

THE WALL STREET JOURNAL.

What's News

Business & Finance

Boeing struck a deal to sell as much as \$40 billion in 737 MAX jets to Ryanair, a victory for the plane maker as it works to re-energize its business and patch up relations with the European discount airline. **A1**

◆ **Home prices fell** in more parts of the U.S. than they have in over a decade during the first quarter, when nearly a third of metro areas posted annual price declines. **A2**

◆ **China's export growth** slowed in April as global trade cooled, underlining the importance of domestic spending as the main engine for the country's economy. **A9**

◆ **Tucker Carlson said** he is starting a new show on Twitter, putting him on a potential collision course with Fox News, which ousted him while keeping him under contract. **A1**

◆ **Saudi Arabia's Aramco** posted a 19% drop in quarterly profit due to lower energy prices, but announced an additional dividend payout. **B1**

◆ **EV startup Rivian** reported narrower losses for the first quarter as it slashed spending and stood by its production target for the year. **B1**

◆ **Goldman agreed** to pay \$215 million to settle a class-action lawsuit that alleged it systematically discriminated against female employees. **B2**

◆ **Major U.S. stock indexes** retreated, with the S&P 500, Nasdaq and Dow industrials losing 0.5%, 0.6% and 0.2%, respectively. **B11**

◆ **FTX founder Bankman-Fried** asked a federal judge to dismiss most of the criminal case against him. **B5**

World-Wide

◆ **A federal jury found** Donald Trump liable for sexually abusing and defaming E. Jean Carroll and ordered him to pay \$5 million in damages, after a civil trial in which the writer alleged the former president raped her nearly 30 years ago. **A1**

◆ **Biden and McCarthy** remained at odds after a meeting at the White House, making little progress toward heading off a government default but setting plans for a new round of talks. **A4**

◆ **Federal prosecutors** have filed criminal charges against George Santos, the congressman who assumed office this year after lying about his biography during his campaign, according to people familiar with the matter. **A3**

◆ **Women as young as 40** should get checked for breast cancer every two years, a panel of experts recommended, lowering the starting age by a decade but stopping short of the annual screening some doctors recommend. **A1**

◆ **Putin fired** a rhetorical broadside at Washington and the West, condemning allied military support for Ukraine as Russia held a muted Victory Day celebration. **A6**

◆ **Israeli airstrikes** killed three Palestinian militant commanders and 12 others who were mostly civilians in an attack in the Gaza Strip, the Israeli military and Palestinian officials said. **A7**

◆ **Former Pakistani Prime Minister Imran Khan** was arrested on corruption charges, sparking protests across the country. **A7**

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E. Jean Carroll leaves the federal courthouse in Manhattan after the jury's verdict.

Trump Liable For Sex Abuse, Defamation

Federal jury orders the former president to pay \$5 million to columnist in civil case

By JAMES FANELLI AND CORINNE RAMEY

A federal jury found Donald Trump liable for sexually abusing and defaming E. Jean Carroll and ordered him to pay \$5 million in damages, after a civil trial in which the advice columnist alleged the former president raped her in a Manhattan department store nearly 30 years ago.

The jury, following a two-week civil trial, didn't find that Mr. Trump committed rape but found it more likely than not that he sexually abused Ms. Carroll in a dressing room of Bergdorf Goodman, sometime around 1996. Jurors also found that Mr. Trump defamed Ms. Carroll in comments he made denying her allegations, which she first made publicly in 2019. Ms. Carroll, 79 years old,

who said she was inspired to come forward by the #MeToo movement, clasped her lawyers' hands as the verdict was announced. "This victory is not just for me but for every woman who has suffered because she was not believed," she said in a statement.

Joe Tacopina, the lead lawyer for Mr. Trump, shook hands with her after the judge dismissed the jury, which consisted of six men and three women. Ms. Carroll smiled as she left the courthouse and was escorted quickly into an SUV.

In a social-media post, Mr. Trump, 76, called the verdict a disgrace. "I HAVE ABSOLUTELY NO IDEA WHO THIS WOMAN IS," he said. Mr. Tacopina said he would appeal.

The verdict, delivered Tuesday after three hours of deliberations, is a rebuke to Mr. Trump as he seeks the 2024 Republican presidential nomination while being dogged by legal troubles. He is facing New York criminal charges connected to his payment of hush money to a porn star before the 2016 election, as *Please turn to page A4*

Panel Urges Earlier Screening For Breast Cancer

By BRIANNA ABBOTT

Women as young as 40 should get checked for breast cancer every two years, a government-backed panel of experts recommended, lowering the starting age by a decade but stopping short of the annual screening some doctors recommend.

Women 40 to 74 years old should get screened every other year, the U.S. Preventive Services Task Force said Tuesday. It previously recommended that screening every other year start at 50 and that women in their 40s decide when to start screening in consultation with doctors. The task force said its draft guidance for women at average risk could save about 20% more lives than its previous recommendation and could help address the higher rates of breast-cancer deaths for Black women.

"Women in their 40s are developing breast cancer more than ever before," said John Wong, a member of the task force and chief of the division of clinical decision making at *Please turn to page A2*

Boeing Gets Lift From Big Jet Deal

By ANDREW TANGEL AND BENJAMIN KATZ

Boeing struck a deal to sell as much as \$40 billion in 737 MAX jets to Ryanair, a victory for the plane maker as it works to re-energize its business and patch up relations with the European discount airline.

Ryanair said it agreed to purchase 150 of Boeing's 737 MAX 10 jets, the longest version of the narrow-body aircraft, with options to buy up to 150 more. The Irish airline, Europe's biggest by passenger

numbers, will use the new planes to significantly grow its market share on the continent over the next decade, executives said.

For Boeing, the deal marks a turnaround in the relationship between Boeing and one of its biggest customers. A year ago, Ryanair Group Chief Executive Michael O'Leary publicly criticized the manufacturer's commercial-jet arm over delays in delivering aircraft Ryanair had ordered and for failing to close this follow-up order. "It's a bit like a marriage,"

Mr. O'Leary said Tuesday at a news conference at Boeing's headquarters in Arlington, Va., after describing the plane maker's management as "headless chickens" last year. "We have occasional rows and occasional splits and we come together and kiss and make up."

The companies valued the deal at \$40 billion under current list prices, though buyers typically receive steep discounts in such deals. The Ryanair deal is another boost for Boeing as executives seek to return the manufacturer to

its earlier levels of profitability. In recent months the U.S. plane maker has signed significant jet deals with United Airlines, Air India and two Saudi Arabian carriers, Riyadh Air and Saudia.

Ryanair's Mr. O'Leary said half of the jets would replace earlier 737 models currently in service, while the others would support the carrier's growth in Europe. The MAX 10s carry more passengers, burn less fuel and run more quietly than the older 737s *Please turn to page A6*

INSIDE



U.S. NEWS Biden, McCarthy remain at loggerheads after debt-limit talks at White House. **A4**

Carlson to Launch New Show On Twitter, Sets Up Fox Clash

By TALAL ANSARI AND KEACH HAGEY

Tucker Carlson said he is launching a new show on Twitter, putting him on a potential collision course with Fox News, which ousted him last month while keeping him under contract.

"Starting soon, we'll be bringing a new version of the show we've been doing for the last 6½ years to Twitter," Mr. Carlson said in a video posted to the social-media platform Tuesday. "We're back," he wrote in



Tucker Carlson in post Tuesday the tweet accompanying the video. The announcement comes after Fox News parted ways with Mr. Carlson last month, ending his decade-plus time at the news network. Fox News parent Fox Corp. and News Corp, the parent of The Wall Street Journal's publisher, share common ownership. Earlier Tuesday, Mr. Carlson's lawyer, Bryan Freedman, sent a letter to Fox executives alleging that Fox News had breached its contract with Mr. Carlson and requesting that the company preserve documents, according to people familiar with the matter. Axios earlier reported on the letter. Mr. Freedman didn't respond to re- *Please turn to page A2*

Chic Clothes Get Tiny—for Videogames

Top fashion school makes garb for Roblox characters

By SARAH E. NEEDLEMAN

NEW YORK—Parsons School of Design student Zhenyu Yang once dreamed of crafting chic ensembles for tall and lanky fashionistas. Now, he's learning to make attire for the truly petite—videogame avatars.

Among the apparel he is designing is a sporty gladiator-style outfit draped in armor, the sort of thing a digital avatar could wear straight from the battlefield to brunch. "You can make crazier things for less money in the digital world," said Mr. Yang. "Fabrics are expensive." *Please turn to page A10*

China Has Rival As Factory Floor

Companies look to find a backup for manufacturing and India is making its case

Western companies are desperately looking for a backup to China as the world's factory floor, a strategy widely termed "China plus one."

By Philip Wen, Vibhuti Agarwal and Greg Ip

India is making a concerted push to be the plus one.

Only India has a labor force and an internal market comparable in size to China's; India's population may be the world's largest, according to the United Nations. Western governments see democratic India as a natural partner, and the In-

dian government has pushed to make the business environment more friendly than in the past. It scored a coup with the decision by Apple to significantly expand iPhone production in India, including expediting the manufacturing of its most advanced model.

Signs that India is changing are visible at the sprawling industrial parks in Srirumbudur, a city in the southern state of Tamil Nadu. Foreign manufacturers here have long churned out cars and appliances for the Indian market. They're now *Please turn to page A10*

◆ **Chinese export data** add to trade concern. **A9**

Palantir

The industry leader in artificial intelligence software.

RANK	COMPANY	2021 AI REVENUE
No. 1	Palantir	\$1,392M
No. 2	Microsoft	\$1,252M
No. 3	IBM	\$776M
No. 4	AWS	\$688M
No. 5	Google	\$536M

Source: IDC, Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used in More Unique Ways Than Ever (2022)

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The information presented in the table above has been compiled and analyzed by IDC using their methodology described in the Worldwide Artificial Intelligence Platforms Software Market Shares, 2021: AI Is Being Used in More Unique Ways Than Ever (2022) report contained on IDC's website (www.idc.com). We have not independently verified, and make no representations as to, the accuracy or completeness of the data contained in this report.

U.S. NEWS

Banks, Consumers Face Rising Check Fraud

By GINGER ADAMS OTIS

It took California businesswoman Jennifer Krempf one day to realize someone had stolen and fraudulently cashed several checks she mailed on behalf of her family plumbing company.

Three months later, she is still waiting to get all her money back. "I'm out almost \$5,000 on one check," said Mrs. Krempf, 47 years old, who with her husband runs Mann Plumbing out of El Cajon, about 17 miles northeast of San Diego.

She isn't the only anxious to recoup the money—so is her bank, JPMorgan Chase. Both Mrs. Krempf and Chase have had to wait for the institution that cashed her stolen check to determine whether her case was indeed fraud.

A Chase spokesman said the bank has been working across the industry and with trade associations to find better ways to resolve fraud cases and help victims get their money back faster from the financial institutions that deposited their checks.

Check fraud is on the rise as criminal gangs become increasingly sophisticated. Here's how it usually works: A bank customer writes a check and drops it in the mail. Fraudsters fish it out of a mailbox and, often, alter the



Jennifer Krempf is still waiting to get all her money back, months after the initial fraud.

check in one of two ways: either fraudulently endorsing it or changing it through a process known as washing. Washing allows thieves to change the amount of money and the recipient, then deposit the check with another bank.

It can take weeks or months for the banks to determine whether a fraud claim is legitimate and if the client should get his or her money back.

In 2018, check fraud made up 47%, or \$1.3 billion, of banks' fraud losses—up from

\$789 million in 2016, according to a 2020 survey released by the American Bankers Association, a Washington, D.C.-based trade group. That was followed by debit-card fraud losses, which accounted for 44%, or \$1.2 billion, in 2018. The figures are the most recent available, according to the ABA.

Theft of checks mailed through the U.S. Postal Service has jumped over the past 18 months. In 2022, banks filed 680,000 check-fraud reports, according to the Financial

Crimes Enforcement Network, or FinCEN, part of the Treasury Department—almost double the 350,000 reports filed in 2021.

FinCEN in February issued an alert about the rise in check fraud in conjunction with the U.S. Postal Inspection Service, the law-enforcement arm of the postal service.

Many consumers mistakenly think the Federal Deposit Insurance Corp. protects them against fraud, said Ronald Mann, a professor at Columbia Law School who studies com-

mercial payment systems. But FDIC protection is generally for extraordinary cases, such as when a bank fails.

When a criminal steals a personal or business check issued from an account at one bank and fraudulently alters it, then deposits it in another bank, it usually falls to the depositing bank to make restitution. There are exceptions, said Mr. Mann, who isn't affiliated with Mann Plumbing.

Banks can decline to cover a stolen check if a customer takes too long to report it. They can also deny a claim if investigators suspect the customer was negligent or involved in the fraud.

In Mrs. Krempf's case, criminals got hold of several checks she mailed Feb. 1. On Feb. 3, Mrs. Krempf spotted an oddity when two altered checks hit her account. She and her husband went to the local branch and raised a red flag. She put a stop payment on all the checks she had mailed earlier in the week. A third check still got through and hit her account Feb. 6, she said.

Chase was able to reimburse \$7,000 for the first stolen check within two weeks, thanks to a speedy determination of fraud from the depositing bank. The second was credited within 24 hours because Mrs. Krempf reported it within that period. Banks generally can halt payout

on any check if alerted within 24 hours. The third, dated Jan. 30, proved problematic. By the time it posted to Mrs. Krempf's account, it had been altered and made out to a new name, for a new amount.

Mrs. Krempf said she notified Chase immediately and produced business records showing the original amount and payee. But the investigation was slow, she said. More than once, she received messages from Chase asking her for information she had already provided, and telling her the case or her account might be closed unless she responded, according to Mrs. Krempf. Each time, she was able to push through paperwork with the help of her local branch.

Chase declined to comment on Mrs. Krempf's case, citing customer privacy.

On April 28, she got a notice from Chase saying the bank was still following up on her claim, but time was running out. "If we haven't heard anything from the depositing bank within 90 days of your claim submission, we will close your claim and your funds will not be recovered," it said.

Mrs. Krempf said at that point she started to think about getting a lawyer. A few days later, the bank reached out again and told Mrs. Krempf the money would be returned within 10 days, she said.

Carlson To Launch New Show

Continued from Page One

quests for comment. At the time of his exit, Mr. Carlson was in the middle of a multiyear contract with Fox News. In recent days, Mr. Carlson has been negotiating with Fox to try to get out of it, people familiar with the discussions said.

Twitter responded to an emailed request for comment with an auto-reply of a poop emoji. Chief Executive Elon Musk tweeted Tuesday that he wants "to be clear that we have not signed a deal of any kind whatsoever. Tucker is subject to the same rules & rewards of all content creators."

Mr. Carlson's first public comments on his departure also came in a video posted on Twitter. In that April 26 video, he called most debates on television irrelevant and said there are few places where truth is told. "See you soon," he said at the end.

Mr. Carlson was ousted from Fox News on April 24, less than a week after Fox Corp. agreed to pay \$787.5 million to settle a legal dispute with Dominion Voting Systems, which had accused the network of broad-



Fox News still had Mr. Carlson under contract when he was ousted.

casting false claims by hosts and guests that the company had rigged the 2020 presidential election in favor of Democrat Joe Biden.

During the Dominion legal battle, private messages sent by Mr. Carlson to colleagues were made public. In some, he mocked claims made on air by guests and said he hated former President Donald Trump. The messages in which he showed disregard for Fox executives and colleagues were a major factor in his ouster, the Journal has reported.

The letter from Mr. Freedman alleged that Fox executives told Mr. Carlson that the communications he turned over as part of the discovery in the companies' defamation litigation with Dominion

wouldn't be used against him in employment disputes, one of the people familiar with the matter said.

Mr. Musk appeared on Mr. Carlson's show in its final week. Mr. Musk didn't respond to a request for comment.

Mr. Carlson's new version of his show will employ staffers who worked on his Fox News telecast, one of the people familiar with the matter said.

During his time at Fox News, Mr. Carlson became the highest-rated host in prime-time cable news. His rise to national prominence began after he co-hosted the CNN show "Crossfire," as the main voice representing the political right.

—Victoria Albert, Joe Flint and Alexa Corse contributed to this article.

Home Prices in First Quarter Fell in Nearly a Third of Cities

By NICOLE FRIEDMAN

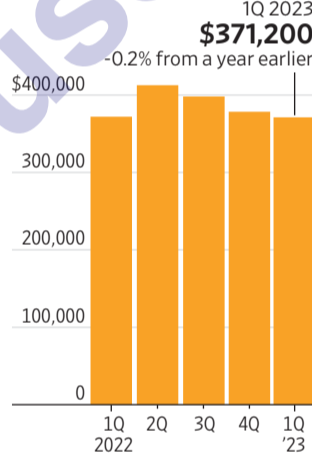
Home prices fell in more parts of the U.S. than they have in over a decade during the first quarter, when nearly a third of metro areas posted annual price declines, the National Association of Realtors said Tuesday.

During the peak of the housing boom, home prices surged in practically every corner of the U.S. Now, the housing market is split down the middle of the country, with prices still rising in many parts of the Midwest, South and Northeast while sliding in Western states.

The hardest-hit housing markets were concentrated in California and the Mountain West. San Francisco posted a 14.5% median single-family existing-home sale-price decline from a year earlier, and San Jose median prices fell 13.7%. Pandemic boomtowns Austin, Texas, and Boise, Idaho, also posted price declines of more than 10%.

Home sales have fallen nationwide over the past year because higher mortgage rates have weighed on home-buying demand and supply has been limited. The effect on home prices has been mixed, but the number of places where prices are falling has risen. Prices declined on an annual basis in

Median sales price of existing single-family homes



Note: 1Q 2023 is preliminary. Source: National Association of Realtors

31% of the 221 metro areas tracked by NAR, the highest percentage in 11 years.

"Generally speaking, home prices are lower in expensive markets and higher in affordable markets," said Lawrence Yun, NAR's chief economist. But given the inventory shortage, price declines could be short-lived, he said.

Western markets that were already expensive or where prices climbed the most during the pandemic-driven housing boom are now the ones where

prices are falling the fastest. In much of the rest of the U.S., limited inventory continues to drive prices higher.

Nationwide, the median single-family existing-home sale price fell 0.2% in the first quarter from a year earlier to \$371,200, the first year-over-year price decline since the first quarter of 2012, NAR said.

First-time home buyers Kris Vierhaus and Travis Carter viewed a three-bedroom home in San Mateo, Calif., in December but thought it was overpriced. In February, when the house was still on the market, they put in an offer and bought it for about 4% under the listing price. "By the time we closed, it was confirmed that people were going to get asking [price] or below," Ms. Vierhaus said. "The aggressive offers, or the fighting over things, was just not happening anymore."

Median prices rose by more than 10% from a year earlier in 7% of the 221 metro areas, a deceleration from the fourth quarter, when 18% of metro areas reported double-digit percentage growth, NAR said.

In the first quarter, the typical monthly mortgage payment for a single-family home rose to \$1,859, a 33% increase from \$1,397 a year earlier, NAR said.

Earlier Test For Cancer Is Urged

Continued from Page One

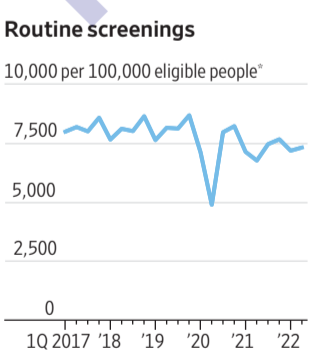
Tufts Medical Center. "Screening women starting at age 40 can reduce their chances of dying from breast cancer."

About 70% of women 40 and older had a mammogram within the prior two years, according to 2019 survey data from the federal Centers for Disease Control and Prevention. The rate was about 60% for women between 40 and 49.

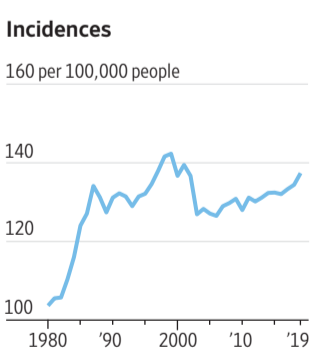
The draft guidance revives a debate about when and how often to screen for breast cancer, as the task force and doctors balance the advantages of frequent screening with potential risks such as false positives. Some breast-cancer doctors and medical groups said mammograms should be annual, and insurers are required to cover them. The American Cancer Society recommends women get annual screens between 45 and 54, after which they can decide to switch to every other year.

The influential task force's new recommendation, which will be open for public comment through June 5, could lead more doctors and patients to embrace mammo-

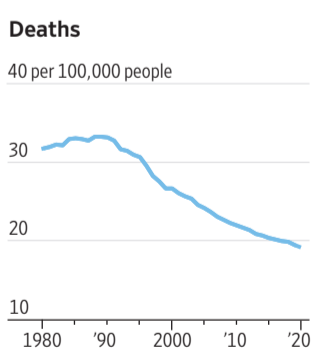
Breast-cancer trends for U.S. women



*21-85 years old. Note: Incidence and death rates are age-adjusted



Sources: Trilliant Health (screening rates); American Cancer Society (incidence and death rates)



grams starting at 40. Some doctors and medical organizations wanted the guidance to go further.

"I'm glad that the task force has come around on thinking that women should start screening at 40," said Dr. Debra Monticciolo, division chief of Breast Imaging at Massachusetts General Hospital in Boston. "We really were disappointed that they did not recommend annual screening."

Breast cancer is the second-leading cause of women's cancer death in the U.S. after lung cancer, according to the American Cancer Society. It is most frequently diagnosed among women between 65 and 74 years old, but incidence has increased for women 40 to 49 years old about 2% a year from 2015 to 2019, the task force said.

Mammograms can help doctors find cancers early, but medical groups have released

conflicting guidance on when and how often women should get scanned. The previous guidance from the task force, 16 volunteer preventive-medicine and primary-care experts, was among the most conservative.

Starting mammograms at 40 is a particularly important step for Black women because they often develop aggressive cancers at young ages, the task force said. Black women are 40% more likely to die of breast cancer than white women despite similar screening rates. The task force called for more research on the causes and ways to reduce the disparity.

The task force said there wasn't enough evidence on screening women 75 and older, or to recommend whether women with dense breast tissue should get additional screening with an ultrasound or MRI. Women over 75 should decide with their doctor

whether to continue screening, the group said.

Nearly half of women have dense breasts, which increases the risk for breast cancer and makes mammograms harder to read. The Food and Drug Administration said in March it would require mammography centers to tell women if they have dense breast tissue by later next year.

Memorial Sloan Kettering Cancer Center in New York offers supplemental screening to women with dense breasts, said Maxine Jochelson, chief of breast-imaging services there. She recommends women get yearly mammograms starting at 40.

"For women who get more aggressive cancers, waiting two years to find them is a recipe for more advanced cancers," Dr. Jochelson said.

To update the guidance, the task force members analyzed

scientific studies and modeling data from the Cancer Intervention and Surveillance Modeling Network to weigh different screening intervals, harms, as well as start and end dates. There wasn't a clinical trial that compared yearly screening to screening every two years, the task force's Dr. Wong said.

The task force found that annual screening could convey some benefit but a bigger increase in potential harms.

Those harms can include false positives that can lead to anxiety, invasive testing or a loss of faith in the test, doctors said. The scan also carries some risk of radiation exposure or overtreatment of low-risk cancers.

The draft recommendations don't apply to women at higher risk because they have had breast cancer before or because of genetic risk factors, a signal on past biopsies or a history of high-dose radiation to their chest at a young age. Those women should also speak to their doctors about their screening regime, the task force said.

All women should discuss their risk level with a doctor by age 25, said Dr. Natasha Monga, a breast-imaging radiologist at the Ohio State University Comprehensive Cancer Center.

Many women over 50 don't get screened at all, said Otis Brawley, a cancer epidemiologist at Johns Hopkins University. "We could still save a lot of lives there," Dr. Brawley said.

CORRECTIONS & AMPLIFICATIONS

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U.S. NEWS

Santos Charged In Federal Criminal Probe

BY JIMMY VIELKIND AND SADIE GURMAN

Federal prosecutors filed criminal charges against George Santos, the embattled New York congressman who assumed office this year after lying about his biography during his campaign, according to people familiar with the matter.

Details of the criminal charges, which have been filed under seal, couldn't immediately be determined, but Mr. Santos has been under federal investigation since at least December. He also faces scrutiny from a number of other entities, including local prosecutors in New York and the House Ethics Committee. Mr. Santos has faced accusations he engaged in unlawful activity during his 2022 campaign and failed to disclose required information.

Mr. Santos's spokeswoman didn't respond to a request to comment on the reports. He declared a bid for re-election last month, though some Republican leaders in New York have said they aren't supporting his campaign.

A spokeswoman for the U.S. attorney's office in Brooklyn, which has been leading the investigation, declined to comment.

CNN earlier reported news of the charges.

The freshman Republican has admitted misleading voters about his past, including about his education and pro-

Republicans in New York have called for Mr. Santos to step down.

fessional experience. He has said he hasn't committed any crimes.

Mr. Santos's financial disclosures and loans to his campaign totaling more than \$625,000 have received increased scrutiny by watchdog groups and the House Ethics Committee. He has also faced questions about a sudden surge in income in recent years, which he has defended as legitimate.

The House Ethics Committee said in March that it was investigating whether Mr. Santos "engaged in unlawful activity with respect to his 2022 congressional campaign; failed to properly disclose required information on statements filed with the House; violated federal conflict of interest laws in connection with his role in a firm providing fiduciary services; and/or engaged in sexual misconduct towards an individual seeking employment in his congressional office."

Asked for comment on the news that Mr. Santos had been indicted, House Speaker Kevin McCarthy (R., Calif.) said he would follow the same process he has for other lawmakers who faced charges. "If a person is indicted, they are not on committees," he said, and if a lawmaker is convicted, he will ask them to resign. "In America, you are innocent until proven guilty," Mr. McCarthy said.

Republicans in New York, including several members of the congressional delegation, have called for Mr. Santos to step down. Democrats in New York have already set their sights on the seat, which covers parts of Queens and Nassau County.

Josh Lafazan, a Democratic county legislator who unsuccessfully sought his party's nomination for the seat in 2022, has been raising funds to challenge Mr. Santos. Tom Suozzi has discussed a potential bid with local officials, political operatives said.

Mr. Lafazan said the looming charges demonstrated that Mr. Santos broke the public trust and should be expelled from the House.

Mr. Suozzi said he would closely monitor events as they unfolded.

—Byron Tau, Natalie Andrews and James Fanelli contributed to this article.



A Little Buddy Is Top Dog

This Buddy Holly no longer has to sigh, "That'll be the day." A petit basset griffon Vendéen named for the late rock 'n' roll legend won best in show at the Westminster Kennel Club dog show Tuesday night in New York, a first for his rabbit-hunting breed.

Buddy Holly bested six other finalists to garner the most prestigious dog show award in the U.S. PBGVs, as they are known for short, are the 154th most prevalent purebreds in the country, according to recent rankings from the American Kennel Club.

"Buddy Holly is the epitome of a show dog," handler and co-owner Janice Hayes said.

Originally from France, the small hounds were traditionally rabbit-hunters.

Buddy Holly—so named because "he's a buddy," breeder Gavin Robertson said—has also lived and competed in his native U.K. and in Ireland and Australia.

—Associated Press

Cities Scramble Amid Migrant Influx

BY JOE BARRETT AND JIMMY VIELKIND

Officials declared states of emergency in New York City and Chicago on Tuesday after Texas Gov. Greg Abbott resumed busing migrants to northern cities ahead of the expiration later this week of a major pandemic-related restriction on immigration.

Busloads of migrants, mostly from Texas, began arriving in cities hundreds of miles from the border last year, and officials have been scrambling to provide housing and services for the new arrivals in Chicago, New York and Washington, D.C.

In Chicago, migrants are sleeping on the floors of police stations while they wait for room in shelters. On Tuesday, Democratic Mayor Lori Lightfoot said a bus of 48 migrants had arrived from Texas earlier in the day after several months without one. In New York City, where officials have opened 122 emergency shelters and the system is operating at record levels, the former police academy has been pressed into service.

"We should all understand that this crisis will likely deepen before we see it get better, so as we move forward, the City of Chicago will have to bring additional locations online to prepare for the arrival of more individuals and families and to relieve Chicago Police Department districts," Ms. Lightfoot's office said.

Thousands of migrants have arrived in the three cities on buses chartered by Mr. Abbott,



Venezuelan newcomers Jorge Vargas, his wife, Guadalupe, and their children are among those who have been staying at a Chicago police station while they wait for space at a shelter to open up.

who said last week that Texas was sending migrants to "sanctuary cities" to "provide much-needed relief to our overrun border communities."

As of this month, about 8,100 people have arrived in Chicago on such buses or on commercial flights with tickets paid for by private charities. Migrant support groups say thousands more have arrived by Greyhound buses and other means.

Some migrants choose their destinations because they have relatives with whom they can stay, but many arrive with few resources and end up in shelters. Chicago has about 3,000 beds in its traditional homeless system, according to

city officials. Some 2,000 more have been added to handle the migrant crisis and all of them are full.

"Most of these people arrive with only the clothes on their back—T-shirts, shorts and flip-flops—and when they arrived in February like that, it doesn't work in Chicago," said Nan Warshaw, founder of an all-volunteer group called Refugee Community Connection, which is helping to feed and clothe migrants sleeping in police stations. On Monday, there were 403 migrants staying at the stations, including 127 children, according to the group's latest count.

Buses with migrants started arriving at a bus terminal in

Midtown Manhattan again last week after a reprieve that lasted several months, according to city officials and community activists who provide aid. Court decisions have established a right to shelter in New York City, and officials estimate they will spend \$4.3 billion through July 2024 providing care to newcomers.

Almost 61,000 asylum seekers have been assessed by the city since last spring, and around 37,500 migrants were currently in city care as of last Wednesday, a City Hall spokeswoman said. The migrants have swelled the population in the city's network of homeless shelters and prompted the administration of Mayor Eric Adams, a Democrat, to open 122 emergency shelters and eight relief centers in converted hotels and office buildings.

Late last Thursday night, the city started sheltering migrants in the gym of the former police academy on Manhattan's East Side. On Friday, Mr. Adams said the city would send hundreds of migrants to two hotels in counties in the lower Hudson Valley. Rockland County Executive Ed Day, a Republican, declared an emergency over the city's plans to send 340 people to a hotel in Orangeburg, saying it would strain schools, food pantries and social services.

New York Gov. Kathy Hochul on Tuesday issued a statewide emergency declaration that will let her deploy an additional 500 National Guard personnel and quickly spend \$1 billion of

relief funds just approved in the state budget as migrants are resettled in New York City and surrounding communities.

Last month, Ms. Lightfoot sent an open letter to Mr. Abbott, imploring him not to resume the buses, saying: "We simply have no more shelters, spaces, or resources to accommodate an increase of individuals at this level, with little coordination or care, that does not pose a risk to them or others."

Mr. Abbott replied that Ms. Lightfoot should call on President Biden to control the border.

Mr. Biden has ordered 1,500 U.S. troops to help secure the border ahead of the expected uptick in migrants after the expiration this Thursday of Title 42, a Trump administration policy implemented during the pandemic that allows the government to expel migrants at the southern border before they have a chance to ask for asylum.

One day in Chicago last week, Jorge Vargas, his wife, Guadalupe, and their three children were sleeping on the floor of a police station, along with two other families. They each had a blanket and a few other donated items, but little more. Mr. Vargas, who worked in construction and odd jobs in Venezuela, said he calls in every day to see about a space in a shelter but so far no luck. He is thankful for the volunteers bringing food and other items, but worries about the health of his family, including one of the children who has a cold. "We want to have a quiet life, with peace for our children," he said.

Texas Mall Shooter Had Legally Obtained Weapons, Officials Say

BY ADOLFO FLORES

Authorities said Tuesday that the gunman they said was responsible for killing eight people at an outlet mall in Allen, Texas, legally obtained the weapons he used and had neo-Nazi ideation, but they don't believe he targeted a specific group of people.

Hank Sibley, North Texas regional director for the Texas Department of Public Safety, said it appeared to him that Mauricio Garcia targeted the Allen Premium Outlets as a location and not anyone specifically. Among the dead were women, men and children, some of them of Asian descent. Seven people were wounded.

"He was very random, and the people he killed, it didn't matter the age, same [with] race or sex, he just shot people, which is horrific in itself," said Mr. Sibley at a news conference. The shooting only lasted about three minutes, he said.

Brian Harvey, police chief for the city of Allen, commented but declined to name one of his officers who was at the mall on another call when the shooting started and fatally shot Mr. Garcia. Officials said the death and injury toll would have been much higher had it not been for the officer.

Chief Harvey also noted the actions of Christian LeCour, a 23-year-old security guard



Hank Sibley of the Texas Department of Public Safety

who led a person to safety, and was fatally shot while helping others, he said.

In addition to Mr. LeCour, seven other people were killed in Saturday's shooting. Cindy Cho and Kyu Song Cho and one of their sons, James, 3, were among the victims. Their other son, William, who had turned 6, was the only one who survived the shooting, according to a GoFundMe created for him. Two girls aged 8 and 11 from Sachse, Texas, Elio Cumana-Rivas, 32, of Dallas and Aishwarya Thatikonda, 26, of McKinney, Texas, also were killed.

Mr. Garcia, 33, had no criminal history and at one point had a Texas private-security license, since expired, Mr. Sibley said. In 2008, Mr. Garcia joined the

Army and was terminated before he could finish basic training.

Mr. Garcia had eight weapons with him when he arrived at the sprawling outdoor mall, Mr. Sibley said, three on his person and five in his car. The Bureau of Alcohol, Tobacco, Firearms and Explosives found that all of the weapons were obtained legally.

Investigators were still trying to determine what Mr. Garcia's motive was, and Mr. Sibley said it was too early to say if the attack was an act of domestic terrorism fueled by racist beliefs.

Mr. Garcia wore patches and had tattoos that indicated his neo-Nazi and white-supremacy beliefs, Mr. Sibley said, adding that investigators were trying to get into his computer and social-media accounts.

A social-media profile authorities said they are examining features photos of the mall and contains a screenshot of Google Maps for Allen Premium Outlets, showing its busiest times on a Saturday was from 3 to 3:30 p.m. The shooting occurred at about 3:30 p.m. The profile also had white supremacist postings and pictures of a wedding in which the groom and members of the wedding party wore Nazi uniforms.

"The big question that we're dealing with right now is what's his motive? Why did he do this?" Mr. Sibley said.

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U.S. NEWS

No Major Breakthrough On Debt Cap

Biden, McCarthy still at loggerheads after talks at White House, but ideas are floated

By Andrew Restuccia and Natalie Andrews

WASHINGTON—President Biden and House Speaker Kevin McCarthy remained at loggerheads after a meeting at the White House on Tuesday, making little progress in averting a first-ever default by the federal government but setting plans for a new round of talks.

House Republicans have demanded deep spending cuts in exchange for raising the debt ceiling. Mr. Biden and Democrats in Congress maintain that the federal borrowing limit should be raised without preconditions and have called the GOP stance irresponsible as a June deadline looms. Neither side has presented a path forward that could win enough support to pass both chambers of Congress.

In remarks after the meeting, Mr. Biden insisted the nation wouldn't default, while adding that the "politics, posturing and gamesmanship" will continue in coming weeks. He said negotiators should discuss "how to lower the deficit to put our fiscal house in order, but...we need to take the threat of default off the table."

Mr. Biden said he was open to the idea, proposed by Republicans, of clawing back some unspent Covid-19 aid funds. The president added that he and his advisers are exploring whether it's possible to invoke the 14th Amendment to unilaterally issue debt. But he said he doesn't view that option as a quick fix to a potential default because the legality of such a move is disputed and it would be litigated in court. The amendment states that the validity of U.S. debt authorized by law "shall not be questioned."

"I don't think that solves our problem now," he said of invoking the amendment.

Mr. McCarthy criticized the president for not sitting down



House Speaker Kevin McCarthy, left, and Senate Minority Leader Mitch McConnell after meeting with President Biden on Tuesday.

with top congressional officials earlier and expressed frustration with the lack of progress.

"I didn't see any new movement," Mr. McCarthy said in lengthy remarks to reporters after leaving the meeting.

The California Republican again played down the chances of passing a short-term extension of the debt ceiling, an idea that has been discussed by both Biden administration and congressional aides as an option for giving negotiators more time to hash out their disagreements

and to align any deal with the annual spending process. Mr. Biden said he hadn't ruled out a short-term extension.

Democratic lawmakers said they were disappointed with the GOP's stance but were encouraged that talks would continue.

"The bottom line is very simple: There are large differences between the parties," Senate Majority Leader Chuck Schumer (D, N.Y.) said. During the meeting, Mr. Biden asked Mr. McCarthy to take the threat of a default off the table before

discussing spending cuts, but Mr. McCarthy declined, Mr. Schumer said.

White House and congressional staff will now launch a series of negotiations to try to reach consensus on government spending. The congressional leaders will meet again with Mr. Biden on Friday.

Expectations heading into the meeting Tuesday were low. The White House had been reluctant to label the meeting a negotiation, and has already scheduled a speech by Mr. Bi-

den later this week in which he will criticize Republicans over the debt-ceiling drama.

The Tuesday afternoon meeting in the Oval Office included Messrs. McCarthy and Schumer as well as Senate Minority Leader Mitch McConnell (R., Ky.) and House Minority Leader Hakeem Jeffries (D, N.Y.). It marked the president's first substantial conversation with Mr. McCarthy about the debt ceiling since February.

—Sam Goldfarb contributed to this article.

Nominees Key as Senate Map Favors Republicans

By Siobhan Hughes

WASHINGTON—The Senate seats up for grabs in 2024 lean heavily in Republicans' favor, with Democrats defending far more competitive states. Now, GOP leaders want to make sure they get strong candidates to run—or risk another disappointing election and two more years in the minority.

In 2022, Republicans thought a "red wave" fueled by economic anxiety would carry the party to power in the Senate, but the GOP fell short, as candidates lost races in battleground states including Arizona, Georgia, New Hampshire and Pennsylvania. Senate Minority Leader Mitch McConnell (R., Ky.) pointedly cited "candidate quality" for some of the defeats, which left Democrats with a 51-49 majority.

Headed into the next election, GOP leaders want to make sure they don't blow it again, in the face of reluctance from some popular Republicans to run and the continued influence of former President Donald Trump, who is seeking the White House again. Many candidates aligned with Mr. Trump and his false claims of election fraud won GOP races in 2022 over more-establishment candidates but lost in the general election.

"Republicans are tired of

losing," said Mike Berg, the communications director for the National Republican Senatorial Committee, the Senate Republicans' campaign arm. He said NRSC Chairman Steve Daines (R., Mont.) "is working hard to recruit candidates who can win both a primary and a general election."

Mr. Trump plans to make endorsements in key races, aides said. He has disputed that his endorsements have hurt the party's chances.

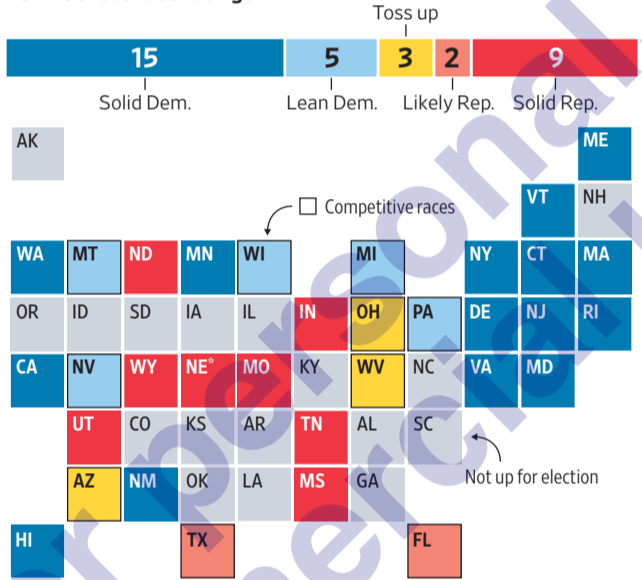
Of the 34 seats being decided in November 2024, Republicans are defending 11 seats compared with 23 for the Democratic caucus. None of the Republican seats are considered highly competitive, compared with eight of the Democratic seats, according to the nonpartisan Cook Political Report.

A person close to Mr. McConnell said Senate Republicans "will be looking for the best candidate in every single race," pointing to West Virginia, Montana, Ohio and Pennsylvania as the party's best opportunities to flip Democratic seats. Mr. McConnell made similar comments to CNN that were published Monday.

West Virginia

Party leaders believe they scored a win when West Virginia's Republican governor,

2024 Senate race ratings



*Two seats are up for election in Nebraska. Source: Cook Political Report

Rosie Ettenheim/THE WALL STREET JOURNAL

Jim Justice, a former Democrat, said he would run for the Senate seat currently held by Democratic Sen. Joe Manchin. Mr. Manchin hasn't said whether he would run again in a state that Mr. Trump won by nearly 40 points in 2020.

National Republican groups favor Mr. Justice over Rep. Alex Mooney as their nominee. Mr. Justice has the backing of Mr. Daines as well as the Senate Leadership Fund, which is affiliated with Mr. McConnell.

The antitax Club for Growth, meanwhile, is backing Mr. Mooney, who has called Mr. Justice a RINO candidate—a Republican in name only.

Michigan

In Michigan, GOP Rep. Bill Huizenga is looking at a possible run for Senate to fill the seat being vacated by retiring Democratic Sen. Debbie Stabenow.

"Michigan, to be frank, is a mess politically right now,"

Mr. Huizenga said in an interview earlier this year, citing in part a previous effort within his home county's Republican party to initiate a primary challenge against him. "It's going to be hard attracting good candidates for all offices, and we need to work through that and figure it out in a hurry."

Ohio

In Ohio, state Sen. Matt Dolan, a co-owner of the Cleveland Guardians baseball team, has more campaign cash for 2024 than any other Republican running for Senate.

But businessman Bernie Moreno drew encouraging words from Mr. Trump, who said on social media that Mr. Moreno "would not be easy to beat." They are challenging for the seat held by Democrat Sen. Sherrod Brown.

Montana

Another top target is Montana, where Republicans are looking to oust Democratic Sen. Jon Tester.

Rep. Matt Rosendale (R., Mont.), who lost to Mr. Tester in 2018, has been working the phones to test support for a run, said David McIntosh, the president of the Club for Growth, which supports fiscal conservatives and has conducted its own polling showing support for Mr. Rosendale. But

Mr. Rosendale is a polarizing figure in the House, where he voted multiple times against elevating Rep. Kevin McCarthy (R., Calif.) to speaker. A spokeswoman for Mr. Rosendale didn't respond to a request to comment.

Mr. Daines has focused on recruiting an alternative in Montana, such as Tim Sheehy, a military veteran who founded an aerial firefighting company.

Pennsylvania

In Pennsylvania, Mr. Daines has focused on recruiting David McCormick, a former hedge-fund executive who lost a GOP Senate primary in 2022, over GOP Rep. Doug Mastriano, who lost the 2022 gubernatorial race by about 15 points to Democrat Josh Shapiro. Republicans worry that if Mr. Mastriano wins the Senate nomination he would be a long shot to oust Democratic Sen. Bob Casey, who is up in 2024.

"They're showing serious interest," Mr. Daines said about Messrs. Sheehy and McCormick.

Mr. Sheehy didn't respond to an email seeking comment. In his most recent public comments earlier this spring, Mr. McCormick said he was considering running for Senate.

—Alex Leary and Eliza Collins contributed to this article.

Trump Found Liable

Continued from Page One

well as other criminal investigations, related to the pressuring of Georgia officials after the 2020 election, his actions on the day of the Jan. 6, 2021, Capitol attack and his handling of classified documents at his Mar-a-Lago residence. He is facing civil-fraud allegations from the New York attorney general and another civil lawsuit from Ms. Carroll, who was a longtime Elle magazine columnist and at one time a writer for "Saturday Night Live."

Mr. Trump has denied wrongdoing in all of these matters. He chose not to testify in the Carroll trial—or attend any of the proceedings in person—but in a videotaped deposition under oath he accused Ms. Carroll of making up her allegations for publicity and political reasons, calling it "the most ridiculous, disgusting story." His lawyers argued Ms. Carroll's allegations contained inconsistencies, and that she had not behaved like a rape victim at the time of the alleged incident or in the years since.

Ms. Carroll's allegations first became public in a 2019 New York magazine article that was an excerpt of a book



A sketch of the judge instructing the jury after closing arguments as E. Jean Carroll watches.

she published the same year, "What Do We Need Men For?"

The writer, who continues to self-publish a column on Substack, testified over three days, telling jurors that she and Mr. Trump, then a prominent New York City figure and real-estate mogul, struck up a rapport after bumping into one another at Bergdorf Goodman around 1996. The playful banter continued in the lingerie section, she said, but ended once the two entered a dressing room for what she thought was a see-through bodysuit as a gag.

"He immediately shut the door and shoved me up against

the wall and shoved me so hard my head banged," she recalled.

Ms. Carroll testified in graphic detail about the alleged rape. The attack lasted a few minutes before she broke free from him, but "it left me unable to ever have a romantic life again," she said.

Ms. Carroll's lawyer noted Mr. Tacopina on the witness stand as he tried to raise doubts about her account, asking her why she didn't scream or go to the police. "Women like me were taught and trained to keep our chins up and to not complain," she said.

Mr. Tacopina called Ms. Carroll's account inconceiv-

able, saying it shared striking similarities to a 2012 "Law & Order: Special Victims Unit" episode in which a character describes a rape fantasy in the lingerie section of Bergdorf Goodman. Ms. Carroll testified she was aware of the episode but never saw it.

Mr. Trump's lawyer noted Ms. Carroll had joked on Facebook about having sex with Mr. Trump for money and said she was a fan of "The Apprentice," the reality television show in which Mr. Trump served as the host. "It was a very good television show," she told jurors.

To find Mr. Trump liable for

sexual abuse, the jury was required to find by a preponderance of the evidence that he engaged in sexual contact with Ms. Carroll by force. For a rape finding, the jury would have needed to conclude that Mr. Trump physically forced sexual intercourse with her.

Ms. Carroll's defamation claim stemmed from an October 2022 social-media post in which Mr. Trump called her account a "Hoax and a lie." He wrote, "E. Jean Carroll is not telling the truth, is a woman who I had nothing to do with, didn't know, and would have no interest in knowing her if I ever had the chance."

While jurors were deciding only on Ms. Carroll's allegations, the trial became a broader examination of Mr. Trump's treatment of women, resurfacing derogatory comments he made in the past. Two women testified at the trial in support of Ms. Carroll, saying they were sexually assaulted by him in a similar manner years ago. Mr. Trump has denied their allegations.

Jurors saw a video that became public in 2016 in which Mr. Trump told an "Access Hollywood" host how women let stars "grab them by the pussy." "That's what you said, correct?" Roberta Kaplan, a lawyer for Ms. Carroll, asked Mr. Trump during the deposition. "Well, historically, that's true with stars," he said, later adding he considered himself one.

Jurors were dismissed after a court clerk read the verdict.

U.S. District Judge Lewis Kaplan, who presided over the trial, told them they were allowed to discuss the case but warned them about going public for safety reasons.

"My advice to you is not to identify yourselves—not now, not for a long time," he said, ordering them not to identify other members of the jury.

Ms. Carroll's 2022 complaint was one of the most prominent lawsuits filed under a New York law called the Adult Survivors Act, which opened a yearlong window in which people who say they were sexually assaulted as adults could file lawsuits, no matter when the alleged incidents occurred.

Two of Ms. Carroll's friends testified at trial that she told them each separately about what happened soon after the alleged attack. Ms. Carroll said she chose to remain silent for decades but came forward after the New York Times ran a series of stories of women accusing former movie-studio head Harvey Weinstein of sexual misconduct. He was later convicted of sex crimes.

Ms. Carroll said she decided to sue Mr. Trump in part because he repeatedly called her a liar in public and on social media, making her a target of vitriol from some of his supporters. "He lied and shattered my reputation, and I am here to try to get my life back," she said.

—Alex Leary contributed to this article.

U.S. NEWS

Feinstein Returning To Senate This Week

BY NATALIE ANDREWS

Sen. Dianne Feinstein (D., Calif.) is set to return to the Capitol this week, according to her spokesman, after a monthslong absence from the Senate during which Democrats struggled to advance some nominees.

Mrs. Feinstein, 89 years old, underwent treatment for shingles in February and has been absent from the Senate since then, missing dozens of votes. She hadn't provided a timeline for returning to Washington, fueling speculation about her plans and calls from some Democrats for her to resign. Her spokesman said she plans to vote on Wednesday, as the Senate will consider some Biden administration nominations.

Her absence from the Judiciary Committee has held up some nominees from getting votes in the panel, and several weeks ago she said she was willing to give up her position on the panel to a different Democrat to allow nominees to move forward, though Republicans said they would block that.

Democrats also lost votes on GOP efforts to repeal Biden administration regulations, such as a rule on truck emissions, though President Biden could veto the regulatory repeals.

"I'm glad that my friend Dianne is back in the Senate and ready to roll up her sleeves and get to work," Senate Majority Leader Chuck Schumer (D., N.Y.) said Tuesday. "After talking with her multiple times over the past few weeks, it's clear she's back where she wants to be and ready to deliver for California."

After Mrs. Feinstein's return was public, Mr. Schumer started the confirmation process for a Washington, D.C., circuit court judge, where Mrs. Feinstein's vote will likely be needed.

NYC Schools Modify Reading Curriculum

BY BEN CHAPMAN

The nation's largest school system is transforming how it teaches students to read, as classrooms across the U.S. confront a literacy crisis that saw test scores hit record lows during the pandemic.

New York City Schools Chancellor David Banks said the broader decline in scores has played out in New York, with many students at city high schools struggling to read more complex words, such as "phenomenon." They are graduating unprepared for college and the workforce, he said, and lacking in basic literacy skills needed for adulthood.

To address the issue, the city this fall will adopt mandatory, phonics-based reading curricula for its 800 elementary schools, in a move to instruction that favors decoding words using letters and a rigorous approach to phonics. Mr. Banks announced the plan Tuesday.

It is the first time the one million student district has mandated how teachers will conduct reading lessons, Mr. Banks said. The change marks a shift from a teaching approach known as balanced literacy, which encouraged the use of cues and word memorization rather than the sounding out of words based on their letters. The city has favored balanced literacy for the last 20 years.

Mr. Banks said the balanced literacy method intended to quickly build students' familiarity with words and foster a love of reading, but that it ultimately led the city to a dead end. "We're all working really hard on the wrong track," Mr. Banks, a former city teacher and principal, said in an interview last week. "My goal is to get us back on the right track."

Nationwide, 33% of fourth-graders scored proficient or higher on reading tests administered by the federal government in 2022, down from 35% in 2019. A majority of states saw reading declines during the pandemic, according to the National Center for Education



Statistics. Like other large, urban districts, New York City also saw setbacks. Reading scores for fourth grade on the federal tests during the pandemic fell to their lowest point since 2003. According to state exams, 49% of the city's students in grades three through eight in 2022 could read at grade level.



First-grade teacher Jocelyn Testa, above, instructs students at Brooklyn Brownstone School in Brooklyn, N.Y. Phonics is part of the reading approach at the school, left. New York City this fall will adopt mandatory, phonics-based reading curricula for its 800 elementary schools. The change marks a shift from a teaching approach known as balanced literacy.

Under the plan conceived by Mr. Banks, city elementary schools will be given their choice of three different curricula, each with a strong focus on the decoding of words and

understanding of letter sounds. The endeavor will cost up to \$35 million and begin with roughly half the schools implementing the new lessons this fall. The rest will adopt the new curricula the following year.

National debates over how best to teach reading date to at least the 1950s, said Catherine Snow, a professor at the Harvard Graduate School of Education. During that decade, the "whole-word" approach to reading first emerged in schools, she said. It relied on the use of cues and word rec-

ognition in reading, rather than decoding and phonics, which until then had dominated U.S. classrooms.

By the 1970s, the whole-word movement evolved into what is now known as the whole-language approach, said Dr. Snow, with the addition of elements intended to build students' relationships with reading.

But the reading wars weren't done. Battles over instruction re-intensified in the 1990s, with Congress convening a National Reading Panel to study the issue. Its 2000 re-

port found that systematic phonics instruction was an essential part of effective reading programs.

That work provided the basis for the "science of reading," a body of research that emphasizes the decoding of words using letters and phonics and was combined with whole-language teaching to create balanced literacy programs widely used in New York City and elsewhere. Now New York and other districts are switching direction again, to further embrace the science of reading—but with fewer elements of the whole-language approach.

Some of the city's schools, such as The Brooklyn Brownstone School, in the Bedford-Stuyvesant neighborhood, already use the lessons being rolled out.

Last week, students in a first-grade class there sounded out words such as "neat" and "hippo" in a lesson led by teacher Jocelyn Testa.

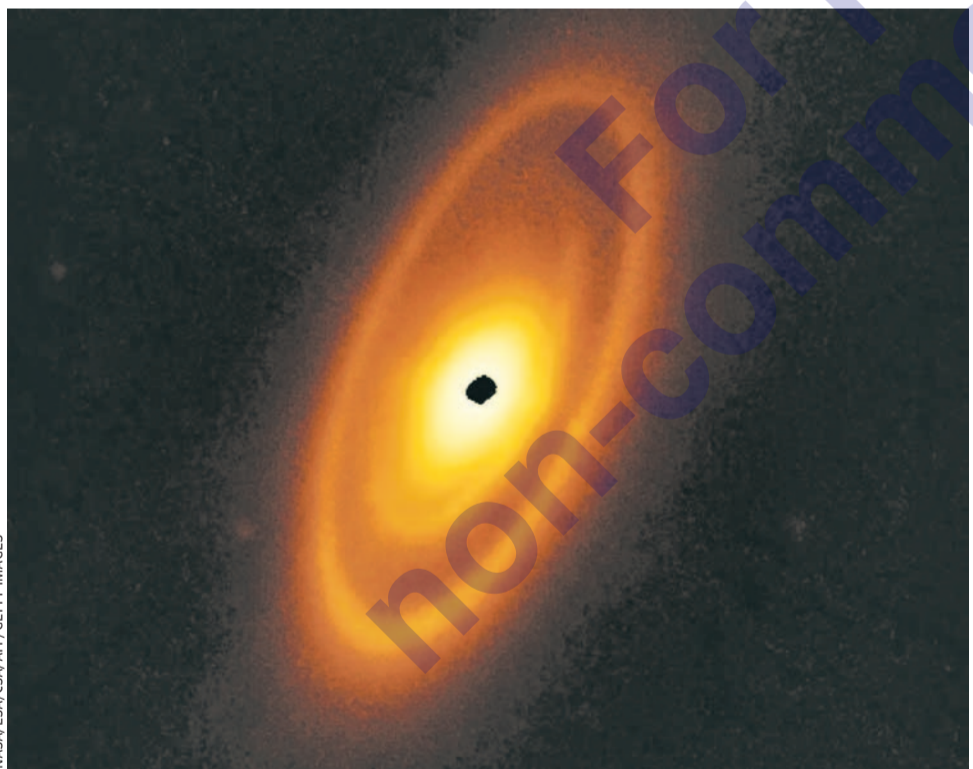
Nine-year-old Terrance Mims, a fourth-grader, felt good about the approach. "When you sound out letters in a word, it kinda helps you pronounce it better," he said. "You can break it down, and get a vision of how you say it."

Brooklyn Brownstone's first-grade students have seen a 48% gain on reading benchmarks since the beginning of the school year, thanks to the use of uniform lessons based on the science of reading, said principal Alexander Brunner.

The Teachers College Reading and Writing Project provides professional development for a curriculum based in balanced literacy in about 150 New York City schools. The project estimates about 15% of American elementary schools use some part of the curriculum.

New York City teachers union President Michael Mulgrew said the shift to mandating how reading lessons for kindergarten through grade five will be conducted could provide welcomed structure and directions to teachers, but only if it comes with adequate training and follow-up support.

U.S. WATCH



NEVER BEFORE SEEN: An image captured by the James Webb Space Telescope released Tuesday shows for the first time the inner asteroid belts that encircle the nearby star Fomalhaut.

FED Lending a Top Focus In Talks Over Rates

A top Federal Reserve official said changes in lending conditions and their potential effects on economic activity and hiring would be a top focus as officials determine whether they have raised rates enough to bring inflation down.

In a speech Tuesday, New York Fed President John Williams cited the lag between when the Fed raises interest rates and when those actions slow down the economy in cautioning that it will take time for the central bank's rapid rate increases to slow down economic activity to combat high inflation.

The central bank raised its benchmark federal-funds rate by a quarter percentage point last week to a range between 5% and 5.25%.

Mr. Williams, who is a top adviser to Fed Chair Jerome Powell, didn't say whether he thought further rate increases would be necessary this year in his prepared remarks. Until now, his previous remarks have hinted at the prospect of additional increases.

—Nick Timiraos

NEW MEXICO U.S. Licenses Site for Spent Nuclear Fuel

U.S. nuclear regulators licensed a multibillion-dollar complex to temporarily store tons of spent fuel in New Mexico from commercial nuclear-power plants around the nation.

The Nuclear Regulatory Commission issued its decision Tuesday. Democratic Gov. Michelle Lujan Grisham and the state's congressional delegation oppose putting the storage complex in the state, saying they fear New Mexico will become the nation's dumping ground for spent nuclear fuel.

New Mexico approved legislation in March aimed at stopping the project. The fight is expected to end up in court, with state lawmakers saying their new law requires Holtec International, the energy company that wants to build the facility, to acquire construction permits from the state.

New Jersey-based Holtec has argued that the New Mexico measure requiring consent is preempted by federal law and that a court fight would only delay the economic boon that would come from building the complex.

—Associated Press

ILLINOIS Man Killed, Trooper Wounded in Gunfire

A New Mexico motorist was killed early Tuesday and a state trooper was wounded in an exchange of gunfire along an interstate highway in southern Illinois, police said.

Illinois State Police said a trooper stopped at about 3 a.m. along Interstate 64 to assist a stranded person on the right shoulder of eastbound lanes. The officer encountered motorist Brandon L. Griffin, 23, of Albuquerque, and a female passenger.

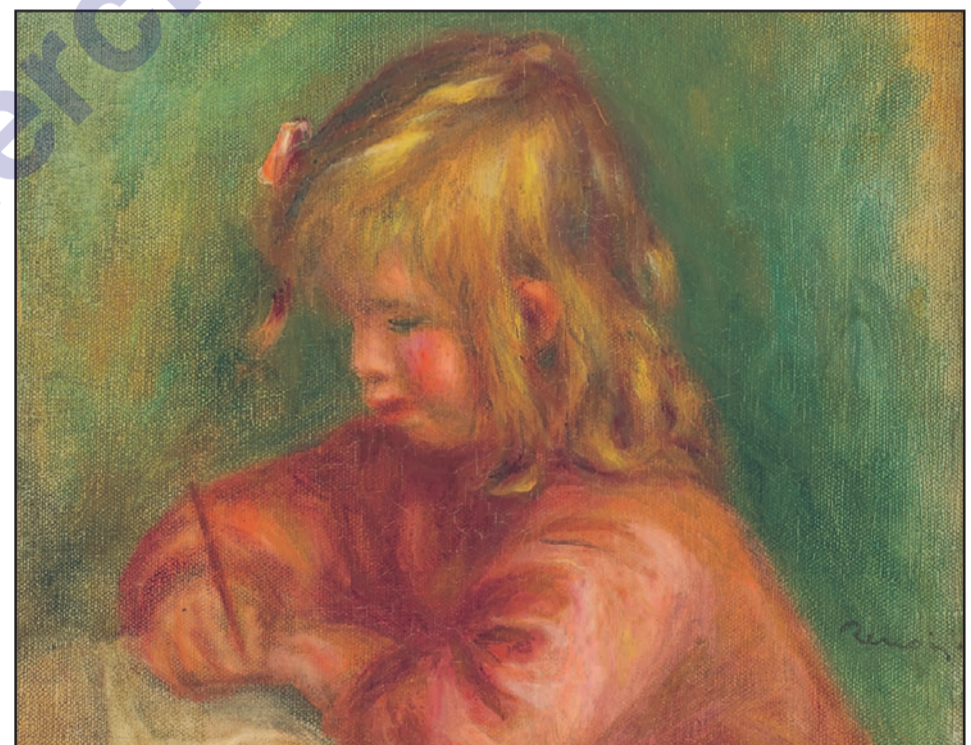
After a second state trooper arrived, state police said, "an altercation occurred during which gunfire was exchanged between Griffin and a responding officer."

Mr. Griffin was pronounced dead at the scene, while a 16-year veteran trooper was shot and hospitalized with non-life-threatening injuries, police said.

The other trooper and the female passenger weren't injured, police said. State police said the agency's internal investigators are handling the case.

The shooting happened about 80 miles southeast of St. Louis.

—Associated Press



LIKE FATHER, LIKE SON PIERRE-AUGUSTE RENOIR

Iconic artist. Sentimental subject. Virtuoso palette.



A delightful portrait of childhood innocence, Pierre-Auguste Renoir's Portrait de Coco et Fleurs is distinguished as one of the Impressionist master's most personal works. Known for his luxuriant still lifes and captivating figurative paintings, Renoir's portraits of his own children are among the artist's most sought-after. By juxtaposing floral blooms with his young son, Renoir emphasizes the delicate beauty of childhood while showcasing his painterly skill and genius with color. Oil on canvas. Circa 1905. Signed "Renoir" (lower right). Canvas: 16 1/8" h x 10 3/4" w. Frame: 21 1/4" h x 15 3/4" w. #31-7041



Scan to read more about this painting

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WORLD NEWS

Putin Slams West's Support of Kyiv

At muted Victory Day event, president says rivals seek 'destruction' of the motherland

By ANN M. SIMMONS

Russian President Vladimir Putin fired a rhetorical broadside at Washington and the West on Tuesday, condemning allied military support for Ukraine as Moscow faces mounting battlefield losses more than a year after invading its neighbor.

Speaking to a crowd on Moscow's Red Square at the country's annual Victory Day parade commemorating the defeat of Nazi Germany in World War II, Mr. Putin declared, "An actual war has once again been unleashed against our motherland," saying the West sought Russia's "disintegration and destruction."

The Kremlin has sought to recast the war in Ukraine as a contest between Russia and the West, which has supplied Kyiv with increasingly powerful weapons and ammunition, as well as billions of dollars in financial support as it fights to expel Moscow from remaining occupied territories.

Tuesday's celebrations, which included a military parade, were more muted than last year's, and came days after a drone attack on the Kremlin and other strikes on infrastructure in Russia that have exposed the country's vulnerability and rattled many Russians.

At least 20 cities canceled parades and other public celebrations. Others scaled them back.

The Kremlin has found itself on the back foot in recent months, dogged by what Western defense officials say are tens of thousands of military casualties coupled with Moscow's failure to cow Ukraine into submission or thwart Western nations' support for Kyiv.

The quagmire facing Russia's army is highlighted in the



A Victory Day parade was held Tuesday in Moscow's Red Square, marking the 78th anniversary of defeating the Nazis in World War II.

battle for the eastern city of Bakhmut that has become a symbol of Kyiv's resistance to Russia's attacks. The city also has been at the heart of public discord between the Russian military and Yevgeny Prigozhin, a close ally of Mr. Putin and the leader of the Russian paramilitary Wagner Group.

In the past week, Mr. Prigozhin has threatened to withdraw his forces unless the Russian Defense Ministry supplied the arms and ammunition his group needs to continue its campaign in Bakhmut. Over the weekend, he agreed to fight on, but on Tuesday he said his units hadn't received the ammunition promised by Moscow. He didn't provide further details.

Meanwhile, Mr. Putin praised Russia's armed forces, telling the crowd on Red Square that he is proud of soldiers

fighting on the front lines and those working to provide supplies and rescue the wounded.

"The security of the country rests on you today, the future of our statehood and our people depends on you," he said.

Mr. Putin has long tried to harness the wave of patriotism connected to the Great Patriotic War, as World War II is commonly known in Russia, to bolster his position and rally support. The conflict, in which some 27 million Soviet citizens died, touched the lives of virtually every Russian family.

"During the Great Patriotic War, our heroic ancestors proved that there is nothing stronger, more powerful and more reliable than our unity," he said. "There is nothing in the world stronger than our love for the motherland."

An April survey from the

Moscow-based Levada polling center, which describes itself as independent, found that 75% Russians support the military actions in Ukraine.

Foreign leaders weren't formally invited to attend this year's parade, the Kremlin said. But the heads of seven former Soviet republics showed up in Moscow on Monday for what were described as working visits. The leaders of Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan and Armenia joined Mr. Putin on the tribune alongside Lenin's Mausoleum on Red Square, from where they watched the procession.

Some analysts suggested that the participation of these leaders provided some assurance to Russian authorities that Ukraine likely wouldn't target Red Square during the

parade after last week's drone attacks, which damaged the roof of a building in the Kremlin complex. Their presence was also significant as Mr. Putin seeks to maintain a foothold in Central Asia and the South Caucasus, traditionally Russia's sphere of influence.

Former Soviet republics in the region have refused to back Moscow's invasion, instead remaining neutral. Many are seeking greater ties with China and have absorbed a flood of Russian men who fled to escape Mr. Putin's military mobilization.

Watch a Video



Scan this code for a video on how the war hit Russia's arms exports.

FBI Disables Russian Malware

By ARUNA VISWANATHA AND DUSTIN VOLZ

U.S. authorities said they disabled a piece of malware Russia's intelligence agency has allegedly used for two decades to steal documents from NATO-allied governments and others, in an operation that highlights the FBI's increasing efforts to go beyond arresting hackers.

The operation hobbled one of Russia's most well-known and oldest cyber espionage groups, officials and security experts said, a vaunted hacking team that has been linked to devastating thefts of U.S. secrets.

In an affidavit filed in federal court in Brooklyn and unsealed Tuesday, a Federal Bureau of Investigation agent said the bureau identified a long-running cyber-espionage campaign by officers in a unit of Russia's Federal Security Service, or FSB, to take documents from other governments' defense and foreign ministries, journalists and others, and route them through infected computers in the U.S. to cover their tracks.

Security researchers have sometimes referred to the group of hackers as "Turla," who are known to use a malware called "Snake."

FBI agents identified U.S. computers infiltrated with the Snake malware, including in Oregon, South Carolina and Connecticut, and obtained court approval to issue commands to the malware to permanently disable it on those computers, officials said. The operation was conducted on Monday, officials said, and it is the latest example of the FBI using an obscure legal authority to proactively disrupt Russian or Chinese cyberattacks by essentially infiltrating their systems. Investigators tracked the group's daily activities to an FSB facility in Ryazan, outside Moscow.

U.S. officials said they believed the action would make it difficult for Russia to reconstitute the malware. "U.S. law enforcement has neutralized one of Russia's most sophisticated cyber-espionage tools," said Deputy Attorney General Lisa Monaco.

In one of the efforts described in the affidavit, the group allegedly used the malware between 2015 and 2017 to try to infiltrate a computer at the foreign-affairs ministry of an unidentified NATO-member state. The FBI collected and decrypted communications between the U.S.-based computer with the malware and the foreign-affairs ministry, and it found that the Turla operators were using it to exfiltrate what they believed were internal United Nations and NATO documents, the affidavit said.

The action comes as security companies have described how Russian government hackers have increased their cyber-espionage attacks against Ukraine and its allies.

A representative of Russia's Embassy in Washington didn't respond to a request for comment.

Missiles Relentlessly Strike Ukrainian Cities

By YAROSLAV TROFIMOV

Russia fired a barrage of cruise missiles at Ukrainian cities on Tuesday, just hours before the European Commission president arrived in Kyiv.

In one of the larger salvos in recent months, Russia fired 25 Kalibr, Kh-101 and Kh-555 cruise missiles before dawn, according to Ukraine's military. All except two of these missiles were intercepted, with debris causing damage to several homes and vehicles in the Kyiv region, Dnipro and other areas, it said.

Fierce fighting continued in the eastern city of Bakhmut, where the Wagner paramilitary force, which has been storming the area for more than 10 months, was slowly advancing into the last neighborhoods held by Ukrainian troops. Wagner's chief, Yevgeny Prigozhin, said a Himars missile strike launched by Ukraine on Tuesday killed many Ukrainian prisoners of war held by his men. The claim couldn't be independently verified.

In the past, such claims have been used by Russian of-



A woman in Komyshchevka stands next to her building, which was damaged by Russian shelling.

ficials to obfuscate the executions of Ukrainian POWs. In July, dozens of Ukrainian POWs captured in the southern city of Mariupol died when their barracks blew up in the Russian-run Olenivka camp. Ukrainian and Western officials, as well as Ukrainian sur-

vivors, said the blast occurred inside the building, denying Russian claims of a Himars strike. Moscow didn't allow the International Committee of the Red Cross to visit the site.

While Western allies celebrate victory over Nazi Germany on May 8, the Soviet

Union always had a separate celebration the following day because the Nazi capitulation came into effect shortly after midnight Moscow time. Ukraine's President Volodymyr Zelensky this week moved to align the Ukrainian World War II remembrance day with West-

FROM PAGE ONE

Boeing Deal Boosts MAX Jets

Continued from Page One they are due to replace starting in 2027, he said.

The airline said it plans to carry 300 million passengers annually by 2034, up about 80% from last year's total. It expects much of that growth will be from lapping up business from rivals and lifting its share of the European market to 30% from 20% now.

Boeing CEO David Calhoun said Tuesday that Boeing expected the MAX 10 would win regulatory approval in 2024.

The 737 MAX 10 has been delayed due to regulatory issues. Its future was in doubt last year as its certification faced a legal deadline that federal lawmakers eventually lifted for the jet and for a smaller version of the plane

still under development.

Boeing airplanes have been subject to greater scrutiny by the Federal Aviation Administration in the wake of two crashes of earlier 737 MAX models in 2018 and 2019. Those accidents took 346 lives, prompted various changes to the jets and led to stricter oversight of how the aircraft maker designs and produces commercial planes.

Since the crashes, Boeing has dealt with various manufacturing stumbles and delivery delays while vowing to improve its operations.

Recently, the company has been dealing with a manufacturing defect on certain 737 MAXs. Fixes are expected to delay Boeing's ability to hand over many of the jets to customers ahead of the busy summer travel season.

Mr. O'Leary said the recent 737 problems will prompt the airline, Boeing's biggest customer in Europe, to cut some of its flights this month, in June and in July, but added: "It's reasonably small. We won't cancel any routes."



Ryanair said it agreed to buy 150 of Boeing's 737 MAX 10 planes.

Boeing commercial chief, Stan Deal, said the manufacturer had great confidence in its supplier that was responsible for the recent 737 defect. "There'll be some residual activity that we do that is important from a quality management system," he said. "We'll get better as we get through this issue."

Airlines have been jostling to secure new orders from Boeing and Airbus as both companies battle to retool their supply chains after cuts

made during the pandemic. The issues experienced by the plane makers have led to persistent delivery delays of new aircraft and put pressure on their plans to increase production rates.

Ryanair said the MAX 10 jets it was ordering would arrive between 2027 and 2033. The phased delivery will allow Ryanair to create more than 10,000 new jobs for pilots, cabin crew and engineers, the company said.

Ryanair said the deal would

be subject to shareholder approval at its annual general meeting on Sept. 14, due to the transaction's size and scale.

In addition to expanding its fleet and replacing older 737 aircraft, Ryanair is expecting to use the new jets to replace a handful of Airbus aircraft currently operated in its Austrian unit, Ryanair's Chief Financial Officer Neil Sorahan said in an interview. Ryanair had previously said it could use those aircraft to build a more substantial Airbus operation within its fleet.

"There's a significant difference in pricing between where Airbus would be and where we are in this deal," Mr. Sorahan said in response to whether the European plane maker factored in as an option for the contract. "Boeing [is] keen to keep their largest customer in Europe. We're the main Boeing operator in the backyard of Airbus, and I think that's important to our friends here in D.C."

Airbus Chief Commercial Officer Christian Scherer has said that Airbus is seeing strong pricing for its rival to

the 737 MAX, and has sought to avoid becoming embroiled in a price war. An Airbus spokesman declined to comment further.

Mr. O'Leary said the airline wasn't interested in opening any new trans-Atlantic routes with its new MAX 10 jets. But he said the planes would enable Ryanair to expand operations outside Europe in countries including Morocco, Israel and Jordan.

The order is a boost for Boeing's MAX 10, which has become a critical new model for the U.S. manufacturer as airlines shift to longer models that can seat more passengers. The aircraft is Boeing's main response to Airbus's rival A321 design that has been winning orders from Boeing operators looking to replace popular but aging 757 fleets.

Ryanair is eyeing Portugal, Italy, Germany and Scandinavia for expansion within Europe. Mr. O'Leary added that the airline was ready to return to Ukraine once the war with Russia has ended and the airspace is reopened.

WORLD NEWS

Demonstrations Erupt in Pakistan After Khan Arrest

By SAEED SHAH

ISLAMABAD, Pakistan—The arrest of former Pakistani Prime Minister Imran Khan on corruption charges sparked demonstrations on Tuesday, in an escalation of the confrontation between the popular opposition politician and the country's civilian and military leaders.

Protests by Mr. Khan's supporters erupted across the country, as demonstrators clashed with police, blocking roads, amid dozens of arrests. The authorities partially restricted access to Twitter, Facebook and YouTube, digital-rights groups said, in an apparent attempt to quell videos of the protests and hinder their organizers.

Mr. Khan's ousting from office just over a year ago triggered spiraling instability in nuclear-armed Pakistan and his arrest threatens to exacerbate the political and economic turmoil. The former prime minister has campaigned relentlessly for new elections, drawing big crowds on the streets and a wave of support across the South Asian nation. The country is also reeling



Police fired tear gas at supporters of Imran Khan, seen in court on Tuesday, during a protest in Peshawar after the former prime minister's arrest on corruption charges.



Police fired tear gas at supporters of Imran Khan, seen in court on Tuesday, during a protest in Peshawar after the former prime minister's arrest on corruption charges.

from floods, terrorism and the threat of bankruptcy as it runs dangerously low on foreign-exchange reserves as it seeks to reach a bailout deal with the International Monetary Fund. Its inflation rate stands at over 30%. Mr. Khan was detained on Tuesday as he arrived at an Islamabad court to appear for a hearing in another case. The government has brought dozens of cases against Mr. Khan—allegations that he says are politically motivated. Tuesday's arrest was the first time Mr. Khan had been detained since being thrown out

of office. The former cricket star-turned politician was removed from office in April 2022 after he lost the backing of the country's powerful military and failed to win a confidence vote in Parliament. Pakistan has had four military dictatorships, the most recent ended in 2008, but even when not formally in power, the army still seeks to control policy, analysts say. Video footage showed Mr. Khan, who currently leads opinion polls in Pakistan, being bundled into a pickup truck Tuesday by security personnel

in riot gear. He was then driven away, with security personnel hanging off the vehicle. "This is the law of the jungle," said Iftikhar Durrani, a spokesman for Mr. Khan's party. "This country is heading towards authoritarianism. We are fearful for the life of Imran Khan." Protesters backing the former prime minister took aim at the military in the hours after his detention, breaching the gates of the army's headquarters in the city of Rawalpindi and also the home of the top general in the eastern province of Punjab. Mr. Khan's

party called for demonstrations to remain peaceful. The former prime minister accuses the government of obfuscating over the date of national elections, due by October. Regional ballots this year haven't taken place in the period required under the constitution. His party says the government and the military plan to jail and disqualify Mr. Khan from politics before they hold an election—or kill him. Rana Sanaullah Khan, Pakistan's interior minister, said the opposition leader was arrested under anticorruption laws. He denied allegations

from Imran Khan's party that their leader was beaten during the arrest. "This is not political victimization," Mr. Khan, the interior minister, said Tuesday. "This is the rule of law." Mr. Khan, in cases brought against him by the government, faces allegations from terrorism to blasphemy to corruption. His latest arrest relates to an accusation that he was given land in return for showing favor to a property tycoon, the government said. Mr. Khan has previously denied the allegation and other charges brought against him.

Israeli Airstrikes Kill Senior Militants, Civilians in Gaza

GAZA CITY—Israeli airstrikes killed three Palestinian militant commanders and 12 others who were mostly civilians in a surprise attack in the

By Dov Lieber, Aaron Boxerman and Anas Baba

Gaza Strip on Tuesday, the Israeli military and Palestinian officials said, threatening a new round of escalating violence. Palestinian officials said the strikes killed a total of 15 people, including wives and children of the commanders along with several other civilians. At least 22 people were injured in attacks that included targets in densely populated areas in the heart of Gaza City.

On Tuesday afternoon, Israeli aircraft struck what the military said was a car ferrying militants with antitank weapons to a shooting post. Two Palestinians were killed, the Palestinian health ministry said. The airstrikes represented the latest round of violence in one of the deadliest periods in



Mourners carried the body of senior Palestinian Islamic Jihad commander Khalil al-Bahitini on Tuesday.

the Israeli-Palestinian conflict in years. More than 100 Palestinians have been killed by Israeli forces or civilians since January, including militants and civilians, according to a count by The Wall Street Journal. At least 16

Israelis and two foreigners have been killed in Palestinian attacks, all of them civilians except for one police officer. "Our principle is distinct and clear: anyone who harms us, we'll harm them, and with

greater force," Israeli Prime Minister Benjamin Netanyahu said Tuesday evening. He said he had ordered the operation last week in response to over 100 rockets fired into southern Israel by Islamic Jihad militants.

Hamas, the U.S.-designated terrorist group that rules the Gaza Strip, and Islamic Jihad confirmed the deaths of three Islamic Jihad commanders in Gaza and their families. Both groups vowed to respond. "The blood of the martyrs will increase our will. We will not leave our positions, and the resistance will continue with God's help," Islamic Jihad's armed wing said. Egypt, Qatar and the United Nations are working with the Israeli and Palestinian leadership to calm the situation, U.N., Egyptian and Hamas officials said. Israeli military spokesman Rear Adm. Daniel Hagari wrote in a tweet Tuesday morning that "at this stage, we have achieved our intended goals and struck those who have led terrorism in recent months." "With our best planners, intel and capabilities, we try to create an attack that will minimize [civilian casualties]," Rear Adm. Hagari told reporters Tuesday evening. "We do not try to harm civilians."

The Israeli military said the three Islamic Jihad commanders killed were Tareq Izzedine, who directed the group's West Bank operations from Gaza; Khalil al-Bahitini, a senior Islamic Jihad military commander; and the group's military secretary, Jihad Ghannam. The Israeli military said all three had been involved in rocket fire or attacks on Israelis in recent weeks. Out of 15 Palestinians killed, eight were women and children, while a ninth, Jamal Khaswan, was a top physician at al-Wafa Hospital in Gaza City, Palestinian health officials said. Dr. Khaswan—who also held Russian citizenship—was killed alongside his wife and son, leaving two other children orphaned, Russia's envoy to the Palestinians said. Israeli security officials said the military understood the militant commanders' families were likely with them in the targeted apartments. They said the military had postponed the strikes multiple times to avoid higher civilian death tolls.

Erdogan Rival Vows Closer Ties to the West

By JARED MALSIN AND ELVAN KIVILCIM

ISTANBUL—Turkey's top opposition candidate for president, Kemal Kilicdaroglu, said he would steer Turkey closer to NATO and the West if he wins Sunday's election. If Mr. Kilicdaroglu prevails, he said, he would breathe new life into Turkey's democratic checks and balances after years in which incumbent President Recep Tayyip Erdogan jailed political opponents and reshaped the state to become the most powerful Turkish leader in a century.

Mr. Kilicdaroglu said he would strengthen Turkey's role as linchpin of the North Atlantic Treaty Organization after Mr. Erdogan sought to build a closer relationship with Russian President Vladimir Putin. He also aims to revive Turkey's bid to join the European Union. The election could prove to be a historic moment, he said. "There are 5.3 million young people who will go to the ballot box for the first time and cast their votes and they want freedom and democracy," Mr. Kilicdaroglu said in an interview on Saturday.

"This fact is very important for us, for Turkey, for the EU of which we are trying to be a member, and also for Western civilization," he said. Mr. Erdogan, who has led the country since 2003, sought to play all sides in the Russian invasion of Ukraine. He has worked to maintain a close relationship with Mr. Putin while selling weapons to Ukraine, in an attempt to further his goal

of turning Ankara into a significant regional power broker. Mr. Kilicdaroglu said he would maintain Turkish investments in Russia but would comply with Western decisions with regard to sanctioning Russia, leaving Moscow more isolated than before. "Turkey is a member of the Western alliance and NATO and Putin also knows this well," he said. "Turkey must comply with decisions taken by NATO."

Kemal Kilicdaroglu holds a slight edge over Recep Tayyip Erdogan in polls.

Mr. Kilicdaroglu, the 74-year-old leader of Turkey's largest opposition party, holds at least a slight lead over Mr. Erdogan in most recent polls, though often short of the 50% threshold he would need for a first-round victory on Sunday, making a runoff against Mr. Erdogan likely. Mr. Erdogan has dominated Turkish politics for two decades through his support among conservative and religious voters, but his power base is thinning. Voter discontent is high with Turkey's struggling economy, allegations of corruption and abuse of power, and concerns about the government's handling of the earthquakes in February that reduced cities to rubble. Still, Mr. Kilicdaroglu faces a stiff challenge in converting discontent into electoral vic-

tory. Mr. Erdogan has displayed a Rasputin-like ability to survive in the bare-knuckle world of Turkish politics since rising from Istanbul's docklands to the presidential palace, crushing a military coup attempt and a series of challengers in past elections. Mr. Kilicdaroglu, in contrast, led the Turkish opposition to a series of defeats as leader of the Republican People's Party, or CHP, but he stuck with the task. Mr. Kilicdaroglu has also worked to overcome what is seen as one of the main weaknesses in his candidacy: a widespread perception that he lacks charisma and political cunning. Drawing huge crowds to his rallies and swiftly ending a revolt in which his coalition splintered in March, the leader has surprised some with the verve of his campaign.

Mr. Kilicdaroglu's critics are many, including within his own political alliance, where his top coalition partner, center-right leader Meral Aksener, accused him of imposing his candidacy on the rest of the coalition and pushing aside candidates who had stronger poll numbers against Mr. Erdogan. Mr. Kilicdaroglu rejected the criticism and Ms. Aksener has since endorsed him. Mr. Erdogan in recent days has amped up his rhetoric. "We will not allow Kilicdaroglu, who walks with terrorist organizations, to divide this homeland," Mr. Erdogan told a vast crowd of supporters on Sunday.

Mr. Kilicdaroglu is campaigning on promises to bring down the cost of living, return

Turkey to a parliamentary system of government, restore independence to institutions such as the central bank, and release political prisoners. Amid a rise in anti-immigrant sentiment in Turkey, he has promised to push millions of Syrian and Afghan refugees from the country, raising concerns among human-rights advocates. Mr. Erdogan also has vowed to return at least a million Syrians to their country.



Kemal Kilicdaroglu vows to reduce the cost of living, return Turkey to a parliamentary system and restore independence to institutions.

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Our friend and colleague, **Evan Gershkovich**, was detained in Russia on March 29 during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and have called for his immediate release.

Evan's Journal colleagues will be sharing stories of their work with him each week.

To show support for Evan, please follow the latest updates at [WSJ.com/Evan](https://www.wsj.com/Evan) and add the hashtag **#IStandWithEvan** across social media.



There's no doubt that Evan is an excellent reporter. What really sets him apart are his willingness and his ability to go and talk to people. He has a very easy manner and is able to connect to people and understand the essence of the story. He takes readers beyond all of the language that politicians and leaders use, all of the language that's focused on big movements, clashes and geopolitics. Evan is a really compassionate person. He's interested in looking at how these big events impact ordinary people in Russia.

He is always trying to get everybody's opinion, trying to make sure we're as fair as possible in everything that we're doing. For me, that's what I enjoy about working with Evan. He is good fun, kind and smart, but he is also extremely focused on producing the fairest and best possible journalism. He has confidence in his reporting, as he should because he's an excellent reporter, but also has an openness to hear ideas from other people. He's always interested in making his stories the best stories possible so that readers will get a deeper understanding of the place that he's reporting from.

I'm sorry to have my friend and colleague in this situation. I'm sorry for our readers who are missing out on his great reporting. Evan is not the kind of guy who wants to be the story. He wants to tell the story about Russia, about what's happening in Russia, and I can't wait for him to get out and start telling that story again.



James Marson
WSJ Correspondent

#IStandWithEvan

THE WALL STREET JOURNAL.

WORLD NEWS

Chinese Export Data Add to Trade Concern

By Jason Douglas

SINGAPORE—Chinese export growth slowed in April as global trade cooled, underlining the importance of domestic spending as the main engine for the world's second-largest economy after three years of strict Covid-19 controls. The figures add to signs of softness in global trade as spending slows in the U.S. and Europe. Consumers and businesses are confronting steepening interest rates, persistent inflation and pockets of instability in the banking sector. Many economists expect recessions in advanced economies this year. The global slowdown means trade is unlikely to play such a pivotal role in driving China's economy as it did during the first years of the pandemic, when Western consumers flush with stimulus checks spent big on new computers, sports gear

8.5%
China's April export growth, compared with 14.8% in March

and home-office equipment to tide them through long spells working from home. Instead, China's consumers are tipped to power growth as people resume eating out, traveling and shopping after a painful several years of sporadic lockdowns that hit jobs and daily life. The question for many economists is whether a consumer-led recovery is sustainable. Unemployment is stubbornly high in China, especially among young people, and high savings suggest households are wary of splurging too much too soon. For the global economy, weak import data published Tuesday imply China's revival will be primarily a domestic af-

fair, focused on services. That contrasts with previous episodes of strong growth in China that had potent consequences for global demand for raw materials, machinery and energy. China's post-Covid recovery "may have limited positive spillover effects for the rest of the world," said Ting Lu, chief China economist at Nomura in Hong Kong. Exports from China rose 8.5% in April compared with a year earlier, China's General Administration of Customs said on Tuesday, a weaker pace than the 14.8% year-over-year jump recorded in March, when Chinese trade got a lift thanks to surging trade with Russia amid Western sanctions over Moscow's invasion of Ukraine. April's export increase benefited from a comparison with weak figures in April 2022, when Shanghai was locked down in an effort to control an outbreak of the fast-spreading Omicron variant. When compared with March in month-over-month terms, exports from China to the rest of the world in April shrank 6.4%, to \$295 billion.

Taken together, the data suggest China's export engine is beginning to sputter, in line with softness in overseas sales by other key exporting nations in Asia. April exports from South Korea were 14% lower compared with a year earlier. Exports from Taiwan were down by an annual 13% in April, though that marked an improvement from a 19% drop in March. "The downturn in Chinese exports may still have some way to run before bottoming out later this year," Zichun Huang, China economist at Capital Economics, told clients in a note on Tuesday. The world's second-largest economy grew an annual 4.5% in the first three months of the year and is expected to notch a faster pace of growth in the second quarter, putting it on course to match or exceed the government's target of around 5% expansion for the year as a whole.



After seeking refuge in Colombia, Rebeca Herrera and Franklin Barrios left in April for Panama to try to make it to the U.S.

Venezuelan Migrants Look to U.S.

By Juan Forero and Kejal Vyas

METETÍ, Panama—Five months ago, the Barrios family fled economic calamity in Venezuela along with 7.2 million fellow citizens. In April, they picked up again, this time from the country that had taken them in, Colombia. Unable to get the documentation they needed to legalize their status, Franklin Barrios and Rebeca Herrera joined thousands of other Venezuelans leaving Colombia and trying to make it to the U.S., migrant advocates and the Venezuelan travelers themselves say. As a pandemic-era policy allowing U.S. authorities to quickly expel migrants on public-health grounds expires at the end of Thursday, people from across Latin America are trekking in record numbers to make it to the American Southwest border and declare asylum. Among the largest number are Venezuelans who left Colombia because of growing obstacles there. The end of the Title 42 border policy has only provided more motivation, the

Venezuelans say. "It feels like we just can't get settled in anywhere," Ms. Herrera said after the family emerged in April from the Darien jungle between Colombia and Panama, putting them 2,800 miles from the U.S. "So, we thought, 'We'll just go [to the U.S.] directly.'" More than 2.5 million Venezuelans have settled in Colombia since Venezuela began a long slide that saw its economy contract by 80% under President Nicolás Maduro, whose 10-year rule has been marked by rights abuses, mismanagement and corruption. Thousands of those Venezuelans have in recent months opted to move on, groups that work with migrants say, along with Venezuelans who left their country directly for the U.S. Nearly 95,000 Venezuelans made their way to the U.S. in the first six months of fiscal 2023 through March 31, only behind Mexico, Cuba and Nicaragua. Nearly 42,000 of the Venezuelans were apprehended at the southwest border, with a further 19,000 processed through that border's

legal ports of entry. Venezuelans traveling to the southwest border do so by foot or bus from South America because they can't access visas to hopscotch the region by plane. Most Venezuelans in Colombia are staying put, having started businesses or found steady work, advocates for the migrants say. A Colombia Migration agency report from government removed from the Migration Colombia website as it reviews its figures, showed there were a million Venezuelans without documentation or in the process of accessing papers. Migration authorities and Colombia's Foreign Ministry declined requests for an interview to discuss policy under the new government. On a recent day at the migrant camp in Panama where his family was stuck unable to afford bus fare to Costa Rica, Mr. Barrios, who is 40, recounted how he couldn't open a bank account or get his 4-year-old son, David, into a school. High inflation cut into the \$100 he earned each month for construction work. Then, thugs stole his wallet and cellphone. "You just look for stability. You just want your kid to have a future," Mr. Barrios said. "If they don't let us in as a family unit, then so be it. We're just going to have to leave that in the hands of God." —Jenny Carolina Gonzalez and Ryan Dube contributed to this article.

WORLD WATCH



OH, WHAT A FEELING: Novice monks react after getting their heads shaved during an event to celebrate the coming Vesak Day, Buddha's birthday, at Jogye temple in Seoul.

CHINA
Canadian Diplomat Expelled in Reprisal
China said Tuesday that it would expel a Canadian diplomat in Shanghai and warned of further potential retaliation in response to Ottawa's expulsion of a Chinese diplomat who allegedly targeted the Hong Kong-based family members of a Canadian lawmaker. China's Foreign Ministry said it was taking the countermeasures because it firmly opposed Canada's decision on Monday to kick out a Toronto-based Chinese diplomat named Zhao Wei. The ministry identified the Canadian diplomat as Jennifer Lynn Lalonde and said that she had until May 13 to leave the country. "We advise the Canadian side to immediately stop unreasonable provocations," said Foreign Ministry spokesman Wang Wenbin on Tuesday. "If the Canadian side does not listen to advice and acts recklessly, China will resolutely and forcefully retaliate, and all consequences arising from this must be borne by the Canadian side." In response to China's action, Prime Minister Justin Trudeau said: "We will not be intimidated. We will continue to do everything necessary to keep Canadians protected from foreign interference." China has denied any such interference. —Brian Spegele

TUNISIA
Naval Guard Kills 3 Near Synagogue
A Tunisian naval guard shot and killed a colleague and two civilians Tuesday as he tried to reach a synagogue on the Mediterranean island of Djerba during an annual Jewish pilgrimage, the Tunisian Interior Ministry said. The attacker was slain by security guards, and 10 people were injured. The civilians killed were French and Tunisian, the Tunisian Foreign Ministry said. It wasn't clear if they were pilgrims attending ceremonies at the 2,500-year-old Ghriba temple. Those injured include six security agents and four civilians, the Interior Ministry said. It didn't specify how they were injured or whether they were all shot by the attacker, who wasn't publicly identified. The assailant, a guard affiliated with the National Guard naval center in the port town of Aghir on Djerba, first killed a colleague with his service weapon and then seized ammunition and headed toward the Ghriba synagogue, the ministry said. When he reached the site, he opened fire on security units, who fired back, killing him before he reached the entrance, the ministry said. The motive for the attack was under investigation. —Associated Press

SUDAN
Death Toll Rises Amid Peace Talks
The death toll from the ongoing clashes in Sudan has risen to 604 people, including civilians, the U.N. health agency said Tuesday. The new figures come as representatives of the warring parties are holding talks in Saudi Arabia. More than 5,100 people also were wounded in connection with the fighting, said World Health Organization spokesperson Tarik Jasarevic. On Monday, the Sudanese Doctors' Syndicate, which tracks only civilian casualties, said the fatalities reached 487. The conflict started on April 15, after months of escalating tensions between the military, led by Gen. Abdel-Fattah Burhan, and a rival paramilitary group called the Rapid Support Forces, or RSF, commanded by Gen. Mohamed Hamdan Dagalo. The fighting has turned urban areas into battlefields and displaced nearly 700,000 people in addition to the 3.7 million who were internally displaced within the country before the conflict began, said the U.N. migration agency. On Monday, the Saudi Foreign Ministry said talks between delegations were expected to continue for a few more days. The talks are part of a diplomatic initiative proposed by the kingdom and the U.S. —Associated Press

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THE WALL STREET JOURNAL.

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Brittany Malone, who works at Mazda Toyota Manufacturing, gets son Quinton Jr. ready for daycare.

going to be so cool,” says Mr. Dillon, who retired this year after a 24-year career at Toyota, one of the earliest pioneers of on-site child care in manufacturing.

Yet on-site daycare can be cost-prohibitive for companies and inconvenient for workers, he says. The money, he argues, is often better spent on subsidizing families in need of care, which in turn supports local child-care providers.

Recruiting tool

Myriah Sweeney, group manager for people and property services at Toyota in the U.S., says on-site child care is expensive, costing approximately \$15 million to build a center for around 140 children. Still, she says, it is a valuable recruiting tool at its Indiana and Kentucky plants. An estimated 2% to 3% of workers there use it at any given time, and 10% have at some point in the past five years.

“It’s not necessarily a good financial decision, but we know it’s the right thing to do,” she says.

Executives at Mazda Toyota Manufacturing went another route at the joint venture’s new Greenbrier, Ala., plant after analyzing the costs. It opted to offer workers \$3,000 in annual child-care subsidies through Tootris, a company with a network of 200,000 state-licensed providers.

Tootris also helps more informal, often home-based providers get licensed and matches them with workers in need. That is important since around 75% of the child-care market is invisible and unadvertised, says Eric Cutler, Tootris’s senior director of child-care initiatives.

Mark Brazeal, MTM’s vice president of administration,

says the company calculated it would make a return on its child-care investment—up to \$1 million a year—if it cut attrition by 1%. Since the subsidies began, 60% of workers with dependents have signed up for the program, and 14% use the subsidies at any given time. Attrition, meanwhile, has dropped 11% for men and 20% for women. The company says a wage increase this past year may also be a factor.

Brittany Malone, 33 years old, joined MTM’s production line last summer for the better hours and pay—\$5 more an hour than what she earned as a hairstylist. Soon after, the father of her young children, who had cared for them during the day, died. She now uses the subsidy to pay for a care provider near her home, whom she encouraged to join Tootris’s network.

As a hairstylist, she was on food stamps. At MTM, she is saving money and able to afford long-overdue dental work.

“My life has changed dramatically,” says Ms. Malone. “We can do a lot of different things now.”

Child-Care Woes Hold Back Companies and Employees

Daycare at work, long a white-collar benefit, is proving tough to pull off with other workers

By **TE-PING CHEN**

More companies that rely on hourly shift workers are trying to fix the child-care needs of their employees by providing it themselves. So far, few have cracked the code.

Working against these companies is a lack of care, especially in rural areas where many manufacturers and other blue-collar employers operate, some companies say. Affordability, even with employer subsidies, is often a hurdle. So is providing care for parents who work nights or frequently changing shifts.

Many of Huntsville Hospital’s 18,000 staff throughout northern Alabama and southern Tennessee are mothers who work long shifts. So it has provided daycare a block away from its main hospital for decades, spending \$400,000 a year to charge below-market rates.

It has capacity for 120 children, and its waiting list is often 50 children long. It would be expensive, and difficult, to find room for more, says Jennifer Holly, the hospital’s vice president of human resources. “We’re landlocked,” she says of the hospital’s limited space.

The hospital recently scrapped its summer programs for employ-

ees with older children because of trouble recruiting staff. Even with subsidized rates, few of its lower-wage staff have children at the center, Ms. Holly says. Given the limited reach, the hospital is exploring ways to help families find more care options in their communities.

A lack of skilled labor

Many business leaders and policy makers say child care is key to luring younger workers, especially women, into manufacturing and other industries facing a lack of skilled hourly labor. A February report by ReadyNation, a coalition of business leaders, estimates that insufficient child care in the U.S. costs \$122 billion a year in lost earnings, productivity and revenue. The Biden administration is also pushing the issue with the recently passed Chips Act, requiring recipients of the new \$53 billion chip-making subsidy program to submit plans for ensuring accessible care.

Such workers typically have fewer child-care options than white-collar employees, many of whom can work from home and earn more than hourly employees, child-care industry executives and researchers say.

Stephen Kramer, chief executive of Bright Horizons, one of the country’s largest child-care providers, says shift and hourly work-

forces account for about 5% of the employer-sponsored centers his company operates. That percentage is now on the rise.

Issues with on-site daycare

Plastic-film maker i2M recently considered on-site child care to boost recruitment and reduce absenteeism at its Mountain Top, Pa., factory. Too many absences can shut down production lines and cost the company thousands of dollars, i2M CEO Alex Grover says.

Ms. Grover was surprised that many production workers didn’t want on-site daycare. Like many manufacturers, her company recruits from a wide area—in i2M’s case, a radius of around 25 miles. Many of its more than 200 employees prefer care closer to home so that family or friends can pick their children up if needed.

Ms. Grover says she opted to work with a local child-care provider in late 2021 instead, charging a subsidized \$25 daily fee. Five families use the offering, she says. One reason for the low number,



Ms. Malone signs sons Landen and Quinton Jr. into daycare. She joined MTM for better hours and pay.

she suspects, is that shifts often run into hours when the child-care center is closed.

“In manufacturing, we have to really look at the true reasons why we’re having some of these issues,” she says.

Tony Dillon, former general manager of human resources and safety at Toyota’s Princeton, Ind., plant agrees.

“There’s glitter in being able to say, we’re building an on-site [center], here’s an artist depiction, it’s

Meetings and Email Eat Up Work Time

By **RAY A. SMITH**

If you ever wonder why it can feel there’s no time to accomplish anything at work, consider this: Many of us spend the equivalent of two workdays a week in meetings and on email.

That is one of the findings in new data from Microsoft that examined the activity of millions of workers who use the company’s business applications. The data is part of the software maker’s annual study of workplace-productivity trends, which provides the latest, and one of the largest, measures of how people actually spend their workdays.

Microsoft, along with Google, Slack and Zoom, is among the biggest sellers of workplace-communications tools, and its report puts numbers to the crush of data, emails, meetings and notifications that many people say consumes their time on the job and distracts from actual work.

Researchers found that the 25% most active users of its apps—in other words, people who use Microsoft’s business software for much of their online work activity—spent an average of 8.8 hours a week reading and writing emails and 7.5 hours logging meetings.

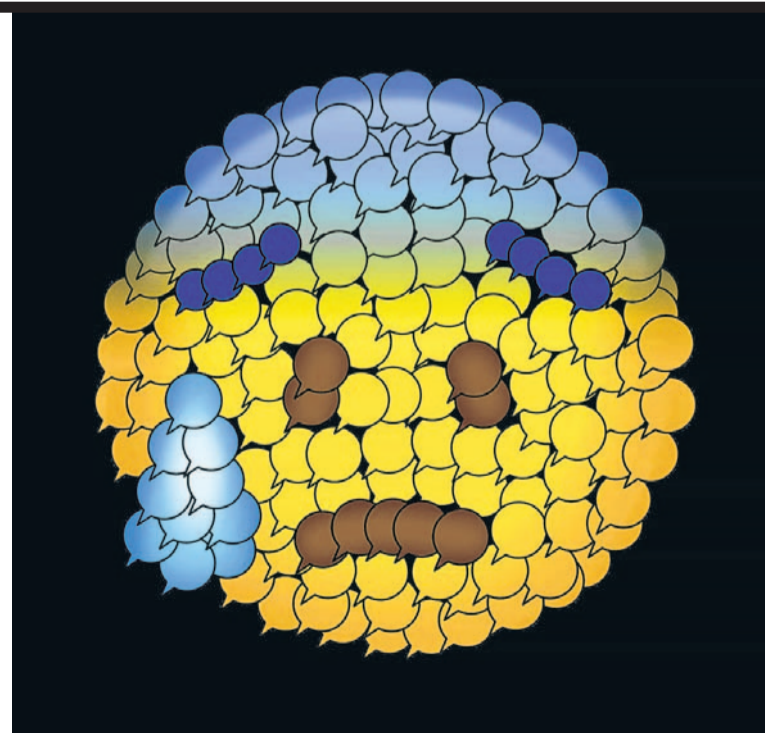
Those figures don’t include time spent instant messaging, on the

phone or in other, impromptu conversations with co-workers. In all, the average employee spent 57% of their time using office software for communication—in meetings, email, chat. The remainder of time, 43%, they used for creating things, such as building spreadsheets or writing presentations.

Both workers and bosses complain that digital overload is hurting innovation and productivity, a sentiment echoed in numerous workplace studies. In a separate Microsoft survey of 31,000 people worldwide, nearly two out of three said they struggled to find time and energy to do their actual job. Those people were more than three times as likely as others polled to say innovation and strategic thinking were a challenge for them. (The company didn’t break down how sentiments differed in different countries or industries.)

“People feel quite overwhelmed, a sense of feeling like they have two jobs, the job they were hired to do, but then they have this other job of communicating, coordinating and collaborating,” said Jared Spataro, who leads Microsoft’s modern-work team and who spearheaded the research.

Granted, communicating and going to meetings are a big part of the job for many workers, especially managers. Yet, many workers and bosses say all of the time spent talking and



Two out of three people surveyed say they struggle to find time and energy to do their actual job.

collaborating isn’t necessarily improving workplace communications.

In a 2022 Harris Poll survey of more than 1,200 workers and executives, bosses estimated that their teams lost an average 7.47 hours a week—nearly an entire day—to poor

communications. Based on an average salary of \$66,967, the lost time translates to a cost of \$12,506 for an employee annually, according to the report conducted on behalf of Grammarly, a proofreading-software company.

Time spent communicating online has soared alongside remote and hybrid work. Slack and Dropbox, among other companies, have tried tackling communications overload by prescribing dedicated times for meetings and focus time. Some are also shortening meeting times and raising the bar for calling a meeting in the first place.

Calendly, the Atlanta-based scheduling-software maker, restricted core meeting hours to between noon and 5 p.m., reserving the rest of the day for focused work time, after noticing that meetings were stretching into some of its further-flung employees’ evenings and early mornings. About two years in, “we’ve found our people continue to embrace it,” said Calendly Chief Executive Tope Awotona.

Too often, meetings are scheduled without clarity on what they are supposed to achieve, said Rita J. King, executive vice president of workplace-consulting firm Science House. “The key is to not invite someone to a meeting unless you are absolutely certain that they belong there, and you can tell them why,” she said.

Microsoft, which holds a large stake in OpenAI, the startup behind ChatGPT, is baking generative AI features into core workplace tools such as Outlook and PowerPoint to remove what its leaders have called the “drudgery” of some work tasks. A majority of workers surveyed by the company said they think AI would help lessen their workloads, although nearly half said they worry the technology could imperil their job security.

Kimani Bonner, who works remotely from Nashville, Tenn., as a project manager for a software company, is in as many as 10 back-to-back meetings a day.

He blocks time on his online calendar for heads-down work. He also makes lists of what he needs to get done during his focus-time hours.

Those habits “saved me from working 60 to 70 hours a week,” he said.

PERSONAL JOURNAL.

By JACOB PASSY

A couple of major European airlines, including Air France, are telling travelers not to contact the company through Twitter.

Twitter has long provided a fast way for frustrated fliers to reach airline customer-service desks—a service many people used last summer as hold times on the phone stretched for hours. Airlines themselves encouraged customers to reach them via Twitter.

But in late April, Air France said it would no longer respond to customer-service inquiries made through the social-media platform, directing customers to other avenues. In early May, Air France's sister airline, KLM, said it was also discontinuing customer service via Twitter. It noted that direct messages on the social-media site no longer load in its protected customer-care system.

Travel executives say the changes were needed given how the social-media platform interacts with airlines' internal sites under the new management of Elon Musk. These executives also have concerns about how Twitter verifies businesses.

"We no longer offer customer service by private message on this platform at the moment, but our commercial teams are still available via the usual channels, including other social networks," an Air France spokeswoman told The Wall Street Journal in an email. She noted that the airline will continue to maintain its profile on Twitter despite the change.

Twitter responded to a request for comment to its public-relations email with an automatic reply of a poop-shaped emoji.

Check mark change-up

Previously, Twitter would verify accounts at no charge, with verified accounts receiving the blue check mark. Last year, the company ushered in a new system where most users and companies would need to pay for verification. The subscription service for indi-



Why Certain Airlines Are Avoiding Twitter

Platform had been a customer-service workaround for frustrated fliers

vidual users costs between \$8 and \$11 monthly, while organizations must pay \$1,000 a month plus \$50 monthly for every affiliate account, according to Twitter's website.

Most major carriers are verified on Twitter, sporting the gold check mark that companies can pay for on the platform. As of Monday, some airlines' profiles didn't feature the badge, including Air France, Spirit Airlines and Singapore Airlines. Not being verified on Twitter raises the risk of impostors spoofing companies' accounts, potentially to defraud customers, marketing analysts say.

"A lot of brands have been hijacked," says Ari Lightman, a digital media and marketing professor at Carnegie Mellon University.

"The verification mechanism is a mechanism of trust within the community that the actual brand is associated with."

Most major airlines, including the largest U.S. carriers, continue to address customer complaints via Twitter.

Air France attributed its decision to changes Twitter had made regarding access to its application programming interface, or API. Web developers use that interface to analyze data and to create tools that can connect the social-media site with internal operations platforms.

In February, Twitter said it was removing free access to its API as part of efforts to monetize the site. Twitter also began charging companies and users for verification.

The cost for companies looking to access Twitter's API can total tens of thousands of dollars a month, says Mark Zablan, chief executive of Emplifi, a customer-experience platform.

Travel executives say the changes are due to how Twitter interacts with airlines' internal sites.

Shashank Nigam, founder and CEO of airline marketing-strategy company SimpliFlying, compared the new fees to a hypothetical air-

line charging fliers to use a plane's lavatory. "That just doesn't work from a business perspective," he says.

Twitter's advantage

For travelers, changes to Twitter threaten to upend an important channel for customer service. Twitter accounts for roughly 63% of social mentions involving airlines, according to an analysis conducted by Emplifi for the Journal. Instagram makes up less than 9% of mentions involving an airline, while Facebook posts represent around 3% of mentions. Emplifi's analysis also included mentions in news articles, blogs and posts to online forums.

Twitter's popularity as a customer-service platform can be attributed in large part to its relative simplicity, Mr. Zablan says. Unlike platforms such as Instagram or TikTok, customers don't need to worry about creating content to get a company's attention. And companies can respond quickly on Twitter.

Other social-media platforms are "not really set up for the same kind of response to individual comments as Twitter is," says Roland Rust, a marketing professor at University of Maryland's Robert H. Smith School of Business.

Mr. Nigam notes that airlines engage with travelers on social-media platforms other than Twitter in other parts of the world. In Asia, WeChat and WhatsApp are more popular, while in Europe Facebook Messenger is used as frequently as Twitter, he says.

Most airlines allow travelers to add their social-media handles to their passenger profiles with the airline. If an airline has verified a person's social-media handle in advance, their customer-service representatives will have more access to their flight details when corresponding over social media.

Travelers should also download their airlines' mobile apps, most of which feature tools that allow users to chat with customer-service agents. These apps provide real-time updates regarding flights, and can be a quicker way to get answers to questions during disruptions.

Some Buy Now, Pay Later Users Are Having Purchases Rejected

By IMANI MOISE

Some users of buy now, pay later apps might face something new when they try to use the payment method: rejection.

Higher interest rates and recession concerns are challenging the business model behind services such as Affirm, Klarna and Sezzle, which say they are tightening credit standards to focus on making a profit, rather than growth. Some customers say they have been caught off guard by unexpected denials or lower spending limits when they try to make purchases.

In one instance detailed in a report in the Consumer Financial Protection Bureau consumer-complaint database, Klarna cited problems verifying personal details as the reason for declining a transaction by an existing customer with active Klarna payment plans.

"What information was suddenly unverifiable?" the complaint read.

Klarna said it can't comment on customer cases without a customer's consent.

The company's FAQs page for declined transactions says each purchase request is considered separately, and the company sometimes blocks payments to protect customers from potential fraud.

Services such as Klarna and Affirm let shoppers split the cost of purchases into four or more payments, often for little to no interest. The services surged in popularity during the pandemic's online shopping boom. Loans made by five major BNPL competitors swelled to \$24.2 billion in 2021 from \$2 billion in 2019, according to the most recent CFPB industry report. But the businesses have yet to make an annual profit in the U.S.

BNPL companies market themselves as a transparent,

accessible alternative to credit cards. Their application process is quicker and easier than applying for a traditional credit card. They have also been a way for people to access credit without denting their FICO scores. Those who don't make payments on schedule can face fees. Payment plans that last longer than the standard six weeks can come with interest rates as high as 30%.

Regulators and consumer advocates have warned that BNPL plans might encourage consumers to take on too much debt.

rates to tamp down inflation, making it harder to offer consumers zero-interest installment plans.

In response, companies have started cutting costs and getting pickier to avoid future loan losses.

For borrowers ages 18-24, the delinquency rate of BNPL plans has been rising, reaching a high of 5.7% in 2021, according to the most recent industry report by the Consumer Financial Protection Bureau. The average delinquency rate for consumer loans tracked by the Federal Reserve that year was below 2%.

New customers with lower credit scores and existing customers with a history of late payments are more likely to be rejected, according to company disclosures.

"We will lend a little less sometimes, especially to new consumers, supporting them to make the right decisions for

them and for Klarna in changing economic circumstances," the Swedish fintech company said in its annual report.

Affirm began implementing tougher credit requirements about a year ago and has stepped up scrutiny several times since, at the expense of hitting some of its growth targets, executives said.

"Increasing consumer demand is certainly there," Chief Executive Max Levchin said during a conference call with analysts in February. Mr. Levchin said if the company was "careless" it could grow more quickly, but it has decided some applications are too risky to take on.

In December, Sezzle launched a service it says helps lower transaction costs and avoid loan losses: Pay-in-Full. A customer gets retail perks, but the customer buys now and pays now.

Klarna and similar services let shoppers split the cost of purchases into payments.

When Ashaki Ayoka, a 32-year-old voice actor in Los Angeles, received a denial from Klarna last fall, she considered it an intervention. Klarna rejected her attempt to purchase two small Telfar bags for a combined \$300 after she had bought a large one for \$257 earlier that day.

"When I got rejected by Klarna, I thought well maybe that is a sign I need to stop doing this whole four-payment thing," she said.

BNPL providers have had to slow down lending more than traditional lenders because unlike banks with deposits, they need to borrow from other lenders and investors to make loans. That funding has become more expensive as the Federal Reserve has raised interest



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ARTS IN REVIEW



DANCE REVIEW

Balanchine and Beyond at the Ballet

New York City Ballet's spring season includes works by the famed choreographer and newer pieces of varying inventiveness

By **ROBERT GRESKOVIC**

New York City Ballet's annual spring gala took place on May 4, about midway through the company's current six-week season. For the occasion, two world premieres preceded a performance of resident choreographer and artistic adviser Justin Peck's winning "The Times Are Racing" (2017). In remarks from the stage during the gala, individual speakers trumpeted the troupe's yearlong celebration of its 75th anniversary that will start this fall.

Ballets by the renowned George Balanchine (1904-1983), a co-founder of NYCB, dominated the spring run's first half. Some of these time-tested works got impressive performances while others were wanting in impact. Among the showings that expertly honored Balanchine were Indiana Woodward's and Joseph Gordon's lyrical and piquant lead performances in "La Source" (1968), whose nymph-like women embody the spirit of the flowing spring evoked in the enchanting Léo Delibes score. But Erica Pereira did lackluster work as the featured ballerina in Balanchine's "Square Dance" (1957) to Arcangelo Corelli and Antonio Vivaldi; similarly, Isabella LaFreniere appeared more restrained than authoritative as the featured ballerina in Balanchine's "Raymonda Variations," his playful 1961 showcase of solo and duo dancing to Alexander Glazunov.

A number of Balanchine ballets are due to return for the anniversary year after various hiatuses. This season, "Kammermusik No. 2" (from 1978, to Paul Hindemith), not seen since 2019, returned in a strong staging led with gamboling and darting emphases from Mira Nadon alongside Aarón Sanz and

Emilie Gerrity paired with Peter Walker in the cast I caught. The ballet—which, unusual for Balanchine, features an all-male corps de ballet—proved lively, with its incisive attack inspired by the sometimes hammering music.

In a promising vein—since NYCB's dancers will have his guiding, artistic hand around regularly when he becomes the company's artist in residence this fall—the troupe gave especially vibrant performances of Alexei Ratmansky's 2010 "Namouna, A Grand Diverissement" (to Édouard Lalo). His 58-minute suite, featuring seven prominent dancers as well as an energetic ensemble of 16 women and eight men, entertained and astonished from start to finish this season, with especially memorable performing from various casts. Standout impact came from Unity Phelan, Ashley Laracey, Roman Mejia, Georgina Pazcoguin, Sara Mearns, Daniel Ulbricht and Ms. Nadon.

As for the newest entries to NYCB's active repertory—proudly proclaimed in the gala speeches and on the cover of its program as embodying "Invention"—neither Christopher Wheeldon's "From You Within Me," to Arnold Schoenberg's sometimes shimmering "Verklärte Nacht," nor Alysa Pires's "Standard Deviation," to an intermittently boisterous, commissioned score by Jack Frerer, amounted to effectively inventive showcases.

Painter Kylie Manning provided Mr. Wheeldon's 32-minute, 12-dancer effort with curtains at front and back, each suggesting horizonless expanses of rough terrain, or perhaps choppy seas, reminiscent of bleak surfaces on uninhabited planets. Her mostly scarlet costuming of unisex tights looks like slack skin. Mr. Wheeldon's swirling and coiling choreography, which evolves from a



Dancers performing 'From You Within Me,' above; Mira Nadon and Emilie Gerrity in 'Kammermusik No. 2,' top

heaving huddle of his dancers, blends into Ms. Manning's paint-stroked curtains, and at times feels blurry when bathed in Mary Louise Geiger's dusky and shadowy lighting. While the choreographer's dance-making has the feel of the paintings' sweeping pigment strokes, the movements are more atmospheric than arresting. There are featured moments for Ms. Mearns, whose presence here brings more credit to her impressive physical abilities than to Mr. Wheeldon's inventions.

Ms. Pires's 23-minute "Standard Deviation" sets up recurring, regular geometric arrangements that

contrast with Mr. Frerer's meandering, jazzy, saxophone-dominant score. Her choreography focuses on angled arms with clasped hands, which when held behind the backs of the dancers make them appear handcuffed. The work's distinct, boxy positions formed by the bare arms of the 12-dancer ensemble have more vivid impact than the mostly ballet-standard moves for the bare legs of Tiler Peck and Ms. Nadon, the two leading women. Dana Osborne's flat gray or blue costuming gives focus to the choreography's arm and leg moves but little more. Justin Peck's "The Times Are

Racing," to recorded music by Dan Deacon, is programmed during the run to close the bill that includes the newest works, which it does with palpable authority and energy. One of his signature sneaker ballets, the challenging work provides NYCB's dancers with more than enough invention to entertain and engage audiences. With both Mr. Ratmansky and Mr. Peck in place for NYCB's 75th, their inspiration and direction should sustain the company's dancers in both the short and long run.

Mr. Greskovic writes about dance for the Journal.



TELEVISION REVIEW JOHN ANDERSON 'Class of '09' Imagines The FBI's AI Dilemma

**Brian Tyree Henry and
 Kate Mara in the series
 from Tom Rob Smith**

Hollywood and its offspring have cozier up to the FBI—often to their mutual satisfaction—since "G-Men" of 1935. Under fire for its catalog of gangster films, Warner Brothers simply flipped the script: James Cagney went from public enemy to federal investigator, J. Edgar Hoover's infant agency got the star treatment, and the studio looked righteous while raking it in.

Yes, the relationship has had its ups and downs—suspicions, infidel-

ties, trial separations. But there's always a reunion, with the FBI being portrayed as an agency in which wayward people are an aberration, and the stalwart agents of fiction keep the faith. It may be a problematic symbiosis, but it never seems to totally collapse, not even in "Class of '09."

The FX on Hulu series, which stars Kate Mara, Brian Tyree Henry and Sepideh Moafi, is far from a glorification of the FBI. But did it

have to be the FBI? The problems that the show's dramatized institution faces, and creates for itself, could be the product of any imaginary police body in the ever-expanding world of secret-government crime series and futuristic fiction. The narrative wrinkle in "Class of '09" is how it tracks the careers of several FBI agents who have been recruited from different walks of life: Ms. Mara's Ashley Poet ("Everyone calls me Poet") was a psychiat-

ric nurse; Tayo Michaels (Mr. Henry), was a six-figure insurance executive; Hour Nazari (Ms. Sepideh) was in need of a life goal; the privileged Daniel Lennix (Brian J. Smith) might have been looking to fatten his résumé so he could parlay his family connections into a run for elective office.

The series toggles among past, present and future as it follows a group of FBI agents.

The stylistic tweak in this eight-part series is a toggling among The Past (2009), The Present (2023) and The Future (2034), with the unifying conflict being the show's Big Question: Will the bureau adopt a "Minority Report"-style policing policy based on artificial intelligence that identifies criminals before they commit any crimes? Hour, the data genius, invented the system; Tayo, who will become director of the bureau, endorses it (for various reasons); Poet, the conscience of the piece, questions it. The specificity of time can get a little sloppy since no one looks very different from decade to decade (Mr. Henry never ages; Ms. Sepideh changes her hair; Ms. Mara takes on some gray) and the producers get a bit lackadaisical

about imposing the signifying subtleties. But it isn't really enough to cause major confusion. The more dramatic disruption—and a distinct asset to the series—is the startling shift in tone from episode to episode. The personal lives of the characters can grow emotionally moribund. But the action sequences, and the confrontations between Mr. Henry's Tayo and the homegrown terrorists he's trying to stop, are grippingly violent and intelligently so (at least in the first four episodes, which were the only ones made available for review).

Whether "Class of '09" is operating at peak efficiency depends on who is on screen. Ms. Mara always broadcasts at a low frequency, but Poet represents a great wishy-washy middle ground, so perhaps that's apt. Mr. Henry, conversely, is quietly fierce and a captivating presence throughout. Ms. Sepideh makes Hour a more complex character than was likely on the page, which is what screenwriters hope will happen. (The writer here is novelist Tom Rob Smith, of "American Crime Story.") And with artificial intelligence at the center of much current debate, "Class of '09" seems particularly topical. Or did AI figure all that out ahead of time?

Class of '09
 Begins Wednesday, Hulu

Mr. Anderson is the Journal's TV critic.

SPORTS

JASON GAY

A Scoring Season for the Ages

Erling Haaland is obliterating records and keeping Man City on the path of a historic year



We interrupt these amusingly Florida-centric hockey and basketball playoffs—the Panthers and Heat, who saw this tropic thunder coming—to pivot to the soccer pitch.

Specifically, I want to pivot to the most thrilling human currently on two cleats, I mean boots: Erling Haaland.

Or just Haaland—the Erling’s long been extraneous. He’s a 6-foot-4 Norwegian who celebrates goals by falling to the ground in a meditative Lotus pose, but also says he enjoys the fearsome nickname “Terminator.”

We will also accept That Guy, because you can’t miss Haaland out there—the unmistakable, pony-tailed blond sequoia in Manchester City sky blue who looks like he escaped from a Gronkowski extended family reunion.

He’s the English Premier League’s breakout superstar, and he’s building a case as one of the most exciting young athletes on earth, in any sport, a true get to the television and watch him, now sensation.

Let me repeat: Get to the television and watch Haaland, now. Or any screen of your choice. Manchester City’s next Premier League game is on May 14 against Everton.

Why the fuss? Pretty simple. It’s because Haaland scores. And scores and scores and scores and scores. And scores again. Then he scores one more goal, just in case you missed the last one. It’s honestly bigger news when Haaland doesn’t score—that’s what happened Tuesday, when Real Madrid impressively kept the big man quiet during a 1-1 tie in the opener of its Champions League semifinal.

Last week, Haaland scored his 35th goal in his 32nd Premier League game, breaking the 31-year-old league’s record with four games still left to play. He’s scored more goals than several EPL clubs, and he’s a central reason the already-very good Man City has a very good crack at the “treble”—winning the Premier League, Champions League, and FA Cup in the same season—an achievement that hasn’t been unlocked since David Beckham’s Manchester United did it in 1999.

Craziest part of all? Haaland is just 22—and in his first-ever Premier League campaign.



Manchester City striker Erling Haaland has had plenty of opportunities to celebrate after scoring this season.

It isn’t supposed to go like this. The EPL tends to rattle and steamroll new players as they adapt to its physical style and global spotlight. Had Haaland needed a season “to adjust” upon his heavily hyped arrival from Germany’s Borussia Dortmund—the kid who once scored nine goals in an under-20 World Cup game—few would have been shocked. Lots of newbies do.

Haaland actually was born in England—in July 2000, when his father, Alfie, was playing for Leeds.

Maybe that’s why this whole situation has looked so smooth. There was Premier League sequencing in his DNA.

From the start, Haaland poured it on. He scored two goals in his Man City debut versus West Ham, added a third in his third game against Newcastle, then logged back-to-back hat tricks versus Crystal Palace and Nottingham Forest. He was the fastest Premier League player to 10 goals, then the fastest to 20. He notched a wicked

five goals in a Champions League match versus RB Leipzig. It’s honestly bigger news when Haaland doesn’t score.

He does all of this despite rarely touching the ball. Haaland isn’t a football artiste—he is a blunt force object, a finisher who feasts on pretty assists by teammates like Kevin De Bruyne. As the Journal’s Joshua Robinson put it earlier this season: “To observe Erling Haaland playing soccer...is mostly to watch a very large Nor-

dic man stroll around a field without the ball.”

He is Shaq in full kit. The soccer romantics may never be as moved by Haaland’s shock and awe as they are Lionel Messi or Kylian Mbappé in full bloom, but that’s expected. Terminators are seldom a romantic experience.

As the season’s gone on, Haaland has offered more.

He’s still scoring in buckets, but he’s widened his repertoire, posting some brilliant assists (including two to De Bruyne in a 4-1 rout of Arsenal) and showing magnanimity the other day versus Leeds, when he handed over a penalty kick to teammate Ilkay Gundogan. (Gundogan, on the verge of a hat trick, missed the penalty, and both he and Haaland drew the wrath of Man City manager Pep Guardiola, who’d asked Haaland to take it.)

Call it an amusing hiccup in this brilliant debut. In Man City, Haaland joined what was already one of the richest, most stacked teams in the universe—a club recently accused of breaching financial regulations by the Premier League itself. City is always a hothouse, but Haaland’s managed to endure the accompanying stresses and blend into Guardiola’s precise offense—a jackhammer on a tray of surgical instruments,” as Robinson elegantly put it.

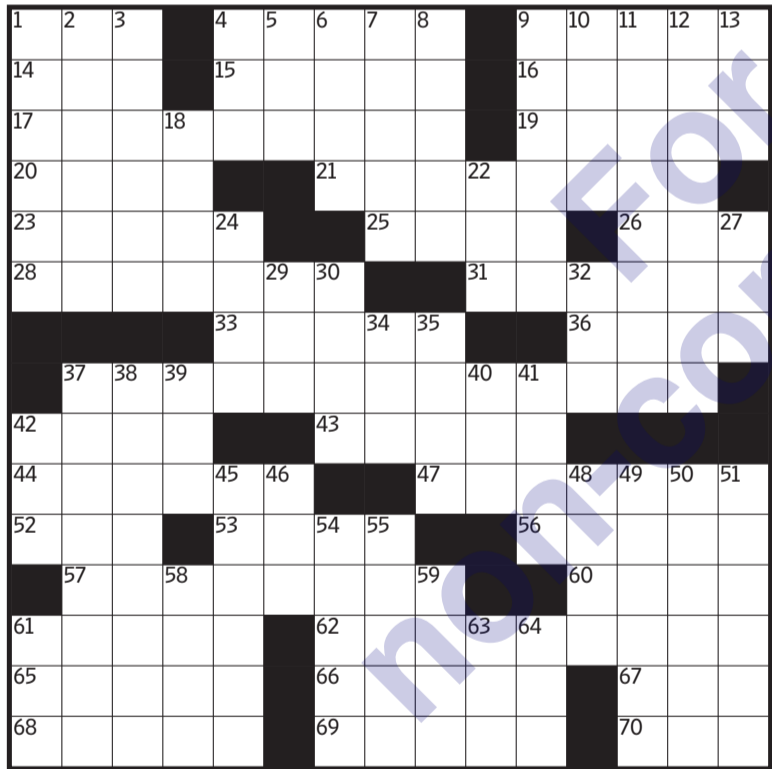
He isn’t an expensive accouterment. He is a star of stars, and if City is to win its first Champions League title and capture this historic treble, he will be the essential figure.

Let me finish with a little story. A couple of nights ago, I was at my son’s Little League game when one of his teammates hit a home run. The kid sprinted around the bases until he crossed home plate, reached his celebrating colleagues, dropped to the ground in a cross-legged stance, and closed his eyes.

He was doing the celebration in a Little League game.

Haaland’s celebration. The Terminator is everywhere. Catch him as soon as you can.

The WSJ Daily Crossword | Edited by Mike Shenk



- 24 Barack’s first chief of staff
27 Cupful in Cambridge
29 Narc’s agcy.
30 Nose bag fill
32 Designer Maya
34 Get-up-and-go
35 Nae sayer
37 It may include data
38 Most gangly
39 “___ Know Me” (George Strait song)
40 Condo grp.
41 Some raggedy dolls
42 Botanical accessory
45 How Marie Kondo folds clothes
46 Clumsy fellow
48 Recipe amount
49 Approximate lunch time
50 Fish-eating mammals
51 Find hilarious, perhaps
54 Puts into piles
55 Essential quality
58 ___-do-well
59 Cologne coin
61 Grasp
63 Green
64 Components of some IRAs

WEATHER-BEATEN | By Dave Rus

- Across
1 USN big shot
4 Pooch from Wales
9 Steamer trunk closers
14 Sentimental nonsense
15 Rapacity
16 Jeff Bagwell, for 15 seasons
17 Weather with an eye (62-Across)
19 Tuning fork material (61-Across)
20 Cash on hand?
21 Where you might find hot rods
23 Flight part
25 Fruit that’s tart until frozen
26 Gave permission to
28 Weather with a twist (47-Across)
31 Shopping in skivvies, say (44-Across)
33 A ton
36 Empire ended in 1572
37 Existential ecological concern, and what’s happening with the cross-referenced answers
42 Electric car from Nissan
43 One might stir things up
44 Weather-influencing phenomenon (31-Across)
47 Oven for baking naan (28-Across)
52 Variety
53 Dawn direction
56 ___ Domingo
57 Ship on which Captain Corcoran sings “My gallant crew, good morning”
60 Words before date or trap
61 Weather in winter (19-Across)
62 Less suitable for young audiences (17-Across)
65 Stand in front of an artist
66 Hackneyed
67 Mme., in Madrid
68 Admission
69 Packs
70 POTUS from MO
Down
1 Horrified
2 Golden rule words

Previous Puzzle’s Solution



Lamont Marcell Jacobs, right, edged Fred Kerley, left, to win the 100-meter gold in Tokyo.

World’s Fastest Men Will Face Off

By RACHEL BACHMAN

The two fastest men in the world have been engaging in a tart verbal rematch of their Tokyo Olympics showdown on social media in recent weeks. Now, the race is actually going to happen in real life—and one man will have a home-field advantage.

American Fred Kerley, the reigning world champion in the 100 meters, will face Italian Lamont Marcell Jacobs, the reigning Olympic gold medalist, in the 100 meters at a June 2 Diamond League meet in Florence, Italy.

The race will be their first meeting since Tokyo in 2021. That’s when Jacobs, in a surprise, won the gold in a personal-best 9.80 seconds, edging out Kerley to become the first Italian man to win the Olympic 100 meters. Jacobs was born to an Italian mother in El Paso, Texas, and moved to Italy as a child.

The two men have traded barbs in interviews and on social media in recent weeks. Kerley, appearing on the “Sprint Culture” video podcast weeks ago, scoffed at Jacobs’s recent runner-up performance in 6.50 seconds at the 60 meters in the European indoor championships, “Indoor is indoor,” Kerley said. “The real dogs come and play outdoor.” Asked whether Jacobs is a real dog, Kerley replied, “I don’t think so.”

Jacobs responded with Instagram stories captioned, “The lion doesn’t turn around when a small dog barks,” and, “Easy run today so as not to scare small dogs,” according to NBC Sports.

A later Instagram story included an image of him beating Kerley at the Olympics. The caption read: “Whenever you want and wherever you want, but remember that when it mattered more it ended like this.”

Kerley and Jacobs, both 28 years old, have raced one another only twice. Jacobs came out ahead both times. Neither won when they ran together in a pre-Olympics Diamond League race in Monaco in 2021, where Jacobs finished third and Kerley sixth. Then Jacobs came out on top in Tokyo.

Kerley has the faster personal best—a 9.76 in a preliminary heat at the 2022 world championships. He also had a strong start to this season, winning the 200 meters in the Diamond League season opener in Doha, Qatar, last weekend in 19.92 seconds.

When Kerley was asked last week about a potential matchup with Jacobs, he said, “If it happens, I’ll be there and I’ll definitely win. I don’t know if he’ll show up.”

Last summer, Jacobs pulled out of the semifinals of the 100 meters at the world championships with a

nagging thigh injury. Kerley went on to win the final in 9.86 seconds, leading an American sweep of the medals. Marvin Bracy-Williams was second, followed by Trayvon Bromell—who is also racing in Florence.

High-profile sprint matchups are relatively infrequent outside of world championships and Olympic Games, partly because of the risk of defeat, and partly due to a lack of appearance fees to spread among stars.

Marco Sicari, the organizer of the Diamond League meet in Florence, declined to reveal what meet organizers were paying the men to appear. But, he said, “it’s not over what we’ve usually been investing on top athletes.”

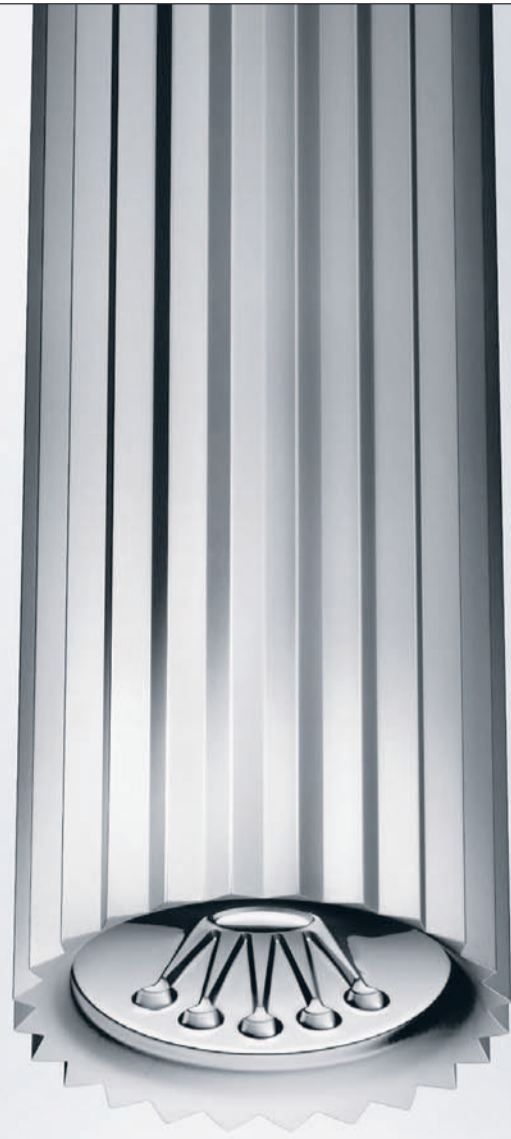
He added: “We are really really happy to present this very emotional matchup between two of the most interesting athletes we’ve been seeing in at least the last three years.”

Kerley won last year’s 100-meter Diamond League race in Rome, in 9.92 seconds. The stadium there is under renovation, so this year’s Diamond League meet is being held in Florence.

Sicari acknowledged that social media played a role in making the meeting happen. “If we were in the social-media era between Ali and Frazier, they probably would use also the social media.”

MARTIN RICKETT/ZUMA PRESS

▶ Solve this puzzle online and discuss it at WSJ.com/Puzzles.



WHAT MAKES A ROLEX A ROLEX?

It's not the wheels and cogs. It's not the steel we shape nor the gold we forge. It's not the sum of every single part that we design, craft, polish and assemble with countless skills and constant care. It's the time it takes. The numerous days and months that are

necessary until we can print this single word on each individual dial leaving our workshops: *"Superlative."* It's the mark of our autonomy, responsibility and integrity. This is all we make, but we make it all. So that, in time, you can make it your own.

#Perpetual



BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, May 10, 2023 | B1

S&P 4119.17 ▼0.46% S&P FIN ▼0.37% S&P IT ▼0.85% DJ TRANS ▼0.41% WSJ \$IDX ▲0.20% 2-YR. TREAS. yield 4.022% NIKKEI (Midday) 29113.33 ▼0.44% See more at WSJ.com/Markets

EV Makers' Results Reveal Pain

Rivian reports loss; Lucid, Fisker shares fall as companies lower production targets

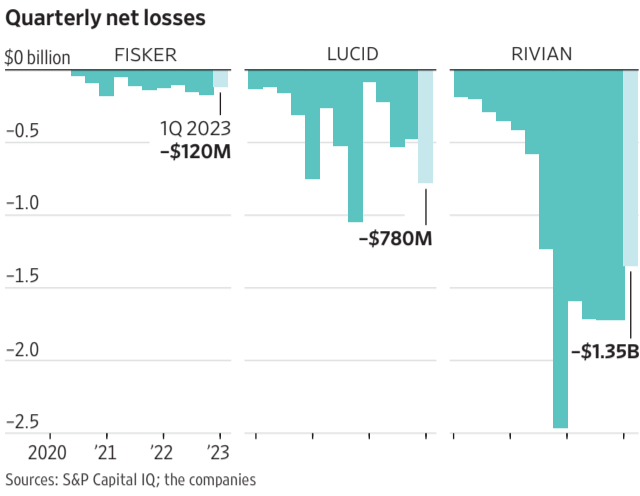
By SEAN MCLAIN

Electric-vehicle startup Rivian Automotive reported narrower losses in the first quarter as it slashed spending and stood by its vehicle production target for the year.

The adjusted per-share loss beat analysts' expectations, helping to send shares up 5% after hours.

At the same time, its cash burn accelerated, underlining a key challenge facing young auto companies like Rivian. Absent new funding, they face a limited timeline in which to turn a profit before running out of money.

"We have a lot of work to



do in terms of continuing to drive our production ramp and drive costs down," said Rivian Chief Executive RJ Scaringe.

Rivian, along with two other EV startups, Fisker and Lucid Group, that reported earnings this week, are con-

fronting dwindling cash piles as the companies straining to ramp up factory operations and get more vehicles into the hands of customers.

Shares of both Lucid and Fisker sank Tuesday after they dialed back expectations for

vehicle output this year. Wall Street analysts are looking for signs that these EV startups can rein in spending while also accelerating vehicle output.

Lucid, Fisker and Rivian were among a host of EV startups to go public over the past two years as investors placed bets on finding the next Tesla. Now, their share prices continue to get hammered as cash reserves dwindle and larger legacy automakers join the EV race.

Rivian raised nearly \$12 billion in its public debut in late 2021, shortly after it started building its first vehicles. But its valuation deflated as the company missed production targets, beset by supply-chain snags and factory setbacks. Similar struggles have hit nearly all the EV startups, reflecting the difficulty of transforming from an innovative upstart to a large-scale manu-

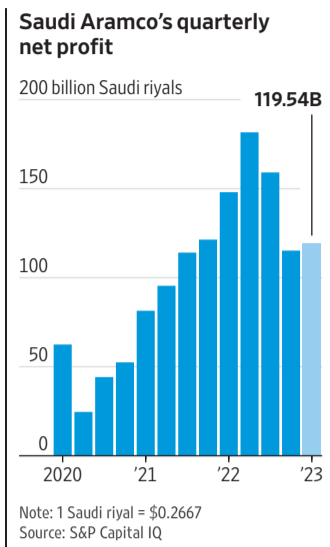
facturer.

"Prototypes are easy, production is hard and achieving positive cash flow is excruciating," Tesla Chief Elon Musk tweeted on Monday in response to Lucid's financial results.

Tesla in 2018 struggled to accelerate output of the Model 3, its first mass-market vehicle, a period Mr. Musk described as "production hell." Rivian reported negative free cash flow of \$1.8 billion for the quarter, compared with \$1.7 billion in the preceding three-month period. That left it with \$11.2 billion in cash and cash equivalents at the end of March.

Investors are closely monitoring Rivian's spending, after the startup burned through \$6.6 billion last year.

"Cash burn remains a focus," Wells Fargo analyst Colin *Please turn to page B4*



Aramco's Profit Falls With Oil Prices

By SUMMER SAID AND BENOIT FAUCON

DUBAI—Saudi Arabia's national oil company posted a 19% drop in quarterly profit due to lower energy prices, but announced an additional dividend payout that underscores the kingdom's dependence on oil revenues to run its economy.

Saudi Arabian Oil Co., known as **Aramco**, said Tuesday that it made a net profit of 119.54 billion Saudi riyals, equivalent to roughly \$31.88 billion, in the first three months of the year, down from \$39.47 billion in the same period last year, when it benefited from soaring oil prices after Russia invaded Ukraine.

Oil prices are at lower levels in recent months amid fears that a slowing global economy would crimp demand and due to a gusher of cheaper Russian crude supplies.

The weaker quarterly results were partially offset by lower taxes and an increase in other *Please turn to page B2*

NextEra Energy Places a Huge Bet on Hydrogen

By KATHERINE BLUNT

NextEra Energy grew into a clean-energy powerhouse by investing early in wind and solar farms. Now, it is staking its growth on hydrogen, a much-hyped energy source whose economics are unproven.

The new strategy is a huge bet for the Florida-based business, which has become the most valuable power company in the U.S., in part because it outperformed its financial targets: Its 2022 profit was up roughly 70% from a decade ago. Over the past two decades, NextEra's market capitalization has soared to more than \$150 billion from roughly \$11 billion.

NextEra now says it sees the potential to invest more than \$20 billion in so-called green hydrogen after the passage of the Inflation Reduction Act, which provides significant tax credits for such projects. There is a limited market for green hydrogen currently, and NextEra is hoping the new law, coupled with an increasing push to cut carbon emissions, will simultaneously create supply and demand.

Despite the risks, it is a fa-

miliar playbook for NextEra, which grew from a regional utility by capitalizing on tax credits that spurred the build-out of wind and solar farms.

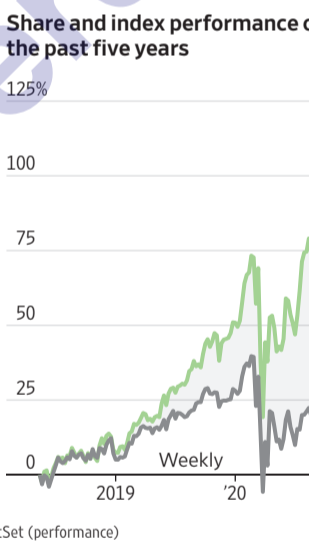
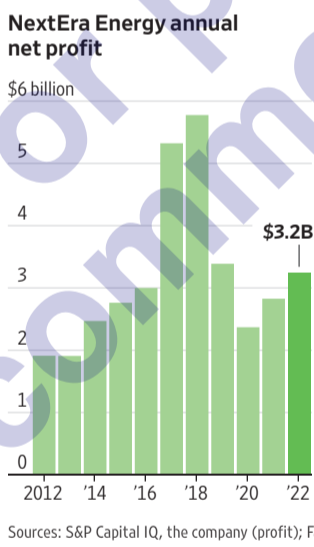
This time around, the company played a crucial role lobbying lawmakers to define the size of new hydrogen tax credits, say people familiar with the matter. It is pushing the federal government to adopt its preferred criteria for what types of hydrogen should be eligible to receive tax credits.

NextEra is placing its bet as it becomes more challenging to develop renewable-energy projects. Federal and local permitting for such projects is time-consuming, supply-chain snarls have slowed progress and opposition is mounting in communities around the country. The \$20 billion the company has said it is prepared to spend on hydrogen would represent roughly its combined net income over the past five years.

Rebecca Kujawa, chief executive of NextEra Energy Resources, the company's renewable-energy-development arm, said the company is already fielding interest from prospec- *Please turn to page B2*



NextEra is developing a hydrogen pilot project in Florida that is slated to begin operating this year.



ChatGPT Causes a Stock-Market Ruckus

By CHARLEY GRANT

The rise of artificial intelligence is taking the tech world by storm. The technology also is making waves on Wall Street.

It is early days for so-called generative AI, a form of artificial intelligence that can conjure original ideas in the form of text, video or other media. But the tool has caused a stir in companies, schools, governments and the general public for its ability to process massive amounts of information and generate sophisticated content in response to

prompts from users.

Big technology companies are investing billions of dollars in the technology. Startups are raising cash and trying to develop business models using AI at a rapid pace.

Investors are gauging the extent to which AI's arrival will upend companies, industries and contemporary business practices—and placing bets accordingly. That has sent stocks swinging wildly in both directions: Chip maker Nvidia's shares are surging, while shares of study-materials company Chegg have plummeted. Enthusiasm for

the potential of AI is one reason big tech companies are among this year's strongest performers.

There is little doubt that generative AI chatbots are popular. ChatGPT reached 100 million users in two months, the fastest app on record, analysts at Goldman Sachs said in a research note.

In comparison, TikTok took nine months to reach that milestone, while Instagram took 30.

"We view AI as huge, and we'll continue weaving it in our products on a very thoughtful basis," Apple Chief

Executive Tim Cook said last week on a conference call with analysts.

Apple isn't alone. There have been more than 300 mentions of "generative AI" on company conference calls worldwide so far this year, according to data from AlphaSense.

The phrase barely garnered a mention before 2023.

Major health systems are experimenting with AI to see whether the technology can help boost the productivity of their medical staffs.

Entrepreneurs and venture-capital investors hope genera-

tive AI will revolutionize businesses from media production to customer service to grocery delivery.

Even Coca-Cola told investors it is experimenting with the technology.

Some investors wonder whether generative AI is the latest tech with the potential to disrupt entire industries. The dawn of online streaming spelled the end of home-video-rental companies such as Blockbuster, while cameras on phones helped render photo processing obsolete and helped spark Apple's rise and *Please turn to page B11*

INSIDE



BUSINESS NEWS
Manufacturer Tempur Sealy agrees to buy retailer Mattress Firm for \$4 billion. **B3**



HEARD ON THE STREET
As the Switch shows its age, Nintendo will need a new console. **B12**

Shorting Banks Brings Rewards, Backlash

By MATT WIRZ AND BEN FOLDY

Short selling is back in vogue on Wall Street, rewarding some who bet against banks while triggering a backlash.

Short selling, or betting that securities prices will fall, surged over the past year as many investors braced for market turbulence. The approach helped hedge funds beat major stock indexes last year for the first time since 2008.

Controversy erupted in recent weeks, with critics alleging that traders are spooking

bank customers into withdrawing deposits all at once. Lawyers representing the banking industry called last week for regulators to ban short sales of financial-company shares.

The Securities and Exchange Commission isn't considering a ban, a spokesman for the agency said. A shorts ban enacted in 2008 by the SEC failed to stop the selloff and made it harder to trade in some stocks, according to research by the Federal Reserve Bank of New York.

Short sales of financial stocks jumped about 11% in

April without significantly moving share prices, according to stock data provider Ortex. The inverse held in May when shorts declined and regional-bank stocks lost about 10%.

Porter Collins, a co-founder of Seawolf Capital, said his fund opened short positions on banks such as First Republic Bank last year as interest rates rose, pushing down prices of bonds that the banks held.

"Anything and everything was right in front of you on the financial statements as to why these banks have failed," he said. "It was just a math

equation."

Short sellers typically borrow securities for a fee and immediately sell them, planning to repurchase them at lower prices in the future, return them to lenders and pocket the price difference. Other short sellers buy options or swaps that will gain value if prices of stocks or bonds they reference decline.

When Silicon Valley Bank and Credit Suisse failed in March, hedge funds such as Beach Point Capital Management, Converium Capital, ISO-MTS and Saba Capital *Please turn to page B2*

BUSINESS & FINANCE

Goldman Sachs Agrees to Settle Women's Bias Suit for \$215 Million

By Dave Sebastian

Goldman Sachs has agreed to pay \$215 million to settle a class-action lawsuit with a large group of former and current female employees...

detailed some of the settlement terms. An independent expert would also do pay-equity studies to address any gender pay gaps.

March of this year. First filed in 2010, the lawsuit alleged that Goldman discriminated against women in terms of compensation...

agement, said in a statement released late Monday. The Wall Street Journal reported last week that the bank was having settlement discussions aimed at ending the lawsuit.

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

Table with columns A, B, C, E, F, G, H, I, L, M, and B11, listing various companies and their page references.

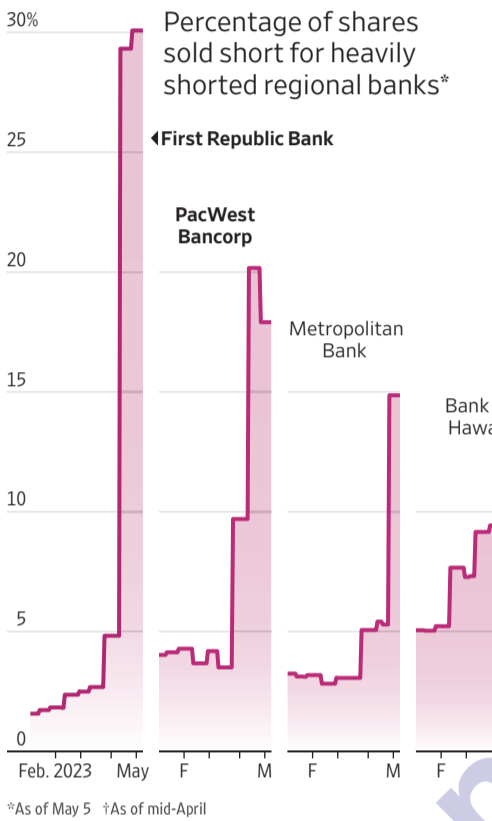
INDEX TO PEOPLE

Table with columns A, B, C, G, H-I, K, L, M, O-R, S, T, W, Y, listing names and page references.

NextEra Bets on Hydrogen

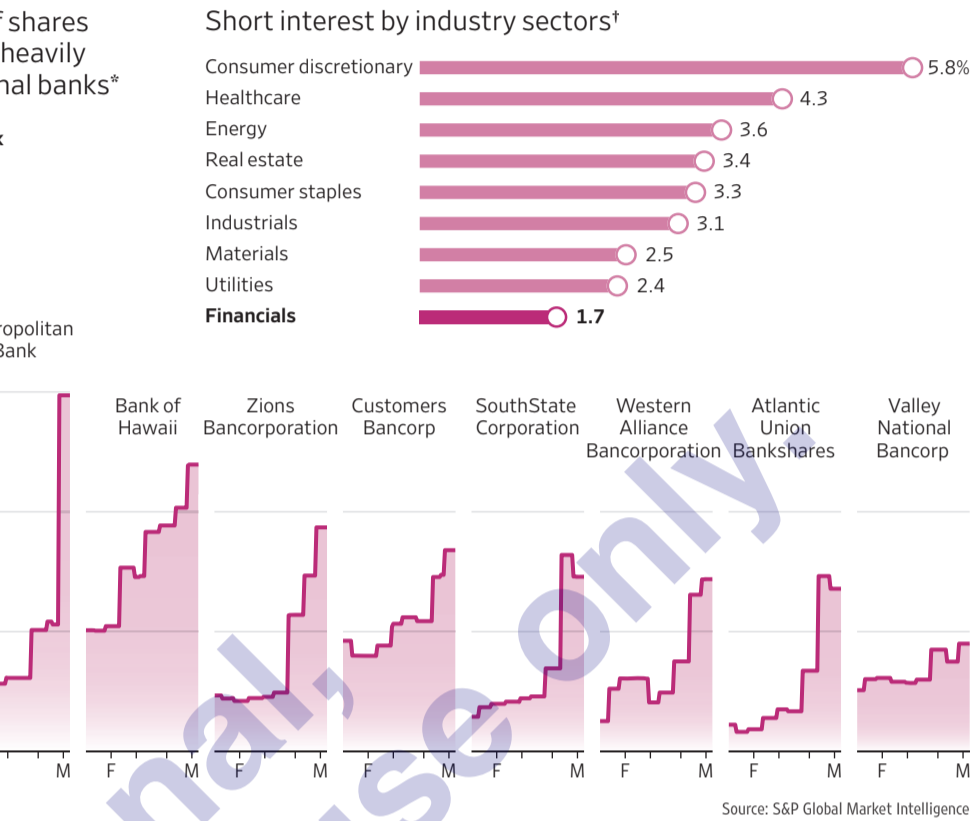
Continued from page B1. She said the company sees the potential to develop more than 15 gigawatts of renewable-energy projects to support the hydrogen-production facilities.

sidered green as a result of cost and technology hurdles that some energy experts say might continue to stymie the fuel's adoption even with federal support.



Shorting Banks Is Mixed Bag

Continued from page B1. Management LP benefited from trades they had previously made against European bank bonds, people familiar with the firms said.



ons Bancorp, Customers Bancorp and SouthState Corp. Still, financials were one of the least shorted industries at the end of April, averaging 1.7%, or half the short interest on technology stocks...

low interest rates sent equity and debt prices mostly up and traders adopted aphorisms like "don't fight the Fed."

The meme-stock rally of 2020 added insult to injury. Amateur traders championed companies like GameStop and Eastman Kodak, punishing short-selling hedge funds that expected their stocks to fall.

Aramco's Profit Falls As Oil Cools

Continued from page B1. Free cash flow was \$30.9 billion and the quarterly dividend was maintained at \$19.5 billion.



The oil company's performance is tied to Saudi national ambitions. An Aramco computer model.

In April, Saudi Arabia and its allies announced another oil-production cut as crude prices fell, demonstrating how Crown Prince Mohammed bin Salman continues to pursue a nationalist energy policy aimed at funding an expensive makeover of his kingdom.

nanced largely by its sovereign-wealth fund chaired by the crown prince. Last month, Saudi Arabia put a second 4% stake of Aramco—valued at nearly \$78 billion at the time—under the control of the Public Investment Fund.

The IMF and some analysts estimate Saudi Arabia needs oil prices at more than \$80 a barrel to balance its budget. The government reported a deficit of 2.9 billion Saudi riyals, equivalent to \$773.33 million, in the first quarter as spending increased.

Advertisement for ZVOX AV157 Speaker, featuring a baseball player and the text 'Can't Hear Voices On TV?' and 'The Best Solution to Hearing What People Say on TV'.

BUSINESS NEWS

Tempur Sealy to Buy Mattress Firm Chain

Deal for \$4 billion aims to boost sales as consumer demand for pricey items weakens

By Emon Reiser

Mattress maker Tempur Sealy International has agreed to buy retailer Mattress Firm Group in a \$4 billion deal after two years of discussions between the companies.

The transaction would significantly boost Tempur Sealy's sales at a time when inflated costs for materials, logistics and labor have weighed on the industry and as home improvement spending, initially boosted by the pandemic, has waned.

Tempur Sealy said it would pay about \$2.7 billion in cash and about \$1.3 billion in stock, based on 34.2 million shares issued at \$37.62 each to Mattress Firm investors. The transaction, which includes repaying Mattress Firm's debt, is expected to close in the second half of 2024.

Chief Executive Scott Thompson said Tuesday during a call with investors that the company has been engaged in talks to buy Mattress Firm, which filed for Chapter 11 bankruptcy in 2018, for at least two years.

"I doubt there's anyone in bedding who would be surprised with this transaction," Mr. Thompson said on the call.

Mattress Firm in 2022 filed for an initial public offering

under majority owner Steinhoff International.

The retailer paused those plans earlier this year due to market volatility and continued to explore strategic options.

Mattress Firm, with around \$4.2 billion in annual sales, would operate as a separate business unit within Tempur Sealy, and Tempur Sealy's board would expand to include two Mattress Firm directors.

Combined, the mattress brands would include 3,000 bricks-and-mortar stores, 30 e-commerce platforms, 71 manufacturing facilities, four research and development facilities and 21,000 employees.

Tempur Sealy announced the acquisition agreement



The retail company, which filed for bankruptcy in 2018, has been in sale talks for at least two years.

along with its first-quarter results.

The Lexington, Ky.-based company posted a sales decrease of 2.5% to \$1.21 billion.

Analysts polled by FactSet had expected sales of \$1.24 billion.

Its net income fell nearly 35% to \$85.3 million. Analysts

polled by FactSet expected \$91 million.

Tempur Sealy shares closed up about 0.4% in trading on Tuesday.

Oatly Names New CEO and Narrows Quarterly Loss

By Jesse Newman

Oatly Group is shaking up leadership of the oat-milk company, naming a successor to Chief Executive Toni Petersson as it continues to post quarterly losses.

Oatly said Jean-Christophe Flatin, the company's global president, will become CEO effective June 1.

The Malmö, Sweden, company said Mr. Petersson, who has been CEO since 2012, will become co-chairman alongside Eric Mellou, the company's current board chairman, on that date.

Oatly hired Mr. Flatin last year after he spent more than 30 years at candy company Mars.

Changes to Oatly's top ranks come after a rocky few years for the company. Oatly spawned a global fervor over oat milk, rapidly increasing sales as it expanded into cof-

fee shops and grocery stores worldwide with quirky branding and ads that took on the dairy industry.

In 2021, Oatly's initial public offering won the company a valuation of roughly \$10 billion.

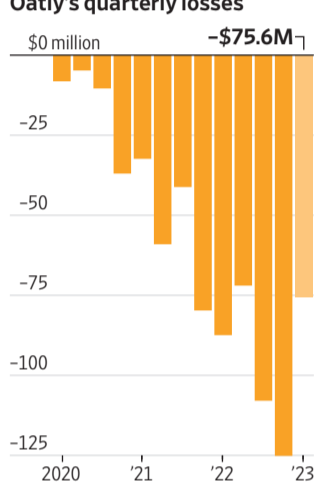
But Oatly struggled to add enough production capacity to satisfy demand, and the company's board members became concerned with its stock performance and manufacturing troubles, The Wall Street Journal has reported.

The Journal reported a year ago that Oatly was lining up a successor to Mr. Petersson, and that Mr. Flatin was seen as a likely eventual CEO at the company.

Oatly's shares have fallen about 90% since its IPO. Its shares rose on Tuesday after the company announced its leadership changes.

"I have the utmost confidence in the future of this

Oatly's quarterly losses



Source: S&P Capital IQ

chain back on firmer footing; renewing Oatly's focus on innovation; and enabling the company to take steps to drive profitable growth.

Oatly said Tuesday that its revenue rose nearly 18% to \$195.6 million for the quarter ended March 31, driven by increases in prices for the company's products in some regions and volumes sold.

The company reported a net loss of \$75.6 million, or 13 cents a share, narrower than a year-earlier loss of \$87.5 million, or 15 cents a share. Analysts surveyed by FactSet had expected a loss of 13 cents a share.

Oatly said it is working toward achieving profitability in 2024, which the company defined as positive adjusted earnings before interest, taxes, depreciation and amortization on a full-year basis.

In January, Oatly announced a partnership with Ya

Foods in which the contract manufacturer would assume property leases at Oatly's production plants in Utah and Texas and acquire a majority of the assets used in operations at those facilities. Oatly said the deal was part of the company's shift toward an "asset-light" supply-chain strategy.

Shares of the oat-milk company have declined by about 90% since its IPO.

After entering the U.S. market, Oatly struggled to build and run factories, miscalculating budgets, time lines and equipment needs, the Journal reported last year.

The troubled expansion left the company unable to fully capitalize on the demand it created, while competitors from more-established food companies were able to gain ground.

Oatly has said the company experienced robust global growth and opened three manufacturing facilities in the span of a year.

Oatly said in March that it had secured \$425 million in new financing. Mr. Petersson said at the time that with Oatly's operations more stable and its business plan fully funded, the company was well-positioned to capitalize on strong demand for its products.

On Tuesday, Oatly said the financing actually totaled \$430 million, and the company announced a separate deal to raise an additional \$35 million, pending shareholder approval and consent from lenders.

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Slow Food & Fast Cars

Italy's Motor Valley in Emilia-Romagna renowned for its culinary delights & home of the World's Best Chef, Massimo Bottura, has the planet's most celebrated motor brands: Ferrari, Maserati, Ducati, Lamborghini, Dallara, Pagani, plus 4 international race tracks, 13 museums and endless activities to experience the Made in Italy excellence at its best.

Enjoy the passion for engines and the finest food & wine at Motor Valley Fest from May 11-14 in the city of Modena.

For a schedule of events and streaming options, please visit www.motorvalley.it/en



FREE INSIDE THE **NEW YORK POST**

alexia

OUT TODAY

THE JEWELRY ISSUE

'Yellowstone' star Kelsey Asbille goes from grit to glamour

LinkedIn Cuts Jobs in Shift

Microsoft-owned platform to end China-focused app amid growth slowdown

BY NEWLEY PURNELL AND RACHEL LIANG

HONG KONG—Microsoft’s LinkedIn said it is closing down its China-focused jobs app and cutting 716 positions globally, citing slower revenue growth and changing customer behavior as it becomes the latest U.S. tech company to trim its workforce amid economic pressures.

LinkedIn Chief Executive Ryan Roslansky said in a letter to employees Monday that teams globally will be reorganized, and that with customer demand changing, the company would use more vendors.

The professional networking service’s product and engineering teams in China will be discontinued, while corporate, sales and marketing functions in the country will be downsized, he said.

The China jobs app, called InCareer, was introduced by LinkedIn after it exited social



The U.S. company said it faced fierce competition in China.

its recent earnings report. In 2021, LinkedIn said it was closing the version of its site that operated in China, marking the end of the last major American social-media network operating openly in the country.

The company said at the time that it made the decision after “facing a significantly more challenging operating environment and greater compliance requirements in China.”

Microsoft’s Bing search engine and its cloud-based business-software businesses remain in China, and its Windows operating system still dominates in the country.

In late 2021, LinkedIn introduced InCareer to China, a simplified version of LinkedIn without social feeds.

The online recruitment market in China has been dominated by domestic players in the past years. According to iResearch, a local consulting firm, the three biggest companies—51job.com, Zhaopin and Liepin.com—commanded more than 70% of the market share as of 2021, the latest year for which data is available.

media in China in 2021, but has struggled against local competition. The app will be phased out by Aug. 9 amid “fierce competition and a challenging macroeconomic climate,” Mr. Roslansky said.

Parent company Microsoft last month said its growth was subdued in the previous quarter as economic concerns cooled consumer demand and corporate orders for the company’s software and cloud services. Revenue for the three months through March rose 7% from a year earlier.

U.S. tech-industry job cuts in recent months have in-

cluded those from Facebook parent Meta Platforms, Google parent Alphabet and Microsoft. More than 350,000 people have lost their jobs at tech companies since early 2022, with some 191,000 job losses this year, according to data tracker Layoffs.fyi.

Companies last year began feeling the effects of inflation and rising interest rates. Some also said they had added too many workers in recent years.

LinkedIn, which has 20,000 employees globally, saw revenue for the three months through March rise 8% from a year earlier, Microsoft said in

Startups Scoop Up Cast-Off Workers

BY ANGUS LOTEN

Startups are recruiting a growing number of laid-off software developers, data scientists and engineers, luring them away from larger employers—and bigger paychecks—with a chance to build software capabilities from the ground up, tech recruiters and investors say.

Other startup perks include permanent remote- or hybrid-work models and equity stakes with more upside potential than those offered by mature companies’ stock options.

Pandion Pro, a three-year-old e-commerce delivery startup, in recent weeks hired three workers who were laid off by Facebook parent Meta Platforms, said Scott Ruffin, Pandion founder and chief executive.

Of some 65 new hires in the past year, roughly 15% were laid-off workers from Meta, Tesla, Amazon.com and Google, among other large tech employers, Mr. Ruffin said. The Seattle-based company currently has more than 85 full-time workers, following its first

hiring spree last year. Last summer, Pandion raised \$40 million in a funding round.

Mr. Ruffin said that, as for many other startups, the size of paychecks isn’t a deciding factor for most laid-off workers. Pandion has interviewed recently. In wage negotiations, he said, “you hit some number and there’s always somebody bigger with deeper pockets who can offer more.”

Instead, Mr. Ruffin says, “We’ve been able to attract some pretty high-quality talent because what we’re doing is different.”

By one count, large tech companies last year laid off an estimated 165,000 workers, with an additional 191,000 fired so far this year, according to Layoffs.fyi.

Ruth Ebeling, a managing director and partner at management consulting company Boston Consulting Group, estimated that at least 40% of tech workers who have found new jobs after being laid off within the past nine months are now working at startups or other small tech employers.



Lucid Group late Monday posted a disappointing first quarter, with a net loss of about \$780 million. It also burned through about half of its cash reserves in the period.

EV Makers’ Results Show Pain

Continued from page B1

Langan said Monday in a note previewing Rivian’s earnings.

Rivian’s stock valuation had fallen to \$12.4 billion ahead of earnings, from a high of around \$130 billion in the weeks following its November 2021 IPO.

The company has endured a number of stumbles, particularly on the factory floor where it has struggled to expand production.

Rivian produced 9,395 vehicles in the first quarter, less

than the 10,020 it made in the final quarter of last year, after a previously announced slowdown in production of a delivery van it sells to Amazon. Rivian said it remained on track to hit its target of 50,000 vehicles this year. The electric-truck maker said it shut down production to prepare to produce vehicles with a new, cheaper battery and electric motor.

Part of the problem is that a large portion of Rivian’s existing orders for the R1T pickup truck and R1S SUV were placed before the company raised prices to help offset rising raw-material costs. As a result, the company is selling many vehicles at a loss.

Lucid has experienced similar troubles trying to sustain its early momentum. It began selling its Air sedan in the fall

of 2021, a few months after an IPO that eventually sent its market valuation to near \$90 billion, briefly surpassing that of Ford Motor. The sleek sedan, which can travel up to 500 miles on a single charge, starts in the high \$80,000 range.

Lucid late Monday posted a disappointing first quarter, with a net loss of about \$780 million, compared with a loss of about \$81 million in the same period a year earlier.

It also burned through about half of its cash reserves in the quarter, and executives said it had enough of a cushion to fund operations until the second quarter of next year.

Lucid shares fell about 5.6% Tuesday.

“Another quarter gone by and more questions than an-

swers remain on Lucid’s (long) trek to business scale,” Evercore analyst Chris McNally wrote in an investor note.

Lucid, based in Newark, Calif., said its production target for this year would come in at the low end of its previous guidance of between 10,000 to 14,000 vehicles, a target that already had been well below analysts’ forecasts.

The lower output forecast from Lucid reflects a dimmer outlook for demand, as higher interest rates and other economic challenges weigh on luxury-car buyers, said Lucid Chief Executive Peter Rawlinson.

“We’d much prefer the number to be higher and, as you can imagine, we are pushing like crazy,” he said.

Fisker made the first delivery of its sole model, the

Ocean SUV, to a customer last week, after starting production on the vehicle last year. The EV, priced from about \$37,500 to about \$69,000, is built by contract manufacturer Magna Steyr in Austria.

Fisker on Tuesday cut its production forecast for the year, to between 32,000 and 36,000 vehicles, from a previous target of 42,400.

Shares of Fisker were off 7% at Tuesday’s close.

Fisker’s cash reserves fell to about \$653 million, down about \$85 million from the end of last year.

Watch a Video

Scan this code for a video on tech giants’ battle for the car dashboard.

Ex-Apple Executive To Aid GM Tech Push

BY MIKE COLLAS

General Motors has hired a former Apple executive to lead a newly formed software unit, the latest in the auto maker’s efforts to reduce its reliance on Silicon Valley for in-car tech.

Mike Abbott, vice president of Apple’s cloud services, will join GM later this month as executive vice president of software, in charge of developing both in-vehicle features and enterprise solutions, the automaker said Tuesday. He will report directly to GM Chief Executive Mary Barra.

Mr. Abbott has been at Apple since 2018, where he most recently led a team responsible for the development of core infrastructure for all of Apple’s cloud-based services, including iCloud iMessage, GM said.

The hire follows GM’s disclosure last month that it would no longer offer Apple CarPlay—an app that projects an iPhone-like interface on the car’s touch screen—on some future models.

GM said it would soon begin offering its own multimedia setup that would provide customers with more built-in functionality, and analysts viewed the move as a way to wrest back from Apple the main interface used in the vehicle.

Traditional automakers are targeting billions of dollars in future revenue from offering more digital services and features in the car. They are also trying to fend off big technology firms that have been expanding their own in-vehicle products, often through partnerships with the car companies.

GM has said it expects to generate \$20 billion to \$25 billion in annual revenue from digital services and features by 2030, up from roughly \$2 billion in recent years. Volkswagen, Mercedes-Benz, Jeep maker Stellantis and other automakers also have outlined big plans for making money from in-car tech and subscriptions.

The auto industry’s software push is related to its pivot to electric vehicles.

Many new automakers are developing new EV models from scratch, which allows them to more easily build in a centralized software backbone that can operate more vehicle controls and be updated remotely, like a smartphone. Such remote updates have been a hallmark of Tesla’s vehicles for more than a decade.

Mr. Abbott also was a general partner at venture-capital firm Kleiner Perkins Caufield & Byers, now Kleiner Perkins, and worked as an engineer at Twitter earlier in his career.

CNBC Anchor Quits After Charging Harassment

BY JOSEPH DE AVILA

CNBC International anchor Hadley Gamble, who accused former NBCUniversal Chief Executive Jeff Shell of sexual harassment and sex discrimination, is leaving the network, CNBC said.

“Gamble has been a distinguished journalist for more than a decade for CNBC, undertaking highly visible and challenging assignments, and developing deep expertise in the Middle East and beyond,” a CNBC spokesperson said Tuesday. “We wish her every success in her future endeavors.”

Her departure comes after Mr. Shell was terminated last month following an investigation into a complaint that the chief executive engaged in inappropriate conduct.

Mr. Shell said in a statement at the time that he had an in-

appropriate relationship with a company employee. “I’m truly sorry I let my Comcast and NBCUniversal colleagues down,” he said.

A day later, a lawyer for Ms. Gamble said she had filed a sexual harassment and discrimination complaint. CNBC is owned

Jeff Shell’s stock options and grants were forfeited and canceled.

by Comcast’s NBCUniversal.

“The investigation into Mr. Shell arose from a complaint by my client of sexual harassment and sex discrimination. Given these circumstances it is very disappointing that my cli-

ent’s name has been released and her privacy violated,” Suzanne McKie, the lawyer, said in a statement at the time.

Ms. McKie and a representative for Mr. Shell didn’t respond to requests for comment.

Mr. Shell lost out on over \$40 million in compensation for being terminated for cause. Comcast disclosed last month that Mr. Shell’s stock options and grants, which were valued at \$43.3 million when he was fired, were forfeited and canceled.

Ms. Gamble, a CNBC anchor and senior international correspondent, covers energy, geopolitics and financial markets, according to her company biography. Her contract wasn’t expected to be renewed, The Wall Street Journal has reported.

Comcast didn’t respond to a request for comment.



Hadley Gamble, shown in 2021, accused former NBCUniversal CEO Jeff Shell of sexual harassment and discrimination.

BUSINESS & FINANCE

Bankman-Fried Seeks to Toss Charges

Lawyers call case flawed, say DOJ rushed to indict after the collapse of FTX

By James Fanelli

FTX founder Sam Bankman-Fried asked a New York federal judge to dismiss most of the criminal case against him, saying the Justice Department brought flawed charges in a rush to indict him after the collapse of the crypto exchange.

requirements of underlying criminal statutes. Mr. Bankman-Fried was arrested in the Bahamas in December, a month after FTX filed for bankruptcy, and charged with stealing billions from the company's customers while lying to investors and lenders to his crypto-investment firm Alameda Research. Rather than wait for the regulatory and civil process to play out, the Manhattan U.S. attorney's office swooped in, his lawyers said in a filing.

which is under new management, of acting as an agent of the Justice Department while publicly vilifying Mr. Bankman-Fried. Federal prosecutors aren't collecting and reviewing documents themselves but rather sending FTX requests for material, the lawyers said, allowing the company to produce whatever it wants. The arrangement raises concerns that FTX isn't handing over exculpatory material, the lawyers said.



Sam Bankman-Fried says the terms of his extradition were violated.

government agreed to release Mr. Bankman-Fried but issued what is known as a warrant of surrender specifying that he could be tried only on seven counts in the original indictment, not including the campaign-finance charge, his lawyers said. Continuing to prosecute him on the charge violates the rules of the extradition treaty between the two countries, the lawyers said.



The reimagined spectacle will feature more diverse models, without winged 'Angels.' The 2018 show.

Victoria's Secret to Revive Fashion Show as a Movie

By Alyssa Lukpat

Victoria's Secret is reinventing its lingerie-clad fashion show as a feature-length film with more diverse models, years after the company had been criticized for glorifying skinny body types. The lingerie seller is reviving its famous fashion spectacle for the first time since 2018, but this time there will be no "Angel" models in wings. Victoria's Secret said Tuesday that it will present its new show as a pretaped film available on streaming services this fall.

Millions of people used to tune in to watch supermodels strut in lingerie while pop stars sang next to them on the catwalk. Then consumer tastes shifted to more natural looks, and the company was criticized for marketing to the male gaze and not everyday women. Victoria's Secret, which is based in Ohio, aired its last fashion show in 2018. The company's new take on its fashion show is set to be taped in the next few weeks, a Victoria's Secret spokeswoman said. The film, called "The Victoria's Secret World Tour," is expected to feature 20 fashion designers and other artists who will make and showcase collections in Bogotá, Colombia; Lagos, Nigeria; London and Tokyo.

Victoria's Secret remains among the top lingerie brands in the U.S., even as it tries to reverse decades of its provocative marketing. The company's sales have slumped in recent years as people have turned to brands emphasizing comfort and inclusivity. Leslie Wexner, who made Victoria's Secret a national brand, stepped down from parent company L Brands in 2020. Victoria's Secret spun off from L Brands the following year as its own public company. As part of its rebranding strategy, Victoria's Secret has hired more diverse models, including Sofia Jirau, a Puerto Rican woman with Down syndrome. The company has also started a group called the VS Collective, whose members will help design products. The members include actress Priyanka Chopra Jonas, tennis star Naomi Osaka and soccer player Megan Rapinoe.

Ex-Coinbase Staffer Gets Prison in Insider Case

By James Fanelli

A former Coinbase employee was sentenced to two years in prison for his role in what federal prosecutors called the first-ever insider-trading case involving cryptocurrency. Ishan Wahi, 32 years old, previously pleaded guilty in a New York federal court to two counts of conspiracy to commit wire fraud for tipping off his brother and a friend to confidential information that he gained at his job at the crypto exchange. The tip recipients, co-defendants in the case, used the information to trade on digital tokens, making nearly \$1.5 million in profits, according to federal prosecutors from the Manhattan U.S. attorney's office.

retta Preska said Mr. Wahi repeatedly provided tips, despite being aware his actions were illegal. "It was a stream of inside information doled out over a 10-month period," she said, adding that Mr. Wahi, who is from India, tried to flee the country when he learned he was under investigation. She ordered him to surrender to prison no later than June 21. Mr. Wahi told the judge that he was sorry for his actions. "I made a huge mistake that will follow me for the rest of my life," he said. His lawyers had sought a sentence of 10 months in prison, saying that in part his actions took place during a time when the rules and regulations around the crypto industry were unclear. "It's not an excuse but it is partly an explanation," one of

his lawyers, Andrew St. Laurent, said. Assistant U.S. Attorney Noah Solowiejczyk told the judge that Coinbase had a clear insider-trading policy. "It's not like this defendant wasn't informed of what the potential consequences were," he said. Prosecutors had sought a sentence within the federal guidelines of more than three years to nearly four years in prison, saying that such a punishment would deter others from illegally trading on insider information. Mr. Wahi's brother, Nikhil Wahi, previously pleaded guilty to one count of conspiring to commit wire fraud and is currently serving a 10-month prison sentence. The third defendant in the case, Sameer Ramani, remains at large, according to prosecutors.

Fox Says It Settled Dominion Lawsuit to Avoid Trial Rancor

By Joe Flint and Will Feuer

Fox Corp. Chief Executive Lachlan Murdoch said Fox News's settlement of Dominion Voting Systems' defamation lawsuit for \$787.5 million was a "business decision" done to "avoid the acrimony of a divisive trial and multiyear appeal process." Speaking to analysts on Fox Corp.'s quarterly earnings call, Mr. Murdoch said this was a decision "clearly in the best interests of the company and its shareholders." Mr. Murdoch's remarks came after Fox said it swung to a \$54 million quarterly loss, primarily because of charges associated with legal-settlement costs. The company's shares closed down 1.5% Tuesday. Fox last month agreed to settle Dominion's lawsuit just before the start of a trial on the voting-machine company's allegations that it was defamed by network broadcasts after the 2020 presidential election. Dominion alleged that Fox hosts and guests amplified false claims that its voting technology helped rig the election for Joe Biden, while Fox argued

that it was covering news-worthy claims by associates of then-President Donald Trump and that its broadcasts should be protected by the First Amendment. Mr. Murdoch said rulings by Delaware Superior Court Judge Eric Davis before the start of the trial "severely limited" the company's ability to defend itself on the grounds that remarks made by Fox News commentators about Mr. Trump's allegations of voter fraud were newsworthy. Mr. Murdoch suggested that the company wasn't looking to settle a similar defamation claim brought against it by the voting company Smartmatic, which is seeking \$2.7 billion in damages. Fox Corp. and News Corp, the parent of Wall Street Journal publisher Dow Jones & Co., share common ownership. Asked about the recent

ouster of popular Fox News prime time host Tucker Carlson, Mr. Murdoch declined to comment on the specifics of what led to that decision, saying only that the change in the lineup doesn't reflect a shift in programming for the network. "It's obviously a successful strategy," he said. The network parted ways with Mr. Carlson in part because of disparaging remarks he had made about colleagues and others via text and email that came to light as a result of the discovery process during the legal battle with Dominion, The Wall Street Journal previously reported. Since Mr. Carlson's departure, ratings for the 8-9 p.m. hour at Fox News have fallen about 48% from the roughly 3 million viewers Mr. Carlson averaged just before going off the air, according to Nielsen. Fox News has yet to name a new host or show for that hour. Fox's revenue for the fiscal third quarter climbed 18% to \$4.08 billion, topping the \$4.03 billion that Wall Street analysts had expected, according to FactSet. Sales were lifted by a 43% jump in advertising revenue that was driven by the airing of the Super Bowl in February.

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THE PROPERTY REPORT

Nuveen Buys Affordable-Housing Portfolio

Acquisition of New York City-focused holding lifts its assets in sector to \$6.4 billion

By Will Parker

Nuveen, the asset-management arm of Teachers Insurance and Annuity Association of America, is acquiring a more-than-12,000-unit affordable-housing portfolio in one of the largest multifamily-housing deals this year.

The properties are largely concentrated in the New York City area, including several large apartment buildings in the Bronx, Brooklyn and Queens. Other buildings are located in Maryland, Massachusetts, Texas and other states, Nuveen said on Tuesday. The portfolio includes developable land and existing buildings in need of rehabilitation that could eventually produce an additional 8,000 low-income apartments, Nuveen said.

Nuveen declined to share the price paid for the buildings, but said the deal is part of more than \$3 billion in recent acquisitions, inclusive of debt, that have doubled the size of the company's affordable-housing assets under management to \$6.4 billion.

The sale comes as investors have begun to turn away from market-rate apartments because of declining rent growth.

Affordable housing provides a reliable return for investors in



The properties are largely concentrated in the New York City area, including several large apartment buildings in the Bronx, Brooklyn and Queens boroughs.

part because tenant subsidies shore up rent collections, Nuveen said. While a possible recession portends a downward trend for market-rate apartments, rents at affordable-housing properties aren't usually lowered during such periods, a Nuveen investor report notes.

Nuveen's latest acquisition consists largely of government-subsidized buildings with

a mix of housing vouchers and tax credits. Most units rent to tenants making 60% or less of the area median income, the company said. The seller is Omni Holding Company, a New York-based affordable-housing operator co-founded by retired baseball player Mo Vaughn. Omni is selling nearly all of its affordable-housing portfolio in the transaction, Nuveen said.

TIAA manages retirement plans for more than five million active and retired employees across several fields. Nuveen's assets under management total \$1.1 trillion.

Nuveen's buy is the second supesize affordable-housing sale to happen recently. A division of Goldman Sachs, along with partners, in April spent nearly \$1.2 billion to buy more

than 10,000 affordable units in major Southern and Midwest cities.

Some of the properties have expiring affordability agreements that Nuveen said it plans to extend. "We want to continue to hold those and preserve those," said Pamela West, portfolio manager of impact investing in Nuveen's Real Estate Impact Group.

Nuveen will manage the Omni properties in its Impact Housing portfolio, a fund for longer-term holdings, the company said.

Construction of new affordable housing, meanwhile, has been strained by rising interest rates. Some developers last fall said they were pausing plans to build until they could secure cheaper financing.

Bonds Backed by Apartments Are Under Pressure

By Konrad Putzier and Will Parker

Defaults are rising for a niche mortgage bond used primarily to fund apartment-building purchases, another sign that rising interest rates are upending the property sector.

This product, known as collateralized loan obligations, or CLOs, are mortgages packaged into bonds that are sold to investors. These mortgages helped fuel the rise in housing costs across Sunbelt states such as Arizona, Texas and Nevada, facilitating the purchase of buildings where property owners saw opportunities to raise rents.

Rental apartments accounted for two-thirds of the CLOs issued in 2021 and 81% of those issued in 2022, according to real-estate data firm Trepp.

The mortgages associated with CLOs appeal to property owners because they can put down less equity and take on more debt than with bank mortgages. They also have

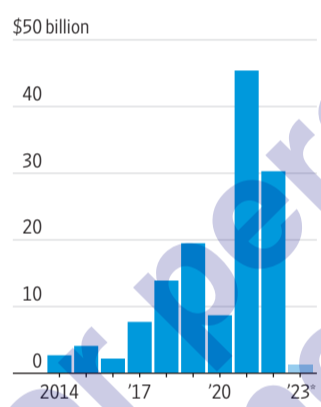
shorter terms and floating interest rates that make it easier for owners to sell or refinance their buildings after a few years.

But some of the same characteristics that made these loans attractive to property owners also made them riskier and more vulnerable to sudden changes in borrowing rates. Last year's surge in interest rates, a softening rental market and rising expenses mean many landlords no longer earn enough money to pay back their loans.

"The market has really changed for these people," said Selina Parelskin, chief executive of Beacon Default Management, a company that helps lenders foreclose.

Applesway Investment Group lost two properties tied to CLOs last month after defaulting on floating-rate loans. Downtown Los Angeles landlord Laguna Point missed payments on a loan packaged into a CLO after a plan to increase rents by \$700 a month per unit was

Annual commercial real-estate CLO issuance



*As of April 30 Source: CRED-iQ.com

stifled in part by low rent collections, according to loan documents. Laguna later sold the properties to Miami-based Fifteen Group in March, according to data provider MSCI Real Assets.

Nearly \$88 billion in securitized mortgages are at risk of default, and 42% of them are backed by apartment buildings, Trepp estimates. CLOs make up the majority of

these at-risk apartment loans.

The loans are in danger of default because the buildings they back earn insufficient or barely enough money to cover debt payments, Trepp said.

Defaults remain rare but have become more common since last year. About 1.4% of commercial real estate CLOs were delinquent as of April 30, according to data company CRED iQ, up from 0.4% last July. Ms. Parelskin said she expects a lot more defaults in the months to come because property CLOs are more volatile than other types of mortgages.

Property CLOs trace their roots to the aftermath of the global financial crisis. Following the crash, banks became more conservative, eschewing risky property deals and lending less money as a share of a building's value, brokers say. That meant investors looking to buy buildings that were vacant or in need of extensive repairs needed an alternative source of money.

CLOs popped up to help fill

that void. These securities were popular with bond investors because they offered higher yields at the same time interest rates were low, analysts said.

Surging apartment rents kicked off a buying frenzy in 2021 as investors bought more multifamily properties than in any year in history. Many took out securitized loans. Commercial real-estate CLO issuance rose to a record \$45.4 billion in 2021 from just \$8.7 billion in 2020, according to CRED iQ.

Now, borrowers are getting squeezed from multiple sides, said Patti Unti, managing director at Waterfall Asset Management. The interest rates on their loans have surged and hedges protecting against even higher rates are starting to expire.

At the same time, construction and insurance costs have risen, meaning many renovation projects are running out of money. Expiring loans are harder to refinance because many lenders are reluctant to dole out new mort-

gages.

CLO lenders, rather than bondholders, are most in danger of losses if defaults rise, said Donald Belanger, a senior director at Fitch Ratings. That is because these companies typically keep the most junior 15% to 20% of bonds they create, meaning they are last in line to get paid. The list of the 10 biggest issuers includes affiliates of Arbor Realty Trust, Berkshire Residential Investments, LoanCore Capital and Blackstone, according to CRED iQ.

One of the biggest apartment buyers to use CLOs was Los Angeles-based Tides Equities. The company snapped up \$1.7 billion of apartment properties in 2021 alone. The buildings are mostly located in Southwest markets such as Phoenix and Las Vegas where rents were booming until recently.

But for at least a handful of Tides's investments, higher interest rates and falling rents are combining to push down profit, according to loan records.

Airbnb Posts Higher Profit, Revenue, but a Mixed Outlook

By Konrad Putzier

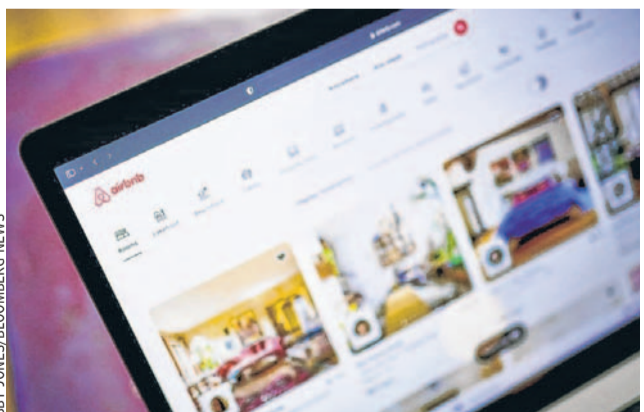
Airbnb reported higher revenue and profit in the first quarter, but customers reserved fewer-than-expected stays and the company gave a mixed outlook for the second quarter, spooking investors.

The short-term rental company recorded a quarterly profit of \$117 million, beating analysts' expectations of \$90 million. Airbnb recorded a loss of \$19 million in the first quarter of 2022.

The company said it expects average daily rates to fall slightly in the second quarter compared to a year earlier and that growth in nights booked would be slower than revenue growth.

Shares fell 11% in after-hours trading. The stock closed on Tuesday at \$127.07, up roughly 50% so far this year.

In a sign that travelers are willing to spend on trips, the company's gross booking value—the total amount customers pay for bookings on Airbnb—increased 19% to \$20.4 billion. Analysts had expected bookings of \$20.09 billion, according to FactSet. The increase was driven by a 19% rise in the number of nights booked while the average daily rate paid for stays was flat, the company said.



Airbnb said growth in nights booked would trail revenue growth.

Last week, travel-site operators Booking Holdings and Expedia Group reported increases in gross bookings of 44% and 20%, respectively.

Airbnb recorded \$1.8 billion in revenue in the first quarter, up 20% from a year earlier and roughly in line with analysts' expectations.

For the second quarter of 2023, the company projected revenue of \$2.35 billion to \$2.45 billion, roughly in line with analysts' estimates of \$2.42 billion, according to FactSet.

Also expected to weigh on its average daily rate is its bid to win over more cost-conscious customers. The company is increasingly focused on mak-

ing prices more transparent and marketing cheaper listings.

Last week, Chief Executive Brian Chesky announced a new tool to make it easier for customers to search for and book a room in a shared home, which typically costs less than booking an entire place.

In a recent note, Robert Mollins, an analyst at Gordon Haskett, wrote that he also views the focus on rooms as a response to a new short-term rental law in New York City that requires hosts to stay in the home with their guests.

Airbnb said it bought \$2 billion of its own stock over the past nine months and that its board has authorized up to \$2.5 billion in additional buys.

Retailers Head to the Suburbs

Continued from page B1 Retailers' discontent with declining sales and rising property crime in big cities.

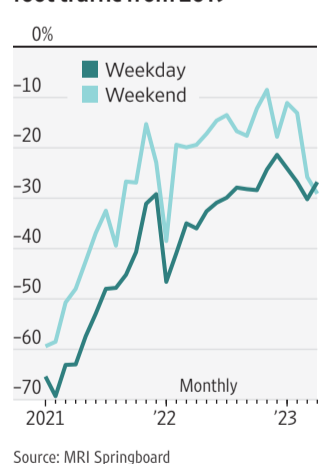
"I think we're in for quite a challenging time for downtowns and for retail in downtowns," said Diane Wehrle, marketing and insights director for MRI Springboard.

Some restaurants and retail businesses are now moving from their once-bustling urban locations to the nearby burbs. Several restaurant chains have expanded beyond office corridors since the pandemic, including salad shop Sweetgreen, which closed several locations in Los Angeles, Boston and New York City last year.

While the firm said it isn't abandoning cities, as of last summer, half of Sweetgreen's footprint was in the suburbs, up from 35% at the end of 2019, the company reported.

Suburban landlords was strong during the first months of this year, even with high inflation and rising interest rates. Shopping-center owner Site Centers reported record-high leasing in the first quarter, while owner Phillips Edison reported a new high for occupancy. Retail Opportunity Investments

Change in U.S. downtown foot traffic from 2019



Source: MRI Springboard

Corp. said its portfolio is more than 98% leased.

Even high-end enclosed malls, which were hard hit by the pandemic, are showing signs of improvement. Foot traffic at Simon Property Group's malls is higher this year compared with 2022 while overall occupancy was 94.4% in the first quarter, just shy of prepandemic levels, according to the company.

The swelling crowds at suburban stores, in part, are coming at the expense of city retailers. In the second half of last year, urban retail availability surpassed suburban availability for the first time since at least 2013, according to real-estate firm CBRE. Asking rent growth in the suburbs also outpaced urban areas last year.

"You're seeing retailers of all types look to go to some of these suburban centers," said retail analyst Dana Telsey, who

runs Telsey Advisory Group.

One of these retailers is Dig, a fast-casual eatery founded in New York City in 2011. Until the pandemic, the restaurant largely catered to office lunch crowds in Manhattan, Boston and Philadelphia, said Chief Executive Tracy Kim.

The business was hit by the pandemic and shift to remote work, and a few of its locations in New York closed permanently. Now, Dig is opening restaurants primarily in the suburbs and in residential neighborhoods of larger cities, rather than office districts.

Over the past few weeks the company has opened locations in Stamford, Conn., Bridgewater, N.J., and in the Washington, D.C., neighborhood Georgetown. Dig plans to open three more this year, one in Brooklyn, N.Y., and two in the D.C. suburbs.

"There is a permanent part of the work base that's never going to return to the office five days a week," Ms. Kim said. "We just want to be where the mouths are, whether they're at home or in the office."

Some smaller business owners whose livelihoods are linked to urban downtowns are left hoping that workers will return. Beehive Shoeworks, under the L tracks in downtown Chicago, recently filed for a hardship accommodation on a \$500,000 Small Business Administration loan it took out during the pandemic.

—Peter Grant and Joe Barrett contributed to this article.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table with columns: Metal & Petroleum Futures, Copper-High (CMX), Gold (CMX), Palladium (NYM), Platinum (NYM), Silver (CMX), Crude Oil, Light Sweet (NYM), NY Harbor ULSJ (NYM), Gasoline-NY RBOB (NYM), Natural Gas (NYM), Agriculture Futures, Corn (CBT), Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (K) (CBT), Cattle-Feeder (CME), and Aug.

Table with columns: Cattle-Live (CME), Hogs-Lean (CME), Lumber: British Columbia (CME), Lumber: Chicago (CME), Milk (CME), Cocoa (ICE-US), Coffee (ICE-US), Sugar-World (ICE-US), Sugar-Domestic (ICE-US), Orange Juice (ICE-US), and Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), 10 Yr. Del. Int. Rate Swaps (CBT), Three-Month SOFR (CME), Eurodollar (CME), and Japanese Yen (CME).

Table with columns: Index Futures, Mini DJ Industrial Average (CBT), Cash Prices, Energy, Metals, Gold, per troy oz., Silver, troy oz., Other metals, and U.S. government rates.

Table with columns: Mini S&P 500 (CME), Mini S&P Midcap 400 (CME), Mini Nasdaq 100 (CME), Mini Russell 2000 (CME), U.S. Dollar Index (ICE-US), and Food, Beef, carcass equiv. index, Broilers, National comp wtd. avg.-u/w, Butter, AA Chicago-d, Cheddar cheese, bbl, Chicago-d, Milk, Nonfat dry, Chicago lb-d, Coffee, Brazilian, Comp-y, Coffee, Colombian, NY-y, Eggs, large white, KC-g, Flour, hard winter, KC-p, Hams, 17-20 lbs, Mid-US fob-u, Hogs, Iowa-So. Minnesota-u, Pork bellies, 12-14 lb MidUS-u, Pork loins, 13-19 lb MidUS-u, Steers, Tex.-Okla. Choice-u, Steers, feeder, Okla. City-u-w, Fats and Oils, Degummed com oil, crude wtd. avg.-u/w, Grease, choice white, Chicago-h, Lard, Chicago-u, Soybean oil, crude, Cent'l IL-u-w, Tallow, bleach, Chicago-h, Tallow, edible, Chicago-u.

Table with columns: Agriculture Futures, Corn (CBT), Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), Rough Rice (CBT), Wheat (CBT), Wheat (K) (CBT), Cattle-Feeder (CME), and Aug.

Table with columns: Interest Rate Futures, Ultra Treasury Bonds (CBT), Treasury Bonds (CBT), Treasury Notes (CBT), 5 Yr. Treasury Notes (CBT), 2 Yr. Treasury Notes (CBT), 30 Day Federal Funds (CBT), 10 Yr. Del. Int. Rate Swaps (CBT), Three-Month SOFR (CME), Eurodollar (CME), Japanese Yen (CME), Canadian Dollar (CME), British Pound (CME), and Aug.

Cash Prices | wsj.com/market-data/commodities Tuesday, May 9, 2023 These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Energy, Metals, Gold, per troy oz., Silver, troy oz., Other metals, Fibers and Textiles, Grains and Feeds, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Torrella & Brooks; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 5/8

Exchange-Traded Portfolios

WSJ.com/ETFResearch Largest 100 exchange-traded funds, latest session

Table with columns: ETF, Symbol, Closing Price, Chg, YTD (%), and various ETF symbols like XLY, XLP, DFAC, XLE, etc.

BANKRATE.COM MMA, Savings and CDs

Average Yields of Major Banks Tuesday, May 9, 2023

Table with columns: Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 2.5YR, 5YR, National average, Savings, Jumbos, Weekly change, Savings, Jumbos.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

Table with columns: High yield savings, Bank, Yield, Phone number, Minimum, Money market and savings account, Six-month CD, VirtualBank, Lone Star Bank, Presidential Bank, FSB, Two-month CD, VirtualBank, Lone Star Bank, Presidential Bank, FSB, Three-month CD, Charles Schwab Bank, Merrick Bank, America First FCU.

High yield jumbos - Minimum is \$100,000

Table with columns: Money market and savings account, Six-month CD, One-month CD, VirtualBank, Lone Star Bank, Presidential Bank, FSB, Two-month CD, VirtualBank, Lone Star Bank, Presidential Bank, FSB, Three-month CD, Charles Schwab Bank, Merrick Bank, America First FCU, Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allows six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates May 9, 2023

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, Federal funds, Treasury bill auction, Secondary market, Fannie Mae, 30-year mortgage yields, 30 days, 60 days, Other short-term rates, Call money, Commercial paper (AA financial), Libor, DTCC GCF Repo Index, Notes on data, U.S. prime rate, DTCC GCF Repo Index, Sources: Federal Reserve, Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Unlimited quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldface quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Health Street journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 2 p.m. the previous day.

Tuesday, May 9, 2023

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like ABB, AECOM, AES, etc. with their respective prices and changes.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Engg-Cmg, ConagraBrands, Confluent, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Exelon, Expedia, Expeditors, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like GE Healthcare, GFL, Genentech, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like GE Healthcare, GFL, Genentech, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like GE Healthcare, GFL, Genentech, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Lincoln Electric, Mondelez, Mosaic, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like M&T Bank, MGM Resorts, MGLX, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like M&T Bank, MGM Resorts, MGLX, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like M&T Bank, MGM Resorts, MGLX, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like M&T Bank, MGM Resorts, MGLX, etc.

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NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table with columns for Stock, 52-Wk % High/Low, and % Change. Includes sections for 'Highs' and 'Lows' with various stock tickers and their performance metrics.

Biggest 1,000 Stocks | WSJ.com/stocks

Table listing the top 1,000 stocks by market cap, with columns for Stock, Sym, Close, Net Chg, and % Change. Includes sub-sections for 'T U V' and 'W X Y Z'.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table showing bond benchmarks with columns for Total return close, YTD total return (%), Index, and Yield (%). Includes sections for Broad Market, U.S. Corporate, High Yield, and Global Government bonds.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table of corporate debt spreads with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Price as of face value.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table mapping yields for global government bonds with columns for Country, Maturity, Yield, and Spread.

High-yield issues with the biggest price increases...

Table of high-yield issues with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Price as of face value.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

e-E-distribution, F-Prestige day's quotation, g-Footnotes x and s apply, J-Footnotes e and s apply, k-Recalculated by Lipper, using updated data, p-Distribution costs apply, l2b-1, r-Redemption charge may apply, s-Stock split or dividend, F-Footnotes p and r apply, y-Footnotes x and e apply, x-Ex-dividend, Z-Footnote x, e and s apply, NA-Not available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.

Table of mutual funds with columns for Fund, NAV, Net YTD Chg, YTD % Ret, and Fund Name.

...And spreads that widened the most

Table of corporate debt spreads that widened the most with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Price as of face value.

...And with the biggest price decreases

Table of corporate debt spreads that decreased with columns for Issuer, Symbol, Coupon (%), Yield (%), Maturity, Current, Spread, and Price as of face value.

FINANCE & MARKETS

Stocks Drop Amid Debt-Ceiling Worries

Inflation reports on Wednesday and Thursday remain market focal points

By HANNAH MIAO

The S&P 500 slipped as investors awaited key inflation data and worries about the U.S. debt ceiling loomed over markets.

The S&P 500 fell 0.5%. The Dow Jones Industrial Average eased 0.2%, or about 57 points. The Nasdaq Composite fell 0.6%.

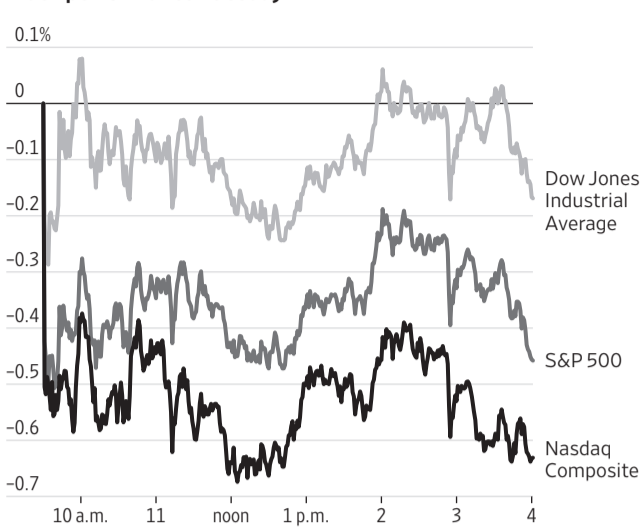
Investors have been watching for progress on talks about raising the federal borrowing limit as the U.S. confronts the risk of defaulting on its obligations for the first time.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with 2 columns: Applications, Accepted bids, Interest rate, Bids at clearing yield accepted, Cusip number. Values include \$128,065,108,800, 3.625%, 91282CHR0.

Index performance Tuesday



Source: FactSet

The government could become unable to pay all of its bills on time as soon as June 1 if the debt ceiling isn't raised, Treasury Secretary Janet Yellen has projected.

'We've got this debt overhang,' said George Mateyo, chief investment officer at Key Private Bank. 'Until a deal gets done, there's going to be some building consternation within the markets.'

Market participants also braced for the latest consumer-price index due for release Wednesday morning. Econo-

mists are forecasting a 5% increase for April from a year ago, in line with the previous month's reading, which eased to its lowest level in nearly two years.

Inflation data could factor into the Federal Reserve's decision making regarding interest rates, which influences appetite for U.S. equities. Traders are betting the Fed could cut interest rates later this year as inflation shows signs of abating. The latest producer-price index scheduled to come out Thursday will also offer clues about



Shares of electric-vehicle makers Fisker and Lucid fell after they reported results.

the path of inflation.

'It's a wait-and-see mode that investors find themselves in with CPI and PPI this week,' said Jim Smigiel, chief investment officer at SEL. 'If we have a hotter-than-expected or cooler-than-expected CPI, you can expect to see a bigger reaction than usual in the market.'

The benchmark 10-year U.S. Treasury yield ticked up 0.002 percentage point to 3.520% on Tuesday.

Federal Reserve Bank of New York President John Williams said Tuesday that the po-

tential effects of changes in lending conditions would be a top focus for Fed officials as they determine whether they have raised rates enough.

Small and midsize lenders have been under scrutiny since the collapse of several banks in recent months, leading to volatility in regional bank stocks. PacWest on Tuesday rose 2.3% after falling earlier in the session. Western Alliance fell 1.4%. The SPDR S&P Regional Banking ETF eased less than 1%.

In earnings-related market

action, shares of Lucid and Fisker fell after electric-vehicle makers reported quarterly results. PayPal fell 13% after the payments giant late Monday cut its outlook for annual adjusted operating margin.

Brent crude-oil prices recovered to finish up 0.6% at \$77.44 a barrel.

Europe's Stoxx 600 fell 0.3%. Early Wednesday, Japan's Nikkei 225 was down 0.4%, Hong Kong's Hang Seng Index was down 0.7% and the Shanghai Composite was down 1.2%. S&P 500 futures rose 0.1%.

China's State-Owned Banks, Brokers Are Hot

By REBECCA FENG AND CAO LI

While investors in the U.S. are fretting about bank stocks, over in China banks and brokers are among the market's hottest trades.

China Citic Bank's shares jumped 10% on Monday in Shanghai, the maximum daily rise permitted in mainland China's market. Further gains on Tuesday took their increase to 15% this week, leading a rally in the sector that has also included sizable gains in Bank of China, Industrial and Commercial Bank of China and Agricultural Bank of China—all state-owned lenders.

State-owned brokerage China International Capital Corp. rose 10% on Tuesday in Shanghai, while China Galaxy Securities gained 9.3%, Wind data shows. Their Hong Kong-listed shares rose by a smaller amount.

The magnitude and timing of the price increases have left some investors and analysts in China scratching their heads, since the latest gains came months after the shares of other state-owned enterprises started to surge in price. Chinese state-owned oil producers, telecommunications companies, property developers and chip makers all have jumped in the stock market this year.

'There may be a spillover effect from the broader state-owned sector rally. Investors looked around and asked—what SOEs can I buy that are not yet overbought?' said Qi Wang, chief executive of MegaTrust Investment, a fund specializing in Chinese A-shares.

The wider rally in the shares of Chinese state-owned companies is partly the result of a speech by the country's top securities regulator last November, analysts said.

Yi Huiman, chairman of the China Securities Regulatory Commission, encouraged in-



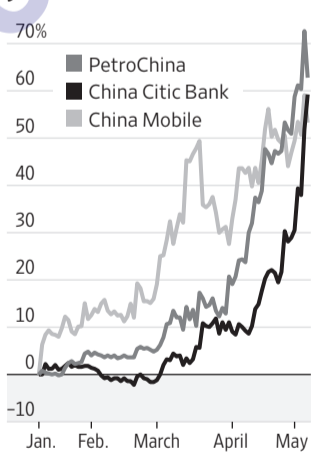
Bank of China's shares have risen by more than 44% since the start of the year. Its large peers are up by double-digit percentages.

vestors to reconsider how they value these shares, calling for a new valuation system 'with Chinese characteristics.' That followed Chinese leader Xi Jinping's call in October for state-owned enterprises to 'get stronger, do better and grow bigger.'

The CSRC chairman's speech was aimed at boosting the valuation of these companies' shares, Winnie Wu, chief China equity strategist at Bank of America, wrote in a recent research note.

The Shanghai Stock Exchange, which is dominated by large-cap state-owned companies, mapped out a three-year action plan in December, with one of its priorities being to help the valuations of companies owned by the central government to 'return to appropriate levels.'

Share-price performance, year to date



Source: FactSet

China's four biggest banks reported slower net profits last year, and their quarterly profits rose by low single dig-

its in percentage terms during the first quarter. But after the recent rally, their stock prices are now eclipsing the performance of the wider market. Bank of China's shares have risen by more than 44% since the start of the year, while the shares of the three other largest banks are all up by double digits. China's benchmark Shanghai Composite Index is around 9% higher.

Others pointed to the improving earnings outlook for Chinese banks after three lenders cut deposit rates last week, a move that will bolster their margins. China Zheshang Bank, Hengfeng Bank and China Bohai Bank all reduced the amount they will pay depositors.

The fact that regulators allowed some banks to reduce deposit rates shows that they

care about banks' profitability, said Kinger Lau, chief China equity strategist at Goldman Sachs. 'I think that really fits the bill of state-owned enterprise reform generating higher profitability and higher shareholder returns,' Mr. Lau said.

The Shanghai Stock Exchange is hosting a seminar designed to encourage the revaluation of central SOEs on May 11.

On the same day, the exchange will host a roundtable discussion on new exchange-traded funds that reference an index of state-owned companies.

Demand for these ETFs has helped drive the rally in the shares of state-owned banks, Katherine Lei, an analyst covering China's banking sector at JPMorgan, wrote in a research note on Tuesday.

UBS To Shuffle Executives After Deal

By MARGOT PATRICK

UBS said it would integrate Credit Suisse with a freshly composed executive team that includes Credit Suisse's chief executive and a new chief financial officer.

The Swiss banking giant said it is evaluating all options for Credit Suisse's Swiss business, which some politicians in the country want to be spun off into a separate unit or divested. The bank merger is one of the largest ever by assets.

Credit Suisse CEO Ulrich Körner will be in charge of operational continuity and client focus, UBS said Tuesday. UBS Chief Financial Officer Sarah Youngwood is set to leave when the two banks' deal completes in a few weeks, to be succeeded by Todd Tuckner, a UBS veteran working in its wealth-management division.

Ms. Youngwood was in the job for just a year. She joined UBS after a 24-year career at JPMorgan Chase, where she was CFO for consumer and community banking. UBS already had swapped out its CEO, Ralph Hamers, and rehired former CEO Sergio Ermotti to manage the Credit Suisse integration.

UBS is paying around \$3.25 billion in stock for Credit Suisse after the smaller bank lost customer and investor confidence. The Swiss government engineered the takeover, making UBS one of the world's largest banks by assets and a more-complex institution for global regulators to supervise. UBS has said it sees the purchase as a chance to gain more rich customers abroad and be a stronger force in Switzerland.

UBS on Tuesday said it would take a phased approach to the acquisition. It said Credit Suisse would be merged into UBS and consolidated, but that the two banks would operate independently for the foreseeable future. Some new policies will make sure UBS can effectively oversee Credit Suisse, UBS said. UBS has said before that it anticipates saving billions of dollars in annual costs across the two banks through the integration.

Credit Suisse stumbled through financial losses and scandals for years before customers started fleeing last fall. Concerns about its financial health grew this year as banks in the U.S. started teetering, and it is now starting on central-bank liquidity lines.

UBS wealth-management head Iqbal Khan and investment bank head Rob Karofsky will continue in those roles for the enlarged group, as will UBS's Swiss president, Sabine Keller-Busse, and asset-management president Suni Harford.

ChatGPT Causes Ruckus

Continued from page B1

Kodak's decline. Artificial intelligence is 'almost certainly overhyped in its initial implementation,' said Michael Green, chief strategist at Simplify Asset Management. 'But the longer-term ramifications are probably greater than we can imagine.'

Microsoft has added nearly \$500 billion in market value since the tech giant announced a \$10 billion investment in startup OpenAI, developer of ChatGPT, in January. Shares of Nvidia, which makes chips needed to power the

chatbots, have risen 96% so far this year.

Google parent Alphabet shed \$100 billion in market value in a single day earlier this year after its chatbot Bard underwhelmed investors, though those losses quickly reversed.

Alphabet shares are up 22% this year.

96%

Rise in shares of chatbot-chip maker Nvidia this year

Those moves might prove ephemeral as the technology's power becomes clearer, said Daniel Morgan, senior portfolio manager at Synovus Trust. 'The most difficult thing to ascertain is, what is going to

be the impact of all that spending to these companies on revenues and profits?' His fund owns shares of Microsoft, Alphabet and Nvidia.

The flurry of investor interest has pushed valuations higher.

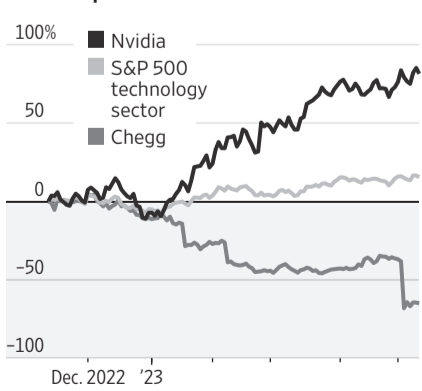
Nvidia trades at 164 times its past 12 months of earnings, according to FactSet. Microsoft and Alphabet trade at 33 times and 24 times, respectively.

Portfolio managers said the race to understand the implications of AI's emergence is essential, both to invest in the technology's winners and to avoid its eventual losers.

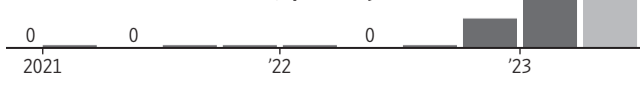
Shares of Chegg fell 48% last week after the study-materials company said that the rise of ChatGPT was harming its ability to attract new customers.

'You just don't know all the knock-on effects,' said Will Graves, chief investment offi-

Share-price and index performance over the past six months



Mentions of 'generative AI' on company conference calls worldwide, quarterly



*Second quarter 2023 is as of May 8

Sources: FactSet (performance); AlphaSense (mentions)

cer at Boardman Bay Capital Management. 'If this really is an iPhone moment, nobody

saw that Uber was coming out of the iPhone to hammer the taxi industry.'

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

This Strategy Beat Top Funds—Don't Try It

Malkiel's monkeys can probably outperform Sohn's gurus

Please don't feed or throw objects at the fund managers.

David Einhorn and Stanley Druckenmiller, both scheduled speakers at Tuesday's Sohn Investment Conference, each have earned billions of dollars through investing. Heard on the Street's columnists are paid peanuts by comparison, but that didn't stop us from making monkeys out of the conference's hedge-fund luminaries five years ago. Inspired by Prof. Burton Malkiel's book "A Random Walk Down Wall Street" in which he quipped that "a blindfolded monkey throwing darts at a newspaper's financial pages could select a portfolio that would do just as well as one carefully selected by the experts," our dart-picked stocks beat the Sohn Conference's picks by a bruising 22 percentage points.

As the mutual-fund boilerplate

warns, "past performance is no guarantee of future results." Heard's dart-throwers literally just got lucky, so we have repeated our throws in honor of the 50th anniversary of Prof. Malkiel's classic and will tally up the results next May. Our darts landed on 10 long and two short picks. Whether or not we beat the Sohn pros again, a mountain of evidence explains why we could: S&P Dow Jones Indices calculates that more than 93% of stock mutual funds lagged behind a simple index over the decade through 2022.

That might be too generous. In a sobering study released more than 15 years ago designed to weed out mere luck, academics Laurent Barras, Olivier Scaillet and Russ Wermers looked at thousands of mutual funds between 1975 and 2006 and determined 0.6% of man-

agers had enough demonstrable skill to outweigh their funds' costs.

Messrs. Einhorn and Druckenmiller, who manage more exclusive and flexible hedge funds, are the crème de la crème, vastly outearning mere mutual-fund managers. Tuesday's picks and pans by the Sohn speakers have three other advantages: For those not paying to attend the virtual conference, they are free so there is no drag from fees; they represent the stars' very best ideas; and, because of their reputations, the stocks often have an initial move due to publicity. However respected Heard on the Street might be, nobody would buy a stock because one of our darts happened to land on it.

Should they? Eleven years ago, analysts at Research Affiliates and Towers Watson ran an analysis ti-

tled "The Surprising Alpha From Malkiel's Monkey" that picked several virtual portfolios of 30 stocks each year from 1964 through 2012, including some selected at random from the 1,000 largest U.S. companies. They beat a market-capitalization-weighted index by a respectable margin.

The study's portfolios in part did so well because they were regularly reweighted and picked a lot of smaller companies. Both the small-capitalization and equal-weighting effects can lead to extra returns over time. The smallest three Heard dart picks have market values of \$82 million, \$240 million and \$350 million.

But don't try this at home: A research paper by Hendrik Bessembinder shows most stocks tracked over decades don't produce any return at all in excess of risk-free

Treasury bills. About half of all positive returns were generated by 83 companies between 1926 and 2019, or less than one-third of 1% of all stocks tracked. To match the monkey portfolios, one would have to pick many stocks randomly each year and then keep repeating the process, still possibly failing to buy and hold rare big winners.

The only way to guarantee finding those needles in a haystack is paying for the whole haystack—an index fund. You would beat most fund managers but only match the market. The man who inspired all the monkey jokes, Dr. Malkiel, endorsed that simple strategy in an email last week when informed of the return of Heard's contest, saying: "Of course, as you know, I do not favor investing by throwing darts. I want investors to hold everything." —Spencer Jakab

Nintendo Needs A New Console Soon

Nintendo's Switch is one of the bestselling videogame consoles ever, but it is showing its age. The Japanese game giant needs to quickly find a successor to satisfy gamers and its investors.

Nintendo shipped nearly 18 million of the consoles for the fiscal year ended March, bringing its total sales to 125.6 million units since its launch in 2017. That puts the home and hand-held console ahead of Wii, its previous runaway success.

But the downward trend is clear: It shipped 22% fewer Switch consoles than the previous year. At the peak, it sold almost 29 million units during the fiscal year ended in March 2021, receiving a big power-up from stay-at-home gamers during the pandemic. The slowing sales are affecting its results. Nintendo said Tuesday that revenue for the fiscal year ended March fell 6% from a year earlier, while its operating profit dropped 15%.

Sales will further decelerate the current fiscal year: Nintendo said it expects to ship 15 million units of the console. It expects overall corporate revenue to drop

around 10%. But achieving even this modest target won't be easy. Nintendo might need to cut prices and release more megahit games to help sell the consoles.

Fortunately, "The Legend of Zelda: Tears of the Kingdom" to be released this week will likely be an instant hit. The popularity of "The Super Mario Bros. Movie" at the box office will also provide a boost to earnings this quarter. The movie already has grossed more than \$1 billion globally.

Selling videogames is Nintendo's bread and butter. It will need to make the most of its Switch while it can. The company hasn't indicated if it is going to launch a new console this fiscal year. Its Wii U, meant to follow up on the success of the Wii, was a flop that dragged on Nintendo's results, spurring two consecutive years of losses. The encore to the Switch has to be compelling. More than most companies who want to keep the good times rolling, leveling up at Nintendo is fraught with peril and requires exquisite timing.

—Jacky Wong



'The Legend of Zelda: Tears of the Kingdom' will likely be an instant hit.



Tom Cruise's 'Top Gun: Maverick' racked up a global box office of nearly \$1.5 billion.

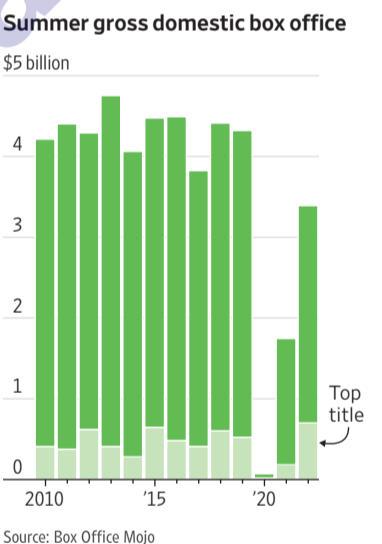
Theaters' Fate Can't Rest on a Star

Tom Cruise saved movie theaters last summer. The industry can't afford to depend on him again.

As the summer movie season kicks off, hopes are high for a box office that looks much closer to the prepandemic norm. "The Super Mario Bros. Movie" gave the season a strong prelude by grossing more than \$1 billion worldwide since its April 5 release, while "Guardians of the Galaxy Vol. 3" gave the actual season a decent start with a \$114 million domestic debut this past weekend. Taking in the most recent weekend's tally, the domestic box office this year is tracking about 25% below the same point in 2019, according to Box Office Mojo. At this time last year, that gap was 43%.

Of course, this time last year was about a month before the debut of Mr. Cruise's "Top Gun: Maverick." That smash hit went on to rack up a global box office of nearly \$1.5 billion. It accounted for 21% of the summer season's total domestic box office. That sort of concentration is rare. The Christopher Nolan thriller "Tenet" took 27% of the summer box office in 2020, but that was virtually the only major movie playing in a theater circuit hobbled by the pandemic. Excluding that, the last movie to account for more than 20% of the summer season's total take was "The Empire Strikes Back"—in 1980, according to Box Office Mojo.

The fact that 2022's domestic box office closed 35% below the prepandemic norm shows the limits of one or two huge hits when the rest of the pipeline is thin. Last year saw a little over half the num-



ent and picking up awards.

Mr. Gamble noted Apple has two films in this year's pipeline. And Amazon affirmed the importance of theaters with "Air," the Ben Affleck-helmed movie about the development of Nike's Air Jordan sneaker, which racked up nearly \$82 million in global box office ahead of its debut on Prime Video by the end of this week.

The health of the movie-theater industry will depend on strong performances by a number of films, rather than huge performances by a few. Last summer saw eight movies pass the \$100 million mark domestically compared with an average of 12 in the years 2015 to 2019. In a report last week, Doug Creutz of TD Cowen projected 11 releases that will cross that threshold this summer.

He expects this year's "high summer"—the 13-week period beginning with the first weekend in May—to see domestic box office receipts rise 6% from last year but fall about 18% below the 2017 to 2019 average. This summer's releases include the most recent "Guardians" plus "The Flash" from Warner Bros., a "Little Mermaid" reboot from Disney and the first "Indiana Jones" sequel in 15 years. It includes the latest outing in Mr. Cruise's "Mission Impossible" franchise, which reportedly includes an expensive submarine sequence added late in production. That probably didn't help with Paramount's now well-known cash struggles, but at least Mr. Cruise won't need to save the entire theatrical industry again.

—Dan Gallagher

PayPal Is Growing, but Not Like It Used To

PayPal beat its revenue growth target in the first quarter and raised its forecast for the year. But the company's changing focus is sending investors for a loop.

The payments company's growth, which slowed after a surge early in the pandemic, is being fueled by a couple standouts. First, by so-called unbranded, behind-the-scenes payment processing. This is PayPal's business as the software and services provider that works with merchants to enable them to accept a variety of payment types. Another major driver is interest rates, which help the company earn more on the cash that users leave in PayPal and Venmo accounts.

The good news is these two trends helped propel revenue growth to 10.4% year over year, adjusting for currency fluctua-

tions, in the first quarter. That was 1.5 percentage points higher than the company's guidance, and PayPal raised its full-year 2023 revenue growth forecast.

But the bad news is this shift in growth drivers is pressuring PayPal's operating margin growth. PayPal earns more when a consumer clicks a branded PayPal or Venmo button to pay. Unbranded processing volume, where PayPal's Braintree unit competes with other fast-growing payment processors such as Adyen and Stripe, grew 30% year over year on a currency-neutral basis in the first quarter. This is an enterprise business, where signing a chunky new client can greatly accelerate growth, and where digital upstarts are eating share from older incumbents.

Meanwhile, branded checkout payment volume grew 6.5%,

though notably that was 2 percentage points faster than in the fourth quarter. Here, PayPal is competing more fiercely than ever, often consumer by consumer, with a growing array of players including fast-coming Apple Pay and offerings from Google, Shopify, Amazon.com and more. Growth also has been hit by a broader slowdown in e-commerce shopping postpandemic.

As for higher rates, they are great for margins, as it basically means free additional revenue on the same business. But the issue here is that the Federal Reserve may soon stop raising rates, or even start cutting them. This means PayPal is going to face tougher margin comparisons later this year.

All told, PayPal lowered its forecast for 2023 adjusted margin

growth from 1.25 percentage point expansion to 1 percentage point. Revenue is still anticipated to increase quickly enough to help adjusted earnings per share rise a bit faster than previously anticipated, at 20% year over year versus 18% in the prior guidance. But with unbranded Braintree growth likely to moderate at some point, investors' confidence in continuing strong earnings growth may still hinge on margins. This helps explain why PayPal shares closed down 13% on Tuesday.

PayPal isn't necessarily on the wrong track, given the broad direction of the e-commerce market. But it is a different track than it once was, when user growth and branded payments expansion were the lodestars. Departing Chief Executive Dan Schulman told analysts on the Monday earnings call

that the company has a "high-class problem" with unbranded payments, because it is "winning in that market faster than we anticipated."

Evolution in the unbranded business, like expanding overseas and a new offering for small- and midsize businesses, can drive higher margins in the future. It also will help with the rollout of the company's enhanced branded checkout button functionality that is aimed at making it even more competitive with the likes of Apple Pay.

But those things are still to come—and Mr. Schulman may not be around for all of that transition. He told analysts that the plan is still to announce his replacement before year-end. PayPal investors will remain in wait-and-see mode.

—Telis Demos