pouring Money Into China

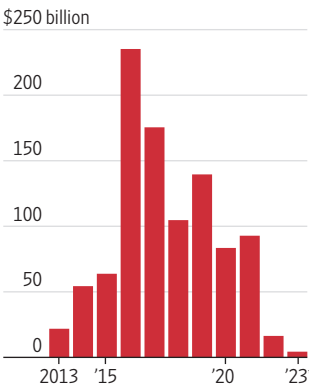
By LINGLING WEI

One of Washington's biggest China critics traveled to New York in mid-September to meet with some of Wall Street's best-known financiers. His mission was to persuade them to stop investing in China.

Wisconsin Republican Mike Gallagher, who chairs a House committee on China, was surprised to find they didn't need much coaxing. They told him they already were ratcheting back their investments there.

Their motivation wasn't China's human-rights record, but its economic one. In closed-door meetings at the Council on Foreign Relations, the financiers ticked off their concerns: China's economic slowdown is deepening. An unprecedented property slump is scaring investors who hold

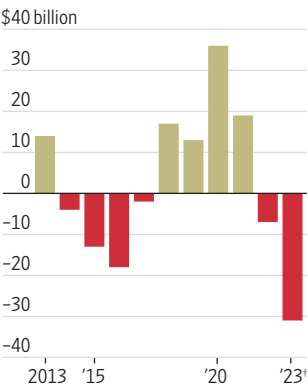
Money raised for China-focused private-equity funds



*2023 data is through Nov. 23. †2023 data is through Oct. 31
Source: Preqin (money raised); State Administration of Foreign Exchange (flows)

hundreds of billions of dollars of debt issued by Chinese developers. And Chinese leader Xi Jinping's emphasis on national security has restricted access to data and sparked

Net portfolio-investment flow to Chinese stocks and bonds



raids and investigations involving foreign firms assessing investment risks in the country.

The amount of money that institutional investors have in

Chinese stocks and bonds has declined by more than \$31 billion this year, through October, the biggest net outflow since China joined the World Trade Organization in 2001, official Chinese data show.

Hedge funds, including Bridgewater Associates, whose founder Ray Dalio has long been a China bull, have significantly reduced their holdings of Chinese securities.

Private-equity firms, including Carlyle, have slashed fundraising targets for their Asia funds or stopped raising China-oriented funds altogether. Mutual-fund managers such as Vanguard and Van Eck Associates have either pulled out or aborted their China plans.

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◆ **China's exports grow, but not enough**..... **A8**

Investors Seek Answers as Inflation Falls

By SAM GOLDFARB

Most of Wall Street thinks inflation has been conquered. There is a lot at stake if they are wrong.

Encouraging inflation data recently propelled a big rally across markets, with a traditional portfolio of stocks and bonds in November delivering one of its best returns of the past 30 years.

Confident that the Federal Reserve is now cruising to its goal of 2% inflation, investors have dialed up bets that the

central bank will start cutting interest rates by spring to prevent a recession. That would mark the end of an inflation-fighting campaign that has rattled markets since early 2022.

Still, the Fed's preferred inflation gauge remains elevated at around 3%. And some investors are concerned it could be hard to get all the way back to 2%, leaving stocks and bonds vulnerable to a pullback.

There are many ways to measure inflation. The Fed's official mandate is to target 2%

inflation as measured by the 12-month change in the personal-consumption expenditures price index.

In practice, Fed officials tend to focus on the core PCE index, which excludes volatile food and energy categories. They also track three- and six-month price changes to understand more-recent dynamics.

Those figures are what have excited investors. Across 12 months, core PCE inflation was still around 3.5% in October. But on a three-month annualized basis, it was just 2.4%.

Some analysts say inflation is likely to keep declining as pandemic-era effects continue to fade.

A big driver of inflation in 2021 and 2022 was that everyone was spending money on the same things at the same time. First it was on goods, when people were stuck at home and flush with government-stimulus money. Then it was on services such as travel.

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◆ **Tech stocks propel S&P, Nasdaq**..... **B9**

INSIDE



U.S. NEWS
Donor threatens to pull \$100 million over Penn president's remarks on antisemitism. **A2**

Washington's Polarizing Divide: Are Potatoes a 'Vegetable'?

Federal committee stirs debate about reclassifying spuds from veggie to grain

By KRISTINA PETERSON

Botanists count potatoes as a vegetable. But should Americans?

The U.S. Dietary Guidelines Advisory Committee has sparked the question, setting the table for a round of spud-sparring among scientists, potato growers, potato lovers and parents. Kids, especially, want credit for eating veggies in the form of fries.

White potatoes, which come in various colors, are classified as "starchy vegetables." But the committee could

uproot potatoes from the vegetable bin and toss them in with a broader category of rice, other grains and carbohydrates as the Departments of Agriculture and Health and Human Services weigh up dates to national diet guidelines for 2025.

The scientific debate isn't easy to follow. But it sounds like a half-baked idea to Kam Quarles, chief executive of the National Potato Council, a potato-industry group.

The dietary guidelines shape nutrition advice to

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Identity crisis

TOMORROW



WSJ. MAGAZINE

TRAVIS KELCE

Ex-Director of OpenAI Explains CEO Clash

By MEGHAN BOBROWSKY AND DEEPA SEETHARAMAN

Helen Toner was a relatively unknown 31-year-old academic from Australia—until she became one of the four board members who fired Sam Altman from the artificial-intelligence company he co-founded.

Thrust into the spotlight during the ouster and return of Altman as CEO of OpenAI in November, Toner emerged as a symbol of tension between AI-safety advocates and those giving priority to technological progress.

Toner maintains safety wasn't the reason the board wanted to fire Altman. It was a lack of trust. On that basis, she said, dismissing him was consistent with the OpenAI

board's duty to ensure AI systems are built responsibly.

"Our goal in firing Sam was to strengthen OpenAI and make it more able to achieve its mission," she said in an interview with The Wall Street Journal.

Toner held on to that belief when, amid a revolt by employees over Altman's firing, a lawyer for OpenAI said she could be in violation of her fiduciary duties if the board's decision to fire him led the company to fall apart, Toner said.

"He was trying to claim that it would be illegal for us not to resign immediately, because if the company fell apart we would be in breach of our fiduciary duty," she said.

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◆ **OpenAI's two-tiered structure criticized**..... **B1**