

What's News

Business & Finance

U.S. stocks fell as traders sought havens ahead of the Fed's rate decision on Wednesday. The S&P 500 lost 1.2%, while the Dow and Nasdaq both shed 1.1%. Regional-bank shares, oil prices and low-quality bonds took hits as Treasuries and gold rose. A1

Home builders are enjoying stronger-than-expected business this spring, capitalizing on the recent fall in mortgage rates and a shortage of existing homes for sale. A1

Job openings in the U.S. dropped to their lowest level in nearly two years in March and layoffs rose sharply, signs that demand for workers is cooling. A2

Uber said continued demand for its ride-share and delivery services boosted its revenue in the first quarter, offsetting weak results from its freight division. B1

Ford posted \$1.8 billion in first-quarter net income following a year-earlier loss and again cut prices on its electric Mustang Mach-E. B2

BP beat expectations in the first quarter on strong results from trading oil and gas, and said it would buy back a further \$1.75 billion in shares. B12

Pfizer's revenue and earnings fell by nearly a third on plummeting demand for the company's Covid-19 vaccine, but the results beat Wall Street expectations. B4

Starbucks said that higher prices and more-efficient operations helped drive up sales and profit, while business in its China market improved. B2

World-Wide

Biden is sending 1,500 active-duty troops to the southern border, while cities across the country are declaring states of emergency and asking for federal support as the U.S. prepares for a surge of migration expected to accompany the lifting of Title 42 border restrictions. A1

House Democrats took a step toward trying to force a vote on a debt-ceiling increase if they can win over some Republicans, as GOP leaders and the White House remained in a standoff. A4

Zelensky said further steps were being taken to bolster Ukraine's air defenses after Russia killed scores of people in two deadly missile barrages. A9

Militants in Gaza fired a barrage of rockets at Israel after the death of a Palestinian who was on a hunger strike in an Israeli prison, raising fears of an escalation of violence. A10

The suspect sought in the fatal shooting of five people at a neighbor's house in Texas was taken into custody, law-enforcement officials said, ending a manhunt. A3

A retired businesswoman told a jury that Trump sexually assaulted her on an airplane decades ago, testifying in support of writer E. Jean Carroll, who has accused the former president of raping her. A6

International authorities shut down an online marketplace and arrested nearly 300 people who allegedly used it and other parts of the Dark Web to buy and sell fentanyl and other opioids. A3

CONTENTS Opinion... A17-19 Arts in Review... A15 Personal Journal A13-14 Business News... B3-4 Property Report... B6 Crossword... A16 Sports... A16 Equities... B11 U.S. News... A2-6 Heard on Street... B14 U.S. Watch... A4 Markets... B13 World News... A9-11

Nothing to See Here: Writers' Strike Shuts Down Shows



UNPLUGGED: A picket line marches outside the CBS Television City complex in Los Angeles on Tuesday, after the union for movie and TV writers struck over pay and conditions. Late-night and variety shows were most immediately affected. B1

Biden to Send Troops to Border As Cities Prepare for Migrants

By Michelle Hackman and Alicia A. Caldwell

President Biden is sending 1,500 active-duty troops to the southern border, while cities across the country are declaring states of emergency and asking for federal support as the U.S. prepares for a surge of migration expected to accompany the lifting of Title 42 border restrictions next week. A large number of migrants have already been illegally entering El Paso, Texas, in recent days. Hundreds unable to find spots in shelters gathered in

the past few days around downtown churches in the border city looking for help, according to photos and videos. Mario D'Agostino, a deputy city manager, said an estimated 35,000 migrants in Ciudad Juárez—across from El Paso—are believed to be waiting to cross into the U.S.

Local officials across the U.S. are worried about similar scenes playing out in their communities. The mayor of Yuma, Ariz., has pleaded for federal assistance, while the mayor of Chicago unsuccessfully asked Texas not to bus

more migrants to her city, and New York City's mayor is pressing the state and federal governments to provide billions of dollars in aid. The Biden administration has been scrambling to prepare for what it expects will be a sharp uptick in migration when it stops using the public-health measure known as Title 42 to rapidly expel migrants beginning May 11, the same day the national Covid-19 emergency ends.

Officials have estimated illegal crossings will double from recent averages, to 10,000 or 11,000 a day in coming weeks. The additional troops will help with administrative tasks, such as helping process requests from asylum-seeking migrants in need of immigration court dates. Already, news of the pandemic-era policy's end date has spread widely south of the border. Border Patrol agents arrested more than 22,000 migrants in a three-day period starting over the weekend, Border Patrol Chief Raul Ortiz tweeted Monday. The Border Patrol had more

10,000 or 11,000 a day in coming weeks. The additional troops will help with administrative tasks, such as helping process requests from asylum-seeking migrants in need of immigration court dates. Already, news of the pandemic-era policy's end date has spread widely south of the border. Border Patrol agents arrested more than 22,000 migrants in a three-day period starting over the weekend, Border Patrol Chief Raul Ortiz tweeted Monday. The Border Patrol had more

Market For New Homes Rebounds

By Nicole Friedman

Home builders are enjoying stronger-than-expected business this spring, capitalizing on the recent fall in mortgage rates and the shortage of existing homes for sale. Last year's rapid rise in mortgage rates made home purchasing far more expensive for most buyers, slowing home sales and pressuring the home-building industry. Home builders pulled back on land acquisition and new construction.

Now, new single-family home sales are bouncing back with supply tight in the existing-home market. Active listings in March stood at about half of where they were four years earlier, according to Realtor.com, in part because higher mortgage rates made many homeowners reluctant to sell and give up their current low rates. (News Corp, parent of The Wall Street Journal, operates Realtor.com.)

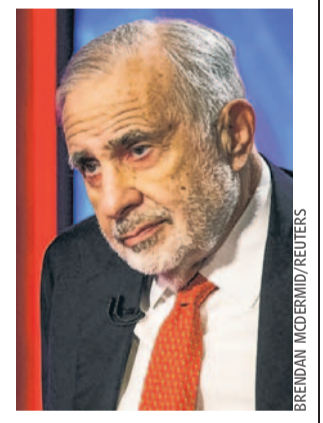
That low inventory has put home builders in a good spot. Newly built homes made up about one-third of single-family homes for sale in March, according to data from the Commerce Department and the National Association of Realtors. The proportion of newly built homes reached nearly 35% in December, a record in data going back to mid-1982 and up from a historical norm of 10% to 20%.

Home-builder stocks have surged since the start of the year. The S&P Homebuilders Select Industry stock index rose 16.5% so far this year as

INSIDE



WORLD NEWS Australia plans to adopt sweeping restrictions to curb vaping. A11



BUSINESS & FINANCE Shares in Icahn Enterprises fall sharply under short seller's attack. B1

Deal Fuels Concern Over Size of Banks

By Ben Eisen and Andrew Ackerman

Federal regulators wanted a strong deal for First Republic Bank. As a result, they helped the U.S.'s largest lender get even bigger. JPMorgan Chase beat out bids from at least three smaller peers, according to people familiar with the matter. The bank said it had some 800 people working over the weekend to scour First Republic's books and assess its business. JPMorgan was the only bank with the appetite to buy substantially all of First Republic

at a competitive price, the people said, including mortgages that other banks didn't want. That was a priority for the Federal Deposit Insurance Corp. because it removed uncertainty over any assets left behind that it would have to sell. Some politicians and regulators have become concerned that growth and consolidation have created banks that present risks to financial stability. Officials have sought to put new limits on bank mergers to pre-

Please turn to page A4

Heard on the Street: JPMorgan wins wealthy clients... B14

Switzerland Wants Children to Eat Less Chocolate, More Insects

Companies pitch bugs to students. Spicy mealworms don't fly with Ana: 'blech.'

By Matthew Dalton

MAUR, Switzerland—In this land of cheese and chocolate, children are being schooled in the more subtle pleasures of eating mealworms, locusts and crickets. On a recent morning, students at a middle school outside Zurich gathered around a table laden with snacks made of insects. They quickly scooped up spiced mealworms, crickets dusted with paprika, and crackers made with flour from ground-up crickets.

"It doesn't taste like a bug," said Ana Munoz, 13, as she nibbled on a cricket. "It just tastes like what it's seasoned with." Then she ate chile-pepper mealworms and made a

face: "blech." Switzerland in 2017 became the first country in Europe to allow insects to be sold as food for humans after a lobbying campaign by edible-insect startups. That was the easy part. Now the companies must overcome what entomologists call the "yuck factor," the gut feeling among many Western diners that insects are signs of rot and pestilence that shouldn't be placed in one's mouth. To do that, the industry is recruiting consumers whose tastes are still in the larval state. Timothée Olivier, who works for Swiss Insects, an association of companies that sell bugs for human consumption, organized the tasting at

Salesforce #1 CRM. Ranked #1 for CRM Applications based on IDC 2022 Revenue Market Share Worldwide. Line graph showing market share from 2018 to 2022 for Salesforce (23.0%), Microsoft (5.7%), Oracle (4.8%), SAP (4.6%), and Akiba (3.6%).



Texas  
Mass  
Shooting  
Suspect  
Captured

The man sought in the killing of five people in Texas has been taken into custody, law-enforcement officials said, ending a dayslong manhunt.

By Suryatapa  
Bhattacharya,  
Sadie Gurman  
and Alyssa Lukpat

Officials said they captured Francisco Oropesa on Tuesday evening near Cut and Shoot, Texas, about 16 miles west of the city where the shooting took place. He was found hiding in a closet underneath some laundry, according to San Jacinto County Sheriff Greg Capers.

The 38-year-old was charged with five counts of first-degree murder in the fatal shooting Friday of his neighbors, including a young boy, in Cleveland, Texas. Cleveland is about 40 miles north of Houston.

"He will live out his life behind bars for killing those five," Sheriff Capers said. Mr. Oropesa was being held at the Montgomery County Jail before being transferred to San Jacinto County, the sheriff said.

The neighbors had  
asked the man to  
stop firing a gun in  
his yard, police said.

His arrest brings an end to a sprawling manhunt that involved hundreds of law-enforcement officials going door to door looking for the suspect.

The Federal Bureau of Investigation in Houston said earlier Tuesday that it was working with state, national and international law-enforcement agencies to find Mr. Oropesa.

A tip to an FBI hotline Tuesday led to Mr. Oropesa's capture, according to law-enforcement officials. He was arrested about an hour later at a house in Cut and Shoot.

Officials had offered an \$80,000 reward for information leading to Mr. Oropesa's capture. The reward will go to the person who called in the tip, according to Sheriff Capers.

The shooting began shortly after the neighbors approached Mr. Oropesa's fence on Friday night and asked him to stop firing a gun in the yard, Sheriff Capers said at a news briefing over the weekend. The neighbors had a baby who was trying to sleep, he said.

"I'll do what I want to in my front yard," Mr. Oropesa said, according to Sheriff Capers.

Neighbors had previously called the authorities multiple times about Mr. Oropesa shooting in his yard. He had been drinking on Friday night, Sheriff Capers said.

Sheriff Capers said the victims had security-camera footage showing the gunman approaching their home with a weapon. He fatally shot all five victims "almost execution-style" from the neck up, Sheriff Capers said. Then the gunman escaped.

At least 10 people lived in the house and nobody else was injured, Sheriff Capers said. Two women died shielding at least two children with their bodies. The children survived but were covered in the women's blood, Sheriff Capers said. An AR-style rifle was used in the shooting, the sheriff said.

The FBI and Honduran officials said the victims included three women, a man and a young boy. The victims' bodies would be repatriated to Honduras, according to officials there.



A memorial outside the home where five people were killed.

Patients Lose Access to Free Medicines

By PETER LOFTUS  
AND JOSEPH WALKER

It is getting tougher for people taking expensive medicines to get financial help from drugmakers.

Johnson & Johnson, Pfizer and other pharmaceutical companies are scaling back programs that cover the copayments of patients or provide free drugs. The programs cost drugmakers billions of dollars a year and have been increasing as health plans seeking to control their own spending have tried to take advantage of the assistance.

The assistance provided a lifeline to patients like Evan Pilker, who said he had to stop taking his cystic-fibrosis drug Trikafta for two months earlier this year after Vertex Pharmaceuticals trimmed its aid and his copay rose to \$12,860 a month, up from \$15.

Mr. Pilker, a 32-year-old truck driver with two young children, couldn't afford the increase. After a month without the medicine, he had trouble breathing, along with coughing fits and fatigue, he said. Mr. Pilker resumed taking the drug in late February because an independent charity agreed to temporarily help with the expense.

"I didn't want to die at an early age from CF and leave a wife and kids behind," said Mr. Pilker, of Patton, Pa. "I was scared."

Vertex has agreed to give Mr. Pilker the medicine free of charge and ships it directly to him. A company spokeswoman said, "Changes to our copay assistance program were made in response to predatory insurance practices."

Mr. Pilker and other patients are getting caught in the middle of the latest flare-up between pharmaceutical companies and health insurers over high drug prices.

"For our clients, this has cut the potential of saving money through assistance in half if not more," said Alan Greensmith, managing director of Engedi Rx, which advises employers on how to save on drug costs.

Health insurers and employers who pay for healthcare have long tried to make patients pay a portion of the price of expensive medicines,



Evan Pilker, shown above with his wife, Brookelyn, earlier this year had to temporarily stop taking his cystic-fibrosis drug Trikafta, shown below, because of the increased cost. He resumed taking it after an independent charity helped with the expense.

in part to encourage patients to take cheaper, equally effective treatments.

The efforts often take the form of copays, which patients have to pay each month before they can fill a prescription. Growing numbers of people with insurance must also pay a deductible before their health plan will start reimbursing for drugs.

To counter the health plans, drugmakers created financial-assistance programs that cover all or most of patients' out-of-pocket costs. The programs, by taking care of the out-of-pocket expenses, cleared the way for health plans to pay for the rest of a drug's cost.

Some health plans, seeking to restrain spending on higher-priced drugs, in turn took steps to counter the pharmaceutical assistance programs. For example, they stopped counting drugmakers' assistance toward deductibles, or they required a member to seek the maximum amount of aid available before an insurer would pay the rest of a drug's cost.

Plans also designed benefits to steer some members to



pharmaceutical company foundations that give away free drugs to people meeting certain income requirements, and who don't have insurance or whose health plan doesn't cover specific drugs.

Companies sprouted up to advise employers on how to save money by taking advantage of the pharmaceutical assistance programs. These middlemen are paid by employers, often based on a percentage of the savings they provide.

The cost of the pharmaceutical companies' financial-assis-

tance programs ballooned. Drugmakers spent \$18.7 billion on copay assistance in 2022, up 29% from \$14.5 billion in 2018, according to Iqvia Holdings, a data and services provider to the pharmaceutical industry.

"Unfortunately, some companies are monetizing the diversion of patient assistance funds, challenging the sustainability of some assistance programs," a J&J spokesman said. "As a result, we have created safeguards to protect our program and the patients it serves."

On Jan. 1, a nonprofit estab-

lished by J&J to provide free medicines began excluding all patients who have health insurance. The company, which sells the psoriasis drug Stelara and blood thinner Xarelto, created a new, in-house program to provide free medicine to some insured patients, but not those whose plans require them to seek free medicine.

J&J's patient-assistance foundation provided \$2.5 billion worth of free medicine to more than 95,000 patients in 2020, more than double the \$1.1 billion the foundation provided in 2017, according to Internal Revenue Service filings.

Likewise, Pfizer on Jan. 1 began excluding new patients with commercial insurance from its free-medicine program. It also dropped certain off-patent drugs from its free-medicine program because alternatives or generics are available, a move that affected about 24% of patients who had been enrolled at the end of 2022, a Pfizer spokeswoman said.

The changes will allow Pfizer to keep providing a range of medicines free to the neediest patients, she said.

Nearly 300 Arrested Over Online Fentanyl Market

By SADIE GURMAN  
AND DUSTIN VOLZ

WASHINGTON—International authorities have shut down an online marketplace and arrested nearly 300 people who allegedly used it and other parts of the so-called Dark Web to buy and sell fentanyl and other dangerous opioids, in a

sweep officials said underscores how hard it is to stem the tide of drug trafficking in the internet's hidden corners.

The operation went on for more than 18 months and spanned three continents, U.S. officials said Tuesday. Law-enforcement agencies also seized more than \$53 million in cash and virtual currencies, along

with guns and nearly 2,000 pounds of drugs.

A focus of the effort was the potent synthetic opioid fentanyl. The drug's inexpensive, easy-to-replicate formula has boosted its appeal among criminal networks, fueling a U.S. drug-overdose crisis that claimed a record 106,700 lives in the U.S. in 2021.

The bust was the latest of its kind by U.S. and allied law-enforcement agencies, which have for several years sought, with limited success, to shut down darknet forums to curb the rash of drug trafficking and other criminal activity.

The Justice Department's operation was coordinated with other agencies including Eu-

ropol, which said European law-enforcement authorities seized "Monopoly Market," a network of websites that uses anonymity software to hide users' locations. Customers on darknet forums use cryptocurrency to pay for illegal goods, or services for cyberattacks, making it sometimes difficult for investigators to track them down.



Ashleigh and Justin Webster speak about their daughter, Ivy Webster, 14, who had been missing.

Search for Missing Girls Leads  
To Seven Bodies in Oklahoma

By ALYSSA LUKPAT

Oklahoma authorities said they found seven bodies on a rural property Monday while they were searching for two missing teenage girls.

The authorities in Henryetta, Okla., a city about 45 miles south of Tulsa, haven't released the identities of the seven people. Okmulgee County Sheriff Eddy Rice said two of the bodies were believed to be the missing girls: Ivy Webster, 14, and Brittany Brewer, 16.

Sheriff Rice at a Monday news briefing said authorities were no longer searching for the girls.

Another body was believed to be 39-year-old Jesse McFadden, he said, while adding that a medical examiner would confirm the identities of the victims.

Mr. McFadden registered as a sex offender in 2020 and worked as an independent contractor, according to state records. He didn't show up to a district court Monday to go on trial for charges including child pornography, according to court records. The bodies were found hours after he was supposed to appear in court.

Oklahoma officials issued missing person alerts on Monday for Mr. McFadden, Ivy and

Brittany. The alert said the girls were believed to be traveling in a white pickup truck with Mr. McFadden. The girls were last seen in the early hours Monday, according to the alert.

Gerald Davidson, a spokesman for the Oklahoma State Bureau of Investigation, said the bodies were found on the property and not inside a home there.

Watch a Video  
Scan this code to watch a video on the Oklahoma investigation.

PAUL MORELLI  
PAULMORELLI.COM  
NYC: 895 MADISON (72ND & MADISON)  
PHL: 1118 WALNUT STREET  
917.227.9039  
WILD CHILD  
DROP EARRING



U.S. NEWS

Judge Lets Montana Lawmaker Ban Stand

By JENNIFER CALFAS

Montana Rep. Zoey Zephyr cannot yet return to the state legislature, a state judge ruled, after the transgender lawmaker's Republican colleagues barred her from participating in floor debates over her actions against a bill banning gender-affirming care for minors.

Judge Mike Menahan on Tuesday denied a request to temporarily block officials from keeping Ms. Zephyr off the House floor for the remainder of this session. Judge Menahan said the request would require the court "to interfere with legislative authority in a manner that exceeds this Court's authority."

Lawyers for Ms. Zephyr, a Democrat, and four of her constituents on Monday sued the state, the Montana House speaker and the sergeant at arms. The lawsuit argued lawmakers violated the state constitution and Ms. Zephyr's freedom of speech.

Alex Rate, a lawyer with the American Civil Liberties Union of Montana representing Ms. Zephyr, said: "We are seeing the foundations of democracy being dismantled brick by brick."

Attorney General Austin Knudsen said: "Today's decision is a win for the rule of law."

Montana's Republican-led House of Representatives voted along party lines last week to bar Ms. Zephyr from participating in debate from the floor for the rest of the session. Lawmakers said Ms. Zephyr encouraged disruption in the session and broke decorum through her actions against a bill banning gender-affirming surgeries and treatments for minors in the state.

Earlier in April, Ms. Zephyr told her colleagues they would "have blood on their hands" if they voted for the bill.



A-10 Warthogs, at Davis-Monthan Air Force Base in Tucson, Ariz., last year, have won praise for their role saving ground troops in fights in Iraq and Afghanistan.

Air Force Adds Mission for Base Losing A-10s

By DANIEL NASAW

The Air Force plans to establish a new special-operations wing at an Arizona base threatened by the looming retirement of its aging A-10 attack jets, a shift that illustrates the pressure Congress exerts on the Pentagon to maintain local jobs and federal funding as the U.S. modernizes its military.

The A-10 Warthogs, lauded for their role saving ground troops in firefights over 20 years of combat in Iraq and Afghanistan, are ill-suited for wars of the future, defense officials say. But for a decade, Congress has limited the Air Force's authority to retire the Warthogs, out of deference to representatives and senators whose constituencies stood to lose if the planes were scrapped.

The service's new five-year plan, which isn't complete and could still change, is expected roughly to maintain the current head count at Davis-Monthan Air Force Base, in Tucson, Ariz., which employs thousands of airmen and civilians and contributes nearly \$3 billion annually to the local economy.

Arizona Sen. Mark Kelly, a longtime defender of the A-10, praised the plan on Tuesday and thanked the Air Force for its collaboration "as we secure a long-term future" for Davis-Monthan.

In a hearing of the Senate Armed Services Committee Mr. Kelly, a Democrat, noted the base's climate and proximity to vast stretches of desert training ground, and promised to work to get funding for the plan's site and environmental reviews,

as well as new EC-37 electronic warfare planes.

"Importantly, it retains the same number of quality high-paying jobs in Tucson," he said of the proposal.

Air Force Secretary Frank

The plan amounts to a sweetened bid for Congress's support for retiring the jets.

Kendall said the force's special operations planners "are leaning forward to try to be prepared for this....I think we're in generally good shape."

The new wing at Davis-Monthan would include MC-130

special-operations planes and light attack aircraft, according to people familiar with the matter. It also would transfer HH-60 rescue helicopters from Nellis Air Force Base in Nevada, in addition to new EC-37 electronic warfare planes.

In recent weeks, the Air Force has briefed local community leaders and the Arizona congressional delegation on the plan and has begun preliminary assessments of its infrastructure, construction and environmental needs.

"It's very real and things are falling into place," said Linda Morales, president of DM50, a local booster group that supports Davis-Monthan.

The proposal amounts to a sweetened bid for Congress's support for the Air Force's effort to retire the A-10s. If Congress

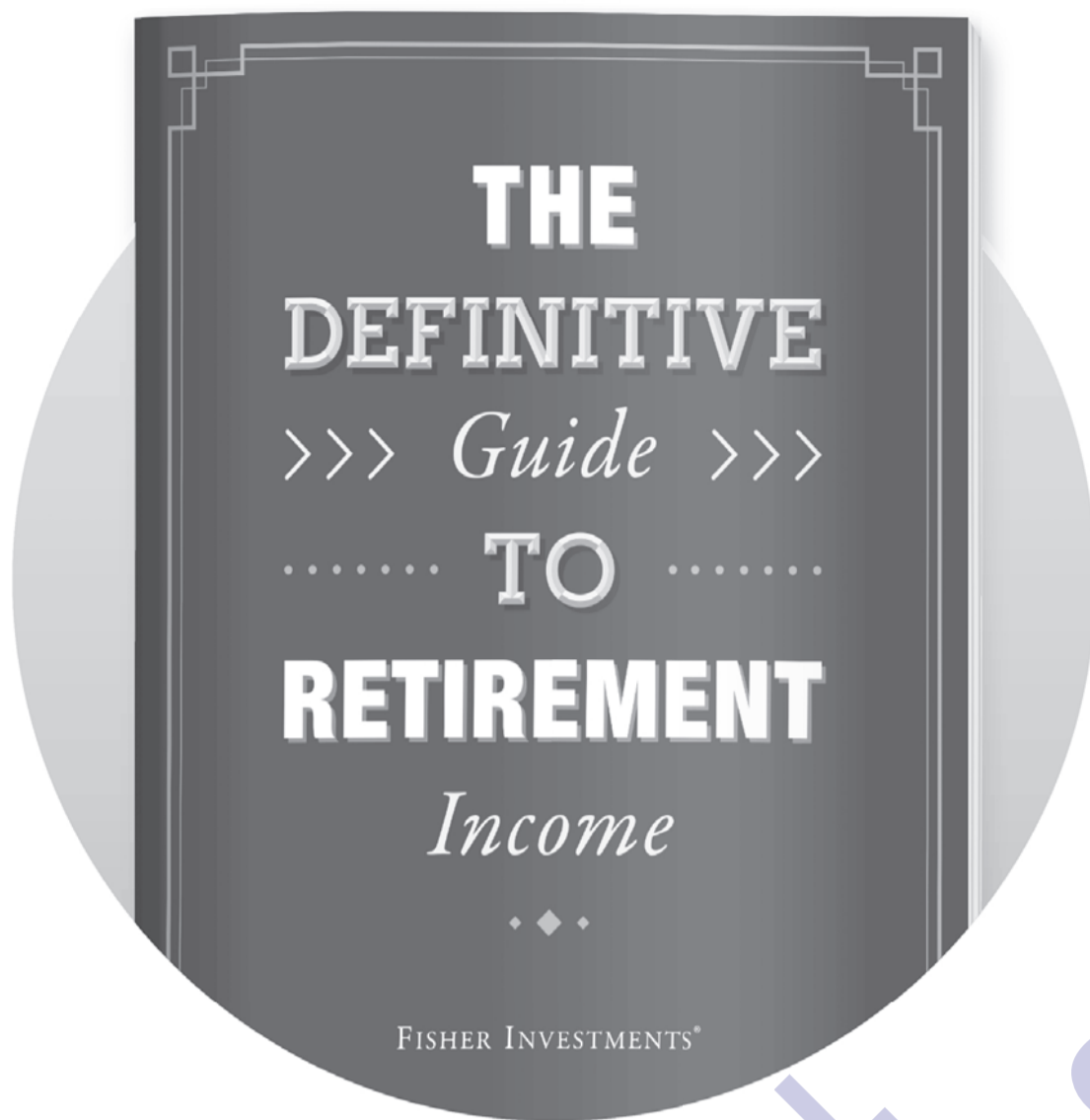
approves the plan, Arizona's congressional delegation will have won a better outcome for its constituents two years after rejecting an earlier plan, while the Air Force will have successfully navigated opposition to winding down the mainstay mission at a crucial local base.

In 2021, Air Force leaders proposed bringing rescue helicopters and A-10 training units to Davis-Monthan from Nellis, while promising to send the Nevada base advanced jet fighters. But Arizona lawmakers were concerned, among other factors, that the Air Force could later move the promised personnel and aircraft elsewhere if needed. The proffer of A-10 training units was of questionable value, considering the Air Force had sought to retire the plane.

Advertisement for The Wall Street Journal featuring the text 'THE WALL STREET JOURNAL. Enjoy free access to WSJ.com tomorrow.' and a QR code with the text 'Scan to Subscribe Now'.



FISHER INVESTMENTS®



# 7 Ways to Help Generate Income in Retirement

## Get Prepared to Enjoy Your Comfortable Retirement

*The Definitive Guide to Retirement Income* covers seven income streams you can access with a \$500k+ portfolio. Get a snapshot of the insight and service our clients receive when you request your guide—at no cost—by calling **877-316-3051**!



### Special Bonus Guide

*99 Retirement Tips* is a collection of insights shared by our happily retired clients. We'll include it when you request *The Definitive Guide to Retirement Income*.

**If you've saved \$500,000 or more, request your guides today!**

Visit [FisherIncomeGuide.com/Ideas](http://FisherIncomeGuide.com/Ideas)

**Call: 877-316-3051**

SCAN THE QR CODE



# Journalism is not a crime.

Today marks 30 years since the U.N. General Assembly's decision proclaiming an international day for press freedom. World Press Freedom Day serves as an important reminder that in a world growing increasingly complex, the need for factual and reliable information has never been greater. At the same time, it's no secret that reporting is under attack. The unjust arrest of any journalist, anywhere in the world, is simply unacceptable.

Our friend and colleague, Evan Gershkovich, was detained by 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. He is imprisoned by the Russian government for no other reason than newsgathering.

To support Evan, visit [WSJ.com/Evan](https://www.wsj.com/Evan) for the latest updates and a collection of assets that can be shared across social media using the hashtag [#IStandWithEvan](https://twitter.com/IStandWithEvan).

To learn more about World Press Freedom Day, visit [on.unesco.org/WPFD](https://on.unesco.org/WPFD)



## #IStandWithEvan

THE WALL STREET JOURNAL.



## WORLD NEWS

# Ukraine Seeks to Bolster Air Defenses

Strikes come after purported documents show Kyiv low on anti-aircraft missiles

By Isabel Coles

Ukrainian President Volodymyr Zelensky said further steps were being taken to shield the country's skies after Russia killed scores of people in two deadly missile barrages, seeking to weaken Ukraine ahead of a planned offensive to retake territories occupied by Moscow.

Ukraine's air defenses responded to the attacks during the past week by shooting down all but five of the 41 missiles.

"But, unfortunately, not all of them," Mr. Zelensky said in his nightly address following the latest barrage on Monday. "We are working with our partners as actively as possible to make the protection of our skies even more reliable."

In the deadliest strike, a missile slammed into a multi-story apartment block in the central Ukrainian city of Uman on Friday, killing 23 people, including four children.

After visiting the scene, France's ambassador to Ukraine, Etienne de Poncins, said he went to Uman "to remind everyone that missile strikes on civilian buildings are a war crime."

In Brussels on Tuesday, Eu-



A police officer is seen at the site of a residential area pummeled by a Russian military strike in the Ukrainian town of Pavlohrad.

ropean Union officials said the bloc would launch a plan this week to boost EU production of ammunition to one million shells a year.

Ukrainian officials have been urging Western nations for months to speed up the delivery of artillery ahead of what is expected to be a critical counteroffensive by Kyiv.

The plan, which comes in addition to a recent promise to deliver one million artillery shells to Ukraine during the next 12 months, will see the EU and member states use

public funds to provide loans or subsidize the interest-rate cost of bank loans for defense firms that agree to expand their production capacity.

The EU will put 500 million euros, about \$550 million, behind the plan, and officials

hope the bloc's financing arm, the European Investment Bank, also would participate. Member states will provide the rest of the funding, but the amount they would be required to pitch in to each loan would be lower if the defense

firm they join with agrees to give priority to its ammunition production for Ukraine.

Thierry Breton, the European commissioner for industry and defense, said the initiative marks the first time that regular EU budget funds would be used to directly bolster weapons production. "The act we are proposing is unprecedented. It aims to directly support, with EU money, the ramp-up of our defense industry for Ukraine and for our own security," he said.

EU member states have been wary of digging further into stocks to help Ukraine because of concerns about the amount of time it would take to rebuild defenses. Currently, it can take more than 12 months to get ammunition contracts fulfilled.

EU officials haven't provided figures on how much ammunition the European defense industry produces. However, they have said that the bloc has reimbursed member states with €450 million for ammunition since the war began, equivalent to roughly 350,000 rounds of 155mm ammunition.

The acuteness of the shortage was underscored in purported Pentagon presentations leaked on social media, assessing that Russia could achieve its long-sought goal of air superiority in Ukrainian skies as early as May.

—Laurence Norman contributed to this article.

# Global Risks to Journalists Increase, Press Advocates Say

By Caitlin Ostroff

UNITED NATIONS—Press-freedom advocates highlighted increasing risks to journalists on Tuesday as a record number have been imprisoned, including Wall Street Journal reporter Evan Gershkovich.

The United Nations hosted a series of speakers ahead of its 30th World Press Freedom Day on Wednesday. That date also will mark the fifth week of Mr. Gershkovich's detention

by Russia. As of December, 363 journalists were imprisoned in more than 30 countries, according to the Committee to Protect Journalists.

"Stop detaining and imprisoning journalists for doing their jobs," United Nations Secretary-General António Guterres said in a video message. "As journalists stand up for the truth, the world stands up with them."

Lawyers representing Dow Jones, publisher of the Journal, in a letter on Tuesday urged

Irene Khan, the U.N. special rapporteur on freedom of expression and opinion, to "communicate in the strongest terms your rejection" of Russia's detention of Mr. Gershkovich.

Almar Latour, chief executive of Dow Jones and publisher of the Journal, said there is hope and commitment to bring Mr. Gershkovich home, and that reporters must continue to cover countries that are cracking down on press freedom.

"You have to—before going

in—understand what the risks are and also prepare for the unexpected. However we cannot withdraw from reporting," he said. "The fight for press freedom, the fight for Evan's release, is the fight for everybody's freedom."

When the U.N. held its first World Press Freedom Day three decades ago, the world looked different, said A.G. Sulzberger, chairman and publisher of the New York Times.

Media organizations were

enjoying financial strength, technology was starting to make information more accessible to people globally and Cold War tensions were fading, he said.

"This moment proved to be a short-lived high point," Mr. Sulzberger said.

The internet upended news organizations' business models and misinformation and clickbait eroded confidence in the press, he said. Reporting in countries including China,

Hungary, Egypt, Nicaragua and India, grew more dangerous, he said.

The U.S. Agency for International Development will contribute up to \$9 million in seed funding for a new nonprofit, Reporters Shield, that will help non-U.S. media defend investigative reporting against legal threats, Samantha Power, administrator of USAID, said on Tuesday.

—Jennifer Calfas contributed to this article.

# Stubborn Inflation in Europe Blamed Partly on Profit Motive

By Paul Hannon

Inflation has proved more stubborn than central banks bargained for when prices started surging two years ago. Now some economists think they know why: Businesses are using a rare opportunity to boost their profit margins.

Figures released Tuesday by the European Union's statistics agency showed consumer prices in the eurozone were 7% higher than a year earlier in April, a pickup from March and more than three times the European Central Bank's target. However, the core rate of inflation—which excludes food and energy prices—edged down to 5.6% in April from a high of 5.7% in March.

Inflation rates also remain uncomfortably high in the U.S. and many other parts of the world despite interest-rate rises that have gone further and been delivered more quickly than at any time since the 1980s.

There have been good reasons for businesses to raise their prices in recent months. The supply-chain disruptions caused by the pandemic and the energy, food and raw-material bottlenecks that followed Russia's invasion of Ukraine have pushed costs higher.

But there are signs that companies are doing more than covering their costs. According to economists at the ECB, businesses have been padding their profits. That, they said, was a bigger factor in fueling inflation during the second half of 2022 than rising wages.

Jan Philipp Jenisch, chief executive of construction-materials maker Holcim, said on a recent earnings call: "We are in that inflationary environment already for almost two years now...We have done the pricing in a very proactive way, so that our results aren't suffering. On the contrary, they are improving the margins."

One puzzle is why consumers have played ball. Usually, economists would expect any business that raised its prices to lose customers to competitors that don't, or not by as much.

But these aren't normal



A woman shops in France. Eurozone consumer prices were 7% higher than a year earlier in April, EU's statistics-agency data show.

times. In rare situations—such as an economy's reopening after a pandemic—widespread knowledge that costs are rising allows businesses to raise their prices knowing that their competitors will act in the same way, according to a paper by Isabella Weber, assistant professor of economics at the University of Massachusetts, Amherst, and her colleague, Evan Wasner.

That is a pattern the two economists said has played out in an analysis of recent earnings calls in which executives at U.S. businesses present their financial results to analysts.

"We do have to think about pricing differently," Ms. Weber said. "A cost shock, or bottlenecks can create an implicit agreement among firms that raise their prices, so they can expect others to act likewise."

Consumers also have been unusually willing to accept higher prices lately. Paul Donovan, chief economist at UBS Global Wealth Management, said businesses are betting that consumers will go along because they know about supply bottlenecks and higher energy prices. "They are confident that they can convince consumers that it isn't their fault, and it won't damage their brand," he said.

The latest round of earnings calls by large consumer-facing companies stressed that. Food and health company Nestlé last week said it boosted sales by 5.6% in the first three months of the year despite raising its prices by 9.8%. Its CEO said

the company simply was matching cost increases over the previous two years. "We're still in the process of catching up with some of the hits we've taken," said Mark Schneider.

Elsewhere, the desire to boost margins, rather than just cover increased costs, appears to be one reason why food prices have continued to rise rapidly in Europe.

Much of the surge in food prices since the middle of last year stems from higher costs, particularly for energy because most food production is quite energy-intensive. But economists at insurance company Allianz have calculated that about 10% of the rise reflects the search for higher profits. They suggest that is possible because key parts of the food-supply chain are dominated by fewer firms. "There is not enough competition in the food sector, especially in distribution," said Ludovic Subran, chief economist at Allianz.

Not all businesses are opportunisticly boosting their margins, and Ms. Weber said that when some do, it can cause problems for others that are closer to the final consumer and are at greatest risk of facing a backlash.

In recent earnings calls, some executives said consumers are becoming more resistant to price rises.

"We will probably see pricing moving down," said Francois-Xavier Roger, Nestlé's chief financial officer.

**BIRDS OF A FEATHER  
TIFFANY & CO. BROOCH**

*Important design. Legendary jeweler. Classic appeal.*

An iconic example of Jean Schlumberger's designs for Tiffany & Co., the "bird on a rock" brooch features a 2.68-carat diamond-encrusted cockatoo perched upon a 54.02-carat tourmaline "rock." One of the firm's most legendary designs, a Schlumberger "bird" brooch set with the Tiffany yellow diamond graces the cover of the *Tiffany's 20th Century* book. Set with 18K yellow gold and platinum. Marked "Tiffany & Co." 2½" length. #31-7104

**M.S. Rau**  
FINE ART • ANTIQUES • JEWELS

622 Royal Street, New Orleans, LA • 877-677-2801 • ws@rauantiques.com • msrau.com

Since 1912, M.S. Rau has specialized in the world's finest art, antiques and jewelry. Backed by our unprecedented 125% Guarantee, we stand behind each and every piece.

WORLD NEWS

Palestinian Dies in Israeli Prison

Gaza militants fire rockets over border after detainee perishes during hunger strike

TEL AVIV—Militants in Gaza fired a barrage of rockets at Israel after the death of a Palestinian who was on a hunger strike in an Israeli prison...

By Dov Lieber, Fatima AbdulKarim and Anas Baba

Late Tuesday, Israel's military said it struck targets in Gaza in response to the rocket attack. The airstrikes sparked another round of militant rocket launches toward Israeli cities near the blockaded Palestinian enclave.

Khader Adnan, a prominent member of the Palestinian Islamic Jihad militant group, died early Tuesday following a nearly three-month hunger strike. He had been arrested in early February on charges of supporting terrorism and incitement.

Hours later, militants fired at least 30 rockets from Gaza into southern Israel, Israel's military said, moderately wounding a foreign worker in the city of Sderot. Two others were also injured in the same incident and all three were being treated, Israeli paramedics said.

The volley of rockets set off air-raid sirens and sent scores of Israelis rushing to bomb shelters. The Israeli military said most of the rockets were intercepted by Israeli air defenses or landed in open areas. Israeli police said they located at least five places where the rockets landed, three in Sderot and two in other towns near the Gaza border.



People in Gaza City hold portraits of Khader Adnan, a Palestinian Islamic Jihad militant, at a rally after his death was announced.

Gaza-ruler Hamas and Islamic Jihad, both designated by the U.S. as terrorist groups, and other smaller militant groups in Gaza claimed joint responsibility for the rocket fire at Israel. The Israeli military said Islamic Jihad militants had actually fired the rockets, but they were launched with Hamas's foreknowledge and consent.

"This comes as the first response to this heinous crime," the groups said, referring to the death of Mr. Adnan.

Israeli Defense Minister Yoav Gallant met with senior military commanders following the rocket fire, his office said. "Anyone who attempts to harm the citizens of Israel will be sorry," Mr. Gallant said.

Late on Tuesday afternoon, Prime Minister Benjamin Ne-

tanyahu convened a forum of senior security officials, including the Israeli military's chief of staff, to discuss the rocket barrage and possible responses, Mr. Netanyahu's office said.

Israelis and Palestinians are living through one of the deadliest periods in years. At least 95 Palestinians have been killed by Israeli forces or civilians since January, including both militants and civilians, according to a tally by The Wall Street Journal. At least 16 Israelis and two foreigners have been killed in Palestinian attacks, all civilians except for one police officer.

In early April, clashes at Jerusalem's Al Aqsa mosque compound—a site holy to both Muslims and Jews—helped spark rocket fire from Gaza, Lebanon, and Syria. The Israeli army said Palestinian militants were be-

hind the attacks at the time. Israel says Islamic Jihad is a main source of terrorist attacks against Israel from the West Bank.

A Palestinian gunman opened fire on Israeli vehicles in the northern West Bank on Tuesday morning, hitting two vehicles, Israel's military said. At least one Israeli was mildly injured in the incident, Israeli medical authorities said.

Islamic Jihad called Mr. Adnan a great leader and tough fighter, while Israeli security officials said he wasn't a senior member of the group.

Mr. Adnan, a baker from the northern West Bank, gained prominence as a hunger-striking activist in prison—drawing international attention and admiration in Palestinian circles. This was at least Mr. Adnan's

10th time in Israeli custody and his sixth hunger strike since 2004, Palestinian authorities said. Israeli authorities said it was his fifth hunger strike.

The European Union called for "a transparent investigation" into Mr. Adnan's death, while condemning calls for retaliation by Hamas and Islamic Jihad.

Before the afternoon attack from Gaza, Mr. Adnan's wife, Randa Musa, appealed to Gaza militant groups to refrain from firing rockets at Israel.

"You did nothing to save his life, so do not do so after his death," she said at a press conference in the West Bank. "My nine sons are the ones who will avenge their father at the right time."

—Aaron Boxerman contributed to this article.

Tech Firms In Israel Struggle For Funds

By Dov Lieber

TEL AVIV—Israeli technology companies are struggling to raise funds, recent data show, amid a combination of global economic trends and investor concerns about how a proposal to overhaul the country's judiciary could affect the sector, one of the world's most vibrant hubs for startups.

Israeli technology companies were hurt harder in the first quarter than other global tech hubs, data shows, suggesting the reasons behind the decline in fundraising go beyond macroeconomic conditions.

The global technology sector has suffered as investors pull back because of higher interest rates, a trend Israeli venture capitalists and technology companies say they also are feeling. Some also are saying investor confidence has been hit by the political turmoil sparked by Prime Minister Benjamin Netanyahu's plan to overhaul the nation's judicial system. The proposal—which aims to weaken the top court and give more power to lawmakers—has sharply divided the country and driven hundreds of thousands of Israelis to protest the initiative for months.

"It is a double catastrophe, a perfect storm," said Shlomi Uziel, the co-founder of Quai.MD, an early-stage health-tech company. Mr. Uziel said he recently took a funding deal that slashed his company's valuation. "I'm considered lucky because I actually had an offer."

In the first quarter of 2023, Israeli technology companies raised \$1.7 billion, a 70% drop from the first quarter of 2022 and the lowest quarterly fundraising level in four years, according to a report released in April by the Tel Aviv-based IVC Research Center.

Globally, funds raised by technology startups decreased 13% in the first quarter of 2023 from the previous quarter, according to the analytics firm CB Insights. In Europe, fundraising fell by 12% in the same period and in the U.S. it declined by 1%, CB Insights found. In Israel, funds raised over the same period decreased by 20%, according to the IVC Research Center.

Israel's tech sector is one of

Businesses raised \$1.7 billion in 2023's first quarter, down 70% on the year.

the world's largest technology hubs, especially for startups. Companies in Tel Aviv, the center of Israel's tech industry, raised \$6.9 billion from venture-capital firms in 2022, the third highest of any European, African or Middle Eastern tech hub, according to Dealroom, a tech-analytics company.

A dent to the tech industry in Israel would also have an outside effect on the country's economy. The sector makes up around 16% of Israel's gross domestic product and around half of its exports.

"We are today in the middle of a global crisis, and it is still too early to know when and how it will end. Added to this is a local crisis that has created additional uncertainty," said Dror Bin, head of the Israeli Innovation Authority, a government body tasked with expanding Israel's technology sector.

Mr. Bin's comments came in a paper released by the authority on Monday that warned Israel's tech sector is endangered by a severe decline in funding, a growing negative gap between returns for Israel's technological stock index in Tel Aviv and the Nasdaq, and an increase in Israeli-led companies being established abroad.

Israel's technology sector has become a prominent actor in the movement against the judicial overhaul. The heads of many tech companies have said Israel's internal instability has become a common topic in conversations with investors.

In April, Moody's Investors Service joined prominent economists in the U.S. and Israel in warning that the overhaul could harm the country's economic outlook.

In Bangladesh, Agricultural Workers Have a Hot Time—From Above and Below



SEEING RED: Rows of field workers sheltered from scorching heat under umbrellas as they sorted through millions of chili peppers in Bogra, Bangladesh, on Tuesday.

Ugandan Lawmakers Amend Anti-LGBT Bill U.S. Criticized

By Nicholas Bariyo

KAMPALA, Uganda—Parliament removed a provision from a sweeping Ugandan anti-LGBT bill that would have criminalized identifying as gay, lesbian, transgender or nonbinary, but retained most other elements of the legislation on Tuesday.

The bill, which has been widely criticized by the U.S., other Western donors and the United Nations, was initially passed in March and includes harsh new punishments for LGBT people, including allowing the death penalty for repeated same-sex intercourse by anyone who is HIV-positive.

Ugandan President Yoweri Museveni in April sent the bill back to lawmakers, asking them to make a distinction be-

tween people who merely identify as gay, lesbian, transgender or nonbinary and those who engage in same-sex relations.

The bill approved in March would have allowed prison terms of up to 20 years for identifying as anything other than straight and the gender one was assigned at birth.

"The bill should be reviewed and include a provision that clearly states that...a person who is believed or suspected of being a homosexual who has not committed a sexual act with another person of the same sex does not commit an offense," Mr. Museveni wrote in a letter to lawmakers that was read aloud in Parliament on April 26.

Robina Rwakoojo, a lawmaker for Mr. Museveni's party and one of the authors



LGBT activists protested Uganda's antigay legislation in April.

of the legislation, said Tuesday's amendments followed the requests of the president, who now has 30 days to sign the bill into law.

"What is being criminalized is not the state of being a homosexual, but rather the acts

of homosexuality," she said. Existing, colonial-era law in Uganda already allows life sentences for homosexuality, but no one has been convicted of consensual same-sex relations since the country gained independence from Britain in

1962.

The new bill reaffirms that punishment and allows prison terms of up to five years for actions such as touching another person "with the intention of committing the act of homosexuality."

Rights groups on Tuesday urged Mr. Museveni to reject the amended bill. "The government should not be penalizing consenting adults for who they have sex with," said Oryem Nyeko, Uganda researcher at Human Rights Watch.

After the initial bill was approved in March, the U.S. State Department said it was examining how the legislation would affect its ability to implement programs funded through foreign aid in Uganda, including \$500 million earmarked for health services.

WORLD NEWS

Australia Resumes Interest-Rate Rises

By James Glynn

SYDNEY—The Reserve Bank of Australia surprised financial markets by raising interest rates a month after pausing to assess the impact of earlier tightening on the economy...

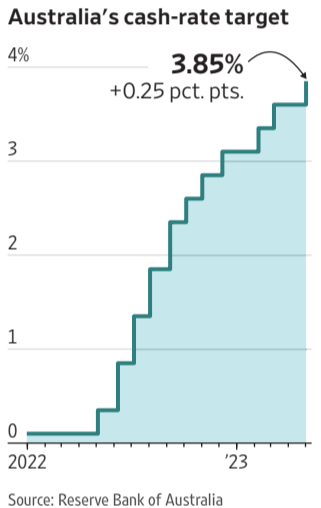
U.S. economy is cooling. New Zealand's central bank in April raised its benchmark interest rate by more than markets had expected...

Global central banks face a tough balancing act between calling a halt to the fastest rate-raising cycle in years and tightening monetary policy more to prevent inflation from flaring up again...

Ahead of Tuesday's decision, financial markets had priced in little chance of another rate rise in Australia. But Mr. Lowe suggested taking no action was too risky...

Sean Langcake, head of macroeconomic forecasting at BIS Oxford Economics, said the RBA's forecast that consumer prices will stay above target for two more years risks embedding expectations of high inflation...

The latest rise in interest rates came around two weeks after the RBA's decision making was criticized by a panel of independent experts that recommended to Australia's government that it make broad changes to how the central bank operates...



Australian Bid to Curb Vaping Adds Disposables, Imports

By Mike Cherney and Alice Uribe

SYDNEY—Australia will effectively ban recreational vaping, putting in place stricter regulations on e-cigarettes than the U.S. and many other countries over concerns that they are contributing to increases in smoking among young people...

bet big on vaping as they try to pivot to less-harmful products amid declines in cigarette smoking. But the new policy by Australia, which previously took a hard line on tobacco and pioneered the use of plain packaging on cigarette cartons...

Tobacco companies have bet big on vaping as cigarette smoking declines.

Health and Medical Research Council, a government agency, said last year that because of limited long-term evidence, it is difficult to assess the relative harms and benefits of e-cigarettes compared to regular cigarettes...

Some public-health advocates applauded Australia's tougher rules around e-cigarettes, arguing they will help close loopholes that allowed a black market to flourish and

Man Arrested Outside Buckingham Palace

By Joseph Pisani

A man was arrested outside Buckingham Palace Tuesday evening after he threw items into palace grounds, including suspected shotgun cartridges, London police said.

of the public," said Metropolitan Police Chief Superintendent Joseph McDonald.

The man also carried a suspicious bag, police said. Authorities didn't identify the suspect, who was arrested on suspicion of possession of an offensive weapon.

A controlled explosion was conducted as a precaution. King Charles and queen consort Camilla weren't at the palace at the time of the incident, local media reported.

London has been preparing



DRESSED TO THRILL: The Caballos del Vino, featuring four men running alongside bedecked horses, was celebrated in Caravaca de la Cruz, Spain, on Tuesday. A group is eliminated from the uphill race to a castle if any of the trainers let go before the finish line.

SUDAN Truce Is Extended as More Flee Fighting

Exhausted Sudanese and foreigners joined growing crowds at Sudan's main seaport Tuesday, waiting to be evacuated from the chaos-stricken nation. After more than two weeks of fighting, areas of the capital of Khartoum appear increasingly abandoned.

The battle for control of Sudan erupted 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, commanded by Gen. Mohamed Hamdan Dagalo.

The government of South Sudan, which officially split from Sudan in 2011, said Tuesday that the two rival generals have agreed in "principle" on a week-long cease-fire starting on Thursday, and on engaging in peace talks.

There was no immediate comment from either the army or the paramilitary.

KENYA Pastors Appear in Court Over Deaths

Two pastors based in coastal Kenya have appeared in court over the deaths of more than 100 of their congregants, many of whom are believed to have starved to death.

Pastor Paul Mackenzie was released by one court in the town in Malindi before being re-arrested and presented at an upper court in the town of Shanzu. Mr. Mackenzie was first arrested two weeks ago over links to cultism for asking his followers to starve to death to meet Jesus.

More than 100 bodies have been exhumed from dozens of mass graves on his property within Kilifi County. The higher court has authorized Mr. Mackenzie's detention until Friday. His wife, Rhoda Maweu, was arrested on Monday night from a hideout in the coastal town of Mtwapa after weeks on the run.

Pastor Ezekiel Odera, whose church is in the same county as Mr. Mackenzie's, has also ap-

peared in court. He will remain in custody for a further two days as investigations continue. He was arrested last week in connection to the deaths of dozens of his congregants at his megachurch.

HONG KONG Change Would Cut Elected Council Seats

Hong Kong's leader on Tuesday stepped up a campaign to shut down further democratic challenges by unveiling plans to eliminate most directly elected seats on local district councils, the last major political representative bodies chosen by the public.

Chief Executive John Lee said the proposed overhaul would reduce the proportion of directly elected seats in the municipal-level organization to about 20%—from some 90%. That is even lower than the level when these bodies were first set up in the 1980s, when Hong Kong was ruled by Britain. He said the rest of the 470 seats will be filled by government appointees, rural committee chairpersons

and others elected by local committees that are staffed by many pro-establishment figures.

GERMANY Berlin Urges Push for Renewable Energy

Germany called Tuesday for governments around the world to work on setting an ambitious target for renewable energy that would "ring in the end of the fossil-fuel age" and help prevent dangerous global warming.

Speaking at the start of a two-day meeting in Berlin attended by dozens of top climate envoys, German Foreign Minister Annalena Baerbock said the world needs to sharply cut greenhouse-gas emissions to limit global warming to 1.5 degrees Celsius (2.7 degrees Fahrenheit).

Addressing officials Petersburg Climate Dialogue, she said that renewables such as solar and wind power are already the most cost-effective form of generating energy in most places around the world.

Advertisement for Freeman's Fine Jewelry and Gemstones Auction May 9. Includes contact information and a list of featured items: A Pair of Cascading Platinum, Colombian Emerald, and Diamond Earrings (\$40,000-60,000), An 18K White Gold, Colombian Emerald, and Diamond Ring (\$20,000-30,000), A Platinum, Diamond, and Colombian Emerald Necklace (\$250,000-300,000).

FROM PAGE ONE

Crickets Crawl Onto The Menu

Continued from Page One the middle school. For the past four years, he has been touring Swiss schools touting the benefits of eating insects and bringing along samples.

"They are young, more open to novelty," noted Mr. Olivier. "At some point, if not tomorrow then later, they will include insects in their diet." Until recently, Western civilization sought to keep insects out of food. Regulators viewed them as a threat to human health. The U.S. Food and Drug Administration classifies insects that aren't an intentional ingredient as "filth."

Insects are an environmentally friendly source of protein and vitamins, and generate a fraction of the greenhouse gases of raising cattle, pigs

and other livestock. And scientists say they are safe to eat, provided they are raised in controlled environments.

People across Asia, Africa and South America eat insects, from fried grasshoppers in Thailand to roasted big-bottomed ants in Colombia. Several children at Mr. Olivier's presentation were accustomed to such critters because of trips to visit family abroad. "I already eat enough insects when I go to Colombia, so I don't have to eat them here," said one 13-year-old.

The European Union in 2021 followed Switzerland and so far has authorized four types of bugs for human consumption: yellow mealworms, migratory locusts, crickets and lesser mealworms. The FDA is less restrictive: Unintentional bugs are considered to be contaminants, but the agency doesn't object to intentional bugs, so long as the product is made according to good manufacturing practices.

Still, companies are struggling to find a mass audience in



Insect burgers are part of a buzzy cuisine.

the West, the yuck factor being a major obstacle.

"We haven't had problems getting people to eat insects once," said Bastien Rabastens, founder of Paris-based Jimini's, which sells salted-butter caramel mealworms, yellow-curry grasshoppers and more. "The real challenge for us is that this won't be just one time, ticking the box 'I've eaten insects' like 'I've gone skydiving.'"

The pandemic didn't help, he said. Consumers weren't in

the mood to eat bugs while sitting at home under lockdown. Most recently, right-leaning politicians across Europe were set abuzz after the EU in January authorized cricket flour as a food ingredient.

"This European Commission—which gives in to anti-meat lobbies and which undermines our agriculture and our gastronomic culture—I don't want it anymore!" said Laurent Duplomb, a French senator and farmer. "I invite those who wish to eat crickets to come and eat them directly in my meadows: They will be natural, whole, unground and unprocessed!"

The movement to eat insects took off in the West a decade ago when the Food and Agriculture Organization published a 200-page report touting their merits. Since then, investors have plowed billions of dollars into raising insects to feed to animals. Companies in the U.S. and Europe also popped up to cut out the middle animal, and sell bugs directly to people.

"Why do you need a cow or

a pig in between when you can just eat the insect itself?" said Noelle Gmür, head of sales and marketing at Essento, a Zurich-based startup that sells insect snacks.

But in the following years, startups in the bugs-for-people sector began dropping like flies. One problem was European regulators, which hadn't yet approved insects for human consumption as companies started selling.

Green Kow, a Belgian company that made tapenade with mealworms, had its goods seized by the Italian authorities at a food exposition in Milan. The company folded in 2019 after it couldn't shoulder the burden of seeking approval from the EU.

Mr. Rabastens in 2014 began a yearslong legal battle with the French government after the Paris prefecture seized 209 boxes of Jimini's bugs at a food exposition. The dispute went all the way to the European Court of Justice, which sided with Mr. Rabastens in 2020.

In Switzerland, Essento has managed to get the country's two largest supermarket chains to sell its products, a feat that edible insect companies have struggled to repli-

cate elsewhere in Europe. The company raises its own mealworms.

The process is simple: Tiny eggs are placed on organic grain in stacks of plastic boxes, with a little water added. The worms are ready to be harvested in a matter of weeks.

"It's kind of like when you forget to bring out your vegetable trash," Ms. Gmür said. "After two weeks or so, your trash is sometimes moving around."

The worms are then boiled in a jury-rigged noodle cooker, killing them instantly. The process is meant to address concerns in the industry that insects suffer when killed.

"We don't know what they feel," said Ben Steiner, a veterinarian who runs the farm. "Whatever we do, it's probably a good idea to be fast."

The presence of insect snacks at Swiss supermarkets meant a number of children attending Mr. Olivier's presentation had already tried them. Sydney Soldini, 13, recently bought some and fed them as a prank to her friends without telling them what was inside.

"Thinking of the insects, it's a little bit disgusting," she said, "but it was good."

New-Home Market Rebounds

Continued from Page One of Tuesday's close, outpacing the S&P 500's 7.3% gain. D.R. Horton, Lennar and PulteGroup, the country's three biggest builders by volume according to Builder Magazine, posted year-to-date stock gains of 22%, 25% and 44%, respectively.

D.R. Horton said last month that net sales orders for the quarter ended in March fell 5% from a year earlier, beating analysts' expectations. These orders rose 73% from the prior quarter.

"The builders aren't the only game in town, but

they're more the only game in town than they have been in a very long time," said Carl Reichardt, a home-building analyst at BTIG.

Buyers also are more comfortable now that mortgage rates have come down from the 20-year highs they hit in the fall, when average rates topped 7%, executives said. The average rate for a 30-year fixed mortgage was 6.43% in the week ended April 27, according to Freddie Mac.

"The consumer has really adjusted to this new rate environment," said Sheryl Palmer, chief executive of Scottsdale, Ariz.-based builder Taylor Morrison Home, on an earnings call last week. "They no longer believe that rates are going to return to 3% or 4%."

Builders ramped up activity during the pandemic-driven housing boom, but they struggled to keep up with demand because of labor shortages

and supply-chain problems.

As construction times slowed, builders amassed a large backlog of homes that were under construction but not yet completed.

Builders were aggressive to cut prices and offer incentives, especially mortgage-rate buydowns, to attract buyers by making purchases more affordable.

This year's improved backdrop helped new single-family home sales rise 9.6% in March from the prior month on a seasonally adjusted basis, according to data from the Commerce Department. Sales rose month over month in the Northeast, West and Midwest, while falling in the South, the biggest region for new-home sales.

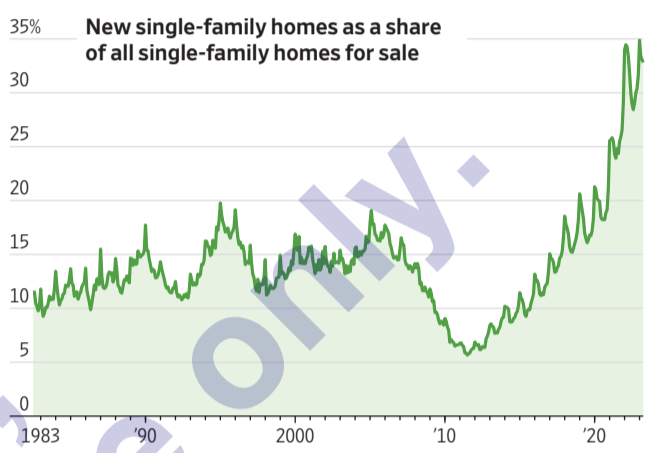
"Because inventory is very tight and remained very tight, it's very easy to move from a fear of buying at the top to a fear of missing out," said Ste-

phen Kim, a home-building analyst at Evercore ISI.

Single-family housing starts, a measure of home building, rose 2.7% in March from the prior month on a seasonally adjusted basis. Starts rose month over month in the Midwest, South and Northeast and fell in the West.

Builders' momentum could slow if the economy enters a recession or mortgage rates climb higher, analysts said. Tighter credit conditions also could make it difficult for builders to get loans. That is especially true for smaller builders that are more reliant on regional banks, many of which have been under stress. First Republic Bank became the second-largest bank in U.S. history to fail this week after regulators seized the bank and struck a deal to sell the bulk of its operations to JPMorgan Chase.

For now, builders are cash-



Note: Monthly data, through March 2023 Sources: National Association of Realtors (existing homes); Commerce Department (new homes)

ing in on home buyers who are tired of waiting for inventory to pick up. Matteson Rushing, 26 years old, started looking to buy a home in December because her rent was too expensive. She wanted a three-bedroom home with a garage, and she struggled to

find existing homes under her \$315,000 budget that met her needs.

She ended up buying a newly built townhouse in Oakwood, Ga., for \$299,900 in February. "I think it's absolutely worth it," she said. "I will never rent again."

Her Time to Shine GIVE MOM AN INCREDIBLE 18KT GOLD GIFT FROM ITALY \$1,195 Compare at \$1,595 Crafted by Italian artisans, our graduated Cuban-link necklace is simply stunning. Make her Mother's Day memorable with this elegant 18kt gold style! Available in 18" \$1,195 and 20" \$1,295 ROSS SIMONS Fine Jewelry | Fabulous Prices

FORGET ABOUT THE FORECAST SIDE WINDOW DEFLECTORS FLOORLINER™ HP EXTERIOR GLASS CLEANER WITH REPEL



Shop Now

When it comes to spring weather, you can expect the unexpected. Protect your vehicle from sudden rain showers with custom-fit defense from WeatherTech. We've got your car's interior covered — even if you forget an umbrella.

WeatherTech.com Auto. Home. Pet. Find Your Fit. 1-800-441-6287

FREE EXPRESS SHIPPING — ORDER TODAY! To receive this special offer, use code: STUNNER1 1.800.556.7376 or visit ross-simons.com/stunner Item #797360

# PERSONAL JOURNAL.

© 2023 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Wednesday, May 3, 2023 | A13



**YOUR HEALTH**  
**SUMATHI REDDY**

**W**hen women in midlife struggling with their weight come to see Sylvia Gonsahn-Bollie in her Silver Spring, Md., doctor's office she tells them the truth: "It's not all in your head."

The good news—which is kind of bad news—is that the challenges are real for midlife women trying to manage their weight.

For both men and women, weight peaks between ages 40 and 65 as they lose muscle mass and metabolism slows down. But for women, hormonal changes linked to the midlife menopause transition make things worse, say doctors and researchers who study menopause. Hormone therapy along with strength training and dietary changes can help.

Many women in their 40s and 50s notice that their weight starts to creep up, even if their routines stay the same, and that it gets harder to lose weight, researchers say. Starting in midlife, women on average gain between 0.8 and 1.5 pounds a year, says Daniela Hurtado, an obesity-medicine physician and assistant professor of medicine at Mayo Clinic in Jacksonville, Fla., citing studies.

The hormone changes during the menopause transition—which typically starts in your 40s when your menstrual cycle becomes irregular—are associated with an average weight gain of about 6 pounds, says Kathleen Jordan, chief medical officer of Midi Health, a virtual-care clinic for women over 40.

## Drop in estrogen

A major culprit is the decline in estrogen that happens with menopause, say doctors and researchers. The decrease is linked to changes in the way women's bodies distribute fat, with more accumulating in the abdominal region, rather than in the thighs and hips. Weight gain in this central area is linked to worse health outcomes than weight accumulation in other parts of the body.

Dropping estrogen levels are also associated with decreased insulin sensitivity and higher cholesterol levels, which can make it more difficult for women to maintain or achieve a healthy weight and put them more at-risk for developing Type 2 diabetes, says Dr. Jordan.

Studies have pointed to the importance of estrogen in managing weight. One study focusing on women over age 40 found that women who took medication to stop their ovaries from producing estrogen for 24 weeks gained more than 3 pounds of fat.

Some research has suggested that estrogen may influence your motivation to exercise. One study



**Aim for more than 300 minutes of exercise a week to lose weight, says Dr. Sylvia Gonsahn-Bollie.**

found that women with estrogen did more vigorous and regular physical activity than those who took medication to suppress estrogen.

"This at least suggests that there might be a biological driver [behind women's midlife weight gain] and it's not just what you choose to do," says Wendy Kohrt, a professor of medicine at the Uni-

versity of Colorado Anschutz Medical Campus in Aurora, who was senior researcher on both studies.

The estrogen decline compounds the loss of muscle mass that happens for both men and women as they age. We burn calories in our muscles, so as we lose muscle we burn fewer calories both at rest and when active, says Ekta Kapoor, an associate professor of medicine at Mayo Clinic in Rochester, Minn.

## Weight-related health risks

The changes in women's metabolism and bodies during the menopause transition also put them more at risk for complications such as elevated blood pressure and cholesterol.

A November study in the journal *EBioMedicine* funded by the health-science company Zoe studied more than 600 women after a high-fat, high-carbohydrate meal and for a further two weeks. Perimenopausal and postmenopausal women had worse metabolic health than premenopausal women, including higher cholesterol and blood pressure levels, higher glucose and insulin resistance levels, and more inflammation.

Even among women who were the same age, women who were

premenopausal had some better health outcomes—such as glucose levels—than those who were in perimenopause or beyond, says Sarah Berry, an associate professor in the department of nutritional sciences at King's College London, who was senior author of the study.

## What you can do about it

For women battling midlife weight gain, doctors say that menopausal hormone therapy—a form of estrogen often taken with progesterone that's approved for treating common symptoms such as hot flashes—can help in some ways. There's some evidence that it can help reverse some of the fat redistribution to the abdomen that occurs during menopause.

Hormone therapy can also alleviate symptoms such as sleep problems and mood issues that can indirectly contribute to weight gain.

However, hormone therapy alone won't stave off midlife weight gain. Doctors say women also need to stay active and add strength training to their workouts. Lifting weights and other forms of resistance training helps combat the loss of muscle mass.

"A lot of us, we love cardio but you want to try to at least get 50% cardio and 50% resistance," says

Dr. Gonsahn-Bollie.

To fight abdominal-area weight accumulation, high-intensity interval training, or HIIT, is useful. To lose weight and keep it off, you should aim for at least 150 minutes of exercise a week, but most people need closer to 300 to 420 minutes, says Dr. Gonsahn-Bollie.

Dietary changes can help too. Add protein and reduce sugar, doctors say. Eating more fiber will help cholesterol levels, as well as slow the digestion of food, says Dr. Jordan, which can make you feel more full. An easy way to increase fiber in your diet is to add a few spoonfuls of chia or flax seeds to yogurt or cereal, she says.

Managing stress is also an important part of weight management, says Dr. Gonsahn-Bollie. Chronic stress elevates cortisol hormones, which can increase insulin resistance and make it harder to lose weight.

If you're under age 40, try to enter perimenopause at a healthy weight, which your doctor can help you determine, advises Dr. Kapoor. And for those women trying to lose weight during the transition, set realistic expectations. Losing weight really isn't easy at this time.

"Celebrate every pound that you did not gain," she says.



FROM TOP: ILLUSTRATION BY JESSIE LIN; JASON WEIL

# Weight Loss Really Is Harder For Women After Reaching 40

Declining estrogen levels result in more abdominal fat, increasing risk for several health issues

# For a Good Job by 30, Do This in Your 20s

By LINDSAY ELLIS

**S**kepticism about the value of college is growing, but earning a four-year degree by your mid-20s is the surest route to a good job by age 30.

That is a key takeaway from a new analysis by Georgetown University's Center on Education and the Workforce that aims to identify the paths that bring people to good jobs.

Georgetown researchers examined government data for more than 8,000 Americans born in the early 1980s from adolescence through age 30. They identified 38 decision points that could influence workers' ability to land what they deemed a good job by age 30—one that pays the minimum for economic self-sufficiency, a median annual salary of \$57,000.

Pursuing a bachelor's degree made more of a difference than any other decision. "The main road to a good job is still to go get the B.A.," said Anthony Carnevale, who directs the Georgetown center.

The researchers focused on people who didn't go directly from high school to college, because the cohort that graduated college in their early 20s had a high rate of good job outcomes.

Millions of people start bachelor's degrees, but don't finish them by their mid-20s. Those non-finishers have a 40% chance of getting a good job by 30, Georgetown data show. If they eventually earned a bachelor's degree by age 26, they

would have a higher chance—56%—of getting a good job, Georgetown estimates. Even starting a bachelor's degree by age 22 made a difference.

People who pursued an associate degree, skills training or certificate had a 29% shot at a good job, compared with 23% for those who didn't pursue higher education by that age.

## College debt—and payoff

Escalating college costs have complicated people's decision to attend, said Zack Mabel, an author of the Georgetown report and a research professor of education and economics at the university.

The expected payoff to getting a bachelor's degree is higher than it has ever been, Prof. Mabel said, but added, "with the rising cost of college, and the increasing debt that students and families have to take on, the risk of pursuing higher education is higher than it's ever been."

Some 56% of respondents to a recent Wall Street Journal-NORC poll said a four-year degree isn't worth it, because students often leave with large student debt loads and no specific job skills. Ten years ago, 40% of people polled thought a college degree wasn't worth it.

Dany Nguyen, 30 years old, started a job in Austin, Texas, last year as a software developer for General Motors after a decade of working while going to school.

Mr. Nguyen, who graduated from high school in 2010, spent four years working retail and restaurant jobs

## Best Foot Forward

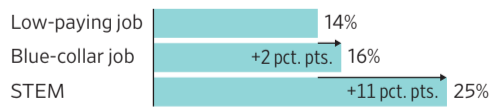
High-school graduates who are qualified to start a bachelor's degree but don't do so have a 33% chance of getting a good job by age 30. By merely starting college, the odds of getting a good job get better.

### Entering a bachelor's degree program by age 22:



The job you hold at age 22 has some predictive power for your likelihood of getting a good job by 30.

### Job at 22:



Keeping a steady job between age 20-22 also increases one's chances of getting a good job by age 30.

### Having at least one employment gap between age 20-22:



Source: Georgetown University Center on Education and the Workforce

while taking community-college classes at night. Though exhausting, the arrangement ensured he could pay his tuition. He got skills and connections that led to better-paying roles, he said, including an inventory job with a dental-product company.

Mr. Nguyen ultimately transferred from community college to California State University, Long Beach and finished his bachelor's degree in management information systems last

year. Today, he sees the benefit to working his way through school.

Salaries for college graduates are higher than those without degrees, but data analyzed by the Federal Reserve Bank of St. Louis shows the gap in net worth between college grads and nongrads has narrowed a lot, partly due to student debt.

Renee Wooten worked while attending a for-profit university, delivering pizzas and fielding queries at

a call center, then turning a contract position in the videogame industry into a full-time job with benefits.

Mr. Wooten, 33, makes six figures as a videogame producer but says having \$40,000 in outstanding student debt is stressful.

"I don't know if I would do it again," Mr. Wooten said, adding that an associate degree to start may have been a better choice. "I've been dumping my bonuses and my tax returns into my student loans, just for them to be eaten up by interest."

## Industries matter

Some companies have eliminated bachelor's-degree requirements for hires, though almost 70% of the new jobs created in the U.S. between 2012 and 2019 were in occupations that typically require a four-year degree or higher for entry, according to Opportunity@Work, a nonprofit.

Georgetown's analysis showed several other early-career decisions can help put 20-somethings on the path to a better-paying job if they don't go to college after high school. Steady work between the ages of 20 and 22 and avoiding résumé gaps in these years can help, researchers said, because hiring managers are more likely to hire experienced people who are actively working.

Industries count, too. Working at age 22 in a blue-collar job or in tech or finance, rather than fields such as education, food services and the arts, also helped raise the chance of getting a higher-paying role. Still, workers who took one of those paths had no more than a 25% chance of landing a good job by 30. Those pathways proved more effective when combined with attending college.

# PERSONAL JOURNAL.

MY RIDE | A.J. BAIME

## A 1960 Corvette Lives a City Life

Chevy is at home in a Brooklyn public garage

Jan Hyde, 82, a retired real-estate investment banker and consultant, on his 1960 Chevrolet Corvette, as told to A.J. Baime.

If I had to argue one reason why the Chevrolet Corvette exists on this planet, it would be racing. When I was growing up in Pittsburgh, there was a wealthy Gulf Oil executive named Grady Davis who started a Corvette racing team around 1961. He had two noteworthy drivers: a Washington, D.C.-based racer named Dr. Dick Thompson (they called him "The Flying Dentist") and a guy named Don Yenko, who owned a Chevrolet dealership outside my hometown called Yenko Chevrolet.

These guys were my idols. In good part because of them, I always liked Corvettes. They were slick and fast, and I always wanted one—specifically, a 1960 Corvette. I liked the styling, and the fuel injection, which meant serious performance at that time.

In February of 1964, I was living in San Francisco, coming home from a date, when I saw a 1960 Corvette on an old used-car lot. I went back that Sunday and talked to the guy. He took me back into his office and said, "The price is \$2,400." I had the money. He pulled out two paper cups, poured us both some Scotch, and I drove the car away that day.

I was scheduled to enroll at Harvard Business School that August, so I drove the car across the country, stopped briefly in Pittsburgh to see my family, and kept on going to Boston. This car was my daily transportation.

When I graduated, I moved to New York for my first job, settling in Brooklyn, where I still live today. Through networking, I met a guy named Frank Dominianni, a pioneering Corvette racer who owned a landmark speed shop in Valley Stream, N.Y. I got to know Frank, and he took care of my car.



Jan Hyde with his 1960 Chevrolet Corvette in Brooklyn, N.Y. Mr. Hyde has owned the car since 1964.

Frank was a fascinating and intelligent guy. He put a spare racing engine in my 1960 Corvette, which still powers it today. I also bought one of Frank's old Corvette racing cars and I used it to compete in vintage racing for 15 years starting in the 1980s.

I later sold that racing car. But, for me, I just feel privileged to say I had a chance to be associated with Frank Dominianni. He is no longer alive, but the legacy he built remains.

Brooklyn is not a very car-friendly place. But I have kept the Corvette in Brooklyn since 1966.

Most people would sell the car if they were in my position. But I have had enough money and an understanding enough wife that I have kept this car all these years. For the past seven or eight, I have kept it in a public parking garage in Brooklyn. It has surveillance, it is temperature-controlled, I can park the car myself, and the people who work there are really nice. It may sound strange, but I think my car is safer in that public parking garage than it would be in a driveway.

Driving this car brings back memories. I picked up my wife for our first date in it in 1966. I drove her to the hospital in it in 1970 for the arrival of our firstborn. And the car still wants to be driven. I drive it every couple of weeks when the weather is nice. That is what makes it happy.

The 283-cubic-inch V-8 engine was installed in 1973 by Corvette racing pioneer Frank Dominianni.



MATE PALMER FOR THE WALL STREET JOURNAL (4)

## Dying Without a Will Leaves a Mess Behind

BY ASHLEA EBELING

Despite potentially devastating consequences for their heirs, millions of Americans still haven't written a will.

Some 54% of surveyed Americans told Gallup they didn't have a will in 2021. Even the wealthy put off estate planning: One in five Americans with investible assets of \$1 million or more don't have a will, according to a recent Charles Schwab survey.

If you die without a will, a range of state laws dictate who gets your assets, and your loved ones may get nothing. They might get kicked out of the family house and could face hefty surprise tax bills.

### Grief and hassle

John Powers, of Auburn, Wash., and his live-in partner of 18 years, Christina Lewis, had an appointment with an estate lawyer to draw up wills in November, but she died in a horseback-riding accident the weekend before.

The consequences of dying without a will—the legal term is intestate—come down to where you live. What Ms. Lewis, age 64, might have written in her will didn't matter. Instead, Washington state's intestacy laws decided.

While grieving, Mr. Powers, 62, had to get Ms. Lewis's sons who live in England to sign off so he could be appointed by the local probate court to administer her estate. He said she wanted him to have both the \$600,000 house and Volkswagen SUV they bought together, but by law her sons were entitled to her 50% interest, so he had to buy them out to keep his home and car.

"It's been quite a struggle," Mr. Powers said, who made sure in February to get his own will finished.

Dying without a will is especially painful if there are unmarried partners or stepchildren, who are left out under the law in almost

every scenario.

Without a will or trust, you're giving up the opportunity to say who will administer your estate, who will be a guardian for minor children, and who will get what.

"Don't assume that what you think will happen when you die without a will or trust is what actually will happen," said Toni Ann Kruse, a New York City estate lawyer.

Here's what to know and how to avoid the worst.

### Know your state law

Kurt Nilson, a lawyer in Johnstown, Pa., has been keeping track of intestacy statutes as a hobby for decades and developed online calculators at heirbase.com where you can enter your family information to see what might happen if you die without a will.

the first \$30,000, with the balance split 50%-50% with the parent.

The way people want to distribute their assets is often at odds with the law, a survey of 9,000 Americans conducted by two Yale law professors found. Nearly 30% of people who were married with children said they would prefer to leave their spouse nothing, co-author John Morley said.

Many would like to leave substantial assets to their live-in nonmarital partners. And many would prefer to give much less to parents than intestacy laws provide, and much more to siblings.

### Cover all assets

Retirement accounts and life-insurance policies pass to whomever is listed on a beneficiary form. If you leave it blank and don't have a will, the state law will typically apply. Mr. Powers got a life-insurance payout because Ms. Lewis's policy listed him as the beneficiary, and her sons



Jotting down your wishes isn't going to be good enough.

If there is a surviving spouse and children, the surviving spouse gets 100% of the estate and the children get nothing in some states. In other states, the percentage split varies.

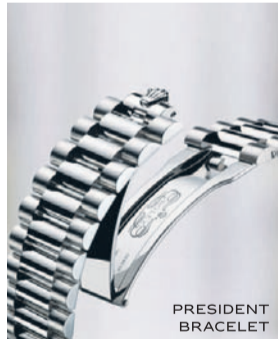
In Tennessee, a surviving spouse with two or more children gets a third of the estate, with the rest split equally among the children. In Pennsylvania, if there are no children but a surviving parent, the surviving spouse gets

got her 401(k)—with a big tax bill for the lump-sum distribution—because the account listed no beneficiary.

Any listed real estate or bank accounts listed only in the name of someone who dies without a will are distributed based on the state's intestacy rules. If you don't have a will and want to make sure a partner gets your house or bank account, use a transfer-on-death deed or a payable-on-death account.



ROLEX CROWN EMBLEM



PRESIDENT BRACELET



3255 MOVEMENT



FULL DAY DISPLAY

### PRESTIGE AND EXCELLENCE

Chosen by presidents, world leaders and visionaries. Launched in 1956, it was the first watch to display the date and day in full. Available exclusively in 18 kt gold or platinum, and in 26 different languages, it continues its legacy as an icon of achievement. The Day-Date.

#Perpetual



OYSTER PERPETUAL DAY-DATE 40 IN 18 KT WHITE GOLD

OFFICIAL ROLEX JEWELER  
HAMILTON  
SINCE 1912

92 Nassau Street, Princeton, 609.683.4200  
www.hamiltonjewelers.com



ROLEX OYSTER PERPETUAL AND DAY-DATE ARE TRADEMARKS.

GETTY IMAGES

# ARTS IN REVIEW



Gordon Lightfoot performing in 1974

APPRECIATION | 1938-2023

## Gordon Lightfoot's Melodies

By MARC MYERS

For Gordon Lightfoot, everything was personal. The deeply sensitive and prolific singer-songwriter, who died May 1 at age 84, was most inspired by emotional experiences that took him by surprise. From the jealousy that fed "Sundown" and the divorce that inspired "If You Could Read My Mind" to the homesickness that led to "Early Morning Rain," Mr. Lightfoot parlayed melancholy into timeless folk-country songs that touched audiences worldwide.

A national treasure in his native Canada, Mr. Lightfoot was less known in the U.S., where he had only four Top-10 Billboard pop hits and two Top-10 albums. But his subdued commercial visibility here didn't dissuade dozens of major American artists such as Bob Dylan, Johnny Cash, Jim Croce, Judy Collins, Elvis Presley, Olivia Newton-John and Kenny Rogers from recording his songs and praising his artistic gifts.

Over the course of a nearly 60-year recording and performing career, Mr. Lightfoot released 20 studio albums beginning in 1966, won 16 of Canada's Juno Awards and was named a Companion of the Or-

der of Canada, the country's highest civilian honor. His other top-selling songs in the U.S. included "Carefree Highway" (1974), "Rainy Day People" (1975) and "The Wreck of the Edmund Fitzgerald" (1976).

Mr. Lightfoot's first Billboard hit, "If You Could Read My Mind," reached No. 5 in 1971 and helped launch a soft-folk movement in the early 1970s that picked up where Harry Nilsson's "Everybody's Talkin'" (1968) and James Taylor's "Fire and Rain" (1970) left off. Male singer-songwriters of the era inspired by Mr. Lightfoot include Cat Stevens, Harry Chapin and John Denver.

Mr. Lightfoot had the ability to effortlessly blend country, folk, pop and rock, resulting in compelling hybrids. For example, "Slide on Over" and "I'd Do It Again" were songs that combined all four genres. As stories, his songs explored the human condition with a folk feel. But vocally, he had an unmistakable country sound that conjured images of solitary truckers and campfire cowboys.

Bonding these genres was Mr. Lightfoot's exceptional ability to craft melody, overdub harmony and set a singular rhythm, often relying on sea shanties and drones. He also had a firm grasp of pop hooks, jazz chord voicings and taut pop ar-

rangements. Remarkably, Mr. Lightfoot's music avoided sounding repetitious or dull, and his vocals conveyed an earnestness without being ponderous.

Born in Orillia, Ontario, in 1938, Mr. Lightfoot was considered a sterling singer by the fourth grade. His adolescent talent was nourished by a musical family. His mother sang along with her three sisters in a vocal group, and his grandmother and older sister, Beverley, played piano.

### With hit songs like 'Sundown,' the singer-songwriter helped start a folk-pop movement.

Often retreating to the attic at home, Mr. Lightfoot listened ardently to Louis Armstrong, switching to Elvis Presley in 1956 after receiving a guitar as a gift. In a 2019 interview with me for the Journal, Mr. Lightfoot credited his church choir master for teaching him to sing with emotion. But jazz remained a lingering passion.

In 1958, Mr. Lightfoot and a friend moved to Los Angeles,

where they studied jazz composition and orchestration at the Westlake College of Music, a conservatory focused on training students to earn a living in popular music. His bills were paid by writing music for radio ads. Just short of graduating, he became homesick, dropped out and moved to Toronto.

Mr. Lightfoot's jingle writing and studies in jazz arranging were the foundations of his clear, catchy approach. He never forgot that his music and success required an appreciative audience. In 1965, his career took off when Peter, Paul & Mary covered his song "For Lovin' Me," a No. 30 Billboard pop hit. Albert Grossman, who managed the trio along with Mr. Dylan and Odetta, took him on.

He then began traveling between Toronto and New York. With the release of "Lightfoot!" in 1966, Mr. Lightfoot began touring. Except for a brief period during the pandemic, he didn't stop entertaining on stage until earlier this year, when health issues made performing difficult.

During my 2020 phone interview for the Journal on the writing and recording of "Sundown," Mr. Lightfoot reflected on his songwriting approach: "In most cases, I write the words and music at the

same time. Songs pull themselves forward while I'm working on them. I may not have everything in place at once, but days later I'll wind up finishing them."

Mr. Lightfoot's Westlake experience also taught him how to see the big picture in the studio. During the recording of "Sundown," he wanted to overdub a tambourine accenting Jim Gordon's drum beat. Producer Lenny Waronker pushed back but was overruled. "Gordon knew what he wanted and could hear everything in his head," Mr. Waronker said. "'Sundown' had a vibe, it had a sound. The moment he overdubbed his background voices in the chorus, it was over. I knew then that the song was undeniable."

During both of my interviews with Mr. Lightfoot, he was open and revealing, no matter how painful the recollection. His voice softened during a confession, but he never made a fuss. He balked only once, and ultimately relented, with a caveat: "Talking about the past is dangerous territory," he warned, pausing momentarily. "But it does make for good storytelling."

Mr. Myers is the author of "Rock Concert: An Oral History" and "Anatomy of 55 More Songs" (Grove Press).

TELEVISION REVIEW | JOHN ANDERSON

## 'Queen Charlotte': Battles Royal

'BRIDGERTON' isn't exactly "Downton Abbey" or "Coca-Cola," but it is certainly a brand, one poised to provide ample opportunities for prequels, sequels, different flavors and, to judge by "Queen Charlotte: A Bridgerton Story," even a diet option, if storylines had calories. The original series, based on Julia Quinn's fanciful period novels, has thus far been Royalty Lite, but has included a colony's worth of characters, many of whom could be the subject of their own spinoffs. Endless refills, one might say.

"Queen Charlotte," developed by star producer Shonda Rhimes, concerns the imperious sovereign (Golda Rosheuvel) who ruled over the first two seasons of the original "Bridgerton" and has reason to be tart: Her husband, George III, is mad. Her feckless son is running the country. And she distracts herself by manipulating the social hierarchy, atop which she presides with her outlandish headpieces aspiring further heavenward, like the spires on a cathedral. "Queen Charlotte" is about her, but more about her younger self (India Amarteifio), plucked from her modest burg in northern Germany to marry the British heir (Corey Mylchreest), who is more interested in astronomy and agriculture than he is the plight of his naive young fiancée, who is suddenly thrust into court fights and catty politics.



Neil Edmond and Michelle Fairley, above; Corey Mylchreest and India Amarteifio, above right; Mr. Mylchreest, right

She is not, additionally, one of *le bon ton*, the high society of Regency-era England, and for one very obvious reason: "She is very brown," observes the Dowager Princess Augusta (Michelle Fairley), scowling at the advisers who have arranged the marriage of her son to this racial interloper. "You did not say she would be that brown. Very brown." The match must be made, however; the king cannot be wrong. And thus is undertaken what Augusta calls the



"Great Experiment." White and black Britain will be united as one. It will not be as easy as, say, the Seven Years' War.

The putative "colorblind" casting of much Shondaland content is really not. "Still Star-Crossed," a misguided effort to do interracial

Shakespeare, mixed black and white Capulets and Montagues to some degree of confusion. But the black and Indian heritage of several "Bridgerton" characters was acknowledged in seasons past, even if it didn't become a major factor in the drama. Here,

in "Queen Charlotte," the clash of "cultures"—which are both basically the same, which is the point—is an element providing counterpoint to the more central between Charlotte and George, who have to ford many an emotional and neurological stream to find some mutual

accord. It's quite necessary: They have to start producing their 15 offspring, which is one of the few accurate historical details in a show that lets itself off the hook during the opening credits. As we are told by Lady Whistledown, voiced by Julie Andrews, the series "is not a history lesson. It is fiction inspired by fact. All liberties taken by the author are quite intentional. Enjoy."

We largely do—one of the charms of the "Bridgerton" enterprise has been

its tongue-in-cheekiness, an acknowledgment of its absurdity and focus on frocks instead of facts. And love gone wrong. And youth contained. And trust betrayed. Nothing, in other words, that couldn't play out in any historical era and among any group of hysterical people. The fate of Charlotte and George, as most know, has its poignant qualities, but if the protracted scenes of eating, dressing, staring at the moon and rutting in the bedrooms had been rendered a bit more concisely, "Queen Charlotte" would not seem quite as overlong as its six episodes do.

**Queen Charlotte: A Bridgerton Story**  
Thursday, Netflix

Mr. Anderson is the Journal's television critic.

# SPORTS

## Nikola Jokic Gets More Kicks Than Anyone

Denver's center doesn't lead the NBA in any traditional defensive stat. But nobody has ever booted the basketball more.

By Robert O'Connell

Nikola Jokic has always been a spectacle on offense. Despite his non-chiseled build and lack of top-percentile athleticism—six-foot-11 and 284 pounds, without much foot speed or vertical leap to speak of—the Denver Nuggets' center plays basketball like a ballet dancer. In the opener of their conference semifinal against the Phoenix Suns on Saturday, Jokic flung his usual inch-perfect passes and twirled through the lane, leading Denver to their first win in what became, Monday night, a 2-0 series lead.

On defense, though, Jokic tends to be as lumbering as he is graceful at the other end. Most opposing dribblers can edge past the twice-reigning MVP, and almost everyone in the NBA can outjump him. But in that same game against Phoenix, he showcased a skill that distinguishes him from any other defender in the league: He kicked the ball away from the Suns three times.

It wasn't an aberration. Nobody in the recorded history of the sport has ever booted the basketball as often as Jokic. It is the solution "The Joker" has settled on to make up for his deficiencies: a kind of prank, a well-placed banana peel.

"We talk about deflections all the time," Andrew Munson, a special assistant to Nuggets coach Michael Malone, said of Denver's defensive philosophy. "Obviously, usually it's with your hands. But it disrupts the offense, it takes them out of what they want to do. A kicked ball is just as good."

By the numbers, Jokic is far and away the biggest such disrupter in the league. Over the regular season, he kicked the ball during an opponent's possession 47 times—usually flinging a mammoth sneaker out into a passing lane when a guard is trying to slip the ball past Jokic's hip to a big man. The mark was nearly twice the previous record since 2002-03, the earliest season for which Stats Perform has kicked-ball data. It's more than all but 21 teams have ever collected across



ILLUSTRATION BY MICHAEL BYERS

their whole rosters.

As a defensive strategy, the kick isn't airtight; the violation stops play immediately, returns possession to the offense and, if the shot clock has dwindled, resets it to 14 seconds. But the task set before Jokic—who blocked 0.7 shots per game this season, just the 53rd-most in the league—isn't to become a defensive force. He just has to do well enough to survive.

Stopping the pick-and-roll—basketball's bedrock play, in which a big man screens to get a guard into open space and then charges to the rim for a pass—is both the hardest and most important task in modern defense, one that falls to the centers at the back line. The usual means of breaking one up, via bursts of lateral movement or high

wire blocks at the rim, are mostly inaccessible to Jokic. Kicking the ball mid-pass short-circuits the play at the critical juncture, essentially forcing a team to start over and try to win the possession again.

According to Simon Gerszberg of ShotQuality, an analytics outfit that consults with college basketball and NBA teams, a completed pass to the "roll man" is "one of the most efficient possessions you can get." It yields 1.28 expected points per possession, according to ShotQuality's metrics. A Jokic kick turns the play back into an average possession, in which the Nuggets give up 1.14.

"He's playing a cat-and-mouse game against the offensive player," said Ognjen Stojakovic, a Nuggets assistant and Jokic's fellow Ser-

bian. If the kick isn't quite the highlight fodder that a soaring block is, Stojakovic said, it is by no means easy to pull off, requiring a combination of reflex, balance and situational awareness—lest the gambit occur too late in the shot clock, swapping a last-second heave for a reset possession.

Back in Sombor, Stojakovic and Jokic have played soccer and "squares"—a kind of footy tennis, in which whoever can't make a return loses. Jokic is able to slice and sweep the ball at will. "Any game with a ball, he's very, very good," Stojakovic said of Jokic.

Felipe Eichenberger, the Nuggets' strength coach, seconded the scouting report. "He's like Neymar, Messi, old Ronaldo—kind of a mix," Eichenberger said, laughing.

Turning sincere, he marveled at Jokic's acumen for anything strategic, his ability to detect and capitalize on subsurface opportunities. Eichenberger remembered playing a card game with some staffers while Jokic sat to the side for a few hands, watching to learn the rules. "Then he jumps in and starts winning," Eichenberger said. "First time he's ever played."

Before this season, Jokic kicked the ball at a high rate but not a historic one. His previous personal best in a season was 10, in 2020-21.

"The guy's just really smart, and he's quick on his feet," Munson said. "He's seen every single way he can be attacked, and he knows when they like to throw that bounce pass."

### The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers 1 through 69 indicating starting positions for clues.

- 31 Human Rights Watch, e.g.: Abbr.
33 Modern location of the biblical city of Nineveh
36 French article
37 French street
38 Bee attracters
39 Nervousness on a golf green
40 Sport scored by touches
41 IDs on IRS forms
44 Lifesaving donations
45 Ogle
46 Full of mistakes
47 Extremely fun, as a party
48 Personal driver?
49 Employing guide
53 Quintet not represented in 10- or 49-Down
55 Spot for brooding
56 Geelong greeting
57 At the most
61 Beltway Series ballplayer
62 Angsty genre
63 Language of Luang Namtha

### NEGOTIATIONS | By Lisa Senzel & Jake Halperin

Word puzzle grid with clues for Across and Down sections related to negotiations.

#### Previous Puzzle's Solution

Grid showing the solution to the previous puzzle's words: PEAR, SAFE, BREW, AGRA, AGILE, RITE, PATCHWORK, QUILTS, INCHING, UNSEAT, OAT, STACK, SALE, SNAIL, ECHO, PULLQUOTE, ETHAN, ODE, ENSURES, ERE, URGED, PROMQUEEN, TEEN, HINDU, PTSD, REINS, USA, JOSIAH, POSTHOC, PROQUARTERBACKS, ECRU, TOADS, TURN, GATE, TRIO, EBAY.

## Manchester City's New Definition Of Failure: Three Trophies or Bust

By Joshua Robinson

Manchester, England FROM THE MOMENT Manchester City introduced Pep Guardiola as manager in the summer of 2016, the club knew it was guaranteed trophies. City was combining one of the most innovative coaches in the game with the brute force of unparalleled spending on talent. Seven gilded years later, Guardiola's team is proving yet again how irresistible that mix can be. As the season enters its final month, Man City is just a handful of victories away from a sweep of three major trophies: the Premier League, the FA Cup, and the first Champions League in the club's history.

The only surprise is that it took this long. "I know that if we don't win the treble, I know that if we don't win the Premier League, the season will be a failure," Guardiola said, referring to the pressure on his performance. Getting knocked out of the NBA playoffs may not be a failure to Gian-nis Antetokounmpo, but Guardiola feels the heat to win several titles in the same season.

By beating Fulham on April 30, the club leapfrogged Arsenal in the league standings and now sits one point ahead in first place, having played one fewer match.

City is also looking forward to an FA Cup final against Manchester United, and is gearing up for a home-and-away semifinal in Europe against Real Madrid. For the first time all year, City's entire destiny is within its control.

"It's in our hands," Guardiola said after beating Arsenal 4-1 at home last Wednesday. "This is the best way to approach the last six, seven games of the season."

Ever since the club was acquired by a member of Abu Dhabi's royal family in 2008, campaigns like this one have been the ultimate target. There have been major titles before under the current owners—two FA Cups and a staggering six league titles, to be precise—but the top prize in European soccer has so far eluded them in the added randomness of knockout tournaments. The closest

Dortmund, Haaland was undoubtedly one of the most prolific strikers in Europe. Yet his style also represented one of Guardiola's greatest conundrums. The strapping, explosive Haaland could do many things well, but passing the ball, subtle tactics, and nifty buildup play—the hallmarks of a Guardiola team—weren't among them. Here was a jackhammer on a tray of surgical instruments.



Kevin De Bruyne, left, and Erling Haaland are key players for Man City.

City came was the 2021 Champions League final, which it lost 1-0 to Chelsea.

But Guardiola in 2023 is far from the same coach he was in 2016. He was hired at the time to link up with a pair of Catalan executives he knew from his widely successful stint in charge of Barcelona between 2008 and 2012. The remit was to play beautiful soccer again and reproduce that success.

Two factors soon forced Guardiola to adapt his approach. The first was the nature of the Premier League—the speed and power of English soccer meant he needed to speed up the way his teams played.

The second arrived last summer in the form of a 6-foot-4 Norwegian named Erling Haaland. Signed from Borussia

As it turned out, a jackhammer could do the job too. Haaland now has 50 goals across all competitions.

In order to make the most of Haaland's strengths, City shortened its passing sequences in the buildup and leaned more on his ability to win the ball in the air or hold on to it in forward areas. Against Arsenal, the approach was especially clear as City responded to the visitors' man-marking by hitting longer passes to stretch the field and use Haaland as a magnet for coverage.

"The big man brings goals—he attracts players," City defender Kyle Walker said. "When you've got the big man up front you need to utilize him..." Erling is big, he's tall, strong and he's quick. We need to use that to our advantage."

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



# OPINION

## ObamaCare and Zombie Banks



**BUSINESS WORLD**  
By William W. Jenkins, Jr.

JPMorgan Chase had to overcome the bad taste left by the deals it did with the federal government in the last financial crisis. Regulators had to overcome their aversion to helping make the nation's biggest bank even bigger. All of the above had to wrestle with the perverse signal that flows from being even more cross-wise with a deposit-insurance system that isn't supposed to protect more than \$250,000 per depositor. The reachiness of Sunday's assisted takeover of First Republic only underlines the qualification built into Jamie Dimon's pronouncement on Monday that "this part of the crisis is over." Today's mess is complicated. Unlike 2008, patient capital can't solve the problem by taking control of out-of-favor, possibly troubled assets that nonetheless are continuing to yield attractive payment streams. Banks now are holding perfectly credit-worthy loans and securities that are priced for a zero-interest-rate world, far below today's carrying costs. The only thing that can save them now is a sharp fall in short-term interest rates, which seems unlikely. Even if the Federal Reserve's inflation fight were to be successful, it wouldn't automatically mean a return of the alleged

global savings glut and investor willingness to accept a 0% return on "safe" assets, which were features of the now-departed post-2008 era. One report this week had the Fed briefly considering opening up its temporary, rescue-oriented Bank Term Funding Program to accept the kind of collateral now famously characteristic of First Republic—presumably including the super-safe, super-low-yielding jumbo mortgage it gave Mark Zuckerberg (\$5.95 million at a 1.05% teaser rate). Papered over would have been the lender's immediate liquidity crisis and rate mismatch, but at the cost of turning First Republic into a zombie bank, stumbling forward as a parking place for underwater loans. Having been broached, the zombie solution is on the table for the next struggling midsize bank. However coded, Tuesday's talk on the business channels was focused on exactly this: the growing tension between the Fed's anti-inflation fight and pressure to open the spigots to prop up the banks, prop up commercial real estate, prevent a credit crunch, etc. Unmentioned was also a variable you should expect increasingly to be factored in: an establishment-wide commitment to keeping Donald Trump from returning to the presidency. One mystery: How could the Fed have engineered the fastest runup in interest rates in memory and not foresee its

effect on the banks it supervises? The reason is "difficult to discern," the Fed itself admits in its recent mea culpa on the failure of Silicon Valley Bank. These words make a fitting epilogue to the 2009 Financial Crisis Inquiry Commission's conclusion about the previous meltdown: In effect, it happened because nobody prevented it. In turn, this non-insight would help inform the Dodd-Frank law, which has proved so useless in preventing today's banking mess.

### The Affordable Care Act depleted the federal government's capacity for reform.

The likelier truth: The Fed had no answer for Silicon Valley Bank and feared spooking the rich techie depositors it was praying would keep the lender afloat with their continued willingness to accept near-zero returns on their multimillion-dollar checking accounts. I also have a larger theory. However you analyze the post-Obama impasse in our politics, in our time it has precluded competent government. This effect actually first became apparent midway through the ObamaCare debate. Recall that the Affordable Care Act was originally and sanely conceived as a strategy for addressing the uninsured,

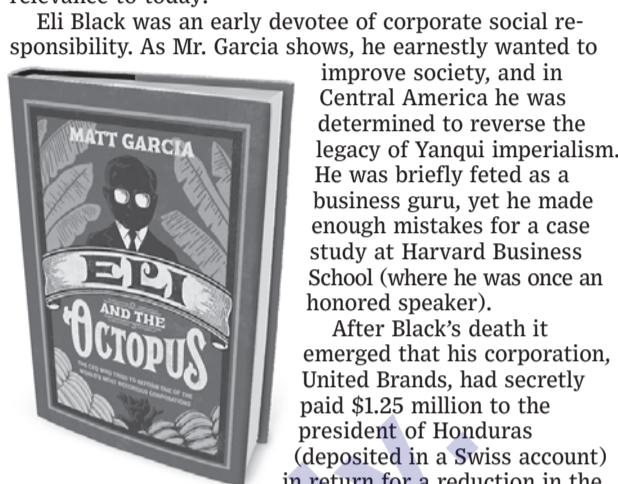
with an individual mandate, subsidies for the needy, etc. Its rushed, corner-cutting, partisan enactment left us with something else entirely: a ludicrous program of insurance so overpriced that nobody buys it unless taxpayers are picking up the tab. The sole exceptions, thanks to generous coverage for pre-existing conditions, are those patients who sign up on the gurney and cancel three weeks later once their serious condition has been treated. Ended was a distinct Carter-Reagan-Clinton era in which, in select but significant areas, government actually approached problems rationally. It tackled failing policies from a perspective of replacing bad incentives with good ones, in airline deregulation, in tax reform, in welfare reform. Policy confabs, white papers and wonk books supported an appetite for coherent policy reform, little of which is visible today. We get instead shallowly conceived but expensive programs meant to appeal to the public's superficial understanding. We get things like massive handouts to people to buy Teslas and pretend we're doing something about climate change. As Fed Chairman Jerome Powell and every other establishment stalwart inevitably is enlisted in the coming year to prevent a Trump restoration, they might ask themselves why so many voters still feel the need to turn to someone like Mr. Trump.

**BOOKSHELF |** By Roger Lowenstein

## The Fruits Of His Labor

**Eli and the Octopus**  
By Matt Garcia  
(Harvard, 265 pages, \$27.95)

In 1970, a 49-year-old business phenom named Eli Black orchestrated the purchase of United Fruit Co., the Central American banana king. Five years later, he locked the doors of his 44th-floor office in Midtown Manhattan, punched a hole in the plate-glass window and jumped. Was his sensational death the fault of gross mismanagement and corruption? Or was it the price of idealism in the cutthroat world of capitalism? This is the question explored by Matt Garcia, a Dartmouth historian, in "Eli and the Octopus," an engaging chronicle of an idealistic but flawed businessman as well as a dissection of the postwar merger craze with no small relevance to today.



Eli Black was an early devotee of corporate social responsibility. As Mr. Garcia shows, he earnestly wanted to improve society, and in Central America he was determined to reverse the legacy of Yanqui imperialism. He was briefly feted as a business guru, yet he made enough mistakes for a case study at Harvard Business School (where he was once an honored speaker). After Black's death it emerged that his corporation, United Brands, had secretly paid \$1.25 million to the president of Honduras (deposited in a Swiss account) in return for a reduction in the

## No Labels May Re-Elect Donald Trump



**POLITICS & IDEAS**  
By William A. Galston

George Will is the latest commentator to view with equanimity the prospect of a No Labels-led bipartisan presidential campaign. "One or both of the major parties might, depending on their calculations of a third candidate's appeal, accuse No Labels of being a spoiler," he wrote in a Washington Post column last week. "Let those parties try to explain how today's politics could be spoiled." I'm happy to accept Mr. Will's challenge. In 2010 I helped start No Labels to foster bipartisan solutions to our country's most important problems. Last month, after more than a decade, I felt compelled to resign in disagreement over its decision to launch a bipartisan presidential campaign. The major independent and third-party candidates Mr. Will lists, from Theodore Roosevelt in 1912 to Ross Perot in 1992, have something important in common: None came close to winning—not even the charismatic former president who outpolled the incumbent of his former party and ended up on Mount Rushmore. It is possible, I suppose, that 2024 will be the year in which disaffection with the two major parties will run so deep that a third force can break

their grip on the electorate. But the odds are low. The structure of contemporary party competition makes unavoidable the question of which of the established parties an additional option would more negatively affect. Since 2000 we have been locked into a cycle of closely contested presidential elections in which no winning candidate has received more than 53% of the popular vote. In both 2016 and 2020, a shift of less than 1% in key states would have changed the outcome, and nearly every survey suggests that the 2024 race will be equally competitive. Even a modest vote share for a third option could prove decisive. Although postelection surveys in 1992 showed that Perot drew equally from both parties, 2024 will almost certainly be different. According to Gallup, just over half of today's rank-and-file Democrats identify as liberal or very liberal, compared with nearly three-quarters of Republicans who call themselves conservative or very conservative. A center-seeking candidate would therefore appeal to more Democrats than Republicans, and a winning Democratic coalition would include far more moderates—including moderate independents—than a Republican coalition. Another indicator of asymmetry between the parties: Republicans are more enthusiastic about Donald Trump than Democrats are about Joe Biden. In a recent survey, only

53% of Democrats said they want Mr. Biden to run again, compared with 61% of Republicans who said the same about Mr. Trump. Democrats will overwhelmingly support the president if the only alternative is the former president, but unenthusiastic Democrats—who are more numerous than unenthusiastic Republicans—may seriously consider a third option.

### The centrist group's candidate would take unenthusiastic voters away from Biden.

The stakes of a third-party run are high. Speaking to the Conservative Political Action Conference in March, Mr. Trump told the public how he will conduct himself if he wins a second term: "In 2016, I declared I am your voice. Today I add, I am your warrior, I am your justice. And for those who have been wronged and betrayed, I am your retribution." Simply put, Mr. Trump is suggesting that he will use the powers of the presidency to take his revenge on his enemies, whom he labels "lunatics and maniacs." In case anyone has missed the point, he promises his supporters that "with you at my side, we will demolish the deep state. We will expel the warmongers. . . . We will drive out the globalists, we will cast out the communists, we will throw off

the political class that hates our country." Mr. Trump's world is divided into friends and enemies. He rejects the idea of legitimate opposition and draws no distinction between politics and war. "This is the final battle," he warns his supporters. "Either they win or we win. And if they win, we no longer have a country." After his refusal to accept the results of the 2020 election, which culminated in the events of Jan. 6, 2021, no one should dismiss these words as overheated rhetoric. Against this backdrop, Mr. Biden's shortcomings fade into insignificance. There is no equivalence between Mr. Biden and his predecessor, and indifference to the outcome of a rematch is irresponsible. In a recent statement, No Labels rejects any equivalence between the current and former president and declares that "Donald Trump should never again be president of the United States." These are welcome words. But in politics, actions are judged by results, not intentions. Mr. Biden can win the 2024 election if he is able to consolidate the anti-Trump vote, as he did in 2020. But if a No Labels ticket receives even a tiny share of the vote in key states, Mr. Trump could end up back in the Oval Office. No Labels leaders have promised to end their campaign if it becomes clear that their ticket will be a spoiler. The sooner they reach this conclusion, the better.

export tax on bananas. In 1977, prompted in part by this notorious episode, Congress enacted the Foreign Corrupt Practices Act, a detail Mr. Garcia curiously omits from his generally fascinating tale.

Before his tragic end, Eli Black was a first-generation American success story. Coming to the U.S. from Poland in 1925, just shy of his fourth birthday, Eliaz Blachowicz grew up the dutiful son of a kosher meat slaughterer on New York's Lower East Side. According to Mr. Garcia, he was torn between the dynamism of his new country and filial obligation. As a rabbinical student, he impressed his teachers but seemed to be playing a role. A rabbi who knew him said that he "always smiled but never laughed." Mr. Garcia says that, for Black, "doing good by doing business" was always part of the plan. After a quick start at Lehman Brothers, he vaulted to chief executive (at age 33) of a company making waxed tops for milk bottles. He proved to have a knack for strategy, but his real talent wasn't managing companies; it was acquiring them. The moment was right. Buoyed by fancy accounting, budding conglomerates in the 1960s saw that acquisitions paid for in stock pushed up their own share price and thus facilitated the next acquisition. As Mr. Garcia observes, "the focus had shifted from the income statement to share-price performance." Behind the conglomerating fad was the belief that managerial acumen was a detachable skill, unbound to any specific industry. Black swallowed this conceit whole. As he was to tell Fortune magazine: "Proper marketing and controls work in every business." The problem was, he scarcely understood operations on the ground. When he tried to pair the distribution of lettuce with that of bananas he learned that lettuce was far more perishable. Other miscalculations were more costly. In 1966, AMK, the milk-top company that had become Black's vehicle, acquired Morrell Meat—a supposed "coup" since Morrell was 20 times AMK's size. Morrell was troubled by labor strife, but Black imagined that if the pay and benefits were improved, the workers would be receptive to "modernization." As he was to discover, union contracts divided plants into "a honeycomb of departments," each constrained by numbering rules. For the unions, modernization—meaning efficiency—was hardly top of mind.

### For Eli Black, the acquisition of United Fruit offered a chance for social activism on a large scale. It also led to trouble.

Two years later, the investment banker William Donaldson tempted Black with a block of United Fruit stock. The banana exporter seemed to offer the chance for social activism on a large scale. Known as "the Octopus" for its dominance in Central American agribusiness and political meddling, United Fruit was not, by then, the ogre of days past. It had improved conditions for local employees and had been forced by a Justice Department antitrust suit to part with much of its acreage. Black pledged to do more. Before the Honduran union even asked, he raised wages and added insurance, housing and education benefits. In California, where Fruit was in the lettuce business, Black naively allied with Cesar Chavez, the charismatic United Farm Workers leader. Black agreed to pay above-market wages and signed on to a disastrous plan to manage field assignments through union halls, even while the union violated a promise to exempt United Fruit from its boycotts. But Black maintained a friendship with Chavez and hosted him at his Passover seder. Writing to shareholders, he stressed: "We must concern ourselves with causes." Mr. Garcia blames the ultimate tragedy of Black's life on the moral poverty of capitalism, arguing that his central mistake was failing to grasp "the selfish motivations of the marketplace." Black may have been popping Seconals to manage depression and chronic insomnia, but Mr. Garcia, paraphrasing newspaper musings of the period, suggests that his despair "probably came from trying—and failing—to improve the world for humanity." But no company can save the world without, to use a word beloved by progressives, being sustainable itself. Black persevered with good deeds even as United Brands wobbled. Inflation, labor agitation and a disastrous hurricane in Honduras, all in the early 1970s, led to losses across Black's empire and infighting in the corporate office. After the bribe, Black desperately worried lest it be discovered. It was more than he could bear. Mr. Garcia regrets that, today, "we remain in a world where corporate leaders . . . place profit over the good of the public and the planet." But a business that fails to prosper can scarcely contribute to society. Black's first sin was to neglect his shareholders.

Mr. Lowenstein's latest book is "Ways and Means: Lincoln and His Cabinet and the Financing of the Civil War."

## Immortality Isn't All It's Cracked Up to Be

By Gregg Opelka

Futurist Raymond Kurzweil has long been preoccupied by human immortality and thinks we are getting close. A recent article reports that Mr. Kurzweil believes we may achieve immortality as soon as 2030, thanks to the development of "nanobots," tiny robots that will constantly repair our bodies at the cellular level. He predicts people will soon be able to eat whatever they want and stay trim while nanobots in their bodies cure diseases, create immunities and heal injuries. Even if this fantastical breakthrough becomes reality, is human immortality a good thing? Among the myriad practical and ethical issues, a few spring to mind. First, there's the Herculean problem of feeding and housing a presumably ever-growing world population—forever. In his 1954 short story "To-

morrow and Tomorrow and Tomorrow," Kurt Vonnegut paints a grim picture of a 2185 America in which humans, with an elixir called "anti-gerasone," have halted the aging process. In the story, 20 members of the Schwartz family are crammed into a one-bedroom apartment and subsist on an unpleasant substance made of

### Nanobots may let us live forever, but it'll feel like forever too.

seaweed and sawdust. The story, while humorous, makes a serious claim: Living longer means living worse. Even if Elon Musk's Occupy Mars mission someday comes to fruition, will you want to switch planets? How would human immortality affect the criminal-justice system? Governments al-

ready are stretched to care for prisoners for decades, let alone centuries. Would a new kind of death penalty spring up with felons having their nanobots removed to make them mortal again? If so, who decides which inmates keep their nanobots and which don't? This could revive the ObamaCare "death panels" debates. Death surely wouldn't disappear altogether. A nanobot couldn't protect you from sudden disasters like tsunamis or earthquakes. Or a nuclear bomb. Or even a punk with a Glock. What about productivity? Without a deadline, most writers, for example, are incurable procrastinators. Neil Simon copped to this in his memoir, "Rewrites." The 17th-century poet Andrew Marvell, in "To His Coy Mistress," examined human immortality from an amorous standpoint. Ironically, his conclusion—that we are mortal and that in

love, as in everything, time is of the essence—immortalized Marvell and his poem. In a London plagued by tuberculosis, John Keats, sensing his own imminent demise, began his well-known sonnet: "When I have fears that I may cease to be / Before my pen has gleaned my teeming brain." A poet and doctor, Keats treated the infected, including his brother, before succumbing himself to the disease in 1821 at 25. The specter of death made the poet *more* productive, his vast output gaining him undying fame without the help of Mr. Kurzweil's nanobots. Death, the ultimate deadline, is thus, paradoxically, our lifeline. "Time's winged chariot hurtling near," as Marvell wryly is, the eternal goal to achievement in almost every human endeavor. We may sorely regret curtailing it.

Mr. Opelka is a musical-theater composer-lyricist.

## REVIEW &amp; OUTLOOK

## Chuck Schumer's Debt Default

Remind us again: Who won the U.S. Senate majority last fall? We seem to recall that Democrats gained a seat and retained their majority. But you wouldn't know it from the way Majority Leader Chuck Schumer and his fellow Democrats are missing in action on the debt ceiling.

House Republicans last week passed a bill that would raise the debt ceiling by \$1.5 trillion into 2024 with some modest spending restraint, and in the American system it takes two legislative bodies to tango on legislation. But where's Chuck? He has denounced the House bill as "dangerous," with his usual nuance, but if he wants to avoid a default on U.S. debt he will have to pass a bill through the Senate. So far he's done nothing but kvetch.

Senate Republicans have introduced the House debt bill on the calendar, teeing it up for a possible floor vote. Mr. Schumer responded by adding to the calendar a bill to raise the debt ceiling without reforms. Yet there's no indication that he has any intention of holding a vote, much less negotiating.

If he were serious about avoiding a default, as he claims to be, he'd sit down with House Speaker Kevin McCarthy and Senate Minority Leader Mitch McConnell. Mr. Schumer knows he needs 60 votes to pass a debt bill through the Senate, and that means he needs the votes of at least nine Republicans—10 if Dianne Feinstein is still too ill to travel.

And so far Senate Republicans are united in supporting the House GOP and urging President Biden and the Democrats to negotiate. "I'm supporting the House provision," Utah Sen. Mitt

Romney told Politico on Monday.

Mr. Schumer and President Biden haven't figured out that the House vote changed debt-limit politics. They hoped the House would fail, the President could blame Republicans for refusing to raise the debt limit, and as the deadline neared moderate Republicans would vote for a debt-limit increase without reform.

They're still talking as if they believe this. Treasury Secretary Janet Yellen on Monday urged Congress to raise the debt limit, as if the House hadn't already done so. The party defaulting is the Democratic Senate. House Democrats are introducing a discharge petition for a vote on a debt ceiling without reform, on the same assumption that several Republicans will panic and vote for it.

But political bully ball might not work this time. The main business lobbies have shifted their emphasis since the House vote last week, and they're now pressing Democrats to get in the game to avoid a default. Mr. Biden called Mr. McCarthy on Monday, and he has invited the four main legislative leaders to the White House next week. But he still shows no interest in negotiating with the House over anything other than the terms of GOP surrender.

This is risky business, especially as Ms. Yellen says the limit could be reached by June 1. There is no good reason other than political malpractice for the U.S. to default on its debt. Plenty of revenue is flowing in to pay interest on the debt. The main obstacle to a debt-ceiling increase now is the Democrats in the Senate and White House who are defaulting on the jobs they were elected to do.

## Senate Democrats are missing in action as the debt ceiling nears.

## Sheldon Whitehouse vs. the Supreme Court

The Senate Judiciary Committee's hearing Tuesday on "Supreme Court ethics" was another chance for Democrats to proclaim the importance of public trust in the High Court, while simultaneously working overtime to destroy it. Sen. Sheldon Whitehouse, long overdue for his fitting of a tinfoil hat, attacked Justice Clarence Thomas for hanging out with "people dedicated to turning the Court into a tool for right-wing billionaires."

Sorry, but the members of another branch of government don't need to run their personal social calendars past Mr. Whitehouse for approval before they meet up with old friends. After weeks of spelunking into the financial disclosures of the conservative Justices, the media has emerged with only innuendo.

"The highest court in the land should not have the lowest ethical standards," said Sen. Dick Durbin, the Judiciary Chairman. "That reality is driving a crisis in public confidence in the Supreme Court." No, what's driving it is this Democratic smear campaign.

One piece of the hearing worth watching is the seven-minute opening statement by Thomas Dupree Jr., a former principal deputy assistant attorney general. A Republican witness, Mr. Dupree assessed a bill sponsored by Mr. Whitehouse—the Supreme Court Ethics, Recusal, and Transparency Act.

"Section two of the bill orders the Supreme Court to issue a code of conduct governing the Justices, and to establish procedures for disciplinary investigations of Justices," he said. This would infringe the separation of powers, treat-

ing the High Court "no different than the Department of Agriculture or any federal agency that can be commanded by Congress."

Worse, the bill says the Court must create procedures, Mr. Dupree said, under which people could "file complaints alleging that a Justice has engaged in conduct—on or off the bench, and apparently at

any point in their lifetime—that the complainant believes may have "undermined the integrity of the Supreme Court." Complaints would go to a panel of appeals-court judges "who would then sit in judgment of the accused Justice." That is an invitation to politically motivated allegations.

Then there are Congressional mandates on recusal. "Adopting these measures would open the door to a tidal wave of disqualification motions in virtually every important case," Mr. Dupree said. "Round one in all the big-ticket constitutional cases would be litigation over which Justices are even eligible to hear the case. Here, too, it is hard to imagine anything more corrosive to public faith in the Supreme Court."

This is exactly what the left wants. Spurious recusal demand are already circulating, such as in 2020, when Mr. Whitehouse said Justice Amy Coney Barrett should sit out any dispute involving President Trump's re-election, merely because Mr. Trump appointed her.

Progressives figure that if this nonsense erodes faith in the High Court, it will be easier for them to pack it with four new Justices. But anyone less far out than Mr. Whitehouse on the political—or sanity—spectrum can see the cynical game being played.

## One witness dismantles the Senator's plan to control the Justices.

## Ramaswamy Takes on the Fed

Vivek Ramaswamy may be a longshot in his bid for the GOP presidential nomination, but the entrepreneur deserves credit for taking on issues that matter. His op-ed for these pages on Tuesday teed up reform of the Federal Reserve, a presidential-level issue that affects every American.

Most candidates haven't done enough homework to talk about the Fed or monetary policy without looking foolish. And even for those who have, the conventional political wisdom is that the subjects are too complicated to grab public attention.

Yet that hasn't always been true. Ronald Reagan campaigned on the need for a stable dollar, and the late Congressman Jack Kemp talked about making the dollar "as good as gold." Those lines struck a populist chord as Americans faced the destructive inflation of the 1970s and the painful monetary tightening to defeat it in the 1980s. The U.S. is back at that same stand, with Washington having unleashed another inflation and the Fed now scrambling to beat it. Bank failures are one result.

Mr. Ramaswamy's helpful contribution was to trace the Fed's monetary mistakes back to the central bank's loss of focus on keeping the dollar and exchange rates stable. That was the lesson Paul Volcker and other central bankers took away from the inflation of the 1970s, and their focus on stable prices led to more than a decade of healthy disinflation. It was called "the great moderation."

But Fed governors later lost the plot, notably in the mid-2000s under Chairman Alan Greenspan, with the support of then Governor and later Chairman Ben Bernanke. Fearing a chimera called "deflation," they kept interest rates too low for too long, producing an asset mania

that eventually turned to panic and then a crash when the Fed inevitably tightened. The Fed and the political class blamed bankers for the financial crisis of 2008, but Mr. Ramaswamy is right that the central bank was the biggest culprit.

Mr. Bernanke then led the Fed into uncharted monetary territory with near-zero interest rates for years, bond-buying to keep even long-term interest rates low, and political interventions in housing and other markets. Some of this was necessary in 2008 and the early days of Covid, but the Fed didn't know when to quit. The result has been the return of inflation.

Mr. Ramaswamy has it right with his focus on maintaining a stable dollar. That is supposed to be the Fed's job, but in recent decades it has measured success based on the job market or inflation measures that are prone to measurement errors and ignore asset bubbles. This helps explain why the Fed constantly overshoots or overshoots in its policies and inflicts substantial collateral damage.

Mr. Ramaswamy's proposal instead would be for the Fed to focus more directly on dollar stability with reference to a basket of commodities. This would be easier to track in real-time and also would help the dollar become a stable basis for global trade again.

This is an economic debate that deserves to be part of the presidential campaign. Florida Gov. Ron DeSantis has also criticized the Fed, though so far without Mr. Ramaswamy's specificity. Perhaps he will get there. The issue sets them apart from Donald Trump, who is an easy-money man and appointed Fed Chairman Jerome Powell. If Mr. Ramaswamy doesn't get the GOP presidential nod, the nominee should keep him in mind to run Treasury.

## The role of the central bank in our economy is a presidential-level issue.

## LETTERS TO THE EDITOR

## One 'Monopoly' That Could Save Your Life

Will the Federal Trade Commission continue to stymie, and the Food and Drug Administration continue to stall, the widespread availability of Illumina's Grail cancer screening test, Galleri? ("Lina Khan Blocks Cancer Cures" by John Tamny, op-ed, April 28). With only a blood sample, the test can quite accurately detect markers for some 50 of the deadliest cancers, including pancreatic cancer.

Despite the FDA and FTC roadblocks, the Mayo Clinic and some other health systems, including Mercy Medical in Missouri, are providing Galleri cancer screenings. I would know; I got one, and my negative result has provided serious peace of mind. For many others, it could save their lives.

Since the test is stuck in the labyrinth of FDA approval and the FTC is seeking divestiture of Grail by Illumina, Medicare won't pay for the test. It can be obtained with a \$950 payment, out-of-pocket and out of reach for many. Questions of "restraint of trade" of the sole company that can provide such a test to the wider public is ridiculous. One could also call it callous and cruel.

ALAN WRIGHT  
St. Louis

Ms. Khan, the FTC chair, appears determined to unravel the merger of Illumina and Grail, which would have made early detection of pancreatic cancer widely available. Pancreatic cancer is most always fatal within a year of diagnosis because the disease is so advanced before it presents symptoms. Now, it seems that early detection is within reach using a simple blood test. I wonder how it strikes the many medical researchers who have devoted their careers to achieving this goal to have a government official fixated on the business model behind a true medical breakthrough.

As someone who lost a husband and two of my closest friends to pancreatic cancer, I propose that, until there are additional players in the marketplace, a monopoly created to prevent quick and almost certain death from this disease would be a highly desirable one. If more companies develop alternative early detection methods, so much the better. It would have been difficult to explain Ms. Khan's logic to my two teenagers when their Dad died less than six months after his diagnosis.

JACQUELINE JACKSON  
Napa, Calif.

## Presidents Reagan and Ford Were Real Athletes

In his review of "Power Players" by Chris Cillizza (Bookshelf, April 25), Edward Kosner implies that President Ronald Reagan's love of riding was a Hollywood pose "used" to polish his image "as a bronzed Western hero (although he was from Illinois)." Years before Japan's attack on Pearl Harbor, Reagan volunteered for the Cavalry, which taught him to ride in detail, the old U.S. horse Cavalry way.

Incredible as it might seem today, Trooper Reagan was trained to ride into combat on horseback, armed only with a pistol and a saber. Later, in his Hollywood years, Reagan would ride his own horses on film. Seasoned old stuntmen—hoping to see the handsome dude get his comeuppance in the saddle—ended up begging directors to have Reagan slow down. He was such a good rider, he outrode the supposedly expert stuntmen and even the camera trucks.

Much later, the U.S. Secret Service protecting the president at Rancho del Cielo, Calif., was surprised to find

that strapping young agents in their 20s couldn't keep up with Trooper Reagan, then in his midseventies. Reagan's love of riding wasn't an affectation, a Hollywood pose, but a by-product of his honorable service to his country in the Cavalry.

CHRISTIAN MARK DEJOHN  
Liberty University  
Newtown Square, Pa.

Gerald Ford started as center in every game on Michigan's 1934 football team and was named team captain and voted team MVP. Anyone who has played college football knows this is a distinct honor, especially at Michigan. Millions of boys can only dream of even making a team like the Wolverines. After Ford received the medal for most valuable player, he reportedly said, "It doesn't get much better than this." For our most athletic president, it surely would get better.

TOM MILTENBERGER  
Missouri City, Texas

## Florida Is Not a Prop in a Political Campaign

In an effort to paint Florida as a destitute wasteland, former President Donald Trump recently cited the Florida Policy Institute's research describing our state's affordable-housing crisis. Your editorial retorts, "They say politics makes strange bedfellows, but Mr. Trump's one-night stand with this outfit is bizarre," citing our organization's support for an

inclusive economy for immigrants, while touting Florida as an economic standard-bearer ("Florida's a Dump, Says President Trump," Review & Outlook, April 25).

Most Floridians know, however, that our home is neither. It's a complicated, sometimes heartbreaking mix of growing inequity and hardship for too many, but also an incredible tapestry of cultures, unique natural treasures and a resilient spirit.

Despite the ubiquitous "Florida man" trope, we have come together against formidable odds in the face of disaster to do good by each other. We take care of our neighbors, offer opportunities to the newly arrived and pass laws like a \$15 minimum wage.

Florida has structural policy issues that are decades, even centuries, in the making. We have long seen the push and pull with outsiders who attempt to shape our state and tell our story. But the economic future of 22 million people shouldn't be weaponized in a political tug of war.

SADAF KNIGHT  
CEO, Florida Policy Institute  
Orlando

## Omaha, Omaha—Haley!

Democrats, assuming they will face former President Donald Trump in 2024, have shown their plans for President Biden and Vice President Kamala Harris to run again. Republicans should respond by calling an audible. Especially in view of Nikki Haley's moderating views on abortion ("Nikki Haley Gets Real on Abortion," Review & Outlook, April 26), a pivot to Ms. Haley would be a smart move.

JOE JACOBazzi  
Chicago

## Copyright and the Films You Are Not Allowed to See

Ted Rall rightly worries that many worthwhile titles aren't available on streaming services or even DVD ("The DVD's Demise Leaves Many Films Gone With the Wind," op-ed, April 28). But a government-funded lending library isn't the answer. That many titles are already available as bootlegged DVDs shows that the market would be happy to supply them. The problem is that Hollywood has persuaded Congress to keep copyright protection in force all the way to 1923, and then sits on those rights, leaving thousands of titles to molder in its archives.

This was bad enough when most of the missing titles would have had negligible audiences in any case. The danger today is that copyright will be used as a weapon to suppress films that millions of people care about. Disney President Robert Iger recently said that at least one of the company's titles ("Song of the South") is "not appropriate in today's world." How long will it be before "Gone With the Wind" similarly disappears down the memory hole?

STEPHEN M. MAURER  
University of California at Berkeley

## Welcome to the Neighborhood

Christine Breigner asks, "When was the last time anyone cut their own grass or even went outside anyway?" (Letters, April 27). Well, I did on Monday. My neighbor across the street cut his on Tuesday. My neighbor to the right is mowing his as I write this. My other neighbor hasn't gotten to his this week, as his dandelions will attest.

MICHAEL CARTER  
Reidsville, N.C.

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

## Pepper ... And Salt

THE WALL STREET JOURNAL





**Connect virtual training**

**Change surgical reality**

AT&T's high-speed

connectivity helps

David Bryant train young

surgeons in high-pressure

VR simulations, which better

prepares them for when

real lives are at stake.

Connecting *Changes* Everything



[att.com/connectingchangeseverything](http://att.com/connectingchangeseverything)

THE PROPERTY REPORT: LIFE-SCIENCES REAL-ESTATE SECTOR COOLS B6

# BUSINESS & FINANCE

© 2023 Dow Jones & Company. All Rights Reserved. \*\*\*\*\* THE WALL STREET JOURNAL. Wednesday, May 3, 2023 | B1  
 S&P 4119.58 ▼ 1.16% S&P FIN ▼ 2.30% S&P IT ▼ 0.93% DJ TRANS ▼ 1.25% WSJ IDX ▼ 0.16% 2-YR. TREAS. yield 3.978% NIKKEI 29157.95 ▲ 0.12% See more at WSJ.com/Markets

## Short Seller Attacks Icahn Firm's Stock

Company run by billionaire loses fifth of market value after Hindenburg report

By BEN FOLDY

Shares in **Icahn Enterprises** lost roughly a fifth of their value Tuesday after short seller Hindenburg Research published a report saying the company was overvalued, holding assets at inflated prices and vulnerable

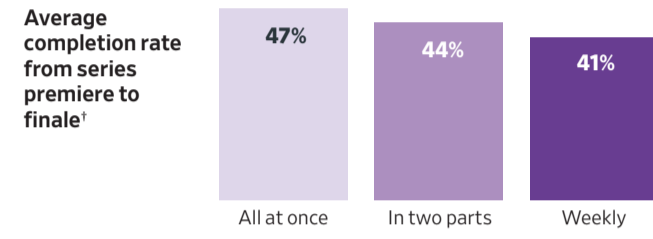
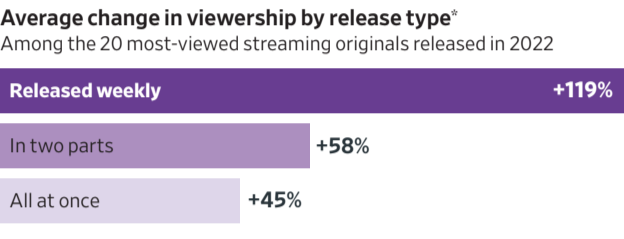
from its founder borrowing against its shares. Hindenburg's report sets up a battle between the firm's founder, Nathan Anderson, and activist investor Carl Icahn, who have each tormented corporate executives with allegations of malfeasance and incompetence. "We think Icahn, a legend of Wall Street, has made the classic mistake of taking on too much leverage in the face of sustained losses," Hindenburg tweeted Tuesday. In a statement, Icahn Enter-

prises said it believed Hindenburg's report was self-serving at the expense of the company's unit holders. The company said it stood by its public disclosures and believes its performance will speak for itself. Hindenburg, a New York-based investment firm, said in its report that Icahn Enterprises trades at a significant premium relative to its peers, buoyed by inflated valuations of its investments. The company had a market value of \$18 billion at Monday's close.

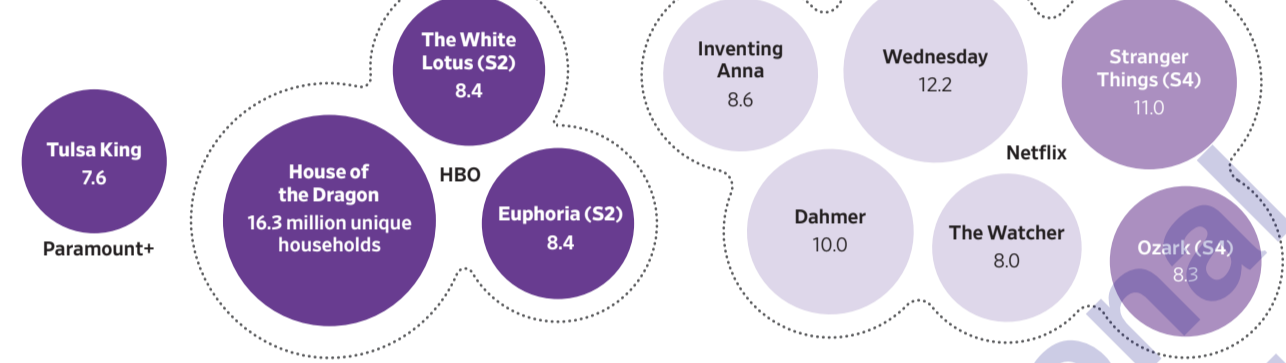
As an activist short-selling firm, Hindenburg makes most of its money by betting against companies and publishing its research in hopes of moving the market against their stock. It came to prominence after well-publicized bets against hydrogen truck company Nikola. Earlier this year, the firm targeted Adani Group, an Indian conglomerate that lost around \$110 billion in value after Hindenburg's report. Adani Group denied Hindenburg's allegations of im-

propriety involving the stock. Nikola said some of Hindenburg's allegations were correct but denied the company was a fraud. Mr. Icahn is a legendary activist investor who buys stakes in companies and agitates to make changes he thinks will drive their stock up. He has spent his career criticizing chief executives and boards and tenaciously focusing on boosting profits for shareholders. High-profile campaigns he has led at Dell Technologies, Herbalife Nutrition and Illu-

mina have helped him amass a fortune valued at more than \$16 billion. Much of that fortune is tied up in Icahn Enterprises, a publicly traded limited partnership in which Mr. Icahn controls 85% of the shares. Shares of Icahn Enterprises closed Tuesday at \$40.36, down 20% for the day. Icahn Enterprises has taken equity stakes in businesses such as Xerox and owns companies outright. Its holdings include an energy company, an *Please turn to page B13*



Most-watched streaming originals on smart TVs among 2022 releases‡



\*Viewership change is measured by looking at the unique households that watched any episode throughout the season within 103 days of its premiere compared with the unique households that watched the premiere within 50 days of its release. †Completion refers to the percentage of viewers who watched the premiere and finale episodes within 50 days of their respective releases. ‡Viewership includes smart TVs only and doesn't capture other devices such as smartphones or tablets; households that viewed at least one episode within 103 days after the show's premiere date. Source: Samba TV

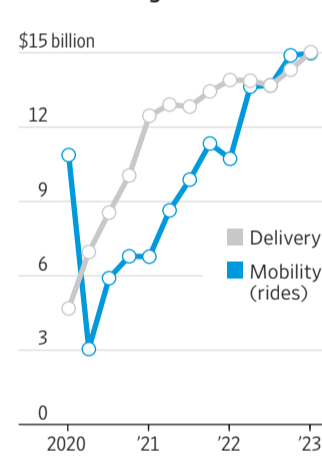
## Uber's Results Rise As Delivery, Ride Volumes Increase

By PREETIKA RANA

**Uber Technologies** said continued demand for its ride-share and delivery services boosted its revenue in the first quarter, offsetting weak results from its smaller freight division. The San Francisco-based company said Tuesday that revenue for the three months through March rose 29% from a year earlier to \$8.82 billion. It also increased the number of consumers and trips, and the value of transactions, on its platform. The sales expansion was in line with Wall Street's expectations.

While Uber posted a loss during the quarter, one of its most closely watched financial metrics—adjusted earnings before interest, taxes, depreciation and amortization—hit \$761 million, beating Wall Street's expectations. That figure strips out some expenses that executives consider outside a company's core operations. Uber has long pointed to it to signal a path to profit. Uber shares climbed 12% on Tuesday. Its stock has risen

17% over the past 12 months. Uber projected continuing growth and said it expects adjusted earnings of between \$800 million and \$850 million in the current June quarter, above what analysts surveyed by FactSet had been expecting. That outlook signals that the company is "well positioned to improve our competitive position" even as "the operating environment adjusts to a period of tighter capital availability and higher interest rates," Chief Executive Officer Dara Khosrowshahi said. *Please turn to page B2*



◆ Heard on the Street: Uber is firing on key cylinders..... **B14**

## Streamers Wrestle With Dilemma Of How Quickly to Release Content

By SARAH KROUSE AND NATE RATTNER

Ever since **Netflix** shook the entertainment world by releasing the entire first season of "House of Cards" in one fell swoop a decade ago, a debate has raged over whether that approach made any sense. Why, some wondered, would a streaming service pay top dollar for a show that users could consume in its entirety in a matter of days? Advocates of that approach, meanwhile, asked why streamers would stick to the weekly release format that defined legacy cable television when they had the flexibility to mix it up and give customers a more immediate payoff.

in the U.S. for The Wall Street Journal shows that both approaches have merits and pitfalls. Viewers are more likely to watch the entire season of a show that was released all at once, but such shows tend to have a shorter shelf life than the ones released weekly. The issue of how to release content is of particular importance now that streaming ser-

vices are struggling to hold on to subscribers. Consumers increasingly hop between services—which only require a monthly commitment—when they are done watching a specific show. "Serial churning is really an existential threat that's facing these streamers at this point," said Evan Shapiro, a producer and adjunct media professor at Fordham University and New York University. That service-switching trend is forcing streamers to pay to reacquire the same customers, he said. Netflix largely stuck with its binge-release model, despite suffering quarterly subscriber declines for the first time in over a decade last year and reporting more modest subscriber growth this year than before the pandemic.

"This enables viewers to lose themselves in stories they love," the company said of the approach in a letter to investors late last year. "It's hard to imagine, for example, how a Korean title like 'Squid Game' would have become a mega hit globally without the momentum that came from people being able to binge it," Netflix said in that letter. The show, a 2021 dystopian drama about down-on-their-luck adults risking their lives while playing traditional Korean children's games on a secluded island, is Netflix's most popular show ever. More than 90% of original shows released last year on Netflix had the entire season made available on a single date, a significantly higher share than any of its streaming rivals, Ampere Analysis data show. *Please turn to page B6*

The answer to the fundamental question of how best to release content, it turns out, is complicated. "House of the Dragon" was last year's most-watched streaming show, according to analytics provider Samba TV, and was released weekly on Warner Bros. Discovery's HBO Max and the HBO TV channel. The second-best, Netflix's "Wednesday," made all eight episodes available at the same time. An analysis by Samba TV of last year's 20 most-viewed original streaming programs



Netflix made all eight episodes of 'Wednesday' available at once.

## More Cash Flows Into Actively Run ETFs

By JACK PITCHER

Investors are pouring money into actively managed exchange-traded funds, underscoring the appeal of active strategies after years of calls for passive index investing to take over. Active funds still make up a sliver of the roughly \$7 trillion ETF market—less than 6% of total assets—but have attracted about 30% of the total flows to ETFs so far this year, according to Bloomberg Intelligence. That follows a banner year for active ETFs in 2022, when they gathered roughly 14% of total flows. Analysts say the outsize flows reflect greater interest in active management amid turbulent markets as well as the ease with which they allow investors to more easily trade specific strategies. "Active ETFs are garnering

more interest given the market volatility we've been in, and especially given there are so many leading players that people are familiar with that now offer an ETF version of their strategies," said Todd Rosenbluth, head of research at VettaFi, a data and analytics firm. The popularity of active funds this year highlights their durability in the face of years of research showing actively managed stock funds underperforming broad indexes over long time horizons in the U.S. It also shows how ETFs are helping bring more complex trading strategies to the masses as individual investors buy stocks and ETFs at a record pace. JPMorgan's Equity Premium Income ETF, which invests in defensive stocks and employs options strategies to generate income, has been the *Please turn to page B13*

## Shows Go Dark as Writer Strike Hits

By JOE FLINT

Major late-night shows including ABC's "Jimmy Kimmel Live" and CBS's "The Late Show With Stephen Colbert" went dark Tuesday after the union representing movie and television writers announced it would go on strike. On Tuesday, members of the Writers Guild of America picketed outside the gates and entrances of entertainment companies in Los Angeles and New York. "We must now exert the maximum leverage possible to get a fair contract by withholding our labor," the WGA said. The work stoppage comes

after talks between the WGA and a coalition representing the major Hollywood studios, streamers and networks concluded without a new deal by Monday's deadline. With a strike, late-night shows and variety shows, which also include NBC's "Saturday Night Live" as well as HBO's night talk show "Last Week Tonight with John Oliver," are also expected to go dark, people close to the shows said. "The writer's demands are not unreasonable," Mr. Colbert said on his Monday night show. Mr. Colbert is also a member of the WGA. The only late-night show

that will keep running new episodes is Fox News's "Gutfeld!" parent Fox Corp. said on Tuesday. The show doesn't have WGA members among its writers. Fox Corp. and News Corp, the parent of The Wall Street Journal's publisher, share common ownership. The WGA, which has a membership of 11,500, said it would be willing to improve on those proposals but wouldn't yet "because of the magnitude of other proposals still on the table." Among those proposals cited by the AMPTP is WGA's demand that each TV show be required to carry a minimum

writing." The AMPTP said on Monday that it presented a package to the WGA that "included generous increases in compensation for writers as well as improvements in streaming residuals," two key issues for the writers. The coalition of content purveyors went on to say it would be willing to improve on those proposals but wouldn't yet "because of the magnitude of other proposals still on the table." Among those proposals cited by the AMPTP is WGA's demand that each TV show be required to carry a minimum *Please turn to page B4*

**INSIDE**



**EARNINGS**  
Starbucks records higher profit from increased prices and greater efficiencies. **B2**



**BOSS TALK**  
Chipotle's finance chief credits cheaper avocados with boosting the bottom line. **B6**

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, D, E-I, J, K, L, M, N, O-R, W-Z. Lists company names and page numbers.

INDEX TO PEOPLE

Table with columns A-K, L-R, T-W. Lists names and page numbers.

BUSINESS & FINANCE

Ford Swings to Profit, Cuts Price Of Electric Mustang Mach-E SUV

By Nora Eckert

Ford Motor posted \$1.8 billion in first-quarter net income, following a year-ago loss, as the company rebounded from supply-chain troubles and commanded top dollar for its pickup trucks and sport-utility vehicles.

The Dearborn, Mich., auto maker said after the close of trading on Tuesday that strong recovery in output of F-Series pickups and buyer demand for high-end models fueled its bottom line. The company stood by its earlier forecast of \$9 billion to \$11 billion in pretax profit for the year.

Earlier Tuesday, Ford for the second time this year cut prices on its electric Mustang Mach-E, reducing the sticker by as much as 8% on some versions. The reduction comes as the U.S. auto maker moves to a lower-cost battery and as rival Tesla continues to adjust pricing on its top-selling EV models.

Ford Chief Executive Jim Farley told analysts Tuesday that the company by year-end will have cut about \$5,000 in costs from the Mach-E since its launch more than two years ago, allowing it to price the SUV more ag-



\$3.4 billion. That equated to 63 cents a share, surpassing the average estimate of 42 cents from analysts polled by FactSet. Revenue totaled \$41.5 billion, up 20% from a year earlier. Ford shares fell 1% in aftermarket trading.

Ford's gas-engine and commercial divisions are providing the bulk of profits as it aggressively scales EV production. Ford Pro, which sells trucks and vans to electricians, landscapers and businesses, reported a \$1.4 billion pretax profit, reflecting its strong performance in nonretail markets. Ford Blue, the legacy gas-engine side of the business, logged a \$2.6 billion pretax profit.

Ford displayed its Mustang Mach-E vehicle in Shanghai in April.

Ford said on Tuesday that it expects to reopen order banks for the Mach-E this week, and plans to increase production at its plant in Mexico this year to meet customer demand.

Sales of the Mustang Mach-E—an SUV that made its debut in late 2020—were down about 20% in the first quarter this year with Ford selling 5,407 of them total during the period.

Ford said the Mach-E factory in Mexico was idled for renovations to increase output, which contributed to the sales decline.

gressively. Under a new reporting structure that breaks out the performance of its EV business, Ford said the unit lost \$722 million in the quarter.

Wall Street has been closely watching pricing dynamics in the car market. Recent price cuts by Tesla raised concerns about profit margins on EVs getting squeezed. Unlike softening prices in some parts of the EV market, Ford and other

auto makers have been able to maintain historically strong transaction prices for gas-powered cars and trucks amid constrained vehicle supply.

Ford's net profit for the January-through-March period followed a \$3.1 billion loss in the same period last year, which was largely because of an adjustment in the value of Ford's stake in electric-truck startup Rivian. Pretax profit adjusted for one-time items rose 45% to

Starbucks Benefits From Higher Prices, Efficiencies

By Heather Haddon

Starbucks said that higher prices and more-efficient operations helped drive up sales and profit in its most recent quarter, while business in its China market improved.

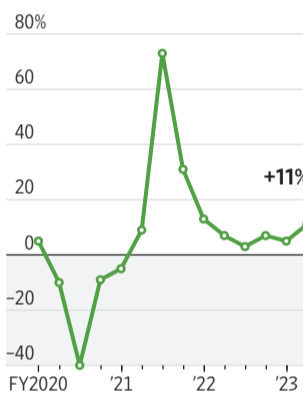
The coffee giant said that better employee retention has helped keep customers flowing through its cafes, though the company's increased spending on wages and rising supply costs curbed some profit at Starbucks's North American stores.

Chief Executive Laxman Narasimhan said he is focused on expanding internationally and running Starbucks's cafes more efficiently to increase profitability. "We also see opportunities for us to improve margins over time," he said during an investor call.

Sales totaled \$8.72 billion in the three months ended April 2, exceeding analysts' expectations of \$8.41 billion. Revenue in the chain's fiscal second quarter increased 14% from a year earlier.

The Seattle-based company said net income was \$908 mil-

Starbucks global same-store sales, change from a year earlier



Note: Latest fiscal quarter ended April 2. Sources: the company

lion, up 35%. Earnings per share were 74 cents when adjusting for one-time items, ahead of analysts' expectations of 65 cents per share, according to FactSet.

Mr. Narasimhan, speaking on Starbucks's first quarterly conference call after longtime leader Howard Schultz stepped down as interim CEO in March, reaffirmed the company's guidance for its fiscal year but

said the business environment remains challenging.

Starbucks shares declined 5.7% to \$107.95 in after-market trading. The company's stock is up around 15% this year.

Consumer companies such as McDonald's, PepsiCo and Kimberly-Clark have told investors in recent weeks that shoppers have continued to pay more for burgers, soda and other items in the beginning of the year. Companies have reported an increase in sales, though some executives warned that some lower-income consumers are curtailing purchases over cost concerns.

Starbucks has said that U.S. customers weren't cutting back on buying its drinks despite higher prices, and they continued to spend extra on syrups, foams and other enhancements.

The company's U.S. same-store sales, which reflect company-operated stores open at least 13 months, were up 12% over the quarter compared with a year earlier. Starbucks said that overall global same-store sales increased 11%, while rising 3% in China.

Rides, Delivery Buoy Uber

Continued from page B1

The company narrowed its quarterly loss to \$157 million from \$5.93 billion a year earlier when its bottom line was hit by plummeting stock prices and the diminishing value of Uber's investments in other companies.

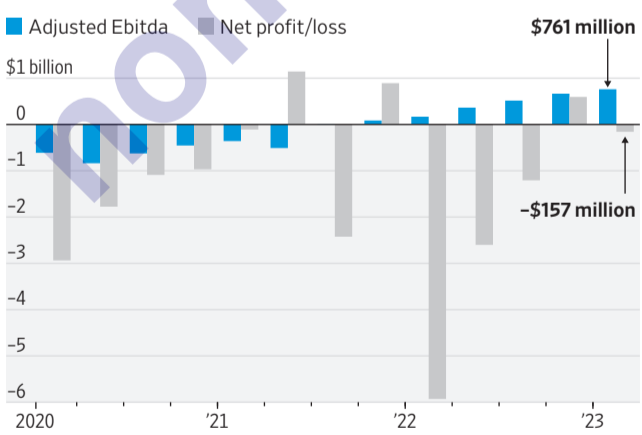
Uber's rides and delivery expansion offset weak results from its smaller freight division, whose revenue declined 23% during the quarter. The unit cut about 150 people, or roughly 3% of its staff, earlier this year. Uber hasn't made widespread layoffs as other tech companies have in recent months.

"We now expect to hold head count flat to down through the coming quarters," Mr. Khosrowshahi said.

Uber's delivery business became its lifeline during the pandemic, as people ordered restaurant food and groceries delivered to their homes. That business has continued to expand even since restaurants reopened and, though growth has cooled from pandemic peaks, Uber Eats has improved its margins by rolling out ads on the platform, raising people's order totals by expanding into higher-value items such as alcohol and lowering delivery costs by combining those items with food.

The company said its advertiser base grew more than 70%

Uber's quarterly profit/loss



\*Earnings before interest, taxes, depreciation and amortization. Sources: S&P Capital IQ; the company

year over year to cover more than 345,000 businesses, most of which advertise on Uber Eats.

Uber's ride-share business had struggled with a yearlong driver shortage since the U.S. reopened after pandemic lockdowns.

But the company was quicker to invest in driver bonuses and roll out new features to entice gig workers, gaining market share and drivers at the expense of rival Lyft.

Lyft's stock has fallen more than 60% in the past 12 months. The company cut 26% of its staff last week, its second round of cuts in recent months. Last month, it also hired a new CEO. Lyft is scheduled to report its first-quarter results on Thursday.

Mr. Khosrowshahi said the company added more than one million active drivers during the quarter worldwide, resulting in a 35% year-over-year jump in active drivers.

He didn't disclose how many ride-share drivers the company

has in the U.S. but said that driver engagement was up in the U.S. and Canada even as Uber had pulled back on bonuses compared with the same quarter a year earlier.

Being better supplied, Mr. Khosrowshahi said, led fares in the region to decline 7% from highs in the second quarter of 2022.

The number of rides and delivery trips on Uber grew at a faster pace than the booking value of those transactions during the quarter, which executives said shows that growth was led by trip volume rather than higher prices.

Mr. Khosrowshahi said North American customers who started using Uber after the pandemic spent more time and money on the app than users before the pandemic.

The CEO added that the company plans to leverage artificial intelligence to try to build better chatbots for support and to make it easier to book an Uber to or from the airport.

Advertisement for Interactive Brokers. Features text: 'IBKR pays up to USD 4.33% on instantly available cash in your brokerage account'. Includes a table of interest rates for different brokers (E-Trade, Interactive Brokers, Schwab, TD Ameritrade). Includes QR code and website link: ibkr.com/instant. Member NYSE, FINRA, SIPC.

## BUSINESS NEWS

# Super Bowl Scored Record TV Audience

By ISABELLA SIMONETTI

The most recent Super Bowl, it turns out, was the most-watched TV show in U.S. history after all.

The Feb. 12 matchup between the Kansas City Chiefs and the Philadelphia Eagles had been watched by more than 2 million more people than previously reported, according to a statement Tuesday from Fox, which was the broadcaster of Super Bowl LVII. The undercounting was due to errors experienced by Nielsen, Fox said.

The new, updated data showed that 115.1 million households watched the Kansas City Chiefs defeat the Philadelphia Eagles, beating the previous record holder—the 2015 Super Bowl XLIX on NBC, which averaged an audience of 114.4 million viewers.

In February, Nielsen had said the game had been watched by 113 million, which made it the third most-watched television show of all time.

The latest numbers further cemented the Super Bowl as a ratings juggernaut at a time when traditional television viewership is declining. Other staple events such as the Oscars have seen ratings drop in recent years, which makes events like the Super Bowl increasingly important to advertisers. Some Super Bowl LVII commercials were priced at over \$7 million, a record, The Wall Street Journal previously reported.

“The revised Super Bowl viewership figure is the result of a thorough review by Nielsen that revealed irregularities in the encoding that enables Nielsen’s measurement of TV viewing as well as in the measurement of out-of-home viewing,” Fox said in a statement.

# This Bud Light’s for the Truckers

After flap over transgender influencer, Anheuser buys a round as compensation

By JENNIFER MALONEY

The maker of Bud Light is working to make amends with its distributors, who say they took the brunt of the backlash to a company promotion with a transgender influencer.

**Anheuser-Busch InBev**, the country’s largest brewer, pledged to boost its marketing spending on Bud Light, accelerate production of a new slate of ads, and give a case of Bud Light to every employee of an Anheuser-Busch wholesaler, distributors said.

The efforts are continuing a month after Dylan Mulvaney, a transgender social-media star, spoke in an Instagram video about a personalized can of Bud Light that the brewer sent her. The April 1 post sparked a boycott that caused sales to plummet for Anheuser-Busch and its independently owned distributors. The distributors’ employees, many of whom drive trucks bearing the Bud Light logo, were confronted by people on streets, in stores and in bars.

In the week ended April 22, Bud Light’s U.S. retail-store sales fell 21.4% compared with a year earlier, according to an analysis of Nielsen data by Bump Williams Consulting.



The brand owned by Anheuser-Busch was hit by a boycott over its link to influencer Dylan Mulvaney.

Sales of rival brands Coors Light and Miller Lite each grew about 21%. Sales of other Anheuser-Busch brands declined, including Budweiser, Busch Light and Michelob Ultra, according to Bump Williams.

“It sent shock waves through distributors,” said Jeff Wheeler, vice president of marketing for Del Papa Distributing near Houston, where he said his administrative staff fielded “tons of phone calls from people being very hateful.”

As the backlash mounted, Del Papa posted a statement on Facebook, saying Anheuser-Busch worked with hundreds of influencers and that the local distributor had no control over

its marketing decisions. “We too are upset with this situation and have been vocal about it with the top leadership at Anheuser-Busch,” Del Papa’s statement said.

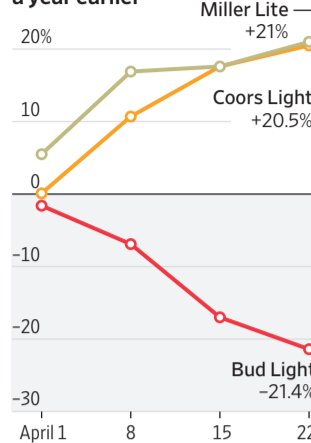
Earlier this year, Bud Light’s distributors felt a new sense of optimism about their struggling flagship brand. The company planned to increase its U.S. marketing spending on Bud Light fivefold after sharply cutting it during the pandemic. Anheuser-Busch also adopted a new marketing strategy for attracting a younger and more diverse audience.

The trouble began when the brand enlisted several social-media influencers, including

Ms. Mulvaney, to create buzz for the beer brand during the March Madness college basketball tournament. The can made for Ms. Mulvaney was never available for sale. But many people—including bar and store owners—wrongly came to believe that Ms. Mulvaney’s video aired as a TV commercial or that the can was stocked on store shelves, wholesalers said.

Some people objected to the brand’s association with a transgender influencer. Others dug up earlier comments from Alissa Heinerscheid, the Anheuser-Busch executive who oversaw Bud Light marketing, that they said belittled Bud Light drinkers.

Weekly retail-store dollar sales in the U.S., change from a year earlier\*



\*For the week ended each date. Sources: Analysis of Nielsen data by Bump Williams Consulting

On April 21, the brewer told distributors it placed Ms. Heinerscheid on leave and named a replacement for her in the role of vice president for Bud Light. It placed on leave her boss, Daniel Blake, who oversaw marketing for Budweiser, Bud Light and other mainstream brands. The company said it would revamp its process so senior leaders are more involved in marketing decisions.

The brewer promised to spend multiples more on Bud Light this year than previously planned. Anheuser-Busch released a new ad last week for the NFL draft and told wholesalers that it is accelerating production on others.

# Unity Software Cuts 8% of Staff in Latest Layoffs

By SARAH E. NEEDLEMAN

**Unity Software** is conducting its third and largest round of layoffs in the past year, according to people familiar with the matter, joining other companies in tech and beyond in trimming their workforces as recession fears mount.

San Francisco-based Unity is slashing roughly 600 jobs, about 8% of its workforce, the people said. The company,

which will be left with around 7,000 employees after the layoffs, is also planning to reduce its global network of offices over the next few years to less than 30 from 58 today, they said.

The job cuts come after Unity let go more than 500 employees in two rounds of layoffs, one in January and another last June, in response to negative economic trends.

The January layoffs also re-

flected a need to deal with a duplication of roles resulting from its \$4.4 billion acquisition last year of ironSource, an Israeli ad-tech company.

Unity operates a platform for developing videogames and other software applications. It generates revenue mainly from advertising and subscription sales.

The company posted its first quarterly operating profit since going public in 2020 for

the period ending in December on an adjusted basis. For all of 2022, it reported record revenue of \$1.39 billion.

Still, Unity’s revenue growth slowed significantly last year and its most recent earnings report included a revenue forecast that came in below Wall Street analysts’ expectations. The company is slated to release its latest quarterly earnings next week. Shares of Unity have fallen

11% since the start of the year, while shares of the tech-heavy Nasdaq Composite Index are up 15% over the same period.

Tech-industry job cuts dominated at the start of 2023 and included those from Facebook parent Meta Platforms, Google parent Alphabet and Microsoft. The cuts in some cases followed layoffs made last year, when companies began feeling the effects of inflation and rising interest rates.

## THE WALL STREET JOURNAL.

Enjoy free access to

WSJ.com tomorrow.

Scan to Subscribe Now



SPONSORED BY

Subscribe with Google

BUSINESS NEWS

# Pfizer's Earnings Fall as Pandemic Ebbs

Waning demand for Covid-19 products leads drugmaker to target new products

By Peter Loftus and Dean Seal

Pfizer's latest quarterly results underscored the pressure the drugmaker is facing to sustain sales growth by hitting on drugs in development and recent acquisitions as demand wanes for its leading Covid-19 products.

Pfizer's first-quarter revenue and earnings were down by nearly one-third from a year earlier on plummeting demand for its Covid-19 vaccine, though the results topped Wall Street expectations.

The company also faces sales declines for big-selling products in coming years due to expected patent expirations that will clear the way for lower-cost competition. Pfizer could lose \$17 billion in sales from these patent losses.

To deal with the declining Covid demand and patent losses, Pfizer aims to churn out many new products, in-house and through external collaborations and acquisitions.

Pfizer has predicted new near-term products could add about \$20 billion in annual revenue to offset the patent losses, and acquisitions could add at least \$25 billion in revenue.

Yet Pfizer's plan is risky because experimental drugs often fail in clinical testing and digesting acquisitions can prove tricky, and there is no guarantee it will be able to launch as many products as it expects.

Later this year, Pfizer expects to launch a new treatment for alopecia areata and a vaccine against respiratory syncytial virus, or RSV, among other new products.

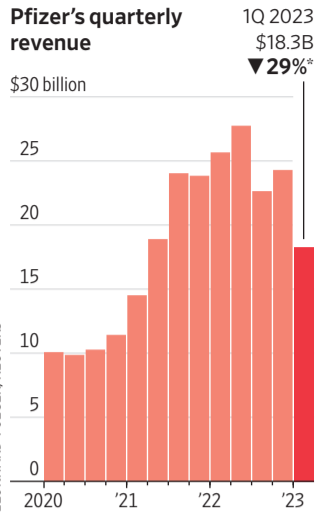
"It's a challenge to execute," Pfizer Chief Executive Albert Bourla said in an interview about the product launches. "Our commercial operations are very well tuned to be able to make that successful."

The drugmaker also is shelling out big on acquisitions aimed at bringing in new products with big sales potential. Pfizer signed a deal in March to acquire the biotech company Seagen and its portfolio of targeted cancer drugs for \$43 billion in a bid to beef up its own pharmaceutical lineup.

Pfizer Chief Financial Officer



Sales fell 77% for Pfizer's Covid-19 vaccine in the most recent quarter as the national public-health emergency comes to an end.



terializes." Excluding revenue from Comirnaty and Paxlovid, which together came in at \$7.1 billion for the first quarter, the company's top line increased 5%, helped by sales of certain rare-disease and cancer drugs.

Pfizer said in January that it was prepared to see revenue fall by as much as one-third this year from its record \$100 billion in 2022. The New York-based company reaffirmed that outlook Tuesday.

Mr. Denton said the first quarter's results were in line with expectations and that the second half of the year should be primed for revenue growth of 7% to 9% given the timing of some coming product and service launches.

BMO Capital Markets analyst Evan Seigerman said in a research note the full-year forecast is likely conservative due to uncertainty about future Covid-19 product sales.

Pfizer's profit fell 30% during the first quarter to \$5.54 billion, with earnings dropping 29% to 97 cents a share. Stripping out one-time items, adjusted earnings were \$1.23 a share, topping analyst estimates for 98 cents a share, according to FactSet.

cer David Denton said the transaction, which includes debt, is still on track to close late this year or early next year.

The drugmaker for the first three months of the year logged revenue of \$18.28 billion, down 29% from a year ago but still well above Wall Street analyst estimates for \$16.61 billion, according to analysts polled by FactSet.

Sales declined 77% for Pfizer's Covid-19 vaccine,

called Comirnaty, which Pfizer developed with BioNTech, as the world transitions to a phase of managing the virus and the national public-health emergency comes to an end.

Sales more than doubled for its Covid-19 pill, Paxlovid, however, as the company delivered its final supply for the U.S. government, and demand rose in China and other countries. Still, Pfizer expects full-year sales of Paxlovid to decline, along with Covid-19 vaccine

sales.

Dr. Bourla said on a conference call with analysts he expects utilization of Covid-19 vaccines to decline in 2023 and 2024 compared with 2022. He expects vaccination rates to increase starting in 2025, assuming the successful development and regulatory approval of combination Covid vaccines.

"Clearly, there is an overhang of Covid revenues," Dr. Bourla said. "There is an uncertainty if Covid revenue ma-

## TV Shows Go Dark as Strike Hits

Continued from page B1

number of writers for a specific length of time, "whether needed or not." The WGA said the unwillingness to negotiate on those matters shows that entertainment-industry companies are trying to turn the writing profession into a gig economy in which writers are freelance workers with no job security or protection.

No future negotiations are

currently scheduled, both sides said.

Many of the issues dividing the two sides are tied to the growth of streaming platforms, which have veered away from the traditional business model of producing television.

Historically, a television show is developed through a process in which a script is ordered and then a trial episode, or pilot, is made. If the show is ordered, the writers start mapping out a season, writing scripts and working on the show through all facets of production.

Nowadays, many shows are developed with multiple scripts or even a full season mapped out before they are ordered, a practice pioneered

by Netflix.

When a show is ordered and goes into production, typically fewer writers are kept on board.

Writers and executive producers say having fewer writers during production and postproduction puts the onus on the remaining writers and is a detriment to the creative process.

Chris Keyser, co-chair of the WGA's negotiating team, said recently that this is an example of the industry "reducing our pay and pulling us out of the process of making our television shows."

The companies that comprise the AMPTP counter that the business of making content is changing rapidly and that their models must

change, too.

Several including Walt Disney, Warner Bros. Discovery, Comcast's NBCUniversal and Paramount Global have been cutting staff and budgets for movies and television. Even Netflix has said it would become more aggressive in monitoring content costs.

There are also issues regarding moviemaking, including a demand from the WGA that writing compensation and residual terms for feature films be standardized, regardless of whether a movie is released theatrically or on a streaming service.

Artificial intelligence was also a part of the talks, with the WGA seeking to regulate the use of AI-generated mate-

rial in television and movies.

With a strike, late-night and variety shows will be first to feel the effects. In a letter to Wall Street analysts and media investors, the WGA warned that shows such as "Jimmy Kimmel Live," "Saturday Night Live" and "Real Time With Bill Maher" would likely go dark without writers.

In the last strike in 2007-08, the late-night shows stood in solidarity with writers until eventually coming back and trying to make do without anyone to write their jokes and skits.

Should a strike drag on through the rest of spring and into summer, the fall television offerings for the broadcast networks could also be

delayed. Netflix and other streaming and premium-cable channels typically make content far in advance, as do movie studios, so it might be a while before there is any impact there.

Writers aren't the only labor challenge facing Hollywood's content makers. Talks start next week between AMPTP and the union representing directors, and in June the actors guild will commence negotiations on a new deal.

Watch a Video

Scan this code for a video on what the strike means for popular shows.

### Who's Who of Distinguished Leaders: 2023 Honorees

Since 1898, Marquis Who's Who has remained the standard for reliable and comprehensive biographical reference material. We are proud to highlight hand-selected listees who have been recognized as Distinguished Leaders in their fields of endeavor.

Of 1.5 million listees, only a small percentage is recognized with the Distinguished Leaders honor. We laud these individuals for their ambition, professional fortitude, industry contributions, and career accomplishments.

www.marquiswhoswho.com

MARQUIS Who's Who

 <b>Vincent W. Allen</b> Managing Director VAAV Industries	 <b>John Robinson Block</b> Media Executive, Vice Chairman Block Communications, Inc	 <b>Frank C. Druse III, PhD, RN</b> Nurse Researcher, Patient Advocate Druse Consulting Firm, LLC
 <b>Ana Eugenia Ferreira, PhD</b> Clin. Psychologist, Psychoanalyst Private Practice	 <b>Thomas John Greytak, PhD</b> Emeritus Prof. of Physics Mass. Institute of Tech.	 <b>Kenneth O. Preston</b> SMA (Ret.), Senior Fellow Association of the U.S. Army
 <b>Karen M. Snow</b> Head of U.S. Listings & Revenue Nasdaq	 <b>Joseph Stach, PhD</b> Executive Vice President (Ret.) Advanced Energy	 <b>Steven M. Stanley, PhD</b> Paleontologist, Professor, Author FSU, The Smithsonian Institution

FREE INSIDE THE **NEW YORK POST**

# alexa

**OUT TODAY**

**MOTHER'S DAY ISSUE**

'Ted Lasso' star  
Hannah Waddingham  
on the joys of  
being a mom



# Marketers That Matter® VISIONARIES



**music** **KELLEY WALTON**  
HEAD OF GLOBAL BRAND  
& PRODUCT MARKETING  
AT AMAZON MUSIC



**ROBLOX** **BARBARA MESSING**  
CHIEF MARKETING &  
PEOPLE EXPERIENCE  
OFFICER AT ROBLOX



**adidas** **DANIEL CHERRY III**  
SVP & GENERAL  
MANAGER AT ADIDAS



**team eipihany** **COLTRANE CURTIS**  
FOUNDER &  
MANAGING PARTNER  
AT TEAM EPIPHANY



**DOORDASH** **DAVID BORNOFF**  
HEAD OF BRAND  
MARKETING AT  
DOORDASH



**hp** **GENE PAEK**  
GLOBAL HEAD OF DIGITAL  
EXPERIENCE AT HP INC.



**PEPSICO** **KALEN THORNTON**  
VP SPORTS,  
ENTERTAINMENT &  
GAMING AT PEPSICO



**WMX** **DANIELLE LEE**  
PRESIDENT, WARNER MUSIC  
ARTIST & FAN EXPERIENCES AT  
WARNER MUSIC GROUP



**LULULEMON** **NIKKI NEUBURGER**  
CBO AT LULULEMON



**MARKETERS THAT MATTER**  
A 24 SEVEN COMPANY  
**NADINE DIETZ**  
FOUNDER & HOST OF  
VISIONARIES

## CELEBRATING OUR COMMUNITY

We are grateful for the leaders in the Marketers That Matter® community who are doing extraordinary things to support their customers, their teams, and their communities. In these fast-moving times of uncertainty, we thank them for their inspiration, ingenuity, and inclusivity to support the growth of all marketers, everywhere.

## JOIN US

Learn more and get involved at [marketersthatmatter.com](http://marketersthatmatter.com)

## MARKETING EXPERTS ON THE RISE



**SNAP** **DOUG FRISBIE**  
VP, GLOBAL BUSINESS  
MARKETING AT SNAP



**VISA** **ANGELICA BEARD**  
SENIOR DIRECTOR, GLOBAL  
INSIGHTS & ANALYTICS AT VISA



A 24 SEVEN COMPANY

# THE PROPERTY REPORT

## Life-Sciences Market Is Cooling Off

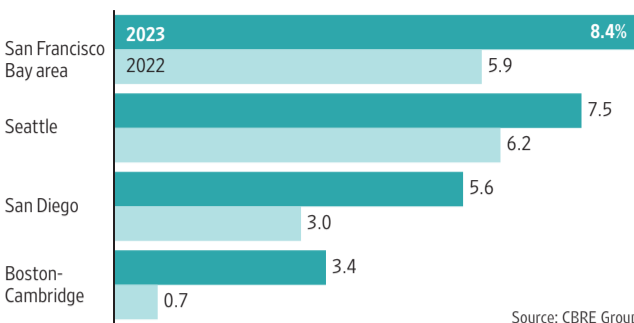
**Vacancies at lab buildings rise amid surge in supply and fall in available funding**

By PETER GRANT

The market for office and lab space, one of the hottest commercial-property sectors in recent years, is now the latest one to come under stress. The sector became an investor favorite during the pandemic as companies raced to develop a Covid-19 vaccine. Unlike traditional office space, life-sciences buildings are less vulnerable to the remote-work movement. Lab work usually requires specialized equipment and mechanical systems that can't be replicated at home. But a deluge of new supply is putting pressure on some of the largest industry hubs in the country including San Diego, South San Francisco, Calif., and the Boston-Cambridge region,

causing vacancies to rise, according to commercial real-estate-services firm CBRE Group. Biotech companies also have been forced to moderate their growth plans because the capital markets have dried up. Many of these companies aren't profitable and need funding for growth from initial public offerings, new stock issues, venture-capital firms and borrowing. These funding sources are eroding due to higher interest rates and recession concerns. Biotech companies have laid off thousands of workers and shares of publicly traded biotech stocks have plunged. Startups that aren't making a profit "have a shorter fuse on capital," said John Pawlowski, an analyst with Green Street. "The IPO market has been shut for a while." Not all the news is bad: Demand for life-sciences buildings remains strong from pharmaceutical companies. Average life-sciences rents were about \$65 a square foot

First-quarter life-science vacancy rates by market



in the first quarter of 2023, up from about \$40 in the first quarter of 2020, according to CBRE. Yet with fewer startups seeking space, vacancy rates are moving higher. In San Diego, the vacancy rate rose to 5.6% in the first quarter compared with 3% a year ago, according to CBRE. The vacancy rate for the Boston area was nearly five times as much as a year ago at 3.4%, and in the San Francisco Bay area it ticked up to 8.4% from 5.9%.

The weakening performance is another sign that even the more favored commercial real-estate sectors are now feeling the brunt of higher interest rates and economic concerns. Shares of **Alexandria Real Estate Equities**, the only pure-play life-sciences real-estate investment trust and a bellwether for the industry, have fallen 13 percentage points since the failure of Silicon Valley Bank in early March. That compares with a

decline of 2 percentage points for the broader REIT sector, according to Mr. Pawlowski. Investors saw the bank's failure as another sign that credit was becoming tighter, while the cost of debt is increasing, he said. The mood was much more buoyant in the early years of the pandemic when tens of billions of dollars poured into medical research and demand for new space reached record levels. Developers launched new projects in the major life-sciences hubs, and other markets began to grow in cities such as Philadelphia and Boulder, Colo. Alexandria's total returns, including dividends and share-price appreciation, were about 110% over a three-year period ended in 2021, according to Green Street. "The globe was focused on this sector," said Matthew Weir, president of **Elevate Research Properties**, which has three life-sciences developments with close to 1 million

square feet under way in Manhattan. Much of that new supply will be hitting the market as biotech demand is cooling. CBRE projects there will be 220 million square feet of life-sciences space by 2025, up from 180 million square feet at the end of 2022. "The industry was on an unsustainable path," said Matt Gardner, head of Americas life-sciences advisory at CBRE. Responding to marketplace uncertainty and volatility, Alexandria said in April that it had reduced construction spending by \$250 million by pausing or delaying several projects. For example, Alexandria closed down one project in Research Triangle Park in North Carolina because several tenants in a project the company completed during the pandemic said they weren't ready to "pull the trigger" on expansion plans, said Joel Marcus, co-founder and executive chairman of Alexandria.

### BUSINESS & FINANCE

## Chipotle Credits Results to Avocado Cost Cuts

The burrito chain is seeing relief on produce even as other inflationary pressures remain, finance chief Jack Hartung says

By JENNIFER WILLIAMS-ALVAREZ

**Chipotle Mexican Grill's** shares rose to a record last week after the fast-food chain reported first-quarter results that beat analysts' expectations. Quarterly and comparable sales were up, and its restaurant-level operating margin improved by roughly 25%. One reason behind the results: avocados. Lower-than-expected avocado costs have helped the company's margins, offsetting higher costs for other items such as oils and tortillas. The average price for each Hass variety of avocado was \$1.32 last week, down around 18% from around a year ago, according to the Agriculture Department. This matters because the burrito chain buys more avocados than most if not all other U.S. restaurant companies, said Chief Financial Officer Jack Hartung. In restaurants across the U.S., Canada and Europe this year, Newport Beach, Calif.-based Chipotle expects to use roughly 4.5 million cases of avocados, which amounts to around 100 million pounds of fruit. The company's first-quarter results were also lifted by a new TikTok-inspired menu item, a fajita quesadilla. The dish, made a part of Chipotle's permanent menu in March, adds fresh fajita vegetables to the company's quesadilla. The con-



Mr. Hartung, at one of the chain's sites in Naperville, Ill., says there are no plans for more price rises.



**fajita quesadilla, is also lifting sales. What's the story behind this option?** **MR. HARTUNG:** What's really cool about it is there's nothing new in terms of ingredients in that quesadilla, but we'd never assembled it that way. A couple of social-media influencers—Keith Lee and Alexis [Frost]—assembled our ingredients in a unique way that we hadn't done before. It got a lot of following and we were able to pivot and support it. **WSJ: How does this impact the way you think about adding items to Chipotle's menu?** **MR. HARTUNG:** You know, it was opportunistic, I would say. I don't know how often it's going to happen. If somebody comes up with another burrito that our customers really resonate towards, we'll do what we can to support it. The one thing that we would be cautious of is if it were complex for our restaurants to offer it. We have to be protective because what we don't want to do is basically end up having a bad experience for a lot of customers to serve a few. So if this were something customers were asking for as a menu hack on the front line [versus being ordered digitally, as quesadillas are] and it caused everybody to have to wait longer on the front line, we wouldn't want to do something like that.

cept went viral after two TikTok influencers posted reviews of their versions of the newfangled quesadilla, leading to two top sales days for Chipotle's digital business, which includes sales made online through its website or app. In a recent interview, Mr. Hartung talked about food and labor inflation, pricing considerations and the new TikTok-inspired menu item. His responses have been edited for length and clarity. **WSJ: The price of avocados has recently dropped considerably, which has offset higher prices for other menu ingredients. Are you expecting that to continue?** **MR. HARTUNG:** Around half of our transactions include guacamole, so when avoca-

dos are more expensive, that impacts us. Right now, we're seeing avocado prices that are the lowest we've seen in a number of years, and that's definitely helping us. While costs for some of our ingredients have gone up during the first quarter, avocados went down and it had an offsetting effect. **WSJ: What are you seeing when it comes to other inflationary pressures?** **MR. HARTUNG:** Labor costs are still inflating. We have seen [that] in the first quarter, and we expect it to continue in the remaining quarters, a mid-single-digit inflation, in that 4% or 5% range. And I don't think that will change unless unemployment goes up. I frankly am fine with a mid-single-

digit inflation if unemployment will stay low. I think that will keep our economy healthy and I think our business can handle modest inflation, especially if inflation on ingredients remains relatively tame. Looking at food inflation, costs for most ingredients a year ago or over the last 18 months were going up [and they] were going to go up again as you looked forward. Now, what's happened to us is, in the first quarter, we had zero net inflation with our ingredients. A number of things went up, but a couple of things went down, so they offset each other. It's a very different dynamic. There is still some expectation that some ingredients will show inflation in the coming quar-

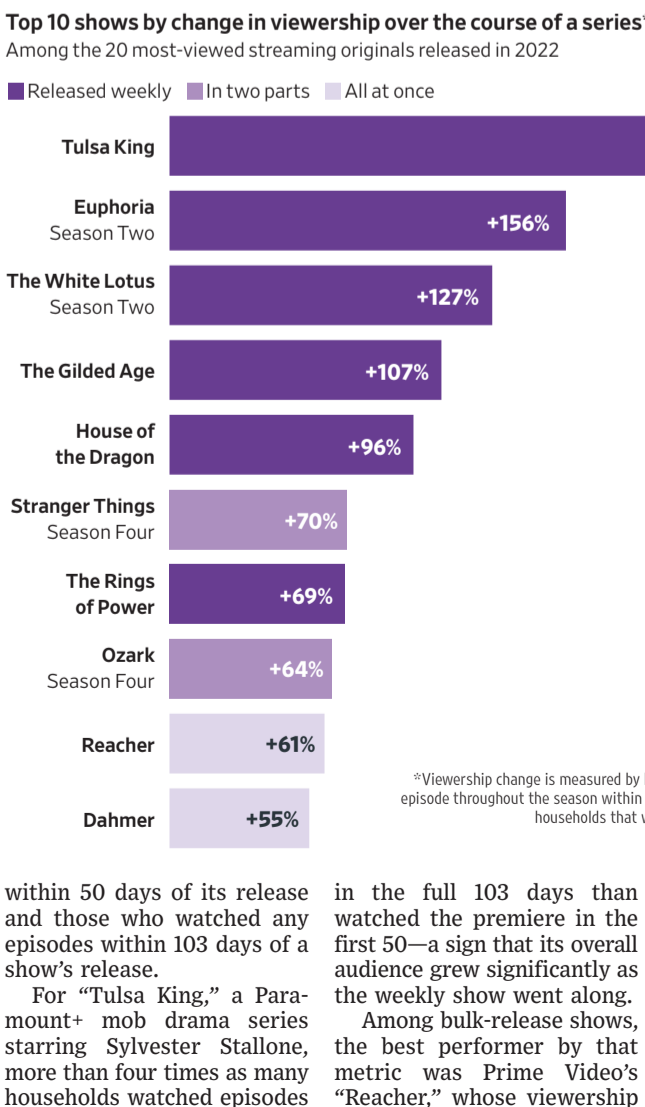
ters, but not all of them. **WSJ: As things stand now, are you thinking you can hold the pricing for menu items?** **MR. HARTUNG:** Right now, we have no plans to take any additional pricing steps. We haven't taken a national price increase since last August. The situation that would probably make us take a hard look at a price increase is if there is inflation that looks like it's coming on pretty hot, inflation where it looks like the forecast is that it's going to sustain for a number of quarters. But it also would have to be accompanied by a robust economy where unemployment is low and people are spending. **WSJ: A new menu item, the**

## Streamers Face Puzzle On Timing

Continued from page B1

Netflix had 10 of the 20 most-watched streaming shows last year, according to Samba TV, which collects data on what people watch on their smart TVs. Of these, seven were released all at once; the other three were split in two separate installments—a hybrid strategy that the company has been embracing lately for some of its buzzy programs. These were season four of "Stranger Things," the fourth and final season of "Ozark" and the docuseries "Harry & Meghan." Netflix initially explored releasing seasons in two parts during the pandemic, co-Chief Executive Ted Sarandos said last year, primarily as a work-around to Covid-19-related delays. The company found that fans liked the approach, he said. Of the 10 non-Netflix shows on the top-20 list, two were released in bulk and the other eight were weekly, Samba TV found. The most-watched shows came from a variety of

platforms including HBO Max, **Paramount Global's** Paramount+, **Amazon.com's** Prime Video and **Walt Disney's** Disney+, and the data includes viewership of streaming shows that also appeared on traditional cable networks. Releasing a season in bulk makes it more likely people will watch it in its entirety, Samba TV found. To measure the completion rate of shows released in different ways, it calculated the share of viewers who watched the premiere and finale episode within 50 days of their respective releases. "Reacher," Prime Video's adaptation of Lee Child's "Jack Reacher" novels, had a completion rate of 58%, Samba TV found, as did Netflix's "Virgin River," which also was released in bulk. On the other hand, only one show released weekly—"The White Lotus," an HBO comedy-drama about the guests and staff of a fictional resort—had a completion rate of more than 50%. The trade-off, Samba TV found, is that binge-model shows tend to fizzle more quickly than their weekly counterparts. To capture the degree to which shows built audiences over time, Samba TV measured the growth between the number of people who watched the premiere episode



capture viewing of each episode of shows released at different cadences with varying numbers of episodes in a like-for-like way. Samba TV's data only covers smart TVs, not mobile phones, iPads and other screens on which viewers might tune in. It is drawn from a panel of three million households, counting a cumulative of five minutes of viewing as a watch. The two-part release approach occasionally used by Netflix emerged as a sweet spot, Samba TV found: It has a higher completion rate than weekly shows and more staying power than binge-model shows. Advocates of gradual releases say they keep audiences excited for new episodes and ensure customers stay with a service for many weeks to catch the entirety of a season. The approach also builds more buzz for a show, as people discuss with anticipation what may happen next, in turn drawing in fresh audiences. The latest—and final—season of HBO's "Succession," a satirical comedy-drama about the family of a fictional media mogul, is a case in point: Social media goes ablaze every Sunday night when a new episode is released, making it difficult for people who don't watch it almost immediately to avoid spoilers.

within 50 days of its release and those who watched any episodes within 103 days of a show's release. For "Tulsa King," a Paramount+ mob drama series starring Sylvester Stallone, more than four times as many households watched episodes in the full 103 days than watched the premiere in the first 50—a sign that its overall audience grew significantly as the weekly show went along. Among bulk-release shows, the best performer by that metric was Prime Video's "Reacher," whose viewership bump was 61%. "It's a battle to figure out how you get discovered and get people to watch the entire season," said Ashwin Navin, co-founder and chief executive of Samba TV. Samba TV relied on a 103-day period in its analysis to

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Metal & Petroleum Futures

Table listing futures contracts for metals and petroleum, including prices for Copper-High (CMX), Gold (CMX), and Crude Oil.

Table listing futures contracts for NY Harbor ULSD, Gasoline-NY RBOB, and Natural Gas.

Agriculture Futures

Table listing agriculture futures contracts for Corn (CBT).

Table listing futures contracts for Oats (CBT), Soybeans (CBT), Soybean Meal (CBT), Soybean Oil (CBT), and Rough Rice (CBT).

Table listing futures contracts for Wheat (CBT), Wheat (KC), Cattle-Feeder (CME), Cattle-Live (CME), Hogs-Lean (CME), Lumber, and Milk.

Interest Rate Futures

Table listing interest rate futures contracts for Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, and Coffee.

Table listing futures contracts for Treasury Notes (CBT), Treasury Futures (CBT), and Eurodollar (CME).

Currency Futures

Table listing currency futures contracts for Japanese Yen, Canadian Dollar, British Pound, and Swiss Franc.

Index Futures

Table listing index futures contracts for Mini DJ Industrial Average, Mini S&P 500, and Mini Nasdaq 100.

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 for Broad Market, U.S. Corporate, High Yield, and U.S. Agency.

Table showing bond benchmarks for Mortgage-Backed and Global Government.

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 countries like U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table showing investment-grade spreads for issuers like Pacific Life, Credit Suisse, and Bank of America.

...And spreads that widened the most

Table showing widening spreads for issuers like KeyCorp, Morgan Stanley, and Toyota Motor Credit.

High-yield issues with the biggest price increases...

Table showing high-yield issues with price increases for issuers like Embarq, QVC, and FirstEnergy.

...And with the biggest price decreases

Table showing price decreases for issuers like Dish DBS, United States Cellular, and Navient.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury, 100 basis points=one percentage pt; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

ADVERTISEMENT

Showroom

To advertise: 800-366-3975 or WSJ.com/classifieds

Advertisement for ISRINGHAUSEN cars, featuring 'We need inventory!' and listing various models like Porsche Carrera and Macan.

ADVERTISEMENT

Business Real Estate & Auctions

To advertise: email sales.realestate@wsj.com or WSJ.com/classifieds

Auction advertisement for Elyria, OH Multipurpose property, featuring a Williams & Williams logo.

Bankruptcy sale advertisement for Banyan Cay Resort & Golf, featuring a 'BANKRUPTCY SALE' banner.

Advertisement for The Wall Street Journal's notable commercial properties, including a contact number.

Advertisement for an 80-Room Hotel for sale, featuring details on location and features.

Source: MarketAxess

Source: FactSet

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: Stock, 52-Wk % High/Low, and % Change. Includes sections for 'Highs' and 'Lows'.

Dividend Changes

Table with columns: Company, Symbol, Yield, Amount, Frequency, Payable/Record.

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2L: stock split and ratio; SO: spin-off.

THE WALL STREET JOURNAL. NY

Main market index table with columns: Stock, 52-Wk % High/Low, and % Change. Includes various industry and company symbols.

ADVERTISEMENT

The Marketplace

To advertise: 800-366-3975 or WSJ.com/classifieds

AVIATION Pilot Shortage? Supply Chain Excuses? Jet Card Frustration? EXECUTIVE FLIGHT MANAGEMENT TRANS AMERICAN CHARTER LTD. (630) 536 1610 www.efmtc.com 37 years of individual solutions.

BUSINESS OPPORTUNITIES ALLIANCE MORTGAGE FUND 7%-8% RETURN REAL ESTATE SECURED FIXED INCOME FUND SEEKING RIA'S & ACCREDITED INVESTORS CALL: 866-700-0600

9% Fixed Rate Returns Durable Medical Business Expanding Territory Interest Paid Quarterly \$30k Minimum Finance@InMotionVirginia.com (610) 698-5077

BANKRUPTCY SALE 80-ROOM HOTEL 100-110 S. Bridge St. Staten Island SEB WED MAY 10 @ 11 AM via ZOOM

TO PUT YOUR NAME ON OUR TRUST DEED EMAIL LIST (818) 340-5115 MK INVESTMENT SERVICES, INC.

CAREERS Finance-Equity Sales Lead (New York, NY): Provide investment advice to North America institutional investor clients in support of their investing & trading alternatives for the Latin America (LatAm) region.

CAREERS Mid-level Associate (Restructuring) sought by Davis Polk & Wardwell LLP in New York, NY to provide legal representation for debtors, creditors, financial institutions, ad hoc groups, hedge funds, investors, acquirers & other strategic parties in connection with large & complex corporate restructurings & bankruptcies, out-of-court workouts, debtor-in-possession & exit-financing transactions, asset sales, bankruptcy litigation, cross-border insolvencies & liability management transactions.

COMMERCIAL REAL ESTATE Development Opportunity Downtown New Haven Crown & College St. Immediate Proximity to Yale Medical School and University

NOTICE OF SALE PLEASE TAKE NOTICE that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Amended and Restated Ownership Interests Pledge and Security Agreement dated as of October 18, 2012 (the "Pledge Agreement"), executed and delivered by DANIEL SHALOM (the "Pledgor"), and in accordance with the rights as holder of the security, MPLC Lender LLC (the "Secured Party"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code") and by virtue of those certain UCC-1 Filing Statement made in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's right, title, and interest in and to the following: CLINTON ASSOCIATES LLC (the "Pledged Entity"), and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is that certain fee interest in the premise located at 438-440 West 45th Street, New York, NY (the "Property").

CAREERS Finance-Equity Sales Lead (New York, NY): Provide investment advice to North America institutional investor clients in support of their investing & trading alternatives for the Latin America (LatAm) region.

ADVERTISEMENT The Marketplace To advertise: 800-366-3975 or WSJ.com/classifieds

NOTICE OF SALE PLEASE TAKE NOTICE that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Amended and Restated Ownership Interests Pledge and Security Agreement dated as of October 18, 2012 (the "Pledge Agreement"), executed and delivered by DANIEL SHALOM (the "Pledgor"), and in accordance with the rights as holder of the security, MPLC Lender LLC (the "Secured Party"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code") and by virtue of those certain UCC-1 Filing Statement made in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's right, title, and interest in and to the following: CLINTON ASSOCIATES LLC (the "Pledged Entity"), and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is that certain fee interest in the premise located at 438-440 West 45th Street, New York, NY (the "Property").

NOTICE OF SALE PLEASE TAKE NOTICE that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Amended and Restated Ownership Interests Pledge and Security Agreement dated as of October 18, 2012 (the "Pledge Agreement"), executed and delivered by DANIEL SHALOM (the "Pledgor"), and in accordance with the rights as holder of the security, MPLC Lender LLC (the "Secured Party"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code") and by virtue of those certain UCC-1 Filing Statement made in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's right, title, and interest in and to the following: CLINTON ASSOCIATES LLC (the "Pledged Entity"), and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is that certain fee interest in the premise located at 438-440 West 45th Street, New York, NY (the "Property").

NOTICE OF SALE PLEASE TAKE NOTICE that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Events of Default under that certain Amended and Restated Ownership Interests Pledge and Security Agreement dated as of October 18, 2012 (the "Pledge Agreement"), executed and delivered by DANIEL SHALOM (the "Pledgor"), and in accordance with the rights as holder of the security, MPLC Lender LLC (the "Secured Party"), by virtue of possession of that certain Share Certificate held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code") and by virtue of those certain UCC-1 Filing Statement made in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's right, title, and interest in and to the following: CLINTON ASSOCIATES LLC (the "Pledged Entity"), and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) the "Collateral"). Secured Party's understanding is that the principal asset of the Pledged Entity is that certain fee interest in the premise located at 438-440 West 45th Street, New York, NY (the "Property").

Continuation of the market index table from page B8, listing various stocks and their 52-week high/low and percentage change.

BANKRATE.COM MMA, Savings and CDs

Table showing Average Yields of Major Banks for National average, Savings, Jumbos, and Weekly change across various terms (1-MO, 2-MO, 3-MO, 6-MO, 1-yr, 2-yr, 2.5yr, 5yr).

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.

High yield savings

Table listing high yield savings accounts from various banks like Charles Schwab Bank, Synchrony Bank, and others, including phone numbers and minimum requirements.

High yield jumbos - Minimum is \$100,000

Table listing high yield jumbo savings accounts from various banks like Charles Schwab Bank, Synchrony Bank, and others, including phone numbers and minimum requirements.



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.

W Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks including AAPL, MSFT, GOOGL, AMZN, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks including EPAM, GSK, JPM, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks including MCKesson, PPG, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks including ABB, AECOM, AES, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks including DCP, DTE, Dana, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists top 100 stocks including RBC Bearings, RELX, etc.

Exchange-Traded Portfolios | WSJ.com/ETF

Table with columns: ETF, Symbol, Price, Chg, YTD. Lists various ETFs like iShares, SPDR, etc.

Table with columns: ETF, Symbol, Price, Chg, YTD. Lists various ETFs like iShares, SPDR, etc.

Table with columns: ETF, Symbol, Price, Chg, YTD. Lists various ETFs like iShares, SPDR, etc.

Cash Prices | wsj.com/market-data/commodities

Table with columns: Commodity, Price, Chg. Lists prices for Energy, Metals, Fibers and Textiles, etc.

Monday, May 2, 2023

Table with columns: Commodity, Price, Chg. Lists prices for Wheat, Food, Fats and Oils, etc.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Table with columns: Benchmark, Rate, Chg. Lists various borrowing benchmarks like Inflation, U.S. consumer price index, etc.

Mutual Funds

Table with columns: Fund, NAV, Net YTD, YTD. Lists various mutual funds like Growth, Bond, etc.

Mutual Funds

Table with columns: Fund, NAV, Net YTD, YTD. Lists various mutual funds like Growth, Bond, etc.

Mutual Funds

Table with columns: Fund, NAV, Net YTD, YTD. Lists various mutual funds like Growth, Bond, etc.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=EMG; E=Manfra, Tordella & Brooks; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Posland Publishing; R=SNL Energy; S=Platts; T=Ottolook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=quoted; \*Data as of 5/1



BUSINESS & FINANCE

HSBC Posts Record \$10 Billion Profit

Acquisition of U.K. unit of Silicon Valley Bank and renewed retail talks boosted results

By Josh Mitchell and Elaine Yu

HSBC's profit soared to a record in the first quarter, making the London banking giant one of the biggest beneficiaries of the new era of higher interest rates and the rapid reopening of China.

The lender said profit nearly quadrupled from a year earlier to \$10.3 billion in the first three months of 2023, its highest quarterly tally on record, according to S&P Global Market Intelligence.

"Do I think it's sustainable?"

Yes I do," Chief Executive Noel Quinn told reporters of the bank's quarterly performance. He added that profit rose across all major geographic regions and businesses.

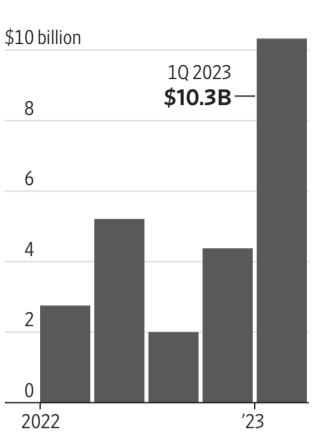
The bank's London-listed shares rose 3.5% in Tuesday trading. Pretax profit was boosted by two temporary factors: its recent acquisition of Silicon Valley Bank's U.K. unit and renewed talks on the sale of its French retail business.

The bank booked a provisional \$1.5 billion boost in profit as a result of its acquisition of the U.K. subsidiary of collapsed lender Silicon Valley Bank, announced in March.

Mr. Quinn said the bank was a natural fit as it gives HSBC more access to entrepreneurs in the emerging technology and life-sciences sectors.

HSBC took an accounting hit last year after it announced the planned sale of its French retail bank. But it was recently forced to renegotiate the deal because rising interest rates had increased capital requirements for the buyer, a company owned by the private-equity firm Cerberus Capital Management.

HSBC's quarterly profit



Sources: the company (profit); FactSet (performance)

Share-price and index performance this year



On Tuesday, HSBC said that talks continue and that if the sale closes, it will be delayed. That led to a \$2.1 billion reversal of the previous accounting charge.

The bank said it also benefited from more lasting changes. Rising interest rates have enabled it to charge borrowers more for loans.

But it hasn't yet faced enough competitive pressure to raise the rate that it pays depositors by a commensurate amount.

Net interest income hit \$8.96 billion in the first quarter, driving revenues to over \$20 billion, around two-thirds

higher than the first quarter of 2022.

The reopening of Hong Kong and mainland China after several years of tight restrictions to combat Covid-19 has led to resurgence of business, Mr. Quinn said. China's real-estate market is holding up, he said.

HSBC will hold its annual shareholder meeting Friday in England. Shareholders are set to vote on a resolution that calls for HSBC to look regularly at structural changes, including a potential spinoff.

Ping An has pushed for HSBC to restructure in a way that would isolate its Asian

Bed Bath Accuses Ship Lines Of Price Gouging

By Paul Berger

Bankrupt retailer Bed Bath & Beyond is seeking tens of millions of dollars from container shipping lines, claiming the carriers willfully abandoned service commitments at the height of supply-chain turbulence to reap enormous profits from the market turmoil.

The home-goods retailer says in a complaint filed with U.S. maritime regulators that Hong Kong-based Orient Overseas Container Line pursued "brazen price gouging and profiteering" that cost Bed Bath & Beyond \$31.7 million in extra freight charges, along with additional costs and lost profits.

The filing April 27 at the Federal Maritime Commission came days after Bed Bath & Beyond filed for bankruptcy protection and said it planned to wind down its business.

Taiwan-based carrier Yang Ming Marine Transport earlier last month filed a lawsuit in federal court in Manhattan seeking to block the retailer from pursuing a similar claim for \$7.8 million, plus other costs, over allegations the shipping company breached ocean transport contracts. The container line says in its suit that Bed Bath & Beyond has sought the payment directly from Yang Ming but that the carrier rejects the claim.

The disputes mark the latest in a string of cases importers have launched against container lines in the wake of the disruptions during the pandemic that sent transport costs soaring. Some shippers reported freight costs rising 10-fold as carriers recorded profits totaling tens of billions of dollars.

Bed Bath & Beyond's April 27 complaint appears to be one of the more far-reaching, alleging aggressive and continuing action by Orient to turn away hundreds of the retailer's boxes while offering the company space on vessels from Asia to the U.S. at premium prices. The retailer is seeking to recoup as much money as possible as it winds down its business and looks to pay off creditors after filing for chapter 11 bankruptcy.

Kalia Wong, a spokeswoman for Orient, said the carrier has a record of maintaining regulatory compliance and strong customer relationships. "We will continue to work with our customers and all relevant authorities to resolve any disputes in a professional, efficient and amicable manner," she said.

A representative for Bed Bath & Beyond didn't respond to a request for comment.

The complaints spurred Congress to pass the first major overhaul of ocean shipping regulations in more than 20 years last summer, a measure strengthening the process for importers and exporters to file claims against ocean carriers with the maritime regulator. The law emboldened importers to file hundreds of complaints spurring carriers to refund or waive almost \$950,000 in fees so far.

BP Beats Expectations but Pares Buybacks

By Jenny Strasburg and Joseph Hoppe

British oil major BP beat expectations in the first quarter on strong results from trading oil and gas, and said it will buy back a further \$1.75 billion in shares.

BP's first-quarter underlying replacement-cost profit—a metric similar to net income that U.S. oil companies report—of \$4.96 billion exceeded the \$4.27 billion average forecast by 25 analysts in a survey compiled by the company. It compared with \$6.25 billion a year earlier.

The result followed a record full-year profit in 2022 and a move by BP in February to scale back earlier targets for reducing its oil-and-gas production.

That 2022 profit of \$27.7 billion—by the same underlying replacement-cost measure—and BP's plans to increase spending on oil-and-gas production had made the company a target of some shareholders, including U.K. pension funds, who were angry about its slower-than-planned shift away from fossil fuels. Those shareholders failed to mount much of an attack at BP's annual meeting last week, where Chairman Helge Lund won just over 90% support despite an investor challenge focused on his role and BP's clean-energy strategy.

Around 17% of shareholders who cast votes for last week's meeting supported a resolution urging BP to strengthen its low-carbon energy strategy. That compared with 15% of shareholders who last year supported a climate resolution from shareholder group Follow This, but lagged behind the roughly 21% who backed the proposal a year earlier.

Major oil companies are continuing to post strong profits following Russia's invasion of Ukraine, fueling criticism from politicians and others who say



BP said that it paid \$300 million in windfall taxes adopted by the U.K. last year to help offset high energy prices.

consumers are shouldering high energy costs while big companies shower investors and their own executives with cash.

Natural-gas prices have fallen from record levels but remain volatile, particularly in Europe, and oil prices also have declined. BP said Tuesday that it paid around \$650 million in taxes in the first quarter stemming from its U.K. North Sea oil-and-gas operations, and that \$300 million of that was tied to a new energy-profit levy—often called a windfall tax—adopted by the U.K. last year to help offset high energy prices.

BP said its profit in the first three months of this year was helped by what it called exceptional results in gas marketing and trading, a lower level of refinery maintenance activity and

strong results in oil trading. Those were partially offset by lower fuel-refining margins.

The company posted net income of \$8.22 billion, compared with \$10.8 billion in the fourth quarter.

\$1.75B

The value of the stock buyback plan BP announced

The company also said it plans to launch a \$1.75 billion share-buyback program.

BP said the board remains committed to using 60% of 2023 surplus cash flow for share buybacks. Based on cur-

rent oil-price forecasts, it expects to be able to deliver buybacks of around \$4 billion a year.

That buyback rate could disappoint some investors, according to RBC Capital Markets analyst Biraj Borkhataria, who said in a research note Tuesday morning that BP's forecast for higher maintenance costs from oil-and-gas production and lower refining margins could weaken its cash flow.

BP shares were down almost 9% Tuesday. Bernstein analyst Oswald Clint said in a note that the announced buyback was below expectations, "which will cause some concern and pressure the shares today."

The \$1.75 billion in new share buybacks was about \$1 billion lower than the amount BP repurchased in the previ-

ous quarter. Analysts peppered BP Chief Financial Officer Murray Auchincloss with questions about buybacks on a conference call following the earnings release, saying investors had been expecting more.

Mr. Auchincloss defended the share-purchase level, saying the company was exceeding the minimum amount it had targeted in its guidance. He said BP boosted the amount this quarter, exercising flexibility it has to deal with swings in the capital used to run its day-to-day operations while still staying within its financial plans.

BP said Tuesday that low-carbon energy projects in Europe and Asia including solar, offshore-wind and clean-hydrogen production are moving forward with new regulatory approvals and development plans.

New Highs and Lows

Table with columns: Stock, 52-Wk % High/Low, % Change. Includes stocks like StarWind, SteelConnect, Stellar Bancorp, etc.

Table with columns: Stock, 52-Wk % High/Low, % Change. Includes stocks like TempAutomation, TerritorialBncp, TexasCommBcshs, etc.

Table with columns: Stock, 52-Wk % High/Low, % Change. Includes stocks like WSFS Financial, WFSF, Walker&Dunlop, etc.

Biggest 1,000 Stocks

Table with columns: Stock, Net Change. Includes stocks like Royal/Canada RY, RoyalCaribbean RCL, RoyalGold RGLD, etc.

Table with columns: Stock, Net Change. Includes stocks like TempurSealy, Tenaris, TencentMusic, etc.

Table with columns: Stock, Net Change. Includes stocks like US Bancorp, UnitedTherap, UnitedHealth, etc.



MARKETS

# Chegg Stock Dives on ChatGPT Worries

Provider of study materials says that students are looking into generative AI

BY WILL FEUER

Shares of **Chegg** were nearly halved after the company, which offers tools to help students with homework, said ChatGPT is eating into its growth.

company **Duolingo** fell 10% while American depository receipts tied to shares of London-based **Pearson** fell nearly 15%. "This is not a sky-is-falling thing," Chegg Chief Executive Dan Rosensweig said Monday evening on a conference call.

affecting its customer-growth rate, though Mr. Rosensweig said it has yet to hurt retention rates. Citing uncertainty from the impact of ChatGPT, the company pulled its annual revenue forecast, which it provided in February.

ruption that could come from the broader adoption of generative artificial intelligence applications. Jobs and companies across the economy are exposed to the sudden rise of AI as businesses consider using the generative text tools to boost production and shrink their workforces.

OpenAI's GPT-4 model. "There's been a technological shift, and we need to prepare for it," Mr. Rosensweig said.

He said college students, who are Chegg's main customers, are cost sensitive and open to more affordable alternatives to Chegg's product.

## Actively Run ETFs Draw Cash

Continued from page B1 most popular active ETF by far in 2023, taking in \$7.1 billion of fresh cash, according to FactSet.

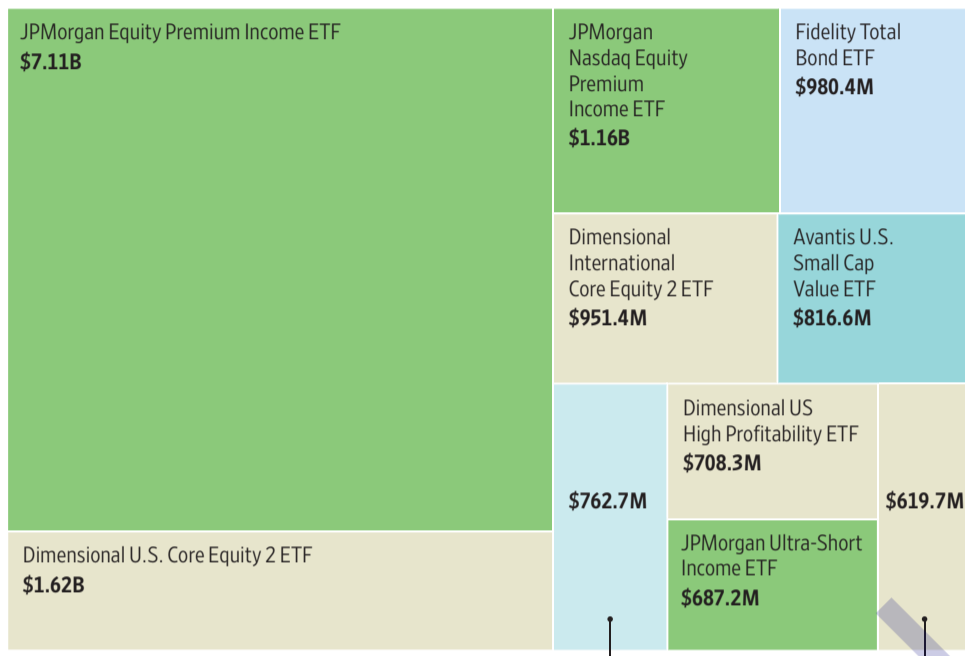
The fund provided a 12-month rolling dividend yield of 11.7% during the past year. It launched in 2020 and has exploded in popularity, roughly quadrupling its assets under management from \$5.8 billion at the start of 2022 to \$24.6 billion today.

Another JPMorgan income-focused options strategy is among this year's top 10 active ETFs for flows. Four of the other top 10 funds are fixed-income funds, while the remaining four are actively managed equity strategies.

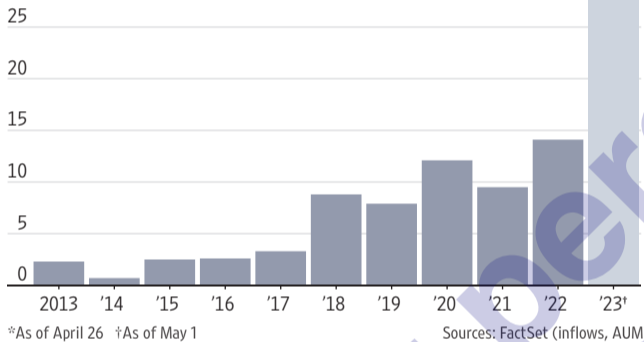
Principal Asset Management's U.S. megacap ETF, which has seen a roughly \$150 million inflow this year, invests only in the very largest companies, such as Apple and Microsoft. Those companies have driven the bulk of the S&P 500's returns this year, and the ETF has outperformed the benchmark index, returning 11% vs. 7.3%.

Seemah Shah, chief global strategist at Principal, said active strategies are in favor thanks to the uncertainties around inflation and the impact of higher interest rates on companies. "If you are someone who believes that this is going to be a challenging environment, then really active management should outperform," said Ms. Shah.

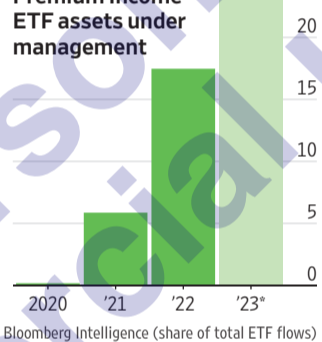
Top 10 active ETF inflows\*



Active-fund share of total ETF flows



JPMorgan Equity Premium Income ETF assets under management



ETF, which invests in loans issued by companies that typically have poor credit ratings. The fund's \$1 billion outflow this year is the biggest among active ETFs and represents about one-sixth of its assets at the start of the year.

more accessible active management. Dimensional Fund Advisors, an active manager based in Austin, Texas, that traditionally operated mutual funds only available to a network of financial advisers and institutions, converted some of its mutual funds to ETFs in recent years and launched other new ETFs.

most of any asset manager. "Dimensional is becoming the Vanguard of active funds," said Elisabeth Kashner, FactSet director of global fund analytics. "They're doing what Vanguard did in the plain vanilla index ETF space but for active funds, and keeping the fees low."

# Red Arts Capital's Debut Private-Equity Fund Gets \$270 Million

BY MARIA ARMENTAL

**Red Arts Capital** wrapped up fundraising for its \$270 million debut private-equity fund with plans to step up investments in manufacturing as well as aerospace and defense supply chains, capitalizing on efforts by some companies to move production closer to the U.S.

managing partner Chad Strader, referring to the U.S.-Mexico-Canada Agreement, a renegotiated version of the North American Free Trade Agreement that took effect in 2020.

For example, Mr. Strader and managing partner Nicholas Antoine said they intend to expand operations of portfolio companies Partners Warehouse and Flex Logistics in the Dallas-Fort Worth area, which is benefiting from nearshoring

activity in Mexico. Messrs. Antoine and Strader founded Chicago-based Red Arts in 2015 to invest in North American supply-chain businesses. The firm's backers include billionaire money manager Mario Gabelli and John W. Rogers Jr., the founder of Ariel Investments, where Mr. Antoine worked before starting Red Arts with Mr. Strader.

investment capital on a deal-by-deal basis, with participants including Mr. Gabelli, who also invested in the new Red Arts Capital Opportunity Fund I, a firm representative said. Mr. Gabelli and Mr. Rogers both confirmed that they invested in the new fund.

cluded the Illinois Municipal Retirement Fund. Other fund commitments came from the University of Chicago's endowment, insurer Prudential Financial and asset manager Neuberger Berman, Red Arts representatives said.

University of Chicago's endowment. Some early deals Red Arts made from the new fund include last year's acquisitions of contract-packaging-services company Coregistics in Acworth, Ga., and logistics company Partners Warehouse, based in Elwood, Ill., Messrs. Antoine and Strader said.

## Short Seller Hits Icahn Firm

Continued from page B1 aftermarket auto-parts subsidiary and a food-packaging business. Its holdings at the end of last year had a net asset value of \$5.6 billion, according to company filings.

Hindenburg's report notes that the company's stock trades at a premium of more than 200% to the reported value of its assets. Hindenburg said that premium stood out relative to other public entities run by big-name investors such as Dan Loeb's Third Point Investors and William Ackman's Pershing Square Hold-

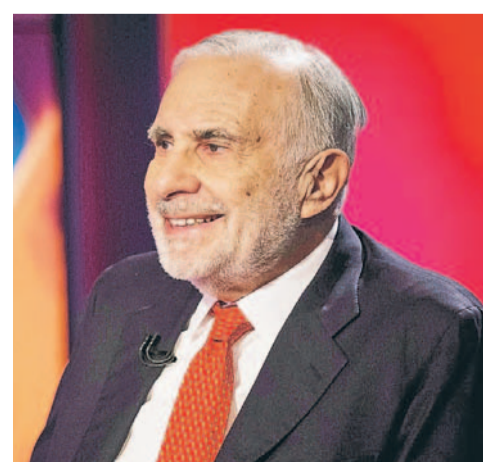
ings, which traded at discounts of 16% and 35%, respectively, to their reported net asset value.

Values for specific holdings that Icahn has reported in the past also drew skepticism from Hindenburg. Icahn reported that at the end of last year, its aftermarket auto-parts business was valued at \$381 million. One of the company's auto-parts subsidiaries filed for Chapter 11 bankruptcy in January.

Another investment, a roughly 90% stake in publicly traded meat-packaging company **Viskase**, was valued at \$243 million at the end of 2022. The company's market valuation is \$114 million, according to FactSet. Icahn also said it bought more shares in the company for 89 cents a share in December. Icahn valued the shares three times higher than the purchase



The battle pits Hindenburg's Nathan Anderson and billionaire investor Carl Icahn.



The battle pits Hindenburg's Nathan Anderson and billionaire investor Carl Icahn.

ceives his dividend in shares, rather than cash.

Roughly 60% of Mr. Icahn's shares in Icahn Enterprises—worth approximately \$9.1 billion—have been pledged as collateral on personal loans made to Mr. Icahn, according to company filings. A substantive decline in Icahn's share price could force Mr. Icahn to pledge more shares as collateral.

Hindenburg is using a similar playbook to its bet against Adani earlier this year. It took a short position in a company whose shares are controlled mostly by family, which had borrowed against its shares. In Adani's case, the Hindenburg report spurred selling by outside investors, but there were few ready buyers so the shares plummeted. That raised the risk of the family getting margin calls, which sent the shares tumbling further.

# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## Uber Is Firing on Key Cylinders

Ride-share, delivery growth accelerate as earnings pick up despite freight losses

How well is Uber Technologies doing these days? Well enough that it can afford to be magnanimous.

The ride-share giant had some kind words for its struggling rival Lyft on Tuesday. Addressing a question from an analyst on a conference call to discuss Uber's first-quarter results, Chief Executive Dara Khosrowshahi called Lyft "a very, very strong brand." And while conceding his rival is "going through a lot of changes," he added Lyft is "not going anywhere." He said he expects Lyft's continued presence to set up a "constructive competitive environment going forward," one in which ride-share providers no longer chase market share at the expense of profitability.

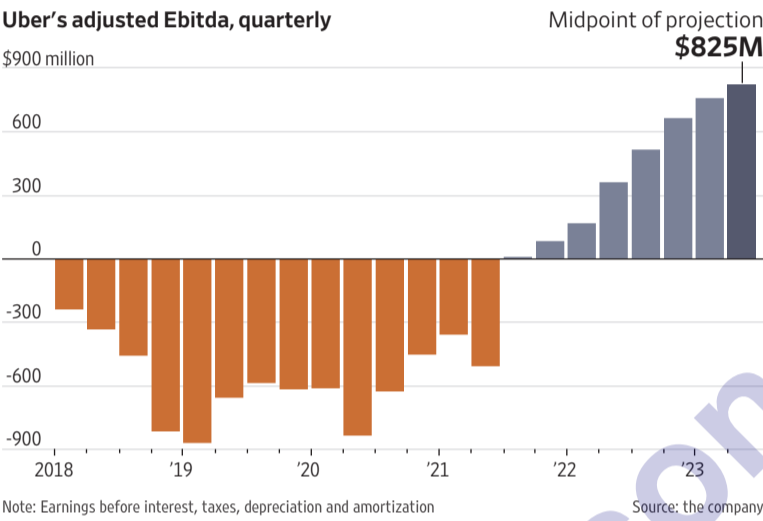
Lyft will get a chance to further spell out its direction under new boss David Risher when it reports its results on Thursday. But Uber's numbers Tuesday show what a tough road the smaller ride-share provider faces. In the area where the two companies compete most directly, Uber's ride-share revenue jumped 72% year over year to \$4.3 billion. Lyft expects to report revenue of \$975 million—representing 11% growth year over year.

Uber of course is about more than rides. Its meal-delivery business now accounts for a greater share of gross bookings, and revenue there rose 23% year over year. Gross bookings growth for both businesses accelerated from the December quarter, and Uber projected total gross bookings of \$33.5 billion for the second quarter, which was 2% ahead of Wall Street's projections.

As Mr. Khosrowshahi indicated, growth at Uber no longer takes a back seat to profitability. The company delivered here as well, posting adjusted earnings before interest, taxes, depreciation and amortization of \$761 million for the first quarter, which was 10% ahead of analysts' forecasts. It projected that metric rising to a midpoint of \$825 million for the second quarter, which was ahead of consensus targets. Free cash flow of \$549 million



The company's meal-delivery business now accounts for a greater share of gross bookings.



blew away Wall Street's estimate by 25%. Uber's stock—up 32% for the year ahead of the results—jumped 12% Tuesday.

A theoretical turnaround at Lyft could certainly damp Uber's growth. But Uber's scale advantage, which al-

lows for rides and meal delivery over the same platform, is only getting more difficult for rivals to overcome. And its Uber One membership program seems to only be furthering that advantage. Launched in late 2021, the program allows for dis-

counts on rides and meals and other perks for a monthly \$9.99 fee. Mr. Khosrowshahi said Tuesday that Uber One accounts for 27% of total gross bookings, with members spending four times as much on the platform as nonmembers do.

The only blemish on Uber's results was its freight business. Revenue there slipped 23% to \$1.4 billion, with an adjusted Ebitda loss growing to \$23 million from \$8 million in the December quarter. Chief Financial Officer Nelson Chai chalked up the poor performance to an "oversupplied market" post-Covid but noted Uber raised external capital for the freight business and funds it separately. He noted Uber has "a lot of optionality" around the freight business; Bloomberg reported in March that Uber was considering a spinoff or initial public offering of the unit. That could prove a tough haul in the current market, but as long as Uber keeps focused on hungry people who need to go places, freight shouldn't weigh it down.

—Dan Gallagher

## Fewer Job Openings Won't Faze The Fed

The market is down sharply but still strong

There was a big debate among economists and U.S. policy makers last year over whether job openings could come down without tanking the job market. Well, job openings are down and the job market is still strong, but the debate is hardly resolved.

The Labor Department on Tuesday reported that there were 9.59 million unfilled jobs in the U.S. at the end of March, down from 9.974 million at the end of February, and 20% below the record 12.027 million logged in March of last year. Data on job openings from the Labor Department and, before December 2000, from a series constructed by Federal Reserve Bank of San Francisco economist Regis Barnichon that goes back to 1951, shows that there has never been a decline of 20% or more in job openings without a substantial increase in the unemployment rate.

Until now, that is. The unemployment rate in March was 3.5%, matching the level it held in March last year and just a hair above its multidecade low.

On the face of it, this is good news for the Federal Reserve, which will decide on rates on Wednesday. Policy makers there have been arguing that a drop in the number of job vacancies could effectively cool off the job market, reducing wage pressures without a commensurate jump in unemployment. Tuesday's report suggests that this process might be under way.

Other economists—most notably former Treasury Secretary Lawrence Summers—have argued that the Fed's view is Pollyannaish. In a series of research notes last year, he and economists Alex Domash

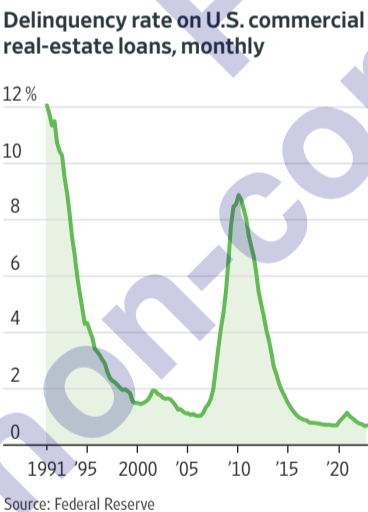
## Landlords May Get New Reason to Sell

The eye-watering price of interest-rate hedges could push more property owners to put up a "for sale" sign.

Lenders in the U.S. commercial mortgage-backed securities market and banks usually require borrowers to hedge their interest-rate risk when they take out a variable-rate loan. If a landlord buys an interest-rate cap with a 3% strike rate, they receive a payment whenever benchmark rates—often the secured overnight financing rate, or SOFR—rise above that level. This reassures lenders that the borrower will be able to meet its debt payments even if interest rates rise.

Protection bought by real-estate investors can last for up to five years, but typically runs for three. Many of the interest-rate caps bought during the pandemic are still shielding landlords from higher debt costs but are due to roll off this year and next.

Buying new hedges will be expensive. According to data from



risk-management firm Chatham Financial, a three-year cap at 3% for a \$100 million loan cost \$98,000 in April 2019. Today, the same cap costs \$3.48 million.

"The cost of interest-rate caps has gone from being a minor nu-

sance to front and center of mind," says Carol Ng, managing director of hedge advisory Derivative Logic.

Owners who can't afford to pay can try to refinance their loans at fixed rates, but this will be difficult and expensive for riskier assets such as offices. Landlords may need to inject more equity, sell up or default if a loan is already underwater.

To make matters worse, property buyers loaded up on unusually large amounts of variable debt during the pandemic. In 2021 and 2022, the share of floating-rate loans in total CMBS issuance was around 60%, according to Trepp data. In 2005 and 2006, when interest rates were rising, the share was below 15%.

The cost of interest-rate hedges has already been behind one of this year's largest defaults. A subsidiary of Brookfield Asset Management defaulted on a loan against two Los Angeles office blocks after it didn't buy fresh interest-rate protection on one of the towers. Interest-rate

caps on two other offices in the same subsidiary's property portfolio also are due to expire in October.

If landlords are lucky, interest rates will be cut before their current hedges end. But the problem also could get worse if the Federal Reserve's fight to control inflation takes longer than expected. The one-month SOFR forward curve is currently pricing in peak rates of 5.07% in July, before dropping to 4.39% at the end of 2023. This is more optimistic than the central bank's own guidance.

"The risk for real-estate borrowers is that the market eventually comes round to the Fed's view," says Jackie Bowie, managing partner at Chatham Financial.

Delinquency rates on commercial real-estate loans are still surprisingly low, and the interest-rate caps that are shielding landlords may be one reason why. Once these hedges end, borrowers and their lenders will face a much harsher reality.

—Carol Ryan

## The unemployment rate in March was 3.5%, matching the level it held in March last year.

and Olivier Blanchard dismissed the idea that job vacancies could normalize "without a major increase in unemployment."

Job openings are down, but they don't look anything close to what might have been called normal. In March, there were 1.6 jobs for each person counted as unemployed. That was down from the peak job-to-unemployed ratio of 2 hit last year. Before the pandemic, though, the only time it was higher was briefly in 1953. That ratio will probably need to come down to something closer to 1, which would still be high by historical standards, for the Fed to stop worrying that the job market was running too hot.

It is possible to envision something like that happening, with workers who took on jobs that experienced heavy demand following the pandemic, such as working in warehouses and making food deliveries, returning to the kinds of work they used to do. Experience suggests that sort of shift won't happen—that people who stop working in one field can't easily find work in another—but maybe in this case many might retain the skill sets that they need.

Ignoring history is foolish, but the pandemic changed things. We aren't in Kansas anymore and haven't been for more than three years now.

—Justin Lahart

## JPMorgan Wins Wealthy Clients With First Republic

JPMorgan Chase executives haven't been too subtle about what they like about First Republic: its wealth-management business. There is good reason for that.

With the fallen bank's elite coastal clientele, JPMorgan has a chance to take its business managing money for the wealthy to another level, using its broad bank platform to capitalize on the opportunity in a way that First Republic simply couldn't.

"The branches that we are acquiring from First Republic are in attractive locations and affluent markets, which is an opportunity to accelerate our wealth strategy," JPMorgan Chief Financial Officer Jeremy Barnum said on a conference call with analysts Monday, adding that certain First Republic branches will be converted into JPMorgan "wealth centers."

"This gives us a kind of an opportunity to look at how we deal with high-net-worth clients," said Chief Executive Jamie Dimon on

the same call. "We hope to learn a lot from them."

Banks like the wealth-management business because it provides a stream of income that is often more stable than other highly cyclical businesses. A bank might charge a client an annual fee that is a small percentage of their assets under management, plus incidental fees for trades or other transactions it helps the client with.

This client base also is ripe for cross-selling other services. A wealthy entrepreneur might need help financing a business or taking it public. Conversely, a windfall from a business listing or sale could provide a bounty that needs a home with a wealth adviser.

One thing JPMorgan isn't interested in is making ultracheap mortgage loans to wealthy clients, a First Republic specialty that helped land it in trouble. But there are many more ways than one to make money from a rich banking customer. JPMorgan, with its

broad offering of first-class brokerage, asset-management and investment-banking services, looks well positioned to do so. At the end of the first quarter, JPMorgan had \$2.59 trillion in client wealth-management assets. That puts it well behind Morgan Stanley with \$4.56 trillion and Bank of America with \$3.52 trillion.

First Republic had almost \$290 billion in wealth client assets at the end of the first quarter—enough to make a significant dent in the gap with JPMorgan's biggest bank competitors. Notably, that represents more than 2.7 times First Republic's total deposits at the time, illustrating just how appealing this client base is to a bank with wealth-management services to offer. That compares with a ratio of 1.1 times for JPMorgan and 1.8 times for Bank of America. These assets delivered \$223 million of revenue to First Republic in the first quarter.

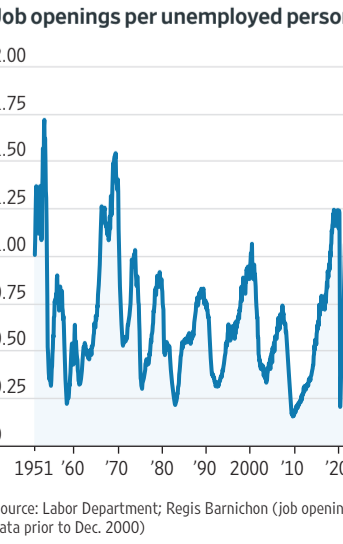
Of course, not all that money will stay with JPMorgan following the

transaction. Individual wealth advisers could decide to go elsewhere, bringing their clients' money with them. Or customers could decide on their own to walk.

This helps explain why Mr. Dimon took time on Monday's call to personally make a pitch to First Republic wealth advisers. "If you were an adviser and you're listening to me, we have the best research, best equity, best debt, best munis." He went on, "We have concierge services. We take care of people. We've got excellent compensation plans. We're very steady. We've got unbelievable banking products. We have unbelievable products for your business banking clients, your middle-market clients, your corporate clients."

Talk about cross-selling. Even allowing for some loss of client money, plugging First Republic's customer base into JPMorgan's panoply of commercial and investment-banking services could be a home run.

—Aaron Back



Source: Labor Department; Regis Barnichon (Job opening data prior to Dec. 2000)