

What's News

Business & Finance

The U.S. trade deficit increased 27% last year to an all-time high of \$859.1 billion, underscoring the strength of the nation's economy and its continued hefty dependence on imports from China and other countries. **A1**

◆ **Americans took on** more new debt in 2021 than in any year since before the 2008-09 financial crisis. **A3**

◆ **Peloton is replacing** its CEO and cutting about 2,800 jobs after a slowdown in demand caused the company's value to plummet. **A1, A6**

◆ **SoftBank CEO Son** is playing salesman for an initial public offering of Arm after a deal to sell the chip designer to Nvidia fell apart. **A1**

◆ **A judge dismissed** part of the criminal case against an ex-Boeing pilot accused of misleading regulators about faulty software that played a significant role in two deadly 737 MAX crashes. **B1**

◆ **U.S. stocks rose**, with the S&P 500, Nasdaq and Dow gaining 0.8% 1.3% and 1.1%, respectively. **B11**

◆ **Ford and GM are** clamping down on dealerships that are trying to charge more than the sticker price amid a shortage of cars. **B1**

◆ **Pfizer forecast** strong sales this year for its Covid-19 vaccine and treatment and is hunting for deals to bolster its pipeline of experimental products. **B1**

◆ **BP sought** to reassure investors that declining oil-and-gas production won't cripple earnings for the remainder of the decade as it pivots to lower-carbon investments. **B3**

World-Wide

◆ **McConnell criticized** the RNC's censure of two GOP lawmakers who sit on the House panel investigating the attack on the U.S. Capitol, saying Cheney and Kinzinger shouldn't be singled out for holding differing views from the majority of the party. **A4**

◆ **The Justice Department** said it seized over \$3.6 billion worth of digital currency stolen during a hack of Bitfinex and arrested two suspects for allegedly trying to launder the proceeds. **A4**

◆ **Ukraine's forces** geared up for military exercises in response to Russia's buildup along its borders as France's Macron shuttled from Moscow to Kyiv in a bid to ease tensions and avert a conflict. **A1, A8**

◆ **The House passed** legislation to keep the government funded through mid-March, advancing a temporary fix that will give negotiators time to reach a global agreement on fiscal 2022 spending. **A4**

◆ **Retired Pope Benedict XVI** replied to charges that he mishandled cases of clerical sexual abuse while an archbishop in Germany, asking forgiveness for any "grievous fault" he may have incurred but not admitting wrongdoing. **A7**

◆ **Israel is rushing** to prop up the Palestinian Authority, promising loans, allowing infrastructure upgrades and holding talks with West Bank leaders, in a bid to stem Hamas's growing influence and keep a lid on violent unrest. **A7**

◆ **New data on U.S. births** suggest that the Covid-19 pandemic has led to a smaller-than-expected "baby bust." **A3**

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Vaccine Protests in Canada Bring Traffic at Border to a Halt



SIDELINED: Protesters against Canada's vaccine mandates blocked traffic coming from the U.S. Tuesday at the Ambassador Bridge crossing between Detroit and Windsor, Ontario. The bridge partially reopened for travel into the U.S. **A8**

Peloton CEO to Step Down, Company to Cut 2,800 Jobs

Activist investor says moves aren't enough, blasts management; shares rebound 25%

By CARA LOMBARDO

Peloton Interactive Inc. is replacing its chief executive and cutting about 2,800 jobs after a slowdown in demand caused the once-hot bike maker's value to plummet. Co-founder John Foley, who has led Peloton for its entire 10-year existence, is stepping down as CEO and will become

executive chairman. Barry McCarthy, the former chief financial officer of Spotify Technology SA and Netflix Inc., will become CEO and president and join Peloton's board.

The New York company lowered its revenue forecasts and said it would cut roughly 20% of its corporate positions to help cope with widening losses. The cuts won't affect Peloton's instructor roster or content.

Peloton shares jumped 25% to close Tuesday at \$37.27 after the company confirmed The Wall Street Journal's earlier report on the leadership

moves and other changes.

A little over two weeks ago, activist investor Blackwells Capital LLC called for Peloton to fire Mr. Foley and explore a sale of the company, which the Journal has reported is attracting potential suitors including Amazon.com Inc.

Blackwells reiterated its call Tuesday, saying Mr. Foley should leave the company entirely rather than become executive chairman. Blackwells also released a 65-page presentation in which it estimated a sale could value Peloton above \$65 a share. "We are open to exploring

any opportunity that could create value for Peloton shareholders," Mr. Foley said in an interview with The Wall Street Journal prior to Blackwells's Tuesday release. Mr. Foley, a former Barnes & Noble Inc. executive who co-founded Peloton 10 years ago, declined to comment further.

Any deal would likely require Mr. Foley's support, as he and other insiders have

◆ **New CEO Barry McCarthy** is former tech executive..... **A6**
◆ **Heard on the Street:** Peloton thriller keeps cycling..... **B12**

Trade Gap Grew 27% To Record Last Year

U.S.'s overall imports far outpaced exports, as deficit with China rose to \$355.3 billion

By YUKA HAYASHI AND ANTHONY DEBARROS

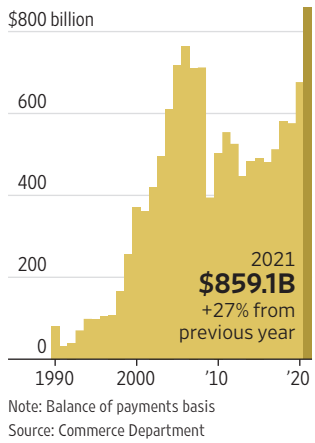
WASHINGTON—The U.S. trade deficit increased 27% last year to an all-time high of \$859.1 billion, underscoring the strength of the nation's economy and its continued hefty dependence on imports from China and other countries.

The 2021 trade deficit in goods and services well exceeded the previous record of \$763.53 billion in 2006, the Commerce Department said Tuesday. Annual trade-balance records, which aren't inflation-adjusted, date to 1960.

The trade deficit—with China specifically—grew 14.5% for the full year to \$355.3 billion, reversing the decline that followed then-President Donald Trump's policies aimed at reducing the deficit with tariffs and purchase targets. Last

Please turn to page A2

Annual U.S. trade deficit, goods and services



◆ **U.S. household debt** rose by \$1 trillion in 2021..... **A3**

INSIDE



PERSONAL JOURNAL
With 12 nominations, 'The Power of the Dog' leads the Oscar pack. **A10**



SPORTS
Gold medal for skier Eileen Gu spurs questions about her citizenship status. **A13**

Ukraine's Zelensky Tries To Navigate Russia His Way

President is keen to avoid being big-footed by Western powers

By JAMES MARSON AND VIVIAN SALAMA

KYIV, Ukraine—With Russian military forces gathering on three sides of Ukraine last month, advisers to President Volodymyr Zelensky urged a low-key response. His top national security adviser, in a cellphone call, counseled him with two words: "Olympian calm."

The following day, Mr. Zelensky addressed the nation on television and said the threat of war was no greater than any other time since Russian President Vladimir Putin in-

vaded portions of the country in 2014. This is the tack chosen by Mr. Zelensky, a 44-year-old ex-comic with no political experience prior to his election, in his bid to fend off both Russian aggression as well as the American response it has kicked off. Caught between two powers increasingly at odds with each other, Mr. Zelensky is adamant he can prevent an invasion on his terms. The question hovering over his jittery nation is

Please turn to page A9

◆ **Ukraine preps for drills** as Macron visits..... **A8**

Billionaire Investor Has Secret Cause

Carl Icahn presses McDonald's over treatment of pigs

By CARA LOMBARDO

Carl Icahn, the billionaire investor known for his relentless campaigns against CEOs and rivals, has a secret cause that he has pursued for a decade.

In 2012, McDonald's Corp. pledged to stop buying pork for its Bacon McDouble cheeseburgers, McRib sandwiches and the like by 2022 from producers who use small crates to constrain pregnant swine. Left unmentioned was that Mr. Icahn had pushed for the change behind the scenes.

A decade on, Mr. Icahn has concluded the original promise was hogwash. McDonald's now

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SoftBank Plans IPO After Chip Deal Folds

By MEGUMI FUJIKAWA AND PETER LANDERS

TOKYO—After a deal that could have been worth \$80 billion to his company fell apart, SoftBank Group Corp. Chief Executive Masayoshi Son is playing salesman for Plan B—an initial public offering of chip designer Arm.

Mr. Son sounded as if he were on a roadshow for investors at a news conference in Tokyo on Tuesday. He said Arm is entering a "golden period" of high demand for the chips it helps create in smartphones, electric vehicles and computer-server farms operated by the likes of Amazon.com Inc.

The pitch came hours after the Japanese investment and technology conglomerate said it was abandoning plans to sell Arm to Nvidia Corp.—in what would have been the largest semiconductor deal on record—because antitrust concerns stood in the way.

Mr. Son said he was surprised to see the backlash not only from U.S. regulators who sued to block the deal in December but also big tech companies that rely on Arm's chip designs.

"We saw strong opposition because Arm is one of the most important and essential companies that most companies in the IT industry or in Silicon Valley rely on, either directly or indirectly," he said.

SoftBank paid \$32 billion when it acquired the U.K.-based chip business in 2016. Mr. Son said the sale to Nvidia, under which SoftBank would have received both cash and Nvidia shares, could have been worth \$80 billion because of a rise in Nvidia's share price.

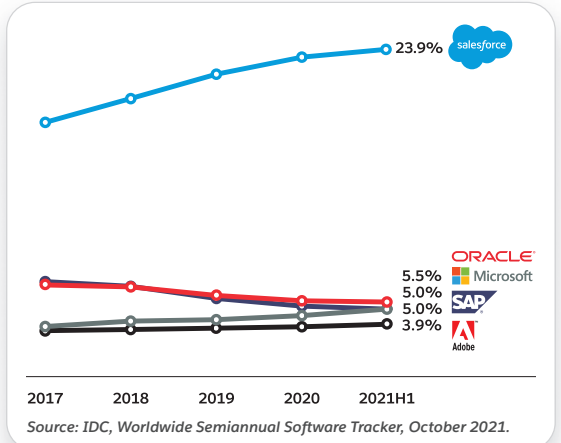
SoftBank now plans to pursue a public listing of Arm by March 2023. Arm shares will

Please turn to page A7

◆ **Heard on the Street:** SoftBank needs to slim down..... **B12**

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U.S. NEWS

Fed Plans Put Developing World on Edge

By PAUL HANNON

For developing countries, the Federal Reserve's battle to squelch U.S. inflation with a series of rate increases this year stirs a mix of hope and anxiety.

Central bankers in developing countries have been ratcheting up interest rates for months, seeking to stay ahead of a rise in U.S. rates that could destabilize their economies by pushing up their own cost of debt, weakening their currencies and driving capital out of their markets and into higher-yielding U.S. securities.

Now, the Fed is expected to raise rates anywhere from four to seven times this year. If successful in taming inflation, the Fed could help central banks everywhere, because a turbocharged U.S. economy, huge government stimulus and a splurge by Americans on everything from toys and household appliances have snarled supply chains and driven inflation higher world-wide.

Until now, overseas central

banks have found it difficult to get on top of the inflation surge with the Fed sitting on the sidelines. But with the Fed now poised to join the battle, some say the prospects of success are greater.

"Should this help alleviate some of the demand pressures on globally traded goods, it may allow other central banks to do less," said Christian Keller, head of economic research at Barclays Investment Bank.

The risk for developing economies is that it isn't clear how far and how fast the Fed will decide to raise its key interest rates.

That uncertainty could reverberate in developing economies whose recoveries are weaker than in the U.S., in part due to lower rates of Covid-19 vaccination and limits on how much their governments could borrow to support businesses and households during the pandemic. An added threat is that those governments and businesses that have substantial

debts denominated in U.S. dollars will see their interest payments rise.

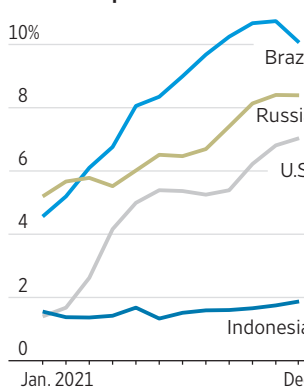
In their recent policy decisions, a number of central banks have had one eye on the Fed and the other on domestic inflation. Brazil's central bank, which was among the first to raise rates in March 2021, on Wednesday announced its eighth increase since then, taking its key rate to 10.75% from an initial 2%. Brazilian inflation ended 2021 at 10.1%.

The cost of staying ahead of inflation for economies like Brazil's is mounting. In its latest forecasts for the global economy, released in late January, the International Monetary Fund lowered its growth forecast for South America's largest economy this year to just 0.3% from 1.5%, citing its "strong monetary policy response."

For central banks such as those of Brazil, Russia and others that have already made big changes to policy, the prospect of Fed rate rises should be less daunting than

Inflation rates have surged across much of the world, with some Asian exceptions.

Annual rate of change in consumer prices



Source: Organization for Economic Cooperation and Development

during previous periods.

"These guys have not been asleep at the wheel," said Luis Oganés, head of emerging markets research at JPMorgan Chase & Co. "They started to tighten the moment inflation started to rear its head."

Now, however, the timing and size of the Fed's rate increases is adding to their worries. As 2021 drew to a close, many economists and policy makers had expected to see the Fed make three moves. But concern that inflation is more durable is stirring expectations of more increases.

"It is less certain how far the normalization process will go and the exact timing, and this uncertainty continues to cause financial market turmoil and capital flow volatility," said Lesetja Kganyago, governor of the South African Reserve Bank, when explaining his decision to raise the key rate at the end of January.

In addition to South Africa's central bank, those of Colombia, Chile, the Czech Republic and Hungary also raised interest rates since late January. In all, economists at JPMorgan expect that 14 of the 23 emerging-markets central banks they track will raise rates this quarter.

Having already raised their

key rates a lot from early 2021 levels, central banks such as those from Brazil may not have further to go. But others that have waited in the hope that inflationary pressures would abate—such as the Reserve Bank of India—may have to join the global switch to tighter policy.

Memories of the 2013 "taper tantrum" are still fresh. In May of that year, then-Federal Reserve Chairman Ben Bernanke told lawmakers the central bank was considering a slowdown in its purchases of government bonds, without actually announcing such a change in policy.

To many Fed watchers, he was simply repeating a view first expressed in January 2013. Even so, investors took fright and pushed yields on U.S. government bonds sharply higher, sending shock waves around the world, with particularly troubling consequences for emerging markets.

—Jason Douglas contributed to this article

U.S. WATCH



Second gentleman Doug Emhoff is led out of an event Tuesday at Dunbar High School in Washington after an apparent bomb threat. Dunbar principal Nadine Smith, right.

WASHINGTON, D.C.

Emhoff Evacuated After Bomb Threat

Second gentleman Doug Emhoff, the husband of Vice President Kamala Harris, was ushered out of an event Tuesday at Dunbar High School in Washington after a security threat to the school, law-enforcement officials said.

The high school's front desk received a call with a bomb threat at 2:15 p.m. while Mr. Emhoff was in the building, said Ashan Benedict, executive assistant chief for the Metropolitan Police Department. Mr. Benedict said the caller said people in the building had 10 minutes to leave. Secret Service agents evacuated Mr. Emhoff minutes later.

The Secret Service said in a statement: "At this time there is no information to indicate the threat was directed toward our protectee."

Mr. Emhoff was meeting with faculty and students who are participating in an oral history project in commemoration of Black History Month when he was evacuated. Dunbar High School, which was founded in 1870, was the country's first Black public high school.

Mr. Benedict said based on preliminary information, officials didn't believe the call was related to recent bomb threats to historically Black colleges and universities.

—Tarini Parti

INTERNAL REVENUE SERVICE

Lawmakers Press To Resolve Backlog

Lawmakers pressed for solutions to the Internal Revenue Service's paperwork backlog, which continues to delay millions of refunds from tax year 2020

and slow taxpayers' ability to get answers from the government.

At a subcommittee hearing on Tuesday, House members bemoaned the IRS's old technology, urged the agency to consider waiving some penalties and expressed frustration at the effect on taxpayers.

"A lot of folks in my district need the IRS to function so they can actually survive," said Rep. Jimmy Gomez (D., Calif.) "It's really still difficult to navigate."

Erin Collins, the national taxpayer advocate, told lawmakers that the IRS has been struggling to catch up with delayed work. The agency, she said, should consider hiring outside vendors to perform basic clerical tasks.

The IRS got behind during the pandemic, due to office closures and new tax-code provisions that made the agency responsible for stimulus payments, child tax credit payments and a special break for employers who retained workers.

—Richard Rubin

CALIFORNIA

No Criminal Charges For Dodgers Pitcher

Los Angeles Dodgers pitcher Trevor Bauer won't face criminal charges stemming from allegations that he sexually assaulted a San Diego woman last year, the Los Angeles County district attorney's office said Tuesday.

Prosecutors concluded there was insufficient evidence to prove beyond a reasonable doubt that Bauer committed a crime, according to the office.

Major League Baseball placed Bauer, 31 years old, on paid administrative leave last July after the woman obtained a temporary restraining order against him. She alleged that Bauer choked her into unconsciousness,

punched her face and genitalia and initiated sex without her consent. Through his representatives, Bauer has said that the two sexual encounters he had with the woman at his Pasadena residence last year were "wholly consensual."

A representative for the woman's legal team said the woman and her attorneys had no immediate comment.

—Jared Diamond

CALIFORNIA

UCLA Settles Abuse Suit for \$246.3 Million

The University of California agreed to pay \$246.3 million to settle allegations that hundreds of women were sexually abused by a former UCLA gynecologist, lawyers and the university said.

The settlement was reached with the help of a private mediator after substantial litigation, the parties said in a statement. The lawsuit said the university ignored decades of complaints and deliberately concealed abuse.

Initial news of the settlement that didn't include the specific amount had been announced Monday by some of the attorneys representing 203 women who said they were groped or otherwise abused by Dr. James Heaps over a 35-year career.

"The conduct alleged to have been committed by Heaps is reprehensible and contrary to the University's values," a UCLA statement said.

The lawsuit was one of hundreds filed that allege abuse by Mr. Heaps. UCLA settled a similar lawsuit last year for \$73 million.

Mr. Heaps also was criminally charged last year with 21 counts of sexual offenses involving seven women. He has pleaded not guilty and denied wrongdoing.

—Associated Press

Trade Gap Hit Record Last Year

Continued from Page One

year's deficit was still below the record trade deficit of \$418.2 billion with China in 2018, when Mr. Trump was in office.

China has bought only 57% of the U.S. goods and services it committed to purchase over 2020 and 2021, under the bilateral agreement signed with the Trump administration in January 2020, according to an analysis by Chad Bown, a senior fellow at Peterson Institute for International Economics.

The wider deficit with China increases pressure on the Biden administration to respond to Beijing's failure to meet its pledge. Administration officials have said they would hold China accountable but haven't disclosed specific steps.

"Covid showed how desperately dependent we were on foreign products...and today we are just as dependent on the same supplies and suppliers coming from China and other countries," said Jeff Ferry, chief economist at Coalition for a Prosperous America, a group representing manufacturing, agricultural and union groups supporting reduction in trade with China.

Sarah Bianchi, deputy U.S. trade representative, said the U.S. is "actively engaged with China" to address bilateral trade issues. "It's really clear that the Chinese have not lived up to their Phase One commitment," she said last week during a panel discussion, referring to the bilateral agreement.

Asked about China's failure to meet the purchase commitments, Zhao Lijian, a Chinese Foreign Ministry spokesman, said during a news conference Monday that bilateral trade issues should be resolved "in the spirit of mutual respect and equal-footed consultation." He added: "The U.S. should work with China to promote the sound and steady development of China-U.S. economic and trade relations."

The sharp increase in the trade deficit comes as the U.S. economy continues to recover strongly from the pandemic-induced slump during 2020. The International Monetary Fund estimates the U.S. economy grew 5.6% in 2021, faster than most advanced economies, whose average growth rate was 5%.

U.S. consumers, flush with stimulus money, have spent heavily on imported goods such as computers, game machines and furniture, while being less willing to splurge on travel and dining out due to health con-

cerns. Robust demand for capital goods from businesses, as well as higher prices of energy and food items, also added to U.S. import bills.

"Economic activity was up, prices were higher and the U.S. economy was growing, all of which contributed to more imports and the rise of the trade deficit," said Jake Colvin, president of National Foreign Trade Council, a group representing various U.S. businesses.

Mr. Colvin said the U.S. must create a pathway to a new trade relations with China beyond Mr. Trump's deal, by working more closely with friendly nations in Asia-Pacific and reducing tariff burdens on U.S. businesses by crafting a broad exclusion process.

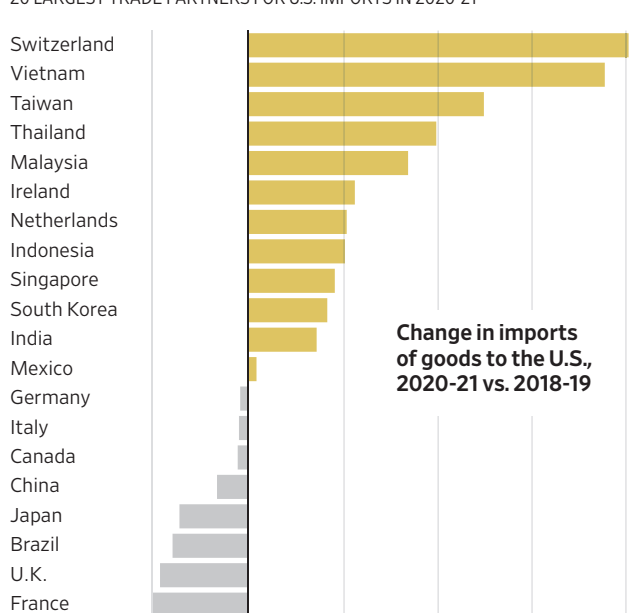
Whether a wide trade deficit is a concern is a matter of debate among economists. The recent expansion is consistent with the underlying strength of the U.S. economy, including strong business investment, growing consumer spending

Adding to the trade deficit for 2021 were depressed levels of service exports.

and falling unemployment. However, the gap also shows the U.S. buys more goods and services than it sells, which some said represents jobs done overseas that could be done domestically, and potentially creates national security concerns.

Adding to the trade deficit for 2021 were depressed levels of service exports, which account for a third of U.S. overall exports. The declines reflect sharply lower spending in the U.S. by foreign tourists and students. The surplus in services trade fell 5.6% to

20 LARGEST TRADE PARTNERS FOR U.S. IMPORTS IN 2020-21



CORRECTIONS & AMPLIFICATIONS

The last name of Masashi Mizobuchi, a spokesman for the Japanese Embassy in Washington, was misspelled as Mizubuchi in some editions Tuesday in a U.S. News article about steel tariffs.

Minneapolis police officers encountered Amir Locke when they were executing a search

warrant on behalf of the St. Paul Police Department. A U.S. News article on Saturday about a Minneapolis satoratorium on no-knock warrants after police fatally shot Mr. Locke incorrectly said Mr. Locke was executing a search warrant in St. Paul.

The East Coast Hockey League changed its name to

ECHL in 2003. A Beijing 2022 article on Monday about Pat Angelle, a goalie on the U.S. Olympic hockey team, incorrectly used the ECHL's former name.

The last name of Marissa Mayer, former chief executive of Yahoo, was misspelled as Meyer in the Weekend Confi-

dential profile of Nataly Kogan in Saturday's Review section.

Notice to readers

Some Wall Street Journal staff members are working remotely during the pandemic. Please send reader comments only by email or phone, using the contacts below, not via U.S. Mail.

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U.S. NEWS



Sabrina Bozeman says caring for her daughter, Riyah, has been harder than when she had her 13-year-old son, Rashad Lumpkins.

'Baby Bust' From Pandemic Was Smaller Than Expected

By JANET ADAMY AND ANTHONY DEBARROS

New data on U.S. births suggest that the Covid-19 pandemic has led to a smaller-than-expected baby bust.

The U.S. saw about 7,000 fewer births through the first nine months of 2021 compared with the same period the year prior, according to provisional data from the Centers for Disease Control and Prevention's National Center for Health Statistics. The numbers reflect conceptions that occurred roughly from April through December 2020, a period that includes the first part of last winter's Covid-19 case surge, which started in October 2020 and waned by February 2021.

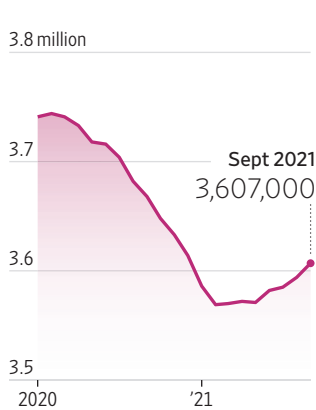
Starting in June 2021, monthly births began to show consistent gains over their year-earlier levels, which reflect pre-pandemic conceptions, and that mostly offset declines in the first two months of 2021, the data show.

The 2021 data are national provisional estimates. The federal government will issue a final count later this year, a CDC spokesman said. The provisional data are rounded to the nearest thousand and might differ from the final numbers by as much as 2%, according to the NCHS.

Despite the small uptick in births starting in mid-2021, Americans continue to have babies at historically low rates. The number of babies born in the U.S. in 2020 was the lowest in four decades. The total fertility rate that year—a snapshot of the average number of babies a woman

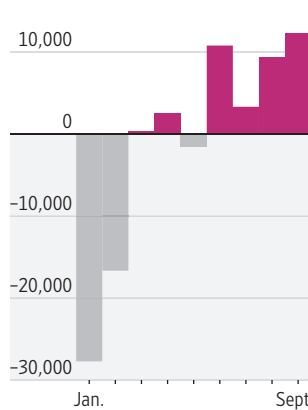
The pace of births in the U.S. ticked up slightly in the latter part of 2021.

U.S. births, 12-month rolling sum



Note: 2021 data are provisional national estimates
Source: National Center for Health Statistics

Change in monthly U.S. births, 2021 vs. 2020



would have over her lifetime—fell to 1.64, the lowest rate on record since the government began tracking it in the 1930s.

Low fertility helped drive down U.S. population growth to 0.1%, the lowest rate on record, for the fiscal year ended July 1, according to Census Bureau figures. For the 12 months ended in September, births declined 1.7% from the same period a year prior.

The new births data show the pandemic has had a more muted impact on childbearing than expected. The economists Melissa Kearney and Phillip Levine in December released calculations showing the pandemic led to 60,000 missing births from October 2020 through February 2021. Earlier in the pandemic, they predicted the health crisis and economic uncertainty would lead to 300,000 to a half million fewer births last year.

"The Covid baby bust doesn't seem to be nearly as large as I thought it would be," said Prof. Kearney, an economics professor at the University of Maryland.

She and Prof. Levine say one reason births rebounded is the large amounts of government assistance—including \$1,200 stimulus checks and increased unemployment benefits—that households began receiving in 2020. That aid allowed most households to maintain consumption levels and likely blunted the negative impact that recessions tend to have on childbearing. The early fall in births tied to the increase in unemployment during the short pandemic recession in early 2020 was about half the magnitude of what the U.S. saw during the 2007-09 recession, they found.

"There was an unprecedented government response,"

Prof. Kearney said. "Many households were kept whole."

The economists found that birthrate reductions were largest among highly educated women, women in their late 30s and early 40s, and those who already had at least one child.

It is unclear whether births have fully recovered from their pandemic lows. The data don't reflect conception decisions during the Delta and Omicron variant waves that drove up reported cases, hospitalizations and deaths. Some couples who welcomed a baby last year said the pandemic made them hesitant to have another child soon.

Sabrina Bozeman, a 35-year-old single mother of two in the St. Louis area, said that giving birth to her daughter, Riyah, in July and caring for her since has been far more difficult than when she had her son 13 years ago. She contracted Covid-19 and was diagnosed with gestational diabetes during her pregnancy, then was diagnosed with postpartum depression after she gave birth. Ms. Bozeman initially blamed herself when Riyah developed severe colic.

"A lot of times I was just alone," she said. "I didn't really have people to be that support because of the pandemic."

Ms. Bozeman said that medication is helping with her depression and that Riyah is making progress on her colic. She is now getting more help from family. But rearing an infant still seems harder than the first time around. "To me, it still doesn't feel normal," she said.

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Household Debt Rose By \$1 Trillion in 2021

By ORLA McCAFFREY

Americans took on more new debt in 2021 than in any year since before the 2008-09 financial crisis.

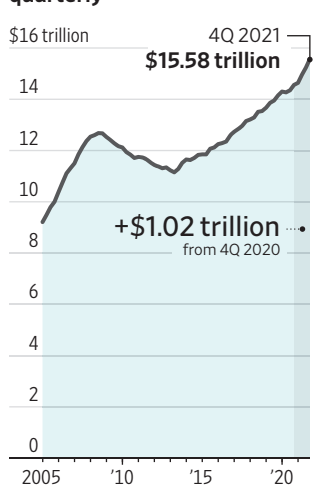
Total household debt rose by \$1.02 trillion last year, boosted by higher balances on home and auto loans, the Federal Reserve Bank of New York said Tuesday. It was the largest increase since a \$1.06 trillion jump in 2007. Total consumer debt now sits at around \$15.58 trillion, compared with \$14.56 trillion a year earlier.

The increase is largely a function of a sharp rise in prices for homes and cars. The price of the average U.S. home rose close to 20% in 2021, boosting mortgage balances and pricing out many middle-class buyers. Rising prices for cars drove auto-loan originations to a record \$734 billion.

The rise in consumer borrowing isn't cause for alarm, New York Fed economists said. Wealth increased across all income levels during the pandemic, according to the Federal Reserve, though much of the gains accrued to the richest Americans. Delinquency levels on consumer loans are still around record lows.

What's more, some 87% of the new debt is tied to homes that can appreciate over time. Today's home buyers also are in better financial shape. Sub-

Total household debt, quarterly



Sources: Federal Reserve Bank of New York; Equifax

prime borrowers accounted for just 2% of the mortgage debt originated in the fourth quarter of 2021, down from an average of 12% in the years before the financial crisis.

Americans added \$52 billion to their credit-card balances in the fourth quarter, the largest quarterly jump on record, the New York Fed said in its quarterly report on household debt and credit, which is based on data from Equifax Inc. credit reports.

Total credit-card balances stood at \$856 billion at the end of 2021, down from \$927 billion two years earlier.

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U.S. NEWS

McConnell Faults RNC on Censure

Republican lawmakers on Jan. 6 committee shouldn't be singled out for their views, he says

By LINDSAY WISE

WASHINGTON—Senate Minority Leader Mitch McConnell criticized the Republican National Committee's censure of two Republican lawmakers who sit on the House select committee investigating the Jan. 6, 2021, attack on the U.S. Capitol, saying the RNC shouldn't single them out for holding differing views from the majority of the party.

"That's not the job of the RNC," Mr. McConnell (R., Ky.) said. "Traditionally the view of the national party committee is that we support all members of our party regardless of their positions on some issues," he said.

A resolution calling for the censure of Reps. Liz Cheney of Wyoming and Adam Kinzinger of Illinois passed Friday in a voice vote during a meeting of the Republican National Committee in Salt Lake City. The RNC, which is closely aligned with former President Donald Trump, is made up of party officials representing U.S. states and territories. Mr. Trump congratulated the RNC for the vote, calling Ms. Cheney and Mr. Kinzinger "two horrible RINOs who put themselves ahead of our country," referring to Republicans in name only.

The text of the RNC resolution accused Ms. Cheney and Mr. Kinzinger of disloyalty to the party for serving on the Jan. 6 panel and said they "are participating in a Democrat-led persecution of ordinary citizens engaged in legitimate political discourse."

After the wording drew criticism for potentially defending people engaged in violence on Jan. 6, RNC Chairwoman Ronna McDaniel issued a statement that the RNC was referring to people who were engaged in "legitimate political discourse that had nothing to do with violence at the Capitol."



Senate Minority Leader Mitch McConnell reiterated his position that the Jan. 6, 2021, attack on the U.S. Capitol was 'a violent insurrection.'

On Jan. 6, supporters of Mr. Trump stormed the Capitol in an effort to halt the certification of President Biden's Electoral College victory. Mr. Trump, who gave a speech encouraging supporters to march to the Capitol earlier that day, was impeached by the House for inciting an insurrection. The Senate acquitted him.

Mr. McConnell, who has accused Mr. Trump of provoking the mob that attacked the Capitol, said Tuesday that he has confidence in Ms. McDaniel. But he reiterated his position that what happened on Jan. 6 was "a violent insurrection" that was intended to "prevent the peaceful transfer of power after legitimately certified elections, from one administration to the next. That's what it was."

In a separate development Friday, former Vice President Mike Pence rejected Mr. Trump's repeated claims that

Mr. Pence could have overturned the 2020 election outcome during the session of Congress that was interrupted by pro-Trump rioters.

The rival stances within the party highlight the continued divisions over Mr. Trump's legacy and continued influence. A January poll by NBC News shows the share of Republicans who consider themselves more supporters of Mr. Trump than supporters of the GOP has declined, with 56% calling themselves backers of the party to 36% of Mr. Trump. Back in October 2020, those numbers were 54% for Mr. Trump and 38% for the party.

Some Republican lawmakers distanced themselves this week from the RNC's "legitimate political discourse" language and warned that censuring Ms. Cheney and Mr. Kinzinger and relitigating the events of Jan. 6 could distract from the party's efforts

to win back control of Congress.

"Those who assaulted police officers, broke windows and breached the Capitol were not engaged in legitimate political discourse, and to say otherwise is absurd," said Sen. Susan Collins (R., Maine).

Sen. John Cornyn (R., Texas) said he disapproved of the decision by Ms. Cheney and Mr. Kinzinger to join the panel, which he called a partisan effort, but also criticized the RNC censure. "They said in the resolution that they wanted Republicans to be unified. That was not a unifying action," he said of the censure resolution.

Sen. Mitt Romney (R., Utah), a former Republican presidential nominee who voted twice to convict Mr. Trump on impeachment counts, said the RNC action undercut the party.

The nine-member Jan. 6 committee was created last year in a largely party-line

vote, after Mr. McConnell and Senate Republicans blocked the creation of an independent commission. House Speaker Nancy Pelosi (D., Calif.) appointed Ms. Cheney and Mr. Kinzinger to the committee after rejecting two of House Minority Leader Kevin McCarthy's picks to serve on the panel: Reps. Jim Jordan (R., Ohio) and Jim Banks (R., Ind.), both close Trump allies.

Some House Republicans have pushed to remove Reps. Cheney and Kinzinger from their conference for participating in the Jan. 6 committee. At a press conference, Rep. Elise Stefanik (R., N.Y.), a member of House GOP leadership, said the matter didn't come up at a conference meeting Tuesday. Ms. Stefanik replaced Ms. Cheney as the No. 3 House Republican after party lawmakers voted to oust Ms. Cheney from her leadership post in May.

House Passes Stopgap Spending Measure

By SIOBHAN HUGHES

WASHINGTON—The House passed legislation to keep the government funded through mid-March, advancing a temporary fix that would give negotiators time to reach a global agreement on fiscal 2022 spending after weeks of negotiations failed to yield a deal.

The 272-162 vote sends the bill to the Senate, which plans to take it up quickly to avoid a partial government shutdown. The government is funded through Feb. 18 under an interim measure that keeps spending at levels in place during fiscal 2021, which ended in September.

"While negotiations on a full-year funding agreement continue, we will in the meantime avoid a pointless and costly government shutdown," Senate Majority Leader Chuck Schumer (D., N.Y.) said. He said talks are making good progress and that he is optimistic that Democrats and Republicans will arrive at a top-line deal for an omnibus bill.

The three-week continuing resolution will keep the government funded through March 11. Such interim spending bills keep the government funded at levels in place for the prior fiscal year and maintain spending priorities, preventing agencies and departments from allocating money to new programs.

Republicans made a new offer to Democrats on Monday and then made a counteroffer to Democrats' initial response.

"We've been moving," said Sen. Richard Shelby (R., Ala.), the top Republican on the Appropriations Committee. "We're close."

Republicans and Democrats have been locked in a fight over parity in increases for defense and nondefense spending. Senate Democrats last year proposed a \$29 billion increase in the Defense Department appropriations bill to \$725.8 billion. That was a smaller increase on a percentage basis than for spending outside defense.

Senate Minority Leader Mitch McConnell (R., Ky.) said parity in defense and nondefense spending isn't negotiable.

U.S. Seizes \$3.6 Billion in Stolen Bitcoin

By DUSTIN VOLZ AND IAN TALLEY

WASHINGTON—The Justice Department said Tuesday it seized over \$3.6 billion of digital currency stolen during a hack of a cryptocurrency exchange and arrested two suspects for allegedly trying to launder the proceeds.

The value of the cryptocurrency at the time it was seized last week marks the largest financial seizure ever by the Justice Department, officials said.

Ilya Lichtenstein, 34 years old, and his wife, Heather Morgan, 31, were arrested without incident Tuesday morning in Manhattan, the department said. They have promoted themselves on social media as entrepreneurs with deep knowledge of tech and a love of travel.

According to court documents, the suspects allegedly conspired to launder nearly 120,000 bitcoin stolen from Bitfinex's platform in 2016 after a hacker breached the exchange's systems and initiated more than 2,000 unauthorized transactions. The transactions funneled the stolen bitcoin to

a digital wallet being controlled by Mr. Lichtenstein, federal prosecutors said.

"Today's arrests, and the department's largest financial seizure ever, show that cryptocurrency is not a safe haven for criminals," said Deputy Attorney General Lisa Monaco. "In a futile effort to maintain digital anonymity, the defendants laundered stolen funds through a labyrinth of cryptocurrency transactions."

At the couple's appearance in Manhattan court Tuesday, U.S. Magistrate Judge Debra Freeman set bond at \$5 million for Mr. Lichtenstein and \$3 million for Ms. Morgan, requiring that their parents' homes be posted as security. The judge also ordered that they not have devices with internet access and prohibited them from conducting cryptocurrency transactions.

Anirudh Bansal, a lawyer for Mr. Lichtenstein and Ms. Morgan, told the judge that his clients had been aware of the government's investigation since November and hadn't tried to flee the country. Mr. Bansal declined to comment further.

Mr. Lichtenstein and Ms. Morgan face charges relating to conspiracy to commit money laundering and conspiracy to defraud the U.S. They weren't charged with carrying out the hack of Bitfinex. The Justice Department's investigation is ongoing, officials said.

Hong Kong-based digital-currency exchange Bitfinex

It marks the largest financial seizure ever made by the Justice Department.

said it was hacked in 2016, causing the price of bitcoin to sharply drop. At the time, the value of the stolen bitcoin was valued at around \$70 million, officials said.

Bitcoin, like many virtual currencies, can fluctuate wildly in price and has soared enormously since 2016. The \$3.6 billion recovered by the Justice Department is the value of

the bitcoin at the time of seizure, which occurred last week, officials said. Overall the current value of the stolen bitcoin linked to the hack is valued today at about \$4.5 billion, officials said, but only about 94,000 of the roughly 119,754 stolen bitcoin were recovered.

Bitcoin is a popular type of so-called cryptocurrency, a kind of digital currency that exists as open-source computer code and that is maintained by the operations of a vast worldwide network of computers. Officials said the fact that blockchain—the inalterable ledger that records bitcoin transactions—is public was helpful in their investigation.

The Justice Department created a National Cryptocurrency Enforcement Team last October to prosecute criminals that rely on cryptocurrency and recover illicit proceeds.

Last year, authorities were able to claw back about \$2.3 million in bitcoin that was paid by Colonial Pipeline Co. to a Russian ransomware gang that hacked the major conduit.

The couple arrested Tuesday, Mr. Lichtenstein and Ms.

Morgan, used their laundered proceeds to purchase a variety of goods and assets, including gold, nonfungible tokens and Walmart gift cards, officials said. Only a small portion of the stolen money had been spent by the time of their arrest, according to officials.

The couple is believed to have access to \$330 million in bitcoin that the government hasn't located, Assistant U.S. Attorney Maggie Lynaugh said.

Ms. Morgan and Mr. Lichtenstein, who also goes by the nickname Dutch, have promoted themselves as veteran tech and crypto entrepreneurs, according to their social-media posts. Their enterprises include co-founding Demandpath, a venture-capital fund, and Endpass, a cryptocurrency wallet.

On Medium, a publishing platform, Mr. Lichtenstein's profile describes him as a "tech entrepreneur, explorer, and occasional magician."

Ms. Morgan's profile on Forbes.com, where her articles are posted, says she is an international economist and serial entrepreneur specializing in software development.

Boost for Postal Budgeting Advances

By SIOBHAN HUGHES

WASHINGTON—The House passed legislation designed to keep the U.S. Postal Service financially viable, including by repealing a requirement that it prefund retiree health benefits, sending the measure to the Senate, where it also has broad support.

The measure passed the House by 342-92, showing the bipartisan backing for a bill that has been more than a decade in the making. Senate Majority Leader Chuck Schumer (D., N.Y.) issued a statement after the vote saying that his chamber would take up the measure soon.

The House vote "brings us one step closer to finally putting the Postal Service on a sound financial footing," said Rep. Carolyn Maloney (D., N.Y.), chairwoman of the Oversight and Reform Committee. The committee's top Republican, Rep. James Comer (R., Ky.), said the legislation will "modernize the Postal Service and ensure it remains a viable American institution."

The cash-strapped agency has been reporting losses for years, stemming in large part from a drop in first-class mail and the requirement to prefund its retiree health benefits.

The bill would void a provision in a 2006 law that required the prefunding. The bill would also require postal workers to enroll in Medicare when they reach 65 years old, saving the Postal Service \$36 billion over 10 years, the agency estimates.

Vermont Moves to Add Abortion Rights to Its Constitution

By JENNIFER CALFAS

Vermont lawmakers approved a state constitutional amendment on Tuesday enshrining abortion rights, the culmination of a yearslong legislative effort that could make the New England state the first in the U.S. with such protections. Voters will have final say on

the amendment, known as the Right to Personal Reproductive Autonomy Amendment, or Proposition 5, on the ballot in November. The proposal would establish a person's "right to personal reproductive autonomy," which would include protections around abortion, birth-control access and sterilization.

The Vermont House of Representatives on Tuesday approved the proposal 107 to 41 after over an hour of debate. Republican Gov. Phil Scott is required to give a public notice of the amendment. A representative for the governor didn't respond to requests for comment Tuesday.

If it is approved by voters, Vermont would become the first state in the U.S. with constitutional protections for abortion. Fifteen states, including New Jersey last month, have enshrined abor-



The Vermont House of Representatives in Montpelier approved the amendment Tuesday. Voters will have the final say.

tion rights under state law, and some courts have interpreted state constitutions to protect the procedure. Lawmakers in other states have moved to limit abortion rights, with four states approving

amendments stating there is no right to an abortion under their constitutions.

Voters in Vermont are expected to weigh in on the amendment months after a pivotal U.S. Supreme Court deci-

sion on federal abortion rights. The case, *Dobbs v. Jackson Women's Health Organization*, considers a Mississippi law banning the procedure after 15 weeks of pregnancy.

Supporters of the Vermont proposal say the potential waning of federal protections for abortion make a constitutional amendment a necessary step to maintain status quo.

"It is critical that we ensure that the rights we rely on today won't change tomorrow," said Lucy Leriche, vice president of public affairs at Planned Parenthood Vermont Action Fund, which was involved in the legislation.

Rep. Anne Donahue, a Republican who voted against the amendment, said the approved language could have unforeseeable consequences and weighs the rights of women over those of fetuses.

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U.S. NEWS

Steep Nurse Pay Raises Irk Hospitals

BY STEPHANIE ARMOUR
AND ROBBIE WHELAN

Hospitals and lawmakers are pressing the Biden administration to review federal pandemic-relief programs that they say have distorted pay rates for travel nurses.

Many nurses are making twice what they did before the pandemic or more on assignments at hospitals paying top dollar to fill big holes in their workforces.

Some hospitals are using federal Covid-19 relief funds to cover part of the difference between rates for travel nurses and staff salaries.

Health-industry trade groups and some members of Congress say staffing agencies matching workers with hospitals are capitalizing on a tight labor market, as many nurses have left during the pandemic, often because of burnout and fatigue.

Staffing firms say the higher pay rates are simply a matter of supply and demand. "It's kind of like saying real-estate agents set the price. The buyers and sellers participating in the market do," said Alan Braynin, president and chief executive at Aya Healthcare, the largest healthcare staffing agency in the U.S.

Almost 200 House lawmakers led by Reps. Peter Welch (D., Vt.) and Morgan Griffith (R., Va.) on Jan. 25 asked the White House to investigate the run-up in wages that staffing agencies pay contract nurses. The American Hospital Associ-

ation, the American Health Care Association and National Center for Assisted Living wrote recently to the White House that staffing firms are exploiting the pandemic by charging exorbitant prices.

The lawmakers and trade groups say Covid-19 relief funds from the Federal Emergency Management Agency are putting upward pressure on wages. FEMA in January said Hawaii would get \$95 million for traveling healthcare workers, for instance, and Texas has used billions of dollars in federal relief funds to help cover travel-nursing costs.

White House officials say they have taken steps to alleviate the nursing shortage and pressure on wages. The federal government is connecting healthcare providers to communities that need workers through grants and loan repayments and providing funds to hospitals to recruit staff, according to a White House spokesman.

The bidding war for temporary nurses reflects a healthcare system under strain but is a boon for some in the labor force.

Pay for travel nurses jumped to \$3,290 a week in December 2021 from \$1,706 in December 2019, according to Vivian Health, an online healthcare labor marketplace. The travel-nursing industry has doubled in size over the past year, said Parth Bhakta, Vivian Health's chief executive.

One staffing firm, **Snap-**



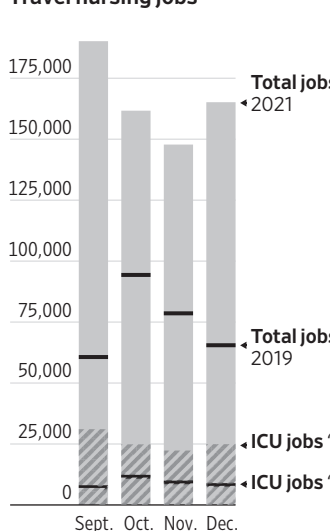
Hospital groups say virus-aid programs distort pay rates for traveling nurses. Above, a nurse in a California emergency room recently.

Nurse, advertised last year for nurses to travel to Alaska on 90-day assignments for upward of \$5,000 a week. That is more than three times the median pay for a registered nurse, according to Bureau of Labor Statistics figures. The pay was backed by a FEMA award of two staffing contracts worth \$107 million to SnapNurse and its partner DLH Holdings Corp.

SnapNurse allows nurses to register via a smartphone app for potential assignments. More than 250,000 nurses are registered on the platform, said founder Cherie Kloss, up from 10,000 before the pandemic. Revenue grew from about \$1 million in 2018 to more than \$1 billion for 2021, Ms. Kloss said.

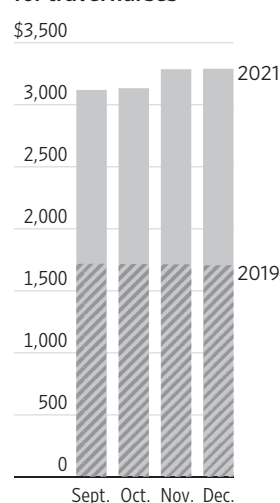
SnapNurse said it isn't overcharging hospitals. Hospitals and state health departments set pay rates, the company said. "Supplying more nurses into the field is going to be the only so-

Travel nursing jobs



Source: Vivian Health

Average weekly pay for travel nurses



lution to lowering the costs of nursing per hour," Ms. Kloss said. DLH declined to comment.

Alaska worked with hospitals to set wages for the con-

tract awarded to SnapNurse and DLH after competitive bidding, said Anne Zink, the state's chief medical officer.

"It's really hard to convince

nurses to come up to Alaska when it's minus-20 degrees in the middle of winter," she said.

In August, Mississippi approved a federally backed contract to SnapNurse and three other staffing companies that cost about \$12 million a week to hire over 1,000 nurses, respiratory therapists and paramedics to deal with pandemic-related shortages. The contract works out to roughly \$11,470 a week per medical professional hired.

Stephen McCraney, executive director of the state's emergency management agency, said demand for essential workers is unlike anything he has seen before.

"Usually a hurricane hits two or three states, so those states would get the resources at a low cost," Mr. McCraney said. "But when we're in competition with all 50 states for the same kind of assets, it's a much different situation."

Peloton's Chief Will Step Down

Continued from Page One
shares that gave them control of more than 80% of Peloton's voting power as of Sept. 30, according to a securities filing.

For a while Peloton enjoyed high times as a pandemic darling, with homebound customers ordering its exercise equipment and streaming its virtual classes. Its valuation soared. But its fortunes sagged as lockdowns eased and gyms started to fill up again. The company's value had fallen from a high of around \$50 billion about a year ago to around \$8 billion last week.

On Tuesday, the company

said it had a second-quarter net loss of \$439 million. Peloton also lowered its revenue forecast for its full fiscal year to a range of \$3.7 billion to \$3.8 billion, down from its prior range of \$4.4 billion to \$4.5 billion.

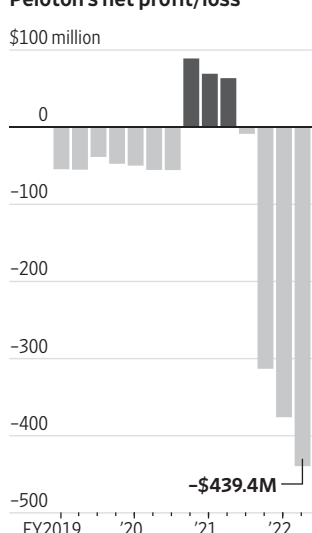
Messrs. Foley and McCarthy said that the company had long been planning to hire a new CEO and that Mr. McCarthy entered the picture in the past few weeks.

"I have always thought there has to be a better CEO for Peloton than me," Mr. Foley, 51 years old, said. "Barry is more perfectly suited than anybody I could've imagined."

Mr. McCarthy, who is 68 and plans to move from California to New York, said his strength is a deep understanding of content-driven subscription models, while Mr. Foley's is in product development and marketing.

"Together we can make a

Peloton's net profit/loss

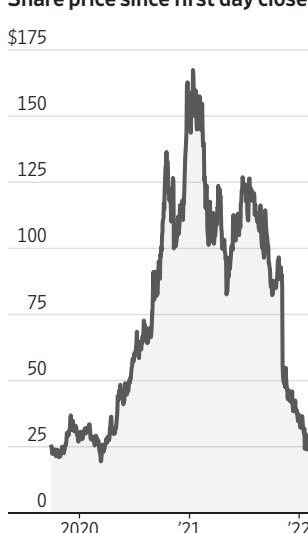


Note: Fiscal year ends June 30

Sources: S&P Capital IQ (profit/loss); FactSet (share price)

complete grown-up and build a really remarkable business," Mr. McCarthy said. He has consulted for Peloton investor Technology Crossover Ven-

Share price since first day close



tures, sits on the boards of Instacart Inc. and Spotify, and was finance chief of the music-streaming service until early 2020.

Peloton is making other personnel changes: William Lynch, president, will step down from his executive role but remain on the board; Erik Blachford, a director since 2015, will leave the board; and two new directors will be added. The new directors are Angel Mendez, who runs a private artificial-intelligence company focused on supply-chain management, and Jonathan Mildenhall, the former chief marketing officer of Airbnb Inc. and co-founder of branding company TwentyFirstCenturyBrand.

Blackwells said the executive and board changes don't address its concerns and detailed its critiques of Mr. Foley and the company in the presentation released Tuesday. It cites media quotes in which Mr. Foley admits to interviewing "almost nobody" who joins Peloton and spending little time on the company's fi-

nances and technology.

It also says he failed to imagine that demand for Peloton bikes and treadmills would ever cool, allowed his wife to run Peloton's flagging apparel business and bungled the company's \$431 million acquisition of Precor, a fitness-equipment maker.

The activist fund also highlights that insiders sold about \$496 million of their stock in 2021, including about \$96 million sold by Mr. Foley.

Peloton had no comment on Blackwells's presentation.

Peloton said it expects to cut about \$800 million in annual costs and reduce capital expenditures by about \$150 million this year.

"Where the company got over its skis is it built out a cost structure as if Covid was the new normal," Mr. McCarthy said.

—Liz Hoffman
contributed to this article.

New CEO Barry McCarthy Is Ex-Tech Exec

BY JACOB GALLAGHER
AND CARA LOMBARDO

Peloton Interactive Inc. is turning to Barry McCarthy, a former finance executive and Silicon Valley veteran, to help revive its faltering at-home fitness business.

On Tuesday, the company said Mr. McCarthy, a former chief financial officer of Spotify Technology SA and Netflix Inc., will become CEO and president and join Peloton's board, effective Feb. 9.

Mr. McCarthy, 68, is replacing Peloton co-founder John Foley, who is 51. Mr. McCarthy is well regarded in tech circles and on Wall Street for helping to take both Spotify and Netflix public.

Mr. McCarthy retired in 2019 as the chief financial officer of Spotify, where he spent five years and oversaw the company's unusual direct stock listing, and led its global ad business. He spent more than a decade as CFO at Netflix before leaving in 2010, and helped it shift from a focus on mailing DVDs to launching a streaming service. Mr. McCarthy has also served as a director at the radio service Pandora, textbook rental company Cengage and ticketing website Eventbrite.

This will be his first role as CEO of a public company.

In an interview, Mr. McCarthy said he had twice worked with successful founder entrepreneurs and would work



Barry McCarthy is known in tech circles and Wall Street for helping take Spotify and Netflix public.

alongside Mr. Foley, who will remain as executive chairman. "I understand content driven subscription business models as well as anybody on the planet," Mr. McCarthy said, while Mr. Foley has product experience.

Mr. Foley said he was confident Mr. McCarthy appreciates the company's vision, adding that he and his wife are Peloton riders.

Mr. McCarthy joins at a critical time. Peloton's pandemic boom and bust has left some shareholders with deep losses and prompted the company to cut about 2,800 jobs on Tuesday. The stock collapse and

troubles have also attracted potential suitors and an activist calling for Mr. Foley's exit. But Mr. McCarthy said he sees a silver lining.

"The Covid bubble was a great thing," he said. "It was a marketing campaign the company otherwise couldn't have afforded." He said where Peloton "got over its skis is it built out a cost structure as if Covid was the new normal." That was a mistake, he said, but he sees opportunities to reduce costs and drive growth with a subscription business.

In recent days, The Wall Street Journal reported suitors,

including Amazon.com Inc., were eyeing Peloton for possible acquisition. Mr. McCarthy's appointment could indicate Peloton sees a way forward as an independent company. "This has been a humbling time for Peloton, but we remain confident in the fundamentals of our business," Mr. Foley wrote to shareholders.

Mr. McCarthy has served as an adviser to Technology Crossover Ventures, one of Peloton's main venture capitalist investors. He is also on the board of Instacart Inc. and a blank-check company with ties to billionaire Michael Dell's family office.

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WORLD NEWS

EU Aims to Lift Microchip Output

Proposal would make \$49 billion available in bid to bolster bloc's commercial autonomy

BY KIM MACKRAEL
AND DANIEL MICHAELS

BRUSSELS—A European Union proposal to increase microchip production could unleash tens of billions of dollars in funding for research and new production facilities, part of the bloc's economywide effort to boost its commercial independence.

The European Commission, the EU's executive arm, introduced a plan on Tuesday to make available about \$49 billion in public and private funding for the chip-making industry. The proposal would also give the commission power, under some circumstances, to demand companies give priority to specific products where there is a shortage.

"Securing the supply in the most advanced chips has become an economic and geopolitical priority," said Thierry Breton, European commissioner for the internal market. "We are putting everything in place to secure the entire supply chain and avoid future shocks to our economy."

EU officials have previously said the proposal, known as the European Chips Act, is



European Internal Market Commissioner Thierry Breton said securing the supply chain is a priority.

meant to bolster the bloc's position in the global market for semiconductors. While the EU is an important supplier of the materials and machines needed to make semiconductors, it is well behind Asia and the U.S. in fabricating most kinds of chips.

The effort to increase semiconductor production in Europe comes amid a global supply crunch that has over the past year affected a range of products, from cars to smartphones and home appliances. The U.S. and China have also

proposed significant funding for the semiconductor industry in a bid to increase domestic production.

Europe and the U.S. were bigger players in the global semiconductor market in the 1990s, but both have since fallen far behind countries in East Asia, where most production is now concentrated. European officials have said they want to double the bloc's market share of semiconductors to 20% by 2030.

The European proposal is valued at about \$49 billion,

putting it close to the \$52 billion announced in U.S. legislation meant to expand American microchip production. European officials had previously said they expected the Chips Act to provide funding on a similar scale to the money planned by the U.S.

It wasn't immediately clear how the commission reached its \$49 billion figure. Niclas Poitiers, a research fellow at Brussels-based think tank Bruegel, said it appears that some of it would come from

reallocated money in the EU budget, while the remainder is expected to come from EU countries and private companies. Overall, the largest portion of the money announced Tuesday will likely come from subsidies, granted by EU countries, to encourage companies to set up facilities in Europe, Mr. Poitiers said.

Those subsidies will be possible because the commission's plan involves relaxing state aid rules to allow European countries to provide public support for certain microchip projects that wouldn't otherwise take place in the bloc.

The EU provides substantial funding for research and development in many fields but often fails to capitalize on and profit from those efforts with commercially successful products. Some critics of the Chips Act say it risks following past, failed efforts to "pick winners" or replicating other industrial subsidies efforts globally that end up using taxpayer money to attract facilities from one region to another, rather than establishing new plants that otherwise wouldn't get built.

At least two major players in the semiconductor industry, Intel Corp. and ASML Holding NV, on Tuesday said they supported the EU's plan. ASML, which is based in the Netherlands and builds machines that make chips, said the plan should go beyond chip production.

Benedict Asks for Forgiveness On Abuses

BY FRANCIS X. ROCCA

ROME—Retired Pope Benedict XVI replied to charges that he mishandled cases of clerical sexual abuse during his tenure as an archbishop in Germany, but his response seemed unlikely to remove the taint the allegations have left on his record.

In his response Tuesday, the retired pope asked forgiveness for any "grievous fault" he may have incurred, and expressed "profound shame" for failures that occurred during his long career of leadership. But he didn't admit wrongdoing.

An accompanying document from his lawyers rebutted specific charges of coverup, perjury and insensitivity to abuse victims made against the 94-year-old Benedict in January in a church-sponsored probe on historical sexual abuse in the Archdiocese of Munich-Freising. The probe faulted the then-archbishop in several cases for failing to investigate, discipline or remove abusive priests.

Benedict's lawyers said that in none of the cases did the future pope know that the priests were even suspected of sexual abuse. His lawyers said that an error in his written answers to the Munich investigators, which led to accusations of inaccurate testimony, stemmed from a "transcription error."

Anne Barrett Doyle of BishopAccountability.org, which tracks abuse cases world-wide, described Benedict's response as "a deep disappointment and missed opportunity."

"The former pope had the chance to do something brave and history-changing today. He could have become the first pope to admit to deliberate coverup and enabling of sexual abuse. By so doing, he would have set an example of radical truth-telling for other church leaders, including Pope Francis himself," Ms. Barrett Doyle said.

The Vatican, where the retired pope lives, didn't immediately respond to a request for comment on Tuesday.

The controversy has left a shadow on Benedict's legacy of fighting sexual abuse, which was one of the signature causes of his career as a cardinal and pope after he left Munich for the Vatican.

SoftBank Plans Chip Unit IPO

Continued from Page One

most likely be listed on the tech-heavy Nasdaq Stock Market in the U.S. because many of Arm's clients are based in Silicon Valley, Mr. Son said.

He said SoftBank didn't intend to keep Arm for itself because he wanted outside investors in the SoftBank-led Vision Fund, which owns a quarter of Arm, to be able to cash in through an IPO and because he wanted to give stock options as incentives to Arm employees.

Uncertainties linger around an Arm IPO, including whether the volatile semiconductor business will stay hot through this year.

Tech shares have fallen re-

cently because of tightening by the Federal Reserve. Fumio Matsumoto, chief strategist at Okasan Securities, said that made the timing for a big IPO less than ideal, and he also observed that a strategic buyer in the chip industry might pay more for Arm because of the potential synergy effects.

Still, Mr. Matsumoto said the downturn in Silicon Valley also offered opportunities for Mr. Son, and it made sense to raise cash for his war chest from an Arm IPO. "Because technology share prices have gone through a sharp correction over the past year, we are seeing a good cycle to consider preparing" for new investments, Mr. Matsumoto said.

After a rough patch a few years ago, Arm is on track for \$2.5 billion in revenue this fiscal year, which ends in March, up from \$1.98 billion the previous year, SoftBank said. Arm's operating profit, according to one type of calculation used by SoftBank, more than

doubled over the past two years to a projected \$900 million this fiscal year.

An array of consumer electronics companies as well as semiconductor companies, including Apple Inc., Samsung Electronics Co. and Qualcomm Inc., use Arm's designs in at least some of their chips. The

The collapse of the Arm deal is just one of the challenges Mr. Son is tackling.

designs are known for their low power consumption, making them nearly ubiquitous in mobile devices.

The collapse of the Arm deal is just one of the challenges Mr. Son is tackling in his globe-spanning investment portfolio. He said "we are in pain" over China's crackdown

on its big tech companies, which hit SoftBank investments including its most valuable one, e-commerce giant Alibaba Group Holding Ltd.

The past two years have seen some of the wildest swings in the four decades since Mr. Son started SoftBank. The pandemic, initially seen as a blow, soon emerged as a boon for many technology businesses including those in which SoftBank has invested. SoftBank shares surged, only to fall by half from their recent peak when the China troubles hit and the Arm deal ran aground.

SoftBank's net asset value, Mr. Son's preferred measure of the company's finances, fell by ¥1.6 trillion, equivalent to about \$14 billion, in the October-December quarter to ¥19.3 trillion. That is a fall of 30% from the peak in September 2020 and the lowest level since 2017.

Mr. Son blamed the sharp fall in Alibaba shares. The Chinese company, which once

made up the majority of SoftBank's net assets, now accounts for less than a quarter of the total.

SoftBank said it unloaded a small number of Alibaba shares to settle contracts with its lenders, but Mr. Son said SoftBank's stake in the Chinese company remained close to a quarter.

Mr. Son, who turns 65 this year, has lost a number of top lieutenants in recent years, including Chief Operating Officer Marcelo Claure, who stepped down in January after a pay dispute. Mr. Son said that while he was grooming successors, he didn't intend to step down soon.

"If I stop, I'd become an old grandpa very quickly," he said. He boasted that when he went bowling recently, he topped 200 in two different rounds—a fine score for an amateur. "I thought, 'Hey, I'm still pretty young,'" he said.

—Sam Schechner in Paris contributed to this article.

Israel Offers Palestinians Economic Aid to Curb Hamas

BY THOMAS GROVE
AND FATIMA ABDULKARIM

RAMALLAH, West Bank—Israel is rushing to prop up the Palestinian Authority, promising loans, allowing infrastructure upgrades and holding high-level talks with West Bank leaders for the first time in years, in a bid to stem the growing influence of Hamas and keep a lid on violent unrest.

Taken together, the piecemeal initiatives amount to a new period of Palestinian engagement by an Israeli centrist coalition government attempting a reset on West Bank policies after a decade of frayed relations under former Prime Minister Benjamin Netanyahu.

Israeli Prime Minister Naftali Bennett has said the renewed dialogue isn't meant to lay a foundation for peace talks, which were last held in 2014. Rather, Israeli officials say the efforts are designed to ease severe economic pain in the West Bank and ensure the survival of the Palestinian Authority, which is unpopular with constituents but provides essential security assistance to Israel.

Defense Minister Benny Gantz, who has met twice with Mahmoud Abbas, president of the Palestinian Authority, said last week that Israel's security is at the heart of his meetings.

"Ties with the Palestinian Authority strengthen the moderates and weaken our enemies, led by Hamas," he told lawmakers last week.

Israel sees a major threat in the growing West Bank popularity of Hamas, the Palestinian militant group that rules the Gaza Strip and has been designated a terrorist organization by the U.S. and Israel.

Polls show Palestinian support for Hamas has grown since a violent conflict last



A Palestinian woman shops in Ramallah. Israel's efforts to help Palestinians are designed to ease economic pain in the West Bank.

May with Israel because it struck the country's heartland with rockets, even though hundreds of Gazans died.

High-level discussions between Israeli officials and the Palestinian Authority hadn't occurred for more than a decade under Mr. Netanyahu, who publicly threatened to annex West Bank territory for Israel. Israeli officials say there is an urgency to getting relations between Israeli government and Palestinian authorities back on track, particularly given the West Bank's dire economic situation and Hamas's gains.

On Sunday, Mr. Abbas said his government was engaging

with Israel to ease problems that had accumulated in recent years but wanted greater concessions from Israel.

"This has not and will not be a substitute for our demands for a political solution in accordance with international resolutions to end the occupation," said Mr. Abbas.

The Palestinian engagement has drawn criticism from Mr. Netanyahu's Likud Party, which said the moves would compromise Israel's security. Others say the Palestinian Authority has delegitimized itself by paying money to the families of those who wind up in Israeli jails—payments the Pal-

estinians say are a social safety net for families that have lost their breadwinners.

An important Israeli initiative for the West Bank has been the issuance or renewal of several thousand identity cards for Palestinians. With military checkpoints dotting most major roads, Israeli-approved identity cards are essential for Palestinians to travel anywhere in the country.

Israel has likewise permitted Palestinian cellular providers to upgrade their networks to 4G capabilities. Israel also promised a loan of 500 million shekel, equivalent to \$160 million, to make up for tax reve-

nues Israel takes away from the Palestinian Authority for the money it gives the family members of those in Israeli jails.

The Israelis' Palestinian posture largely is endorsed by the Biden administration, echoing parts of the Trump administration's focus on economic progress for Palestinians over a separate Arab state. A senior State Department official said longstanding U.S. policy seeking a Palestinian state hasn't changed, "but as making progress towards that goal is difficult at this time, it is vital that we support tangible, practical steps toward improving Palestinian lives."

Neither Israelis nor Palestinians are eager for the resumption of U.S.-led peace talks. Palestinians largely have lost hope that Washington's involvement helps their cause, while Israelis, particularly under Mr. Netanyahu, have preferred to address security concerns as they arise instead of addressing overarching political solutions.

For the Israeli government, the Palestinian initiatives are aimed at helping rein in West Bank discontent that has boiled over in violence in recent months. That violence has involved attacks on Israelis in Jerusalem as well as an uptick in armed confrontations between Israeli settlers who live in the West Bank and Palestinians.

Polling data shows the Palestinian Authority regained considerable support after its popularity hit recent lows last year when longstanding problems such as corruption allegations, bad services and alleged coziness with Israel were compounded by its decision to cancel parliamentary elections last April. The West Bank hasn't held elections since 2006.

At the same time, nearly two thirds of Palestinians no longer see a two-state solution as a viable way forward, polls show. Some Palestinians say they are angry with the Palestinian Authority, set up some 30 years ago as a temporary bridge to an eventually independent government overseeing its own state.

The Palestinian Authority says it has been undermined by growth of Jewish settlements and lack of support from Arab states such as the United Arab Emirates and Bahrain, which have normalized their relations with Israel.

Some Palestinians say they are eager for any measures that could make their lives easier, even if it comes from Israel.

WORLD NEWS

Ukraine Gears Up For Military Drills, As Macron Visits

By MATTHEW LUXMOORE AND MATTHEW DALTON

KYIV, Ukraine—Ukraine's armed forces geared up for military exercises in response to Russia's troop buildup along its borders as French President Emmanuel Macron shuttled from Moscow to Kyiv on Tuesday in an attempt to ease tensions and avert a conflict.

In a television interview late Monday, Ukraine's defense minister, Oleksii Reznikov, said soldiers would conduct maneuvers and training with antitank weapons newly supplied by the U.S. and U.K., as well as Turkish armed drones.

Mr. Reznikov didn't disclose the scale of the drills, but said they would begin Thursday, the date Russia has said it intends to hold joint exercises with ally Belarus near Ukraine's northern border, and last for more than a week.

Russia has deployed more than 100,000 combat-ready troops near Ukraine's borders and President Vladimir Putin has warned he would take unspecified actions if Washington and its European allies don't accept security demands.

On Tuesday, Russia's Defense Ministry said a naval force including amphibious assault ships was preparing to pass through the Bosphorus on the way to the Black Sea, south of Ukraine. The U.S. has warned that Russia could launch an invasion at any time. Moscow denies it intends to attack Ukraine.

Mr. Macron met with Ukrainian President Volodymyr Zelensky in Kyiv after discussions Monday with Mr. Putin in Moscow as the French leader sought to defuse the Ukraine crisis.

A French official said Messrs. Macron and Putin discussed the possibility of Russia pledging not to take new military actions and to withdraw troops from Belarus after the military exercises there. They also consid-

ered proposals to start a new dialogue on collective security, the French official said.

Mr. Putin "told me that he wouldn't be at the origin of an escalation," Mr. Macron said at a news conference, alongside Mr. Zelensky.

Kremlin spokesman Dmitry Peskov on Tuesday said Russian troops would leave Belarus after the exercises are complete. He said that always was Russia's intention, and it doesn't indicate any concession to Mr. Macron.

At the core of the latest round of talks is the question of the Minsk-2 agreement, a deal that Kyiv signed after its army was dealt a heavy blow in February 2015 during the height of a conflict with Russian-backed forces in Donbas, eastern Ukraine. Russian and Ukrainian negotiators met in Paris last month to discuss ways to implement the Minsk-2 agreement and are set to meet again in Berlin this week.

The deal, which has remained dormant as Kyiv and Moscow disagreed over how to implement it, could give Russia a significant say in Ukraine's future and offer Mr. Putin a potentially face-saving way to de-escalate the current crisis if his demands are met.

France and Germany sponsor the Minsk negotiating process, and some Ukrainian officials are concerned that Mr. Macron might push Kyiv to agree to demands that threaten Ukraine's ability to remain a sovereign country.

On Tuesday, Mr. Macron said he got a "very clear and explicit commitment from President Putin and President Zelensky to engage on the strict basis of the Minsk accords," Mr. Zelensky said he and Mr. Macron agreed to strengthen Ukraine's border force with new patrol boats. They signed deals to supply Ukraine with firefighting equipment and locomotives.



'I feel like it would be good for America,' Anastasia Bukhteyeva, a graduate student near Moscow, says of a potential war in Ukraine.

Many Russians Blame West for Crisis

By EVAN GERSHKOVICH AND MATTHEW LUXMOORE

Like many Russians, graduate student Anastasia Bukhteyeva hopes the current standoff between Russia and the West over Ukraine doesn't erupt into a full-scale war. But if fighting does break out, the 24-year-old is sure of one thing: It won't be Russia's fault.

"I have a feeling that someone is trying to provoke Russia," said Ms. Bukhteyeva, who is studying to be an elementary school teacher. "I feel like it would be good for America."

Russian President Vladimir Putin has said that Western powers are goading Moscow into attacking Ukraine. The West counters that Russia is illegally occupying part of Ukraine and that its troop buildup is aimed in part at pressuring Ukraine to return to Moscow's sphere of influence.

With the Kremlin having stifled political opposition in Russia after a yearlong crackdown on dissent, there are few voices left to challenge Mr. Putin's hard-line message, which,

according to pollsters and analysts, is key to winning the tacit support of a Russian population worn down by the pandemic and a stagnant economy.

State-run media has echoed Mr. Putin's depiction of Russia as a victim in the standoff. Television has accused Washington of bringing Ukrainians for military training run by the Central Intelligence Agency, sending U.S. mercenaries to Ukraine and helping transport chemical weapons to the Donbas in eastern Ukraine.

The U.S. warned in November that Russia could launch false flag operations to justify an attack, and last week officials said they had intelligence that Moscow is planning to release a video featuring a staged attack by Kyiv's military forces.

"Putin's policy is to keep all doors open," said Alexander Baunov, a senior fellow at the Carnegie Moscow Center. "But if Russia feels it necessary to attack, then it needs a pretext."

Independent Russian pollster Levada Center found in December that two-thirds of respon-

dents blame Ukraine, the U.S. or the North Atlantic Treaty Organization for the escalating tensions—4% blamed the Kremlin.

Ilya Shepelin, who analyzes government-run media on the independent Dozhd television channel, said airtime devoted to Ukraine is now at its highest level since Moscow seized Cri-

'I have a feeling that someone is trying to provoke Russia' into war over Ukraine.

mea in early 2014 and began backing the rebellion in Donbas.

"The main point is that we don't want to attack Ukraine," he said of the view advanced on state media. "We are peaceloving, but Western media are making us the aggressors."

Mr. Putin is simply "displaying his strength" to boost his approval ratings, said Ivan Mertsalov, an 18-year-old university student. "He doesn't

need an invasion."

Many Russians have opted out of closely tracking politics after a year that saw the opposition dismantled, independent media hounded and prominent rights groups closed, said Sergei Belanovsky, a sociologist.

Instead, Russians are more concerned about Covid-19 and their own finances, he said. In late December, state pollster VtSIOM found that rising inflation, the pandemic and falling standards of living after years of Western sanctions were bigger concerns than politics or the threat of war.

Since he first started hearing about Russian troop movements last fall, Ivan Popov, a Moscow bartender, has only overheard customers discuss the crisis a couple of times. "Our patrons mostly discuss the virus, who's gotten sick," he said.

Mr. Popov, 30, believes "geopolitical games" are at fault for the tensions but he hasn't followed events too closely because, he said, "It's not my war." For him, the pandemic and the economy were more important concerns.

MAKING WAVES
RAOUL DUFY

Revered artist. Dynamic composition. Dramatic color.



Known for brilliant color palettes and depictions of the sea, this original watercolor and gouache by Raoul Dufy titled *The Visit of the English Squadron to Le Havre* expresses his affinity for water while commemorating a historic event that occurred in his hometown, a naval campaign by the British Royal Navy. The resulting work is full of intense vigor, displaying the bright fluidity for which Dufy is so loved. It anticipates the work of the great Marc Chagall, who also produced highly personal works with recurring motifs just a few decades later. Circa 1925. Signed (lower center).

Paper: 15 5/8" h x 24 3/4" w; Frame: 22 3/4" h x 31 1/4" w. #31-4685

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WORLD WATCH

CANADA

Protests Disrupt Traffic at U.S. Border

Protesters fighting Covid-19 vaccine mandates temporarily stopped two-way traffic on the busiest international land-border crossing in North America, as a nearly two-week demonstration in Ottawa threatened to expand and disrupt U.S.-Canada trade.

Authorities in Canada and the U.S. said the Ambassador Bridge, a 1.6-mile corridor that connects Detroit with Windsor, Ontario, was temporarily closed late Monday night because of a demonstration by truckers and their supporters.

The protesters are calling for governments to rescind Covid-19 policies requiring individuals to be fully vaccinated to enter restaurants and gyms, or to board planes and trains. About 600 people in heavy-duty trucks, sport-utility vehicles and pickup trucks assembled on a major north-south corridor leading to the bridge, according to a witness.

A spokeswoman for the Ambassador Bridge said span reopened early Tuesday for vehicles traveling from Windsor to Detroit. A spokeswoman for the Canada Border Services Agency said entry into Canada via Ambassador Bridge remained closed.

—Paul Vieira

HONG KONG

Malls, Supermarkets Will Require Vaccines

Unvaccinated residents will be barred from Hong Kong's supermarkets and malls, as city officials try to beat back a record outbreak of Covid-19.

The restrictions unveiled Tuesday by Hong Kong Chief Executive Carrie Lam expand a vaccine mandate due to be implemented Feb. 24 that covered venues such as restaurants and gyms.

The financial hub is racing to contain a fast-growing outbreak driven by the highly transmissible Omicron variant of the coronavirus. Daily cases exceeded 600 for the second consecutive day Tuesday, with some transmission linked to gatherings during the Lunar New Year.

The numbers, while small in global terms, have rattled a city of 7.4 million that largely has kept the virus at bay throughout the pandemic with stringent border controls. Hong Kong has recorded a total of about 16,000 cases and 213 deaths since January 2020.

Of the 1,668 Covid-19 cases in the hospital system as of Monday, three were considered serious or critical.

The target is a vaccination rate of 90%, Mrs. Lam said, up from the current 80.4%.

—Natasha Khan

CHINA

Pro-Beijing Accounts Flood Hashtag Effort

Pro-China accounts have been flooding Twitter with messages that include the hashtag #GenocideGames, in what researchers say is an effort to dilute the hashtag's power to galvanize criticism of the Winter Olympics host nation.

Human-rights advocates and Western lawmakers have used the #GenocideGames hashtag to raise awareness about Xinjiang, where authorities have conducted forcible assimilation efforts against religious minorities, including Uyghur Muslims.

China's cabinet, the State Council and the Cyberspace Administration of China didn't respond to requests to comment.

In a campaign that began in late October, the largely automated accounts are posting spam-like notes that Darren Linville and Patrick Warren, professors at Clemson University's Media Forensics Hub, say appear intended to make the hashtag harder for activists to mobilize around. Such a tactic typically aims to dilute the effectiveness of a popular hashtag so that other Twitter users searching the term see swarms of unrelated content.

—Georgia Wells



RESCUE MISSION: Crews worked Tuesday to find survivors after a landslide in Pereira, Colombia. At least six people were killed and 20 injured after heavy rains pelted the area.

FROM PAGE ONE

Ukraine's President Seeks Calm

Continued from Page One whether he is right.

The Ukrainian's approach to Moscow has toughened since he took office in 2019, but central elements remain. He picks only certain battles with the Kremlin, leaving the door ajar for diplomacy. He urges calm to keep Ukraine and its economy secure. And he's keen to avoid being big-footed by Western powers.

Mr. Zelensky is the sixth Ukrainian president caught between Moscow and Washington since the country's independence from the Soviet Union. The U.S. and its allies are trying to avert a potential Russian attack that President Biden has described as potentially the largest land invasion since World War II. Mr. Putin wants to yank his nation's former vassal away from the West, if not through an invasion then by wrecking its finances.

"He wants to project determination and calm because the threat the Russians are posing is also having an effect on the economy," said William Taylor, a U.S. ambassador to Ukraine under former Presidents George W. Bush and Barack Obama, who met with Mr. Zelensky late last month. "On the other hand, he has to project calm, determination and resolve to Putin to stare him down," said Mr. Taylor, who also served as acting ambassador to Ukraine during the Trump administration.

Increased security

Mr. Biden spoke by phone with Mr. Zelensky not long after the TV appearance to warn about the increased security threat from Russia, U.S. officials said. When Mr. Zelensky argued that the threat has been constant since 2014, Mr. Biden disagreed, the officials said. Russian troops were not far away in southern Belarus, the U.S. president noted, posing a potential game-changer.

Mr. Zelensky still believes an invasion is unlikely, according to people familiar with his thinking, and worries that dire public warnings from the U.S. about a possible invasion are serving to amplify Russian efforts to destabilize Ukraine and its economy. A spokesman for the Ukrainian president declined to answer a list of questions from this article.

Allies say Mr. Zelensky is a sharp, creative political outsider who has shed some of the naiveté he displayed in asserting, when he took office in 2019, that he could negotiate a peace deal with Mr. Putin. They say his approach has merit, noting the national currency, the hryvnia, has stabilized.

Opponents, including some former advisers, say he is vain, vengeful and increasingly isolated. His predecessor and the current opposition leader, Petro Poroshenko, said in a January interview that Mr. Zelensky is fumbling his response to Russia's military buildup. Last month, as Mr. Zelensky met with U.S. Secretary of State Antony Blinken, thousands of Poroshenko supporters demonstrated against Kyiv's investigation of the ex-president in a

treason case, which Mr. Poroshenko says is a fabrication.

Even by the standards of Ukraine—whose leaders have included a former rocket-factory boss, a twice-jailed ex-transport manager and a confectionary tycoon—Mr. Zelensky stands out. Born in a rough, industrial town in central Ukraine, he excelled at school and stood out on gang-infested streets wearing red socks and earrings, childhood friends recalled.

Political ascent

Mr. Zelensky's role in a sitcom as an honest school-teacher-turned-president propelled him to a landslide victory in the April 2019 election, where he ran as an outsider who would bring peace and uproot Ukraine's corrupt political system. His ascent evoked fascination abroad. Then-President Donald Trump reached him on an aide's cellphone to congratulate him shortly after Mr. Poroshenko conceded on election night.

Mr. Zelensky blamed Mr. Poroshenko for poor relations with Russia, and set out to fix them through a personal connection with Mr. Putin. In a victory speech, Mr. Zelensky portrayed his victory as one for Ukraine's vibrant if unruly democracy in a region dominated by authoritarian leaders, telling other former Soviet citizens: "Everything is possible."

Mr. Putin didn't call. He signed a decree easing the path to Russian citizenship for residents of areas in the Donbas region of eastern Ukraine, controlled by Russian-led militants since 2014. "It was Putin setting the agenda," said Oleksandr Danylyuk, Mr. Zelensky's national security adviser until October 2019.

After three months of silence from the Russian president Mr. Zelensky picked up the phone. "He was sure he could make a deal with Mr. Putin," said one former adviser. "I think he still does."

Short of a peace deal, Messrs. Zelensky and Putin in 2019 agreed to a prisoner swap, a transaction that let each man size up the other. Mr. Zelensky learned that the Kremlin would negotiate on at least some things; Mr. Putin learned that he had some control over Mr. Zelensky's ability to deliver on his electoral promises.

Learning curve

Mr. Zelensky faced a sharp learning curve. Aides coached him on essential matters of governance, such as the structure and functions of state institutions. Some advisers were enthused by his collegial style, eagerness to learn and apparent aversion to the kind of



Volodymyr Zelensky

'We don't have any misunderstandings with President Biden,' the Ukrainian president said last month. 'I just deeply understand what's happening in my country, just as he does with the U.S.'

back-room deals with tycoons and other power brokers that marred predecessors' terms. Others close to him worried about large, unwieldy meetings and his connections with a powerful businessman who has since been banned from the U.S.

Strained ties

U.S. ties, meanwhile, were strained. After Kyiv failed to persuade the Obama administration to deliver lethal aid in the form of Javelin antitank missiles, Mr. Trump in 2017 reluctantly approved a transfer under Mr. Zelensky's predecessor. However, Mr. Trump had put other forms of military aid on hold in 2019. Around that time, Mr. Trump had urged Mr. Zelensky in a phone call to pursue a probe into Mr. Biden, then a likely Democratic challenger, and his son's activities in Ukraine. That request to Mr. Zelensky was at the heart of Mr. Trump's first impeachment. He was acquitted in the Senate.

When Mr. Zelensky first met Mr. Trump in New York in September 2019, the U.S. president counseled him to seek a deal with Mr. Putin, who Mr. Trump assessed was smarting from economic sanctions.

Soon after, Russia, Ukraine and the separatists agreed a path toward implementing a peace deal signed in 2015. The agreement halted large-scale fighting but failed to reintegrate areas out of the government's control. They inched toward a new timetable for the

steps. It was the first major progress on the deal in years, and signaled that peace in Ukraine's east was a possibility, albeit still a distant one.

But opposition was rising in Kyiv. Thousands of protesters, including veterans, took to the streets to accuse Mr. Zelensky of weakness. Some were incensed by a deal to pull forces back in some areas. Political opponents and media commentators argued that Mr. Putin was outfoxing the novice president.

Mr. Putin has publicly accused Mr. Zelensky of building an 'anti-Russia.'

Sanctions list

Mr. Zelensky, accustomed to the applause of fans, was stung by the criticism. Former aides say Mr. Zelensky learned a lesson from the episode. He pressed ahead with talks but adopted a firmer tone. That November, a meeting with Mr. Putin and the leaders of France and Germany yielded a vague commitment to a deal, but a concrete date only for a ceasefire. Mr. Zelensky and his advisers began speaking publicly of an unspecified Plan B if peace wasn't achieved within a year. Russia agreed to a further prisoner swap and its state-controlled gas company paid Ukraine \$2.9 billion to settle debts for gas transit—compro-

mises that former Zelensky advisers say were aimed at seducing the president into big concessions. But talks petered out as Mr. Zelensky came to acknowledge that Mr. Putin's aim was to gain a veto over Ukraine's future. "It was a maturing process," said Mr. Taylor, the former ambassador. Relations with the U.S., meanwhile, were in limbo, as Ukrainian officials tried not to get dragged into the U.S. election.

One former adviser recalled taking two folders to meetings with U.S. officials, one tackling the economy, security and energy issues and the other on how to navigate the run-up to the election. "We never opened the first folder until Biden was inaugurated," the adviser said.

Sanctions list

After Mr. Biden took office in January 2021, Mr. Zelensky's security council placed Viktor Medvedchuk, a pro-Russian lawmaker and close personal friend of Mr. Putin's, on its sanctions list and banned his three television channels. Ukraine's top prosecutor later accused Mr. Medvedchuk of high treason, and a court placed him under house arrest. Mr. Medvedchuk denies wrongdoing.

Then, Mr. Zelensky signed a decree launching a diplomatic initiative called the Crimea Platform, aimed at taking steps toward reclaiming Crimea, which Russia seized in 2014.

Moscow had already all but given up on making progress in

talks, saying Mr. Zelensky lacked the will or was under sway of nationalists, a catchall term Russian officials often use to describe pro-Western Ukrainians. But now the Kremlin was furious. Mr. Putin publicly accused Mr. Zelensky of building an "anti-Russia."

Russia began staging military exercises around Ukraine, involving tens of thousands of troops. Mr. Putin withdrew some of them after Mr. Biden agreed to a summit.

Olive branch

Offering a small olive branch to Moscow, the administration declined to levy sanctions on Russia's nearly complete Nord Stream 2 gas pipeline to Germany. If the pipeline opens, Russia will be able to cut gas shipments to Europe via Ukraine and payments for them. Ukrainian officials fear that would make them more vulnerable.

The U.S. move disappointed Mr. Zelensky. He began pushing vocally for membership in the North Atlantic Treaty Organization. The alliance had dangled membership in 2008 without setting a timeline. He was under no illusions that Ukraine would be offered membership, but wanted to expose what he saw as the West's insincerity and to appear strong by making demands rather than pleading, former aides said.

Russian troops and equipment remained near Ukraine's borders. "Putin saw the Nord Stream 2 decision as a weakness and started pushing," said a former Zelensky adviser.

When reports emerged in October of a fresh Russian buildup, Ukrainian officials played them down. In January, Washington sharpened its warnings and put U.S. troops on high alert, pointing to Moscow's planned military exercises in Belarus, which it said poses a serious threat not only to Kyiv, but all of Eastern Europe.

Mr. Zelensky argued that the U.S. was misreading the situation. His administration was particularly vexed, senior Ukrainian officials said, by the American decision to remove diplomats' families and nonessential personnel from Kyiv, giving the impression that the capital was about to fall like Kabul a few months earlier. The U.S. move, and several governments raising their risk assessments of Ukraine, led investors to pull money from the country.

"We don't have any misunderstandings with President Biden," Mr. Zelensky said at a press conference last month. "I just deeply understand what's happening in my country, just as he does with the U.S."

—Matthew Luxmoore contributed to this article.



Tanks during exercises in the southern Rostov region of Russia in January. Mr. Zelensky believes an invasion is unlikely, say people familiar with his thinking.

Billionaire Has Secret Cause

Continued from Page One often has its producers move pigs out of the containers only after confirming they're pregnant. Many wait to do so until the sows are four to six weeks into their 16-week pregnancies. Mr. Icahn had expected the use of so-called gestation crates to be banned altogether.

The man who helped send TWA into bankruptcy and partly inspired Gordon Gekko, the ruthless corporate raider in "Wall Street," is spending a lot of time advocating for better treatment of pigs, using many of the same tactics.

Mr. Icahn got involved with the Humane Society of the United States, which is leading the push, at the behest of his daughter, Michelle Icahn Nevin, a vegetarian animal-lover who was working there at the time.

He learned details of the pigs' plight when he hosted a Humane Society executive for dinner at his Manhattan penthouse. The nonprofit was having trouble getting McDonald's to take action until it corralled Mr. Icahn.

"Animals are one of the things I feel really emotional about," says Mr. Icahn. He and his wife have three small dogs. He says he feels particular affection for pigs, pointing to their intelligence. A recent study suggested a kinship with humans by showing pigs can play videogames with their snouts.

McDonald's declined to comment on the difference in the interpretation of the 2012 pledge. It said in a written statement that more than 60% of its U.S. pork is sourced from "confirmed pregnant sows" not housed in gestation crates, and it expects that figure to be 85% to 90% by the end of this year.

It said industrywide challenges including outbreaks of swine disease and the Covid-19 pandemic delayed producers' ability to meet the original timeline. As a result, the com-

pany said, it has extended it to 2024. The company said that it maintains an active dialogue with Mr. Icahn and the Humane Society.

Mr. Icahn, who turns 86 next week, until now hasn't waded into the socially conscious investing trend sweeping Wall Street. He is more often seen slinging mud at what he views as greedy CEOs and docile boards, and has amassed an estimated \$17 billion fortune.

Mr. Icahn typically scoops up hundreds of millions worth of shares in the companies he targets and pushes them to make changes to boost their stocks. One of his most successful bets, on Netflix Inc., made him a \$2 billion profit in 2015.

In the case of McDonald's, he owns only roughly 100 shares, or about \$26,000 worth, which he bought recently.

Mr. Icahn has already threatened privately to run a proxy

fight for board representation, according to people familiar with the matter. It's a threat he's followed through on at other companies, though not usually with such a small share holding.

McDonald's has been conferring with Wall Street advisers to help should he launch a full-fledged campaign over how its sausage is made, people familiar with the matter said.

On a recent phone call with McDonald's Chief Executive Chris Kempczinski, Mr. Icahn bristled at the company's interpretation of the pledge, which banned using the stalls to house pregnant sows. "You're just hiding behind the word pregnant," Mr. Icahn told the CEO. "When you keep injecting semen into the sow every day, you don't think she's going to be pregnant?"

Gestation crates are typically about two feet wide and prevent sows from turning around, maximizing use of available space. Some producers say it also prevents the pigs from harming one another. Breeding pigs can produce seven or more piglets per litter, totaling well

over 60 piglets in consecutive pregnancies over a few years.

Massachusetts and California have outlawed the sale of pork produced using such crates in most circumstances. Some brands say they don't use them at all, including Applegate Farms and Niman Ranch.

Widespread use of gestation crates began in the 1970s as pork producers gave priority to efficiency. A 1978 article in the industry publication National Hog Farmer suggested producers consider the sow "a valuable piece of machinery whose function is to pump out baby pigs like a sausage machine."

"Under that mind-set, the industry went, no pun intended, hog wild into moving pigs into gestation crates," says Matthew Prescott, senior director of food and agriculture for the Humane Society, who has been focused on eliminating the crates since 2002.

Mr. Icahn's interest in McDonald's doesn't extend to eating its products (his tastes run more toward vodka martini and penne pasta). He thinks he ate at McDonald's once, roughly 20 years ago.



Carl Icahn, pictured in 2015, owns roughly 100 shares in McDonald's.



The 94th Academy Awards are scheduled for March 27, after another year in which the pandemic reshaped the movie-viewing experience.

By JOHN JURGENSEN

“THE POWER OF THE DOG” scored 12 Oscar nominations Tuesday, including nods for best director and best picture. The psychological Western from director Jane Campion received the most nominations among films in the running for the 94th Academy Awards scheduled for March 27, giving Netflix a shot at its first-ever win for best picture.

The sci-fi epic **“Dune”** also led with 10 nominations, followed by the period drama **“Belfast”** and Steven Spielberg’s update of **“West Side Story,”** both with seven nominations.

The Academy of Motion Picture Arts and Sciences committed to a field of 10 nominees for best picture, instead of a number that fluctuated from year to year. The goal was to capture a broader range of films in the most prestigious category. The nominees for best picture are: **“Belfast,” “CODA,” “Don’t Look Up,” “Drive My Car,” “Dune,” “King Richard,” “Licorice Pizza,” “Nightmare Alley,” “The Power of the Dog,”** and **“West Side Story.”**

Now the field is set for a second Oscars saddled with the baggage of Covid-19. The pandemic continues to force the issue of what movies people actually want to watch, and where. Hollywood’s biggest night is the focal point of a debate about the value of movies, both commercially and as a source of common ground in culture. In 2021 the Oscars went from a ritual of arguable relevance to one in real crisis with a 58% drop in viewers.

Kristen Stewart scored her first nomination for best actress in a leading role for her

With 12 Nods, ‘Dog’ Is Leading The Oscar Pack

turn as a beleaguered Princess Diana in **“Spencer.”** The other nominees were Jessica Chastain (**“The Eyes of Tammy Faye”**), Olivia Colman (**“The Lost Daughter”**), Penélope Cruz (**“Parallel Mothers”**), and Nicole Kidman (**“Being the Ricardos”**).

The nominees for best actor in a leading role were Javier Bardem (**“Being the Ricardos”**), Benedict Cumberbatch (**“The Power of the Dog”**), Andrew Garfield (**“tick, tick...BOOM!”**), Will Smith (**“King Richard”**) and Denzel Washington (**“The Tragedy of Macbeth”**).

Ms. Campion, first nominated for best director for her 1993 film **“The Piano,”** became the first woman ever to be nominated twice in the category with **“The Power of the Dog.”** Other directors nominated were Kenneth Branagh (**“Belfast”**), Ryusuke Hamaguchi (**“Drive My Car”**), Paul Thomas Anderson (**“Licorice Pizza”**) and Steven Spielberg (**“West Side Story”**).

The best-picture field was split between films that received a traditional theatrical release and films that could be found on major streaming plat-

forms. **“Belfast,”** a black-and-white family drama set in Northern Ireland in 1969, took a textbook Oscar path, playing in theaters since mid-November.

“West Side Story” had been held over from 2020 in hopes of it making a big splash upon release in theaters in December. It won over critics and Oscar voters, too, apparently, but the musical fell flat at the box office. Director Guillermo del Toro’s noir thriller **“Nightmare Alley”** also struggled in theaters but emerged with four Oscar nominations.

Among streamers, Apple landed its first Oscar nominations in the splashiest categories. Best-picture nominee **“CODA,”** a coming-of-age story that revolves around a deaf family, also earned nominations for supporting actor Troy Kotsur, the first deaf male actor to be nominated for an Oscar. He is the second deaf performer ever to be nominated for an Oscar in acting. (The first was his co-star in the film, Marlee Matlin, who won best actress for **“Children of a Lesser God”** in 1987.) Writer-director Siân He-

der also got a nod for best adapted screenplay for **“CODA,”** which stands for “child of deaf adults.”

Apple, which made its Oscar debut last year, secured three nominations for **“The Tragedy of Macbeth,”** including Mr. Washington’s 10th career Oscar nomination.

“Dune” and **“King Richard”** symbolize many of the issues the industry is facing. Warner Bros. gave both films a hybrid release in theaters and on streaming service HBO Max, a controversial strategy the studio applied to its entire 2021 movie slate. The move caused friction with filmmakers and this week resulted in a lawsuit against Warner Bros. by the coproducer of **“The Matrix Resurrections.”**

Many of this year’s top nominees came out in late 2021, just as the Omicron variant was squelching the industry’s hopes of enticing grown-up audiences back to theaters for anything other than superhero pictures.

They included **“Licorice Pizza,”** writer and director Paul Thomas Anderson’s film about an odd-couple relationship in the 1970s. It was nominated for best picture, best director and original screenplay.

In recent years the Academy has aggressively grown its voting body, with big increases among members outside the U.S. That expansion might have factored into the strong showing for certain international films, especially **“Drive My Car,”** from Japan. Championed by critics, the three-hour film adapted from a Haruki Murakami story, received four nominations, including nods for best adapted screenplay and international feature.

And the nominees include...

Best Picture

- “Belfast”**
- “CODA”**
- “Don’t Look Up”**
- “Drive My Car”**
- “Dune”**
- “King Richard”**
- “Licorice Pizza”**
- “Nightmare Alley”**
- “The Power of the Dog”**
- “West Side Story”**



Jane Campion’s ‘The Power of the Dog’

Best Actor

- Javier Bardem** in **“Being the Ricardos”**
- Benedict Cumberbatch** in **“The Power of the Dog”**
- Andrew Garfield** in **“tick, tick...BOOM!”**
- Will Smith** in **“King Richard”**
- Denzel Washington** in **“The Tragedy of Macbeth”**

Best Actress

- Jessica Chastain** in **“The Eyes of Tammy Faye”**
- Olivia Colman** in **“The Lost Daughter”**
- Penélope Cruz** in **“Parallel Mothers”**
- Nicole Kidman** in **“Being the Ricardos”**
- Kristen Stewart** in **“Spencer”**



‘Belfast’ is set in Northern Ireland in 1969.

Best Supporting Actor

- Ciarán Hinds** in **“Belfast”**
- Troy Kotsur** in **“CODA”**
- Jesse Plemons** in **“The Power of the Dog”**
- J.K. Simmons** in **“Being the Ricardos”**
- Kodi Smit-McPhee** in **“The Power of the Dog”**

Best Supporting Actress

- Jessie Buckley** in **“The Lost Daughter”**
- Ariana DeBose** in **“West Side Story”**
- Judi Dench** in **“Belfast”**
- Kirsten Dunst** in **“The Power of the Dog”**
- Aunjanue Ellis** in **“King Richard”**

Best Director

- “Belfast”** Kenneth Branagh
- “Drive My Car”** Ryusuke Hamaguchi
- “Licorice Pizza”** Paul Thomas Anderson
- “The Power of the Dog”** Jane Campion
- “West Side Story”** Steven Spielberg

Buy-Now, Pay-Later Travels Booming

By ALLISON POHLE

More travel companies are offering buy-now, pay-later deals for their flights, cruises and vacation packages. For consumers, the most important details to know are the interest rate and fine print before agreeing to the deal.

Buy-now, pay-later for travel is a type of layaway plan. Consumers basically take out a loan to go on their trip and then make small payments over months or even years. This allows them to go on their trips and continue to make payments after they return.

Uplift, a buy-now, pay-later company primarily focused on travel, counts United Airlines, Royal Caribbean Cruises and SeaWorld among its 200-plus partners. Affirm Holdings, which works with American Airlines, Delta Vacations and Expedia, says its travel business grew eightfold compared with the prior year for the quarter ended Sept. 30.

Buy-now, pay-later services say they offer flexibility to customers. But there are pitfalls. While some companies offer interest-free travel deals to qualified buyers, interest on

some deals can run above 30%. That can add hundreds more dollars to the trip’s total cost.

They have also drawn attention from regulators. In December, the Consumer Financial Protection Bureau launched an inquiry into such plans—which can be used to pay for everyday items—to learn more about their role in consumer debt and how they use consumer data.

Here’s what to keep in mind about buy-now, pay-later for travel:

Customers booking their travel through an airline, cruise or travel company site might see the buy-now, pay-later option presented at checkout. Those who choose this method will be prompted to provide information to the buy-now, pay-later company, which will determine whether they qualify for a loan.

This method may feel convenient, but buyers should examine the terms of the plan, financial planners say.

David Tuzzolino, founder of Path-Bridge Financial, a firm that specializes in financial planning for people who love to travel, says he understands the desire to travel. But “taking out a high-interest loan to do it is something that I certainly



Southwest Airlines recently ran an interest-free promotion on select flights to Hawaii financed through Uplift, a buy-now, pay-later company.

wouldn’t recommend,” he says.

Some buy-now, pay-later plans offer zero-percent interest for qualified buyers. Southwest Airlines recently ran an interest-free promotion on select flights to Hawaii financed through Uplift. The company said it received “great interest” from customers, but declined to give specific figures.

Uplift and Affirm say their interest-bearing travel plans charge simple interest, meaning consumers pay fixed amounts of interest that they agree to up front. The interest doesn’t compound over time as it

does with a credit card.

Tom Botts, Uplift’s chief commercial officer, says the average interest rate for Uplift plans is in the midteens.

Financial planners advise calculating the total cost of the trip and having a clear plan for paying off the loan.

Marsha Barnes, founder of The Finance Bar, a service that promotes financial wellness for women and couples, has had clients use buy-now, pay-later options for travel.

If you know that you’re going to get a bonus next month that will al-

low you to pay off the loan, she says, it could make sense to take it on. But if you’re already struggling to pay your bills or build an emergency fund, she suggests waiting to book or looking for cheaper alternatives: “While these options seem enticing and a way to get to that much-needed vacation sooner, evaluate your circumstances.”

Travelers considering buy-now, pay-later options should look closely at cancellation policies, financial planners say. Companies such as Uplift and Affirm say refunds and cancellations are subject to the travel company’s policy.

Travelers might be subject to the original terms of their payment plan, even if their itinerary changes. Say a couple books a March flight with Uplift and agrees to pay it off over three months. Then their plans change, and they get a credit for a future flight from their airline while rebooking for September.

Per Uplift’s policy, the terms of their original agreement still apply, so their loan is due to be paid in full over the original three-month period. If you get a refund for your trip, you won’t owe any more interest, but you won’t get a refund for the interest already paid, Uplift says.

For Affirm loans, after a traveler’s cancellation or refund has been processed by the company, Affirm will issue a refund minus any interest paid toward the loan, a spokesman says.

PERSONAL JOURNAL.



YOUR HEALTH
SUMATHI REDDY

Does Covid Exposure Help Our Immunity?

People who have had repeated close encounters wonder whether a near miss bolsters their defenses against infection

Your spouse had Covid-19. The babysitter had it. Or maybe it was your co-worker. You've been exposed to Covid-19 more times than you can count. And yet somehow you've never tested positive. Could all these close encounters with Covid-19 be enhancing your immune response to it? The answer isn't clear-cut, scientists say.

Your immune system probably benefits only if you get infected, many scientists say, because a near miss probably won't have put enough virus in your body to meaningfully rev up your defenses. You can benefit from an asymptomatic infection that you didn't realize you had, or a case that was too low-level to show up on a rapid test.

The only safe way to build immunity is vaccination, as any exposure to Covid-19 comes with a risk of serious illness, hospitalization or death. Avoiding infection is still important, but if you are exposed, there are circumstances where you might benefit if you already have antibodies, some scientists say.

The impact of a Covid-19 exposure on your immune system is influenced by how much virus you're exposed to, says Marion Pepper, an immunologist and associate professor at the University of Washington School of Medicine in Seattle.

"The immune response doesn't really get activated until it sees a certain level of infectious proteins or infectious parts of the virus," Dr. Pepper says.

Yet multiple exposures that don't result in a detectable infection may still result in the body sensing enough viral particles to

reactivate the immune system, boosting your defenses against the virus, she says.

"It's possible, it's not definite," she says.

B cells, a type of immune cell, can sense virus particles that are floating around, and can bind to their proteins and get activated, Dr. Pepper says.

Some scientists say that if you already have antibodies—from vaccination or prior infection—it's plausible that exposure to viral particles may give you some immune benefit even if you don't

The impact on your immune system is influenced by how much virus you're exposed to.

get infected.

Say, for instance, that the virus comes into contact with the tissue that lines the inside of your nose. Antibodies there could "tag" the virus before it is eaten by immune

cells and has a chance to replicate and cause an infection. Now, those antibodies can train the rest of the immune system to better recognize the virus, says Nicole Baumgarth, a professor of immunology at the Center for Immunology and Infectious Diseases at the University of California, Davis.

"You keep sort of reminding the immune system that you should make antibodies to the virus," she says.

Other scientists don't think such a process has much of an im-

act on the immune system.

If some virus particles get into your body but neutralizing antibodies from the vaccine prevent them from getting into the cells, that means the vaccine worked, John Wherry, director of the Institute for Immunology at the University of Pennsylvania. However, he says he doesn't think that process significantly improves your future immune responses.

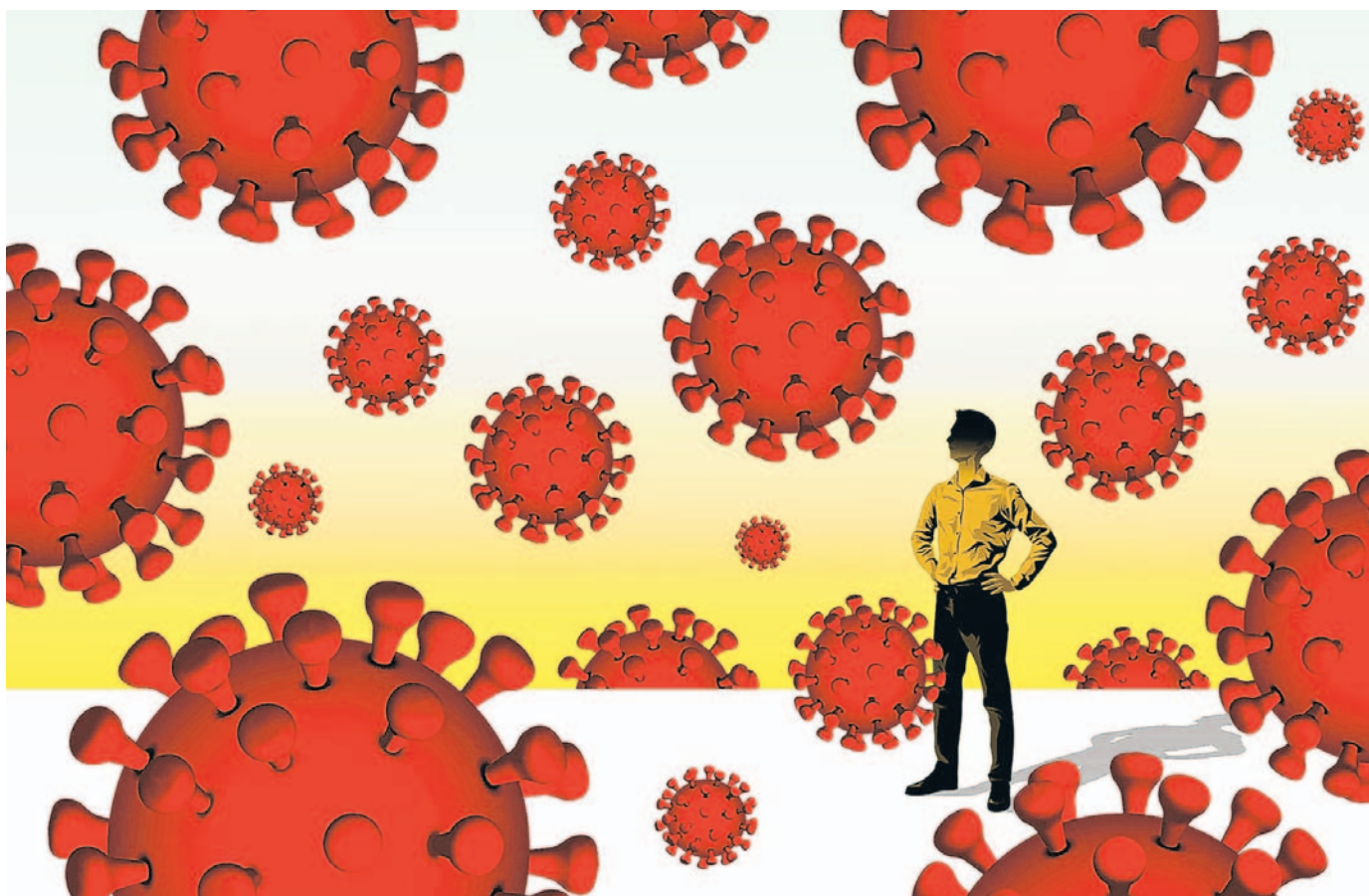
It's also possible for a person—especially someone who is vaccinated or has had a prior infection—to be infected and completely unaware because the person is asymptomatic. In some cases such an infection can be very short, even a day or two, before it's cleared.

"That's enough for the immune system to find it and get boosted," says Frances E. Lund, a professor and director of the Immunology Institute at the University of Alabama at Birmingham. "You never knew you were sick." Still, a low-level infection is likely to be less of a boost to your immune system than a symptomatic infection with more viral replication.

So if you've been dodging Covid-19 left and right, you might think your immune system is so good, super-human good, and maybe you're immune to getting the coronavirus and can let your guard down? You are wrong.

If you've been wearing masks or social distancing during your exposures, that's providing protection, Dr. Wherry says. So even if you live with someone who is infected, your precautions might mean you aren't exposed to a large enough dose of virus to cause an infection.

"You might breathe in a handful of virus particles but they don't get into your cells," he says. "That doesn't mean you have great immunity. It's a little bit of luck with physical barriers, which are very important."



MY RIDE | A.J. BAIME

A Honda With More Than Style

Jerome Peel, 31, the New York-based owner of the fashion label Peels, on his 1991 Honda NSX, as told to A.J. Baime.

When my father, Jerome Peel Sr., was a kid, he worked on Porsches. When he was about 21, he built a Porsche race car out of spare parts. But later, he was pretty much broke, so he switched to Hondas. Today, he has seven or eight Hondas. He is a Honda genius, and he actually has a collection of Honda motors in his living room. My first car was a Honda Civic hatchback, then I moved on to an Acura Integra GS-R (Acura being the higher-end Honda brand in the U.S.).

Over the past couple years, I started thinking about buying a new car. I was working so hard and saving all my money, and for what? Like my dad, I've always loved cars, and I wanted something badass. I started sending him pictures of Porsches and Ferraris. Every time, he was, like, "Nope. Don't do it. Do you

know how much it costs to replace a clutch in a Ferrari?" Then one day I sent him a photo of an NSX. He responded, "That, I can get behind. That is my dream car."

Honda launched the NSX in model year 1991, basically to compete with Ferrari with a mid-engine [the motor is right behind the driver], V-6 sports car that wasn't exactly affordable, but cheaper than a Ferrari and, ideally, just as fun to drive. Everyone who knows about these cars, when they hear NSX, they say: Way ahead of its time.

Five months ago, I found my car in a dealership in Con-



Jerome Peel, top, says his dad steered him away from a costly supercar to a Honda NSX.

necticut. It's a 1991, from the first model year, and while the NSX was always marketed in the U.S. as an Acura, mine is a Honda because it was built for the Japanese market, where Acura doesn't exist, and later imported here. The steering wheel is on the right-hand side, which I love because it's a little different.

It was an impulse buy and, at \$50,000, I felt like I was getting a good deal. I should've done more research, but sometimes you can do an impulse buy and be happy forever.

As soon as I got this car it had issue after issue. But here's the thing: It's a Honda. If you can screw in a light-bulb, you can fix a Honda. The first issue I had was the door locks and the alarm. That was easy to fix. The second issue was the thermostat. Easy to fix. Then a radiator hose. All of that stuff, I fixed in the parking lot of Advance Auto Parts in Brooklyn. When my ignition died, I went to New Jersey, bought a new ignition, and installed it in my NSX in 10 minutes using nothing but a Phillips-head screwdriver.

But that's not what makes this car so cool. You can be having the worst day, and if you jump in the NSX, everything changes. Every time I get it at my garage and the attendant pulls it up,

I'm like, holy s—. It shocks me every time I see it. I love cruising around the city or, even more, cruising upstate. It has the best suspension and handling of any car I've driven.

But sometimes, just sitting in a car you love is all you have to do. My dad pushed me to buy a Honda, and I am thankful he did.

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CLAY WILLIAMS FOR THE WALL STREET JOURNAL (2)

ARTS IN REVIEW



Laverne Cox, Julia Garner, Katie Lowes and Alexis Floyd in the nine-part 'Inventing Anna'

to fashion Anna into some kind of feminist martyr is shameless. Vivian makes such an argument in trying to get Anna's friend Neff (the marvelous Alexis Floyd) to agree to an interview because "it would be good for women" and Neff smiles ever so knowingly, recognizing a con job when she hears one—yet turning deaf when it comes to Anna, who is conning everyone, always.

Some of the dramaturgical clichés here click: At the offices of "Manhattan Magazine"—where a news meeting provides a convenient platform for Vivian to lay out the entire Anna backstory—lies an area dubbed "Scriberia," a sunless set of cubicles where "old writers are sent to die." Those canny old

A Netflix series tells the true-and-false story of scamming socialite Anna Delvey.

writers, Maud, Lou and Barry, are played by Anna Deavere Smith, Jeff Perry and Terry Kinney, who are delightful. Their sequences are among the most enjoyable in the series, even if the whole wise-vet-erans-cracking-wise routine is older than "Barney Miller."

Layering enigma upon enigma, "Inventing Anna" takes until episode 5 to tell us for what journalistic sin Vivian is trying to atone, and it turns out to be more about carelessness than malice and partly the fault of her editor, Paul (Tim Guinee). More intriguing yet ultimately unsatisfying is why Anna's handful of allies finds her the least bit appealing. For Neff, Lacy (Laverne Cox) and Rachel (Katie Lowes) it's about the thrill of seemingly endless money, travel and even self-actualization. For the wearily devoted Todd Spodek (Delvey's real-life lawyer, played by Arian Moayed) it's class solidarity: Putting on a tux to attend one of his rich wife's parties "makes me feel like I'm back on Long Island, parking cars to help my mother pay the rent." For the socialite Nora Radford (Kate Burton) and the fashion photographer Val (James Cusati-Moyer) Anna is amusing, disastrous and what they deserve. For a series so contemptuous of privilege, it certainly revels in what money can buy.

"This whole story is completely true," a title reads at the beginning of each episode, "except for all the parts that are totally made up." Considering that Netflix paid hefty for Delvey's life rights, a viewer should be able to assume that what he or she is seeing is true. At the same time, a Delvey-inspired air of uncertainty isn't untrue to the story, though it does provide more reasons viewers will love to hate it, or hate to love it.

Inventing Anna
Friday, Netflix

TELEVISION REVIEW | JOHN ANDERSON

Hate Watching a Haute Hustler

THE "HATE WATCH" as a programming calculation reaches an apotheosis with "Inventing Anna," which makes its perverse intentions clear from the opening voice-over: "This whole show—the one you're about to sit on your fat ass and watch like a big lump of nothing—is about me." OK, then: Let's settle our collective posterior on the couch.

It fits. The attitude, that is: The "me" above is Anna Delvey, aka Anna Sorokin (Julia Garner), the counterfeit German heiress and reputed trust-fund baby about whom viewers have probably heard plenty, and maybe too much: When she was arrested in 2017 for defrauding banks, hotels, moneyed acquaintances and struggling friends, she became something of a tabloid folk heroine, a petite, couture-wearing, convoluted Robin Hood: She stole from the rich and gave to herself (though she did tip lavishly).

That her "marks" included members of New York's social and financial elite added a schear of schadenfreude onto the delicious, multi-layered mystery of Delvey's scams and motives. "She must have been terrified," someone says, when all the inventions threaten to consume their inventor. Perhaps. Part of the perversely entertaining allure of both Delvey and the series

is being able to admire her epic gall while also being glad you're not her.

The nine-part, far-too-lengthy dramatization was "created" by Shonda Rhimes. But it really owes its life to feature writer Jessica Pressler's 2018 New York magazine article, to which the series hews closely, though some then-anonymous people have grown names and others have acquired aliases. Ms. Pressler herself has become Vivian Kent, a feature writer with a problematic résumé, a hunger for professional redemption and a pregnancy that's about to take her out of the action. In the person of Anna Chlumsky, she is the heart of the story—never mind a welcome, necessary antidote to Anna, whom Vivian meets during visiting hours at Riker's Island. "Are you pregnant?" Anna asks her would-be interviewer. "Or are you just so very, very fat?"

It's a remarkable performance by Ms. Garner ("Ozarks"), committed and thankless. As we see in copious flashbacks, Anna's charms



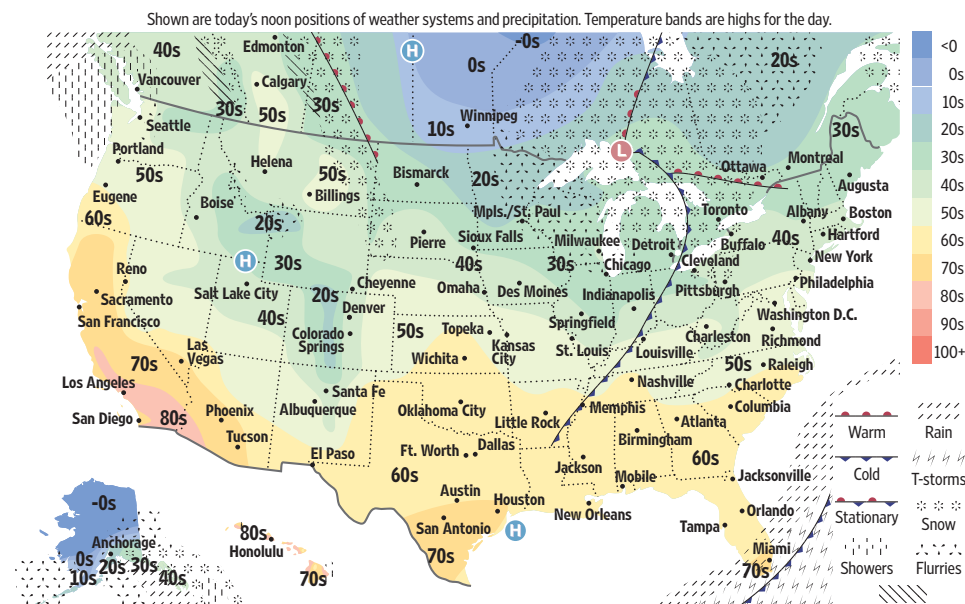
Anthony Edwards

are a puzzlement—she's casually rude, abrasive, insulting and oblivious. Her origins are vague: Is she Russian? German? Uranian? And her ultimate goal is unclear: Does she really intend, after pilfering millions in financing, to build the Anna Delvey Foundation, an idea she sells to various gullible mentors like Alan Reed (Anthony Edwards, unrecognizable and wonderful) as a super-chic social club, with galleries, artist spaces, living quarters and multiple restaurants?

("Christo's promised to wrap the building," she adds, off-handedly.) Did Chase Sikorski (Saamer Usmani), her equally unreliable scam-artist boyfriend, help her develop the idea? "Why wooed Chise haff halped meh?" Anna asks dismissively. Her haute/hilarious accent is both irritating and irresistible.

So is a lot of the dialogue, but the series is constantly winking at its audience. The structures are formulaic, the hip-hop soundtrack is intrusive and wrong; the effort

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U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	21	20	sn	21	14	c
Atlanta	61	40	s	63	39	s
Austin	68	34	s	69	37	s
Baltimore	54	35	s	54	32	pc
Boise	42	27	s	45	28	pc
Boston	41	34	s	48	33	pc
Burlington	37	32	pc	38	27	sn
Charlotte	59	36	s	64	35	s
Chicago	39	24	c	30	25	pc
Cleveland	42	32	c	33	22	sn
Dallas	69	39	s	68	40	s
Denver	49	29	pc	54	32	pc
Detroit	38	29	pc	33	22	pc
Honolulu	82	66	s	82	66	pc
Houston	70	42	s	70	42	s
Indianapolis	52	32	c	54	31	pc
Kansas City	57	30	pc	51	41	s
Las Vegas	72	51	s	71	47	s
Little Rock	67	37	s	63	38	s
Los Angeles	86	59	s	89	55	s
Miami	71	58	sh	77	65	pc
Milwaukee	41	24	pc	31	25	pc
Minneapolis	32	11	pc	26	26	pc
Nashville	61	34	pc	57	34	s
New Orleans	63	42	s	63	43	s
New York City	46	38	s	50	34	pc
Oklahoma City	66	38	s	61	38	s

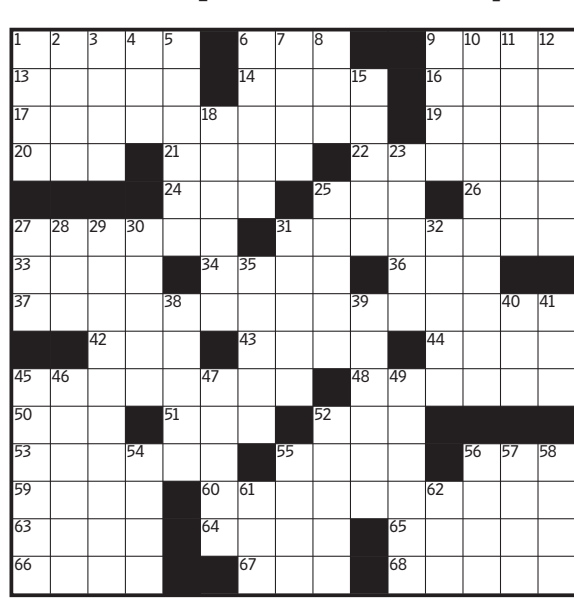
International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	51	43	c	45	36	sh
Athens	54	44	s	59	42	pc
Baghdad	74	56	pc	70	45	pc
Bangkok	94	79	pc	92	79	c
Beijing	43	19	s	46	22	s
Berlin	51	43	c	48	33	sh
Brussels	51	42	c	45	34	c
Buenos Aires	79	69	s	83	70	s
Dubai	76	61	s	79	63	s
Dublin	45	34	c	45	31	pc
Edinburgh	43	35	sh	43	30	c

City

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	51	36	pc	47	34	c
Geneva	52	33	s	53	37	pc
Havana	78	65	sh	78	62	pc
Hong Kong	65	60	c	68	63	pc
Istanbul	44	38	sn	48	38	pc
Jakarta	88	77	r	86	76	t
Jerusalem	52	34	sh	41	36	sh
Johannesburg	81	63	pc	78	61	t
London	54	40	sh	46	31	c
Madrid	62	32	s	64	39	pc
Manila	91	77	pc	90	77	pc
Melbourne	81	61	pc	71	59	pc
Mexico City	66	47	s	67	44	pc
Milan	54	40	pc	54	40	pc
Moscow	33	32	sn	38	33	r
Mumbai	82	69	pc	87	71	pc
Paris	50	39	pc	48	37	pc
Rio de Janeiro	76	72	t	77	73	sh
Riyadh	73	52	s	79	58	s
Rome	60	38	pc	59	38	s
San Juan	82	72	pc	83	72	s
Seoul	42	19	c	46	20	pc
Shanghai	46	39	r	49	41	c
Singapore	84	75	t	81	75	t
Sydney	86	67	s	87	72	s
Taipei City	68	62	c	65	63	r
Tokyo	48	39	pc	41	37	sn
Toronto	38	32	c	35	25	pc
Vancouver	46	40	c	47	37	c
Warsaw	47	41	c	48	37	sh
Zurich	50	29	s	51	36	pc

The WSJ Daily Crossword | Edited by Mike Shenk



TAKE A HIKE | By Drew Schmenner

- Across**
- 1 Language of Iran, to natives
- 6 Glass in a radio booth
- 9 Trade verbal barbs
- 13 From the top
- 14 Explorer Marquez
- 16 Keep one's head above water
- 17 Party appetizers
- 19 Slightly
- 20 Melancholic
- 21 Match up
- 22 Poke holes in, as a lawn
- 24 Hoppy brew
- 25 "Now I get it!"
- 26 Words with fault or degree
- 27 Maker of Citation jets
- 31 Scholastic competition
- 33 Rainbow or ray of sunshine, perhaps
- 34 Self-satisfied
- 36 "I'm in!"
- 37 It runs through Sunnyside and Forest Hills
- 42 ___ Miguel
- 43 Trac II successor
- 44 Danish shoe brand
- 45 Arc'tic Alterra 450, e.g.
- 48 Hesitate over
- 50 Mandela's party: Abbr.
- 51 End of an academic address
- 52 What life imitates
- 53 Minuscule amount
- 55 Grilled ballpark fare
- 56 Elevated lines
- 59 Where the Mekong flows
- 60 Brady or Mahomes, and a hint to 17-
- 63 Radish or turnip
- 64 Luau staple
- 65 Star
- 66 Bucolic lodgings
- Down**
- 1 Useful reading for newbies
- 2 Flow in el río
- 3 DEA bust
- 4 [Not my mistake]
- 5 Finishes, as a cartoon
- 6 "Let It Go" singer Menzel
- 7 Campus org. with drills
- 8 "Chances ___" (Johnny Mathis song)
- 9 Slash mark
- 10 Item for a birthday party race
- 11 "Knocked Up" director Judd
- 12 Second-hand producer?
- 15 Japanese beer brand
- 18 Truck route, at times
- 23 N.W.A. colleague of Ice Cube and Dr. Dre
- 25 Portend
- 27 ___ au vin
- 28 Fast-running bird
- 29 Logs minutes on the court, say
- 30 Golf's Slammin' Sammy
- 31 Mark of something well said?
- 32 Angled cut
- 35 Winston Duke's "Black Panther" role
- 38 One of two for Marie Curie
- 39 Experiment subject
- 40 Nipper's co.
- 41 Speck
- 45 Doha denizen
- 46 Accord
- 47 "That is to say," poshly
- 49 Residential storage spaces
- 52 It shows the way
- 54 Dermal decorations
- 55 Exposed
- 56 View inappropriately
- 57 Declared ineligible, for short
- 58 Dwindles
- 61 Pub fixture
- 62 Word in a wedding announcement

Previous Puzzle's Solution

Grid with solution words filled in:

1. LANGUAGE OF IRAN, TO NATIVES: PERSIAN
 2. FLOW IN EL RÍO: RIO
 3. DEA BUST: MARIJUANA
 4. [NOT MY MISTAKE]: MISTAKE
 5. FINISHES, AS A CARTOON: END
 6. "LET IT GO" SINGER: IDINA MENZEL
 7. CAMPUS ORG. WITH DRILLS: ROTC
 8. "CHANCES ___" (JOHNNY MATHIS SONG): 50-50
 9. SLASH MARK: #
 10. ITEM FOR A BIRTHDAY PARTY RACE: PARTY FAVOR
 11. "KNOCKED UP" DIRECTOR: JUDY ALTA
 12. SECOND-HAND PRODUCER?: REPRODUCTION
 15. JAPANESE BEER BRAND: ASahi
 18. TRUCK ROUTE, AT TIMES: 180
 23. N.W.A. COLLEAGUE OF ICE CUBE AND DR. DRE: Eazy-E
 25. PORTEND: BODE
 27. ___ AU VIN: BOUQUET
 28. FAST-RUNNING BIRD: TURKEY
 29. LOGS MINUTES ON THE COURT, SAY: TIME
 30. GOLF'S SLAMMIN' SAMMY: SAMMY SNEDECOR
 31. MARK OF SOMETHING WELL SAID?: QUOTE
 32. ANGLED CUT: BEVEL
 35. WINSTON DUKE'S "BLACK PANTHER" ROLE: T'CHINA
 38. ONE OF TWO FOR MARIE CURIE: POLONIUM
 39. EXPERIMENT SUBJECT: RAT
 40. NIPPER'S CO.: BUCKEYE
 41. SPECK: BACON
 45. DOHA DENIZEN: AL THANI
 46. ACCORD: TREATY
 47. "THAT IS TO SAY," POSHLY: VERBALLY
 49. RESIDENTIAL STORAGE SPACES: UDR
 52. IT SHOWS THE WAY: SIGN
 54. DERMAL DECORATIONS: TATTOO
 55. EXPOSED: REVEALED
 56. VIEW INAPPROPRIATELY: GAZE
 57. DECLARED INELIGIBLE, FOR SHORT: BARRED
 58. DWINDLES: DIMINISHES
 61. PUB FIXTURE: BEER MAT
 62. WORD IN A WEDDING ANNOUNCEMENT: BACHELOR

BEIJING  2022Eileen Gu Was Pure Gold,
Then Came the Questions

The U.S.-born freestyle skiing star competing for China deflected inquiries about her citizenship status after winning big air

Beijing

A surprise gold medal by Eileen Gu, the U.S.-born freestyle skier competing for her mother's homeland of China, set off jubilation in

By Elaine Yu, Jing Yang
and Rachel Bachman

the Chinese public but spurred renewed questions about her citizenship status.

Gu's win for China in Tuesday's big air event secured the country's third gold medal in these Olympics—briefly putting the country atop the gold-medal count—and came before the U.S. has won any golds.

Gu was a slight underdog to French phenom Tess Ledeux in her Beijing Olympics debut, but won on the third and final run by nailing a trick she had never done before in competition. It featured four-and-a-half horizontal rotations and two flips.

On her final run, Ledeux couldn't surpass Gu's feat, and Gu finished with an overall score of 188.25 to Ledeux's 187.50. Gu grinned and covered her mouth in shock as she watched her score post.

Hundreds of Chinese spectators erupted in cheers at Gu's victory, some brandishing red and gold placards that read, "Gu Ailing, add oil"—a Chinese phrase of encouragement. Gu Ailing is her Chinese name.

The 18-year-old Gu's unexpected win swept Chinese social media. On Weibo, a Twitter-like platform, six out of the top 10 trending topics were about her. Hashtags included "Gu Ailing takes on the world's most difficult jump," and "Gu Ailing Gold Medal." Memes and moments of her victory flooded Douyin, the Chinese version of TikTok.

Gu was still coming back to earth when she faced questions in a post-event news conference about her citizenship status. Western reporters asked several versions of the question but Gu deflected each one.

Olympians must be citizens of the nations in which they compete, and China's policy is not to allow dual citizenship. Yet Gu hasn't made clear whether she has relinquished her U.S. passport.

On Tuesday, she again emphasized that she considers herself Chinese when she's in China, where she has spent nearly every summer of her life, and American when she's in the U.S.

"I don't feel as though I'm, you know, taking advantage of [China



Eileen Gu's win for China in Tuesday's big air event secured the country's third gold medal in these Olympics—and came before the U.S. has won any golds. Gu was born in the U.S. and lives with her mother and grandmother in San Francisco.

or the U.S.] because both have actually been incredibly supportive of me and continue to be supportive of me," she said.

"Because they understand that my mission is to use sport as a force for unity, to use it as a form to foster interconnection between countries, and not use it as a divisive force. So that benefits everyone, and if you disagree with that then I feel like that's someone else's problem."

Gu's decision to compete for China, little-noticed when she made it a few years ago, has spurred controversy in recent days, particularly in the U.S., where she was born and still lives with her mother and grandmother in San Francisco.

The ambiguity around Gu's nationality raises questions about whether Beijing has bent the rules

for a top athlete, and whether her star power among some Chinese brands and more nationalistic supporters might suffer if it emerges that she hadn't given up her U.S. citizenship.

In earlier interviews, Gu had explained her decision to switch national affiliations by saying she felt she could make a greater impact in China than in the U.S., which she felt had no shortage of role models for young people.

Yet these Games—and Gu's sudden starring role in them—arrived at a time of escalating tensions between China and the U.S., which is carrying out a diplomatic boycott over what it describes as China's human-rights abuses particularly in its Xinjiang region. Beijing has defended its treatment of Uyghur Muslims there as an effort to combat extremism.

On Tuesday, Gu positioned herself as a unifier of cultures, evading questions about her citizenship status or responding as though they were critiques of her or her mission. "If other people don't really believe that that's where I'm coming from, then that just reflects that they do not have the empathy to empathize with a good heart," she said.

"I'm not going to waste my time trying to placate people who are, one, uneducated, and two, probably are never going to experience the kind of joy and gratitude and, just, love that I have the great fortune to experience on a daily basis," she continued.

"If people don't like me, then that's their loss. They're never going to win the Olympics."

Gu has said she wanted to inspire girls to take up skiing be-

cause it has brought her joy and taught her physical and mental toughness.

On Tuesday, Gu also sidestepped questions about the well-being of Peng Shuai, the Chinese tennis player at the center of a global firestorm after an allegation of sexual assault against a retired high-level Chinese official appeared on her social-media account in November.

Peng, who along with Olympic officials has since tried to deflect attention from her accusations, was in the audience watching Tuesday's big air final. Earlier this week, Gu was the only athlete Peng mentioned by name in an interview with French sports publication L'Equipe, referring to her as "our Chinese champion, Eileen Gu, who I like a lot."

At Tuesday's post-event news conference, Gu's interactions with some foreign journalists contrasted with those with their Chinese counterparts. Gu flitted between English and Chinese, which she spoke with a Beijinger's accent, and said she was "fluent culturally in both."

One Chinese journalist called Gu a "Beijing girl" and asked about her favorite local cuisine.

"I have eaten a lot of pork and chive dumplings the last few days and I really look forward to trying some Peking duck," she said in Mandarin.

Gu, a California native who competed as an American before switching national affiliations in 2019, is competing in her first-ever Olympics, but she's already a star in China.

A fashion model, Gu boasts a giant stable of sponsors—including Red Bull and the Bank of China—and graces countless advertisements on Chinese television.

She also represents an unprecedented three-event medal threat for China in the Winter Olympics, in which the nation has traditionally lagged behind North American and European winter-sports powers. She's set to compete in Monday's slopestyle event and the Feb. 18 halfpipe competition, in which she hasn't lost an international competition this season.

"She used her action to demonstrate that confident Chinese people are the most beautiful!" a commentator on China's state broadcaster proclaimed as Gu stepped on the top spot on the podium.

Gu's debut at the Games on Tuesday was the event of the day, with International Olympic Committee president Thomas Bach in attendance, along with Bing Dwen Dwen, the wildly popular panda mascot.

The Most Interesting Man
In Figure Skating

By LOUISE RADNOFSKY AND BEN COHEN

Beijing

Canadian figure skater Keegan Messing lives in the wilderness of Alaska, where he built his own backyard rink and has been known to use a chain saw for weight training.

To get to the Canadian national championships last month, Messing and his wife flew 33 hours from Anchorage to Ottawa with two stops in between. They also brought their 6-month-old baby for the fun.

Then he won the Canadian men's skating title. Then he was named to the Olympic team. Then he tested positive for Covid-19 days before his departure. And then he did something that made the 33-hour trip look like a breeze: He raced the wrong way across the world, made it to Beijing hours before the Olympic men's competition began with

the short program on Tuesday and delivered a clean skate.

The latest epic saga of Keegan Messing began when he arrived in Vancouver on Jan. 25 to fly with the team on a charter plane with negative Covid testing results in hand. But 96 hours before takeoff, he was suddenly testing positive. The Canadian Olympic Committee pulled him from the flight.

As the clock ticked down, Messing trained in a stairwell, then alone in an empty rink, while trying to secure the four negative tests he needed. He talked to his wife on the phone a lot. He beat every videogame he owned. He was bored out of his mind.

But just as he was on the verge of clearing protocols, it was clear there would be another problem: getting from Vancouver to China on a commercial flight routing through one of a handful of hubs with sporadic flights to Beijing.

The team competition started and finished without him skating for Canada. But by Monday afternoon, half a day before the individual men's event started, Messing was practicing in the Olympic closed loop after connecting through Montreal, Frankfurt and Milan to complete his mad dash to China.

"If there's anyone you can milk-run, it's him," said Mike Slipchuk, the high-performance director for the Canadian skating federation, while the race to find a route for Messing was under way. "Every-

where he goes, it's a two-day adventure."

By the time he finally made it to Beijing, not long after he landed a strong quadruple toe loop-triple toe loop combination, triple axel and triple lutz, Messing sounded like any other befuddled business traveler.

"I don't even know what today is," he said.

But the weirdest part about this story is that it was no weirder than a lot of other stories involving Keegan Messing.

To dodge the Omicron variant in the critical period before the Olympics, for example, he upended his training routine and found a new place for his conditioning. He didn't have to look very far. "I've been running outside," he said in early January to an unfazed Canadian press. "I've been doing my on-ice cardio sessions on my backyard rink."

Messing lives untethered to the world around him. He doesn't have Wi-Fi or cable television at home. He didn't know how some of his rivals had been skating recently and didn't care to find out.

He was too busy renovating his own personal training site behind his house. It doubled in size from the previous version, he said, though it required a two-foot buildup of ice to accommodate the slope in his yard.

In his first stint away from the rink and the gym, which lasted around seven weeks at the start of



DAVID RAMOS/GETTY IMAGES

Keegan Messing made it to Beijing on Monday. He competed on Tuesday.

the pandemic, Messing had to get creative to stay in shape. He tried one-leg squats with a chain saw, pulled car batteries from his vehicle and made them weights, and risked smashing his head against the ceiling while practicing his vertical leaps.

That was before the baby who came along for Messing's long, long, long journey to the 2022 national championship, where he would cement his spot on the Canadian team and win the first national title of his career.

There was one other problem when they finally got to Ottawa for that event. Messing's skates were still in Toronto so he had to use new skates.

Skaters do everything they can to avoid checking their skates, which are permitted as carry-on luggage within the United States, but not always internationally.

Messing said that he had been told he couldn't bring his onboard because of new rules covering anything with removable blades.

The next time Messing appeared in public was on a video taken of his practice on arena ice. He was jumping in the white boots typically worn by female skaters, jeans and a plaid shirt that he later removed.

"I don't understand how he could do a quad toe after wearing new skates for less than an hour," wrote Meagan Duhamel, a Canadian pairs skater who holds three Olympic medals.

It's also hard to understand how Messing arrived about 10 a.m. local time on a Monday, tested negative, showered and caught a bus to the practice rink, where Messing managed a clean run-through of his short program. There was just one thing he forgot. "I didn't even have time to shave," he said.

Medal Count

Country	Gold	Silver	Bronze	Total
1. ROC	2	3	5	10
2. Norway	3	1	4	8
T-3. Netherlands	3	3	1	7
T-3. Italy	2	4	1	7
T-3. Austria	2	3	2	7
T-6. Sweden	4	1	1	6
T-6. Canada	1	1	4	6
T-8. China	3	2	0	5
T-8. Germany	3	2	0	5
T-8. U.S.	0	4	1	5

For the latest medal count, go to [WSJ.com/sports](https://www.wsj.com/sports)

BEIJING 2022



Canada's Jocelyne Larocque, left, and United States' Hilary Knight, right, battled for the puck during Tuesday's game. Team Canada and Team USA could meet again in the gold-medal game.

PETR DAVID JOSEK/ASSOCIATED PRESS

JASON GAY

Boxing Had Ali vs. Frazier. Hockey Has USA vs. Canada.

One of the great Winter Games rivalries is on course for another gold-medal collision



Beijing

Just an appetizer. A light snack, really.

The meal, presumably, is next: the United States versus Canada, on Feb. 17, for the gold medal in women's ice hockey, as it was in Pyeongchang 2018, Sochi 2014, and Vancouver 2010, and all but one of the six Winter Olympics finals since the sport was installed at the 1998 Games at Nagano.

I know, I know: This is really disrespectful to the chances of the other participants. Crazy things happen in the Olympics. I was alive when Al Michaels asked, "Do You Believe in Miracles?" I get it! I'm a terrible human being.

Still: USA vs. Canada is as close to a lock as there is in sports—a zesty North American intramural for nothing less than intergalactic women's hockey bragging rights.

How zesty? Choose your favorite rivalry. Ali vs. Frazier. Rafa vs.

Roger. Hot Coffee vs. Iced Coffee. Cable news vs. Sanity. Duke vs. Everyone. USA vs. Canada is a competitive, contentious and deeply fun showdown, a two-team headlock on a sport allegedly contested in other parts of the world.

When the U.S. and Canadian women play—and they play all the time; the teams barnstormed around together for a pre-Olympic tourney—it just feels bigger.

That was certainly the case Tuesday in Beijing, when the two powerhouses met in the group stage in Beijing's Wukesong Sports Centre. Nothing major was on the line—they were just rearranging the furniture, i.e., finalizing the seeding for the medal stage—but the game had an oomph from the drop. It was fast, physical, occasionally chippy, and exactly what quality hockey is supposed to be.

It was also a significant leap from either team's prior competition. The U.S. began its 2022 ride

with a 5-2 victory over Finland, a 5-0 defeat of the Russian Olympic Committee, and an 8-0 romp over Switzerland.

Canada, meanwhile, squeaked out a 12-1 win over Switzerland, narrowly edged Finland 11-1, and barely got past the ROC, 6-1, in a game that was far more exciting for its pregame Covid-19 drama. (After the Russian team's test results were delayed, both teams played in face masks; an ROC official later taunted a positive for a Canadian player as a "tragicomedy.")

Tuesday's group stage duel offered none of that geopolitical after, but it was the first time either the U.S. or Canada felt any competitive heat.

The U.S.—already down a key player in Brianna Decker, the former Wisconsin Badger lost to a brutal ankle fracture versus Finland—pushed the pace and kept pressurizing Canada's goalie, the

former Wisconsin Badger Ann-Renee Desbiens.

The U.S. managed 53 shots on goal, but Canada was more precise. Desbiens was phenomenal, and a penalty shot for Canada late in the second period provided the necessary cushion.

Canada 4, Team USA 2. What did it mean? Something. Nothing. Both sides kept it respectful afterward, knowing their paths are likely to cross again. "They're a good hockey team, they're going to make plays, but I think we answered really well tonight," said Canada's Brianna Jenner. Said the U.S. captain Kendall Coyne-Schofield: "Not the result we wanted to get here today, but we have an opportunity to learn from it."

If you crave dismissive barbs and bulletin board material, it wasn't happening here. These two teams know each other too well to lard on any extra motivation. The

most colorful postgame commentary was the praise for Canada's Desbiens, who finished with a spectacular 52 saves.

"If only there was a Tim Hortons so that we could treat her after the game," said Desbiens's teammate, the former Wisconsin Badger Sarah Nurse.

Hilary Knight—the Team USA scoring machine and one of 10 Wisconsin Badgers represented on the U.S. and Canada teams, just pointing out this fact about this splendid Midwest university for no reason whatsoever—seemed unfazed by the result.

"Definitely physical hockey, definitely fast," Knight said. "That's the brand of hockey you're signing up for when you turn on the TV and it's USA-Canada."

It is. And Tuesday was just a taste. USA. Canada. No disrespect to anyone else in women's hockey, but if history's any indicator, there's plenty more to come.

SPORTS

The Rain That Saved the L.A. Super Bowl

By Andrew Beaton

The rain began in November of 2016, picked up in December and turned into the Los Angeles equivalent of a flood by January. In an area famous for droughts, it had started to pour.

Over the course of four months about five years ago, there were 15.4 inches of rain. That was a particular catastrophe for a 100-foot deep pit in the ground in Inglewood, the site of an unprecedented construction project. It's now called SoFi Stadium, the facility that will host this Super Bowl and which cost more than \$5 billion to build, in a bid to revitalize the NFL in the Los Angeles area.

Those storms forced a delay in the opening of the Los Angeles Rams' palatial new home, drove up the construction costs and drove everyone involved crazy.

They also had an oddly fortuitous effect nobody could have foreseen at the time. When the Rams get to play Sunday's Super Bowl against the Cincinnati Bengals at home on Sunday, it's the result of a freak sequence of events—rare Los Angeles rain and a global pandemic—that helped the NFL avert a potential crisis: a Super Bowl without fans.

In the antediluvian times of 2016, Los Angeles's new stadium had been picked to host last year's Super Bowl. What nobody could have known back then was just how problematic that would have been. Covid-19's onset produced



KIRBY LEE/USA TODAY SPORTS

SoFi Stadium, home of the Rams and Chargers, will host Super Bowl LVI. The facility opened without fans in 2020.

strict health-and-safety policies in California, and when SoFi Stadium finally opened in 2020, the Rams played in front of empty seats.

A Super Bowl inside an empty stadium—especially one held up as a shrine for football in Los Angeles—would have been troubling for the NFL. It's entirely possible the game would have been moved.

Instead, the downpours pushed the stadium's opening from 2019 to 2020. That also moved the date L.A. would host the Super Bowl

back from after the 2020 season to after 2021.

Tampa Bay was awarded last year's Super Bowl instead, and when Tom Brady and the Buccaneers triumphed they were the first team to play the big game on their home field.

Now that is happening for a second straight season, because the Rams have reached this Super Bowl, when they will play in the most opulent sports facility in North America—in front of a full house of fans.

"It certainly is a serendipitous moment," Rams chief operating officer Kevin Demoff says.

The problem for the stadium wasn't just the rain. It was that the rain came at the worst possible time. Los Angeles had previously been a rare failure for the league, having lost two franchises in the 1990s. The league didn't return to the city until 2016.

The Rams' billionaire owner, Stan Kroenke, chose the site of the former Hollywood Park Racetrack to

try to make the NFL work in L.A. The project began as an excavation. The site's close proximity to Los Angeles International Airport meant they had to sink the stadium underground in order to avoid any potential interference with the air traffic.

So they dug. Construction crews hauled out eight million cubic yards of earth to create a hole that was 100 feet deep and about 22 acres wide. The idea was to create a bathtub of sorts for the stadium to settle into. The idea wasn't for that bathtub to fill up with water.

But that's what happened. It rained 1.11 inches in November of 2016, and then 2.78 inches in December at Los Angeles International Airport, according to the National Weather Service. That was nothing compared with January's 7.44 inches. When 4.04 inches fell in February, that felt like a reprieve.

The rain didn't just eat up time when it was raining. It also caused delays afterward because of everything that had to be done to rectify the situation. Instead of building, construction crews had to spend their time pumping out all of the water.

There was no choice but to delay the opening to 2020. SoFi Stadium finally opened to the masses in 2021. That also happened to be the same season it was set to host the Super Bowl. Then one more domino fell. The Rams reached the Super Bowl in their home stadium.

◆ L.A. hotels are dealt a setback with Rams playing at home..... B6

OPINION

Joe Biden, Cold Warrior



BUSINESS WORLD
By Holman W. Jenkins, Jr.

I've been waiting for some fragment of vindication after suggesting in 2019 that Joe Biden might be the "best we can do" in 2020.

The occasion was the first Donald Trump impeachment, over his Ukraine phone call. More than a few Democrats, supporters of Elizabeth Warren or Bernie Sanders, saw a twofold since the case also exposed the dealings of Mr. Biden's son with a Ukrainian oligarch company, opening the door to further exploration of Biden family buckracking.

Mr. Biden has a few flaws but he was a child of the Cold War and, unless I'm mistaken, has surprised and discombobulated Vladimir Putin with his un-Obama-like response to renewed tensions over Ukraine, including, on Monday, whipping a German chancellor into line. By sending military supplies to Ukraine, by deploying troops to Eastern Europe, by preparing sanctions, the Biden administration has orchestrated a set of signals that even Mr. Putin can't misinterpret.

Mr. Biden hasn't committed U.S. troops to Ukraine itself, but this I now think would smack of desperation, and seems unnecessary. The U.S. and NATO don't need to lift so many fingers to make Mr.

Putin realize he can't afford the risk.

Whatever the Russian leader is thinking, he hoped to find the U.S. and its allies weak and divided. This is proving a bad bet so far. From a larger perspective, it's easier to say what Mr. Putin wants than how he hopes to get it. He wants to be a U.S. client, spared any too-fervent support for democratic forces in Russia or its neighborhood. He could play the equal while, in truth, being a nuclear-armed Mobutu whose insecurities and vanity he patronize because it's less trouble than not patronizing them.

When he finally broke his silence on Ukraine last week, Mr. Putin's key words, which he repeated for French President Emmanuel Macron on Monday, concerned the strategic but awkwardly situated peninsula his forces seized from Ukraine in 2014.

For a short-term boost in patriotic rah-rah, for a simulated victory for Russia's "historic" interests, he created a headache for himself that can only get worse. He all but admitted as much: "Let's imagine Ukraine is a NATO state and they start this operation [to retake Crimea]. So now do we have to start a war against the NATO alliance? Did anyone think about that? I don't think so."

The person who forgot to think was Mr. Putin.

The 1936 Olympics were Hitler's last big exercise in

domestic pump-priming, before turning to rearmament, which then had to pay off somehow. In 2015 Mr. Putin told his defense chiefs, after the previous year's Sochi Olympics, "We can and must do for the defense industry what we did for Sochi. All questions relating to adequate resource allocation have been resolved."

In one way, the 79-year-old NATO adherent is the right man for his times.

But it's already clear that his giant mobilization on the borders of Ukraine won't yield any big payoff, just as his earlier aggressions in Crimea and the Donbas region produced only financial black holes while alienating any support Russia enjoyed in the Ukrainian population.

If he proceeds now with the threatened and pointless war, his hand would be strengthened by Russia's newly accumulated \$600 billion in foreign reserves. But these funds can't buy needed imports if the imports are embargoed by the West; they can't be used to settle claims levied against overseas Russian assets, including oil cargoes, if banks are prohibited from receiving the funds.

He needs computer chips. He needs inputs for his oil

industry and Russia's military that Russia has no capacity to produce. China might be willing to provide inferior substitutes but at a price, and only if Xi Jinping believes there is an upside to backing the Russian horse, which he may begin to doubt.

With his recent expostulations, Mr. Putin's real aim may be a settlement legalizing Crimea as Russian territory and helping uncomplacate his international situation. But the idea is unlikely to fly with Ukrainian politicians for democratic reasons; the U.S. seems unlikely to press for it. Mr. Putin is right: He made himself a hostage to fortune when he seized Crimea. He made his situation worse and not better by triggering NATO to rally round Ukraine without making Ukraine a NATO member.

He still has Russia's oil-and-gas card, but when that's all you have, you might be nervous about behaving in ways that incentivize your customers to seek out long-term alternatives. Which brings us to another ill-starred president to whom Mr. Biden has been compared. A disputed story has Jimmy Carter's national security adviser Zbigniew Brzezinski pumping his fist when the Soviets rolled into Afghanistan, saying the Kremlin "took the bait." I wouldn't go quite that far but Mr. Putin is not "winning" the Ukraine crisis he started.

BOOKSHELF | By Charlotte Gray

It Wasn't All Schiaparelli

Heiresses

By Laura Thompson

(St. Martin's, 378 pages, \$29.99)

According to Laura Thompson, the essence of the heiress's dilemma is: "How can she ever be sure that she is wanted *for herself*?" How can she avoid falling prey to a fortune-hunter as she yearns for love?

The poor little rich girl is a well-worn cliché. Two of the best-known 20th-century examples are the shipping heiress Christina Onassis and the Woolworth heiress Barbara Hutton; between them they notched 11 husbands—mostly dodgy—plus sundry addictions before dying early wretched deaths. But as Ms. Thompson reveals in "Heiresses: The Lives of the Million Dollar Babies," the predecessors of Onassis and Hutton often had a far worse time, with fewer legal protections.

Ms. Thompson begins her romp through the lives of the filthy rich with the story of Mary Davies. Born in London in 1665, Davies was the heir to a vast stretch of the land, part of which would become London's West End. She was only 12 when Thomas Grosvenor slipped her mother £9,000 (almost \$3 million today) and married Mary in what Ms. Thompson calls possibly "the best property deal in history." Her legal identity was promptly subsumed into her husband's, giving him control of her fortune.

Even so, the marriage, by all accounts, was a harmonious one. When Grosvenor died in 1700, Mary and her fortune were on the market again. Suitors swarmed. After some miserable misadventures, the confused widow was declared a lunatic and packed off to live with relatives. Today, Mary's descendent, the Duke of Westminster, is one of the wealthiest property owners in Britain.

Early tropes always presumed that heiresses were mere items: "wholly passive," Ms. Thompson writes, "and there for the taking." They were regularly traded in fancy drawing rooms, kidnapped in dark passages or forced into clandestine marriages beyond England's borders—often at Gretna Green, on the Scottish border. But some of them sabotaged their own lives through folly. In the late 18th century, Mary Bowes, an ancestor of Britain's current monarch, had both looks and learning, as well as a reputation for being the richest woman in the country. Yet she fell for the duplicitous charms of a good-looking monster, who beat her and spent all her money.

By the early 19th century, according to Ms. Thompson, the heiress marriage market resembled "a horror film in periwigs." Here we meet Catherine Tynley Long, who owned thousands of acres in southern England. Tynley Long fell for a rake named William Wellesley Pole and lived a life of misery. Pole bullied her, spent all her money, demolished her beautiful Palladian mansion—with its ceiling frescoes by William Kent—kept several mistresses and separated her from her children. She died at the age of 36.

The arrival of American heiresses on British shores forms the next phase of the narrative. "The plot of Dollar Princess marries Son of Duke," Ms. Thompson tells us, became "as fashionable and familiar as that of the Gretna Green elopement." Ducal incomes were shrinking, stately homes were crumbling and New World heiresses were suddenly welcomed within aristocratic circles. Besides being wealthy, these women were better educated, better dressed and more fun than their British counterparts. In late Victorian England, they fit comfortably into the bed-hopping swirl that surrounded the sybaritic Prince of Wales. Still, many of the "cash for coronets" alliances failed.

Wealthy women were once legally unprotected from predatory husbands who 'controlled their fortunes'—in every sense of the phrase.

"And now, at last, some agency" begins the section of the book that looks at the upper crust of 20th-century society. But the agency that Ms. Thompson highlights is not the liberation brought about by new laws giving married women a legal identity, separate from their husbands, and allowing them to own, buy and sell property. Instead we are introduced to the American-born Winnaretta Singer, heiress to the Singer sewing-machine fortune, who used her vast wealth to become a major patron of the arts. She was able to do this, Ms. Thompson explains, because Singer "was a lesbian, and not at the mercy of a husband." (In fact, Singer had two husbands, but both men were likely gay and neither laid a finger on her or her money.)

Singer was part of an avant-garde set of influential American lesbians in Paris that included Gertrude Stein and the painter Romaine Brooks. Their salons drew the likes of Colette, Sergei Diaghilev, Isadora Duncan, Scott Fitzgerald, Ernest Hemingway and Pablo Picasso. By breaking with old stereotypes and abandoning the conventional heiress dreams of devoted husbands and children, Ms. Thompson suggests, this Paris sisterhood showed "a possible way forward."

Ms. Thompson closes with a look at terrain that she knows well: London's beau monde after World War I. Ms. Thompson is the author of two books about this period: a biography of the novelist Nancy Mitford—herself a witty observer of the upper-class clique known as the Bright Young Things—as well as "The Six," a lively account of all six Mitford sisters.

By the 1920s, women could vote and run for political office, but "a woman's natural milieu remained the drawing room," Ms. Thompson writes, "and the means to wield power came typically through her ability to curate" a guest list. Two of the great London hostesses of the era were Mrs. Ronnie Greville and Lady Emerald Cunard, both of whom were rich and enjoyed enormous social power. Today, a woman like Mrs. Greville—sharp and brainy—might be running a business or holding public office instead of coying up to royals. "It is impossible to overemphasize," Ms. Thompson reminds us, "the limitations of a woman's life" only a century ago.

The most recent heiresses in this selective catalog refused the default female position of passive victim that characterized earlier incarnations. Instead they chose lives of hedonism. The most gob-smacking is perhaps Daisy Fellowes, Winnaretta Singer's niece, who did exactly as she pleased: "No guilt, no regrets, just lots of sex and Schiaparelli."

Alongside all the gossip, Ms. Thompson found a few enlightened heiresses, such as Angela Burdett-Coutts, who in the late 19th century made good philanthropic use of her millions. But heiresses such as these are not so fun to read about. They certainly don't give us the same delicious shiver of schadenfreude.

Ms. Gray is the author of "Murdered Midas: A Millionaire, His Gold Mine, and a Strange Death on an Island Paradise."



POLITICS & IDEAS
By William A. Galston

The Feb. 4 meeting in Beijing between Vladimir Putin and Xi Jinping makes it official: The U.S. and its allies now face an axis of autocracy stretching from the Baltic to the Pacific.

What Russia and China have in common now is more important than what has divided them in the past. They reject the postwar economic and political order that the U.S. and its allies created. They are revanchist powers determined to regain territories they believe were separated unjustly from their homelands. They endured extended periods of national humiliation, which they are replacing with assertive national pride. And they see democracy as a threat, both inside and outside their borders.

China and Russia have made their choice, and the West must now respond, starting with the U.S.

President Biden is off to a good start. In the Asia-Pacific region, administration officials have shored up traditional alliances and are creating new ones. The strengthened Quad security arrangement involving Japan, India, the U.S. and Australia, coupled with the Aukus agreement to equip Australia with nuclear-powered submarines, will enhance the West's ability to

resist Chinese aggression against Taiwan, Japan and other allies in the region. And after extended consultations, the administration is close to releasing a comprehensive Indo-Pacific economic strategy.

The Biden administration is getting high marks in Europe for its strong stand against a possible Russian attack on Ukraine—and for its careful consultation with European allies to coordinate a united response. This past week, Mr. Biden dispatched 3,000 U.S. troops to Eastern Europe and authorized an additional \$200 million in defensive military aid to Ukraine, which an emergency airlift is delivering to Kyiv. Other NATO members—the U.K. and the Baltic states—also have sent weapons. Poland and the Czech Republic will soon join them. Last week Turkey agreed to allow Ukraine to manufacture Turkish-designed drones, which Ukraine has already used in the Donbas region.

Regrettably, Europe's two leading countries haven't been as firm in their opposition to Russian threats. Before French President Emmanuel Macron flew to Moscow to discuss a peace deal with Mr. Putin, he said that Russian security concerns were "legitimate" and that Western countries need to understand better "the contemporary traumas of this great people and great nation." He intimated that the West would have to yield ground to reach an agreement. When he arrived in Moscow, he stated that the "Finlandization" of

Ukraine would be "one of the models on the table" during his talks with Mr. Putin.

Olaf Scholz, Germany's new chancellor, has been even more equivocal—so much so that Germany's ambassador to the U.S. felt compelled to warn him that Washington was coming to regard Germany as an "unreliable partner." Mr. Scholz has been criticized for refusing to provide Ukraine with defensive weapons, and Germany's dependence on Russian natural gas has generated suspicion in other Western capitals.

Germany and France are weak links as the West faces an alliance of China and Russia.

Very much on the defensive, Mr. Scholz flew to Washington on Monday to confer with Mr. Biden and congressional leaders. After the two leaders met, the president declared that a Russian invasion of Ukraine would "put an end" to the Nord Stream 2 natural gas pipeline between Russia and Germany. The chancellor spoke of unity but did not explicitly commit his country to this position.

Here at home, the issue of Ukraine has proved divisive for Republicans. While Senate Minority Leader Mitch McConnell and South Carolina Sen. Lindsey Graham have given Mr. Biden's troop deployments their full support, Missouri

Sen. Josh Hawley, darling of the burgeoning "national conservative" movement, called it a "mistake to send more American troops to Europe."

This past weekend, three of the movement's intellectual leaders published an article in the New York Times castigating the Cold War era's "violently expansionist foreign policy," which they dubbed "liberal imperialism," and called on conservatives to reject the "crusader project" and embrace instead a posture of "cultural nonaggression abroad."

In other words: Forget about democracy and individual rights beyond our borders. Let Russia do what it wants in Eastern Europe. Treat China, the world's first total surveillance state, as a "civilizational equal."

In the late 1940s, the U.S. faced a momentous choice: lead the Western resistance to the Soviet Union or retreat behind our borders, as we did after World War I. Spurning the advice of that era's national conservatives—led by Sen. Robert Taft, who opposed the creation of the North Atlantic Treaty Organization—Republicans and Democrats came together to draw the line against Soviet expansion.

Now, as we face the choice between engagement and retreat for the third time in 100 years, we should ignore the voices counseling a foreign policy of moral relativism and stand firmly against the new axis of autocracy that threatens freedom and democracy everywhere.

The Doctor Will See You Now—Wait, Not You

By L.S. Dugdale

Doctors are increasingly refusing to treat the unvaccinated. Physicians in Alabama, Florida, the District of Columbia and Toronto have dismissed unvaccinated patients from their practices. A Texas task force has considered reserving beds in intensive-care units solely for the vaccinated.

Among my fellow bioethicists, incredulity and anger run high against so-called antivaxxers. Behind closed doors I've heard repeated calls to punish them by charging higher insurance premiums, withholding scarce medications or refusing treatment.

Some argue it is ethical to decline to treat those who refuse the Covid jab. Prohibiting unvaccinated patients from entering clinics protects both healthcare workers and high-risk patients and can motivate patients to accept the vaccines.

It seems logical that refusing to treat the unvaccinated will

reduce harm and promote good. But ethics is far more complicated than a simple calculation of risks and benefits.

As a physician and ethicist, I am a strong advocate of vaccination. Although the Omicron variant has evaded both vaccine-induced and infection-induced immunity, in my experience, the large majority of patients hospitalized with

Physicians, losing patience with their patients, forget their obligation to care.

Covid-19 in intensive-care units didn't take the shot. Throughout the pandemic, the unvaccinated have faced greater risk of severe illness, hospitalization and death. They've also risked harming others by inadvertently spreading disease.

But refusing to care for the

unvaccinated can itself inflict harm. Nearly 1 in 5 healthcare workers have left their jobs during the pandemic. Nursing shortages abound. There's no guarantee that patients dismissed by one clinician will find another. Patients may not be able to fill prescriptions or manage chronic conditions. Many will eventually wind up in the hospital, which can only worsen staffing and supply shortages. Doctors who seek to punish the unvaccinated end up punishing their own colleagues.

What's more, refusing to treat patients amplifies divisiveness at a time when cultural and ideological divisions seem stronger than ever. Researchers at Northeastern University have shown that people who perceive higher levels of partisan polarization are at greater risk for depression and anxiety. The pandemic has already taken years off our lives. Physicians who choose the partisan route of abandoning the unvaccinated risk

worsening the nation's physical and mental health.

Denying care to the unvaccinated also violates the ethical principle of treating all patients justly, regardless of their complicity in becoming sick. Almost no one exercises enough, eats perfectly or takes medications exactly as prescribed. We doctors don't dismiss patients for smoking or drinking too much. Why punish them for refusing the Covid shot?

The earliest hospitals were sites of hospitality. These days medical professionals are required to be neither saints nor martyrs. But they are obligated to care. The greatest hazard we face—vaccinated or not—is to have a generation of healthcare practitioners lose sight of that purpose.

Dr. Dugdale directs the Center for Clinical Medical Ethics at Columbia University and is author of "The Lost Art of Dying: Reviving Forgotten Wisdom."

OPINION

REVIEW & OUTLOOK

Canada's Trucker Protest

Canadian truckers opposed to a Covid-19 vaccination mandate used their rigs on Monday to block the Ambassador Bridge connecting Windsor, Ontario, and Detroit, the busiest international land-border crossing in North America.

This latest act in a week-long show of civil disobedience is more akin to political life in France or the U.S. That it happened in restrained Canada is a signal to the political class across the West: Large swaths of humanity are done with Covid-19 restrictions, mandates and excessive meddling in their lives. They want to go back to making their own health-risk assessments.

The Ambassador Bridge, which carries some \$323 million in goods daily in cross-border trade and an estimated \$137 billion last year, reopened Tuesday morning. Yet truckers continue their protest in Ottawa, which is disturbing the peace and worse in that usually peaceable Canadian capital.

The truckers should be prosecuted if they break the law, as we argued for Occupy Wall Street and Black Lives Matters protesters on the left. But as the Omicron virus shows itself to be less lethal and positive test rates fall, the truckers are sending a message to democratic governments that it's time for the pandemic emergency orders to end.

For two years the truckers were classified as "essential" workers and therefore exempt from vaccine mandates. An estimated 85% of them are vaccinated. Yet Liberal Party Prime Minister Justin Trudeau, who heads a minority government, has chosen this moment to order that truckers be vaccinated if they want to cross back into the country from the U.S.

The Canadian left is sneering at the truckers and their supporters, suggesting they're nothing more than right-wing Trumpians. Mr.

Trudeau has smeared them as "a few people shouting and waving swastikas." But the push-back against Covid-19 overreach has gone global. In January police fired water cannons at an estimated 50,000 European protesters in Brussels registering their exhaustion with restrictions and mandates. Since December protesters have gone to the streets elsewhere in Europe and in New Zealand and Australia.

A majority of Canadians don't support the Ottawa protests, according to polls. But a recent survey by the Angus Reid Institute found that a majority favors lifting restrictions, suggesting the Trudeau mandate, which went into effect on Jan. 15, was a political miscalculation. By energizing a significant part of the electorate, until now less present in public discourse, he has set off a backlash, deepened Canadian polarization, and raised the stakes in a showdown with the truckers.

Mr. Trudeau insists he has the power to require that truckers show vaccination at the border and will therefore stand his ground. Meantime, Canada's provincial premiers are gradually easing Covid rules. On Tuesday Saskatchewan Premier Scott Moe announced that the province's vaccine passport, negative test requirement and mask mandate will be lifted by the end of the month. Also on Tuesday, Joel Lightbound, a Liberal Party member of Parliament from Quebec, criticized Mr. Trudeau for a Covid-19 agenda that he said is dividing the country and damaging public confidence.

The lesson for the Covid-19 police is that when you've lost even Canadians, arguably the most law-abiding people on the planet, you've lost the political plot. Time to adopt a new strategy more tolerant of the need to return to life not dominated by pandemic fear and government commands.

Their message is that it's time for the pandemic emergency orders to end.

The IRS Does a Face Plant

The Internal Revenue Service has walked back the biometrics security program we wrote about last week, and we're glad to hear it. But it's still worth addressing the flawed arguments that led to this face plant.

Commissioner Chuck Rettig said Monday the IRS is scrapping a plan to require Americans to submit face scans to see their personal tax information. Democrats and Republicans blasted the plan on grounds of privacy, security and government intrusion, and Mr. Rettig now acknowledges that "everyone should feel comfortable with how their personal information is secured."

This is more contrite than last week, when the IRS said a lack of funds and rampant identity theft left it no choice but to embrace biometrics. Identify theft is a problem, but missing in the IRS analysis is government's role in creating the environment that makes fraud more likely.

Not long ago most taxpayers' interactions with the IRS amounted to a once-a-year tax filing on April 15, or four quarterly payments. That changed during the pandemic when Congress created a giant transfer-payment state, largely facilitated by the IRS. Millions of Americans now commune with the IRS to check up on a stimulus handout, the latest monthly advanced child tax allowance, or po-

tential refunds for taxes on enhanced jobless benefits. An unsurprising result has been a windfall for criminals who siphon payments through identity theft.

The IRS response has been to use the excuse of complexity to argue for intrusive new facial-recognition data and more hoops for taxpayers to jump through. It's the old Washington story: Government makes a mess, and then imposes new burdens on the American public in the name of fixing it.

This complex new system of benefits has diverted the tax agency from its core mission. Senate Democrats complained in a letter last month to the Treasury Department that the IRS is sitting on a backlog of 10 million unprocessed returns, and that the IRS barely has the capacity to answer a phone. Whose fault is that? The agency recently admitted that letters it sent to taxpayer about the status of their child tax payments might contain incorrect numbers, given outdated information.

The IRS received a 17% budget bump last year, yet it still pleads poverty. Maybe instead of using half-baked ID programs to leverage more dollars, Mr. Rettig could remind Congress of its role in creating this fiasco, and argue for a simpler tax system. Too much of government is incompetent because there is too much government to manage competently.

The tax agency scraps its biometric ID plan to see personal records.

Racial Gerrymanders in the Dock

The Supreme Court isn't above criticism, heaven knows, but it would be nice if the critics didn't accuse the Court of judgments it hasn't made. A case in point is the hyperventilating over the Court's 5-4 ruling Monday that stayed a lower-court order requiring Alabama's Congressional map to be redrawn in a few weeks (*Merrill v. Milligan*). The ruling did not rewrite the Voting Rights Act.

Section 2 of the VRA bars voting practices or procedures that discriminate by race. This seems clear enough: Don't racially gerrymander. The Court, however, interpreted Section 2 in *Thornburg v. Gingles* (1986) to essentially require legislatures to maximize majority-minority districts. In a Catch 22, later Court decisions have forbidden legislatures from weighing race too heavily in redistricting.

Alabama's new post-Census House map was ensnared in this trap. For three decades it has included one majority-minority district. Yet liberal groups contend that the GOP Legislature could have drawn a second in this latest round of redistricting. They say blacks make up 27% of the state population but only get to elect their "candidate of choice" in one of seven Congressional seats.

To sum up their argument, black candidates can only win in districts where blacks make up a voter majority, and the new map must assure them proportional racial representation. A panel of three federal judges agreed and ordered the Legislature to redraw the map to include two majority-black districts in time for this spring's primaries.

Yet redoing the map would sow confusion before the primary, Alabama explained in its appeal to the High Court. Absentee voting begins March 30, and candidates need to know which

district they are running in. The Court's *Purcell* principle prohibits lower courts from enjoining state voting laws close to an election, as Justice

Brett Kavanaugh explains in a concurrence staying the lower-court order.

"When an election is close at hand, the rules of the road must be clear and settled," Justice Kavanaugh writes.

"The stay will allow this Court to decide the merits in an orderly fashion—after full briefing, oral argument, and our usual extensive internal deliberations—and ensure that we do not have to decide the merits on the emergency docket. To reiterate: The Court's stay order is not a decision on the merits."

The three liberal Justices nonetheless rebuked their colleagues for using the Court's "emergency docket" to issue a "ruling that 'undermines Section 2'" and "a law this Court once knew to buttress all of American democracy." Read between the lines in their dissent: They are chiding Chief Justice John Roberts for his *Shelby County* decision that eliminated the Voting Rights Act requirement that the Justice Department or federal court sign off on changes to maps and election laws. They hope this censure will make him tread more cautiously on voting-rights cases.

The Chief joined the liberals on the Alabama map because he believed the Court should defer to the lower court's legal analysis. But he hinted in his dissent that *Gingles* may deserve to be revisited because it and its "progeny have engendered considerable disagreement and uncertainty regarding the nature and contours of a vote dilution claim." They have.

Reinstating the Alabama map respects the Court's well-reasoned *Purcell* precedent while leaving its mistaken *Gingles* precedent for another day.

Does the law command proportional representation by race?

LETTERS TO THE EDITOR

How to Keep Up in the Economic Arms Race?

Regarding your editorial "The Be More Like China Act" (Feb. 3): In the 1980s, the accepted wisdom was that Japan was going to take over everything. The Ministry of International Trade and Industry (MITI) was a government agency that effectively directed Japanese companies. U.S. politicians wanted to emulate MITI's great success. Not much later, Japan entered a decadeslong recession.

Now it's China's totalitarianism, under which corporations bow to politicians' whims, which Western politicians drool over. Power and control over everything and anything is irresistible to liberals who believe that good comes only from government.

JOE BOCCUZZI
Stamford, Conn.

America won't maintain its competitive edge by beating a retreat in semiconductors. It'll do it by investing to ensure more of the chips the country needs are researched, designed and manufactured on U.S. shores.

A \$52 billion federal investment in semiconductor production and inno-

vation will spur hundreds of billions of dollars in company investments, create hundreds of thousands of U.S. jobs, and usher in a historic resurgence of chip manufacturing in America. By investing in the chip industry, America can win the global race for leadership in technologies that will determine our future. It's a race we can't afford to lose, but it won't be won by rigid reliance on free-market principles alone.

Other countries figured this out and have gained a big head start. Major semiconductor players China, Korea, Japan and the European Union have for years encouraged domestic chip production and recently announced up to \$260 billion in additional government investments over the next decade aimed at the semiconductor industry. The U.S. must level the global playing field, prepare for the future and help avert the next chip shortage by making bold investments in semiconductors.

JOHN NEUFFER
Semiconductor Industry Association
Washington

The Pro-Life Case Against Califf for the FDA

Your editorial "Robert Califf for the FDA" (Jan. 31) unfairly dismissed well-documented pro-life and public-health concerns with President Biden's nominee. While serving as commissioner of the Food and Drug Administration under President Obama, Dr. Califf authorized the weakening of data reporting requirements on medical complications that result from chemical abortions, obscuring the real dangers these drugs pose to women and girls.

Recent large-scale, peer-reviewed research shows that the rate of chemical abortion-related emergency-room visits is increasing—more than 500% since the early 2000s. Complications can be life-threatening. Yet under Dr. Califf's direction, the FDA in 2016 stopped requiring adverse events short of death to be reported. Dr. Califf did not address his role in that de-

cision in his committee hearing. Instead, he told the committee that he trusted the FDA's decision would be based on the best available data—data that is woefully inadequate due to his past actions as FDA commissioner.

As your editorial notes, states are stepping up to stop mail-order abortion drugs, but they have done so in response to the FDA's reckless abdication of its titular responsibilities.

Mr. Biden's pick caters to the abortion industry and the most extreme voices in his party, who put their ideology ahead of public health. There is little doubt Dr. Califf will authorize mail-order abortions permanently if he is confirmed, with countless women and their unborn children paying a dire price.

CHUCK DONOVAN
President, Charlotte Lozier Institute
Arlington, Va.

Some Things in Life Are Bigger Than Politics

Thanks and condolences to Karl Rove for his heartfelt article on his sister's passing as a result of Covid-19 ("Requiescat in Pace, Alma," op-ed, Feb. 3). I am heartened that Mr. Rove did not make her passing a political incrimination of anyone. What we don't know about life and medicine remains a mystery, but family is our ultimate solace. Thank you, Mr. Rove for reminding us of that truth.

JOHN M. JENNINGS
Santa Fe, N.M.

I commend the Journal for three thoughtful articles on Feb. 3. First, we must move forward and live with Covid-19, as Daniel Henninger writes ("End the Covid Panic Now," Wonder Land). We can do it if we recognize

the dangers and go about our days with care for others. Second, Mr. Rove offers a touching tribute to his sister and a reminder that many have experienced true loss to the virus. He is gracious to the many who fight to protect us. Third, Rebecca Sugar's "We're All Whoopi Goldberg Now" (op-ed) calls on us to take care in whom we listen to, as the loudest voices are often the least trustworthy. She reminds us of our responsibility to keep informed with reliable sources.

Taken together, these three pieces give us the formula to move through these challenging times: resilience, compassion, humility, appreciation and responsibility.

CARLTON DUNN
Louisville, Colo.

What's Going On With CUNY's Woke Union?

I am a retired City University of New York employee and former Professional Staff Congress (PSC) grievance counselor, representing employees in labor disputes with CUNY. I am familiar with the statements from Avraham Goldstein's op-ed "I'm Stuck With an Anti-Semitic Labor Union" (Jan. 21), and I found Prof. Goldstein's criticism of the PSC quite restrained.

While the PSC disparages Israel and its citizens with vitriolic and false accusations of "apartheid,"

Children Are Not the Enemy

Thank you, Dr. Eran Bendavid, for saying what we are thinking ("Covid and the Hygiene Hypothesis," op-ed, Feb. 2). As a mother and grandmother, I am beyond frustrated with the mask mandates in schools. Where is the balance? My father (who lived to 94) always said, "everything in moderation." The teachers unions and the CDC need to stop treating children like the enemy. They are the hope of the future, and they need to be given their best chance at a healthy one.

MARIAN CRAVER
Pacific Palisades, Calif.

CORRECTIONS

The Sustainability Accounting Standards Board is an independent nonprofit. This was misstated in the Feb. 7 op-ed "BlackRock's Climate-Crusade Doubletalk."

If his tenure ended today, Boris Johnson would be the third-shortest-serving prime minister of Queen Elizabeth II's reign. This was misstated in the Feb. 8 Free Expression column.

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.



"I keep thinking success is right around the corner. Then we U-turn."

OPINION

See No Labor, Hear No Labor

By Daniel Altman

More than six million people disappeared from the Labor Department's count of hourly paid workers between 2019 and 2021. They didn't just vanish. Many found ways of working that expose a blind spot in government policy while transforming the economy. They signed up for flexible working apps such as DoorDash, Amazon Flex, Trusted Health and the one from my company, Instawork—apps that match hourly workers with local businesses on a shift-by-shift or task-by-task basis.

Hourly workers fall off the government's radar as they shift from traditional payrolls to flexible apps.

Yet despite the apps' popularity, the Labor Department rarely publishes statistics on flexible work. The last report on "Contingent and Alternative Employment Arrangements" came out in 2018. Such government counts as the Census Bureau's Current Population Survey can easily miss flexible workers. While a full-time worker who takes vacation or sick leave will still show up as employed, a flexible worker who does the same will be classified as outside the labor force. The Labor Department's count of self-employed people isn't much better, it rose by only about 100,000 between 2019 and 2021, even as flexible work was taking off. Flexible workers—especially those in hourly paid professions—fell off the department's radar.

That's a shame, since people using flexible-work apps are changing the economy in ways that should make government agencies take notice. Flexible hours, roles and even geography improve matching between workers and businesses, reducing what economists call "frictional unemployment." This is joblessness during the job-search process, and it is one of the most stubborn barriers to economic growth. By helping users who want to work find suitable positions quickly, flexible-work apps make the economy run more smoothly.

The appetite for flexibility is plain to see. In 2021 three quarters of Instawork users worked shifts in more than one role, such as forklift driver or bartender, and about a third worked at least one shift during the day and one at night. Roughly two-thirds worked in more than one industry, such as food service or sanitation, and more than a quarter worked in at least two metropolitan areas. This flexibility makes the economy more resilient. Even during the Omicron wave of the pandemic, the share of shifts that Instawork has been able to fill hasn't changed.

This success comes in part from reducing the uncertainty that can make markets stall—"informational asymmetries" to economists. Many flexible-shift apps let workers and businesses leave feedback. By establishing reputations based on experience, the apps improve the quality and quantity of matches in the labor market. The principle is the same with shopping platforms such as eBay and Amazon. By bringing together vast numbers of buyers and sellers—in this case, of labor—flexible-work apps can generate more transactions, share more information, and create more



BARBARA KELLEY

economic opportunity.

Flexible work can also reduce bureaucracy, another source of labor-market friction. Roughly half of Instawork users are paid automatically as soon as their work is done, and most are paid within the same week. The majority are essentially working on a short-term contract, but in 2021 almost half were paid for at least one shift with regular income that showed up on W-2 forms. A growing number of Instawork business partners choose to hire professionals for long-term assignments via the platform.

This choice reflects a long-overdue modernization in the hiring and payment of hourly workers. In the past, small businesses such as restaurants and warehouses had to handle their own accounting and back-office functions. Some used software

for clocking shifts and paying workers, but it was often separate from the recruiting platform. By uniting those functions in a single app, workers and businesses have better coordination and verifiability.

These innovations may be combining to lower the so-called natural rate of unemployment. If barriers to work are starting to fall, then unemployment rates today aren't strictly comparable to those of even a decade ago. Policy makers who care about unemployment, including the Federal Reserve, may have to recalibrate their targets. The economy may be able to maintain a lower unemployment rate without inflation.

Because the apps let users consider several offers at the same time, their bargaining power also increases. This may be particularly important for workers after decades of

corporate consolidation and declines in collective bargaining.

The Labor Department recorded all-time lows in workers' share of national income starting in 2011. But workers' share experienced a sudden uptick in the first two quarters of 2020 and is still 5% higher than its rock-bottom; through much of the past two years it was back to its level of 2005. So for workers' bargaining power, the "Great Resignation" may not tell the whole story.

We can see the effects in real time using Instawork's transaction data. The wages Instawork users received in 2021 averaged more than \$19 an hour, well above the \$7.25 federal minimum wage and the \$15 minimum in many municipalities. In the Bay Area, where San Francisco has a minimum wage of \$16.32, filled shifts averaged \$22.39. In the hospitality industry, where the Labor Department reported a national average for hourly earnings at \$19.57 in December, the average on Instawork was \$21.83.

Businesses are using the money they save through better matching to pay higher wages. Yet this doesn't represent wage inflation per se; the businesses are getting a different and better service.

In light of the flexibility, convenience, and higher pay offered by flexible-work apps, it's no surprise that the millions of workers "lost" by the Labor Department haven't yet returned to its statistical totals. Many have found work. The question now is how the department and other agencies will account for the transformative force represented by the missing workers. They've been overlooked long enough.

Mr. Altman is chief economist at Instawork.

Why There Aren't More Black Coaches in the NFL



UPWARD MOBILITY
By Jason L. Riley

Not long after Barack Obama became president, he made an appearance on the "Late Show With David Letterman." It was September 2009, and the administration's plans to overhaul the U.S. healthcare system had not been going over well in the polls. Some people, including former President Jimmy Carter, were insisting that criticism of Mr. Obama was racially motivated. Asked about it, Mr. Obama demurred. "It's important to remember," he said to Mr. Letterman, "that I was actually black before the election."

Mr. Obama's response was not only classy and amusing, but it was based on a certain logic that seems lost on those who are quick to reach for the race card. Last week, Brian Flores, who was recently fired as head coach of the Miami Dolphins, filed a lawsuit against the National Football League alleging that the league discriminates against black

coaches. But Mr. Flores was also black when he was hired.

It's no secret that professional sports has a long, ugly history of racial exclusion, and it's certainly possible that the Dolphins organization is guilty of discriminatory hiring practices. But is it plausible? "Dolphins owner Stephen Ross ran the 'blackest' organization in the NFL," sportswriter Jason Whitlock observed in a recent column. "At one time, his head coach, general manager, assistant general manager, defensive coordinator, and several members of his ownership group were all black." At what point did Mr. Ross become a bigot? When he decided to fire Brian Flores?

In a statement released by his lawyers, Mr. Flores said the lawsuit is not about "my personal goals." Rather, "my sincere hope is that by standing up against systemic racism in the NFL, others will join me to ensure that positive change is made for generations to come." Maybe, but the reality is that lawsuits such as this one could hamper efforts to increase the number of black coaches in the NFL. Teams

might be less likely to hire someone they can't fire without being labeled racist.

A similar phenomenon played out in faculty hiring at colleges and universities after affirmative action was implemented in the 1970s. Schools were reluctant to hire a professor who might not make tenure,

One reason is that teams don't want to hire someone they can't fire without being labeled racist.

lest they be accused of discrimination and face expensive lawsuits and unfavorable press. Unlike among white academics, only the sure things got job offers, which reduced the overall number of minority faculty hires.

Like others who invoke "systemic racism," Mr. Flores and his allies point to statistical disparities as proof of discrimination. About 70% of NFL players are black, yet

the league currently has only two black head coaches and one who has a black father and describes himself as multiracial. In 2003 the league adopted a rule that required teams to interview minority candidates for top coaching jobs. Since then, 122 head coaches have been hired, and all but 17 of them have been white. In recent decades, the number of black head coaches has fluctuated. In 2004 there were five. The number rose to eight by 2011, fell to four in 2013 and then rose back to eight in 2017. Those numbers may not be as high as some would like, but they don't look like solid evidence of racist hiring practices.

We also shouldn't ignore other plausible explanations for this racial imbalance that may have nothing to do with racial bias. Progressive icon Ruth Bader Ginsburg spent 27 years on the Supreme Court while hiring only one black law clerk. Was she guilty of discrimination, or was she simply choosing from a pool of candidates that, for whatever reason, included relatively few blacks?

Head coaches in the NFL more re-

cently have tended to follow a certain career path. An insightful article last month by the sportswriter Shalise Manza Young noted that, since 2016, three-quarters of the 40 head coaches hired had worked as offensive coordinators. In 2021 only seven of the league's 33 offensive coordinators were black.

Ms. Young then pointed to another potential factor in the racial makeup of pro football coaches: old-fashioned nepotism. "By the NFL's own data for its 2020 diversity and inclusion report, nine of that year's 32 head coaches were related to a current or former coach in the league, whether by blood or marriage," she wrote. The same applied to the league's 63 coordinators and position coaches, 53 of whom were white.

This is no doubt a problem for a league that aspires to have more of the coaches on the sidelines look like the players on the field. But it is not a problem of racial animosity toward blacks who want to coach in the NFL. And it's not at all clear that Mr. Flores's channeling of Colin Kaepernick will help more get hired.

There's Apartheid in the Holy Land, but Not in Israel

By Eugene Kontorovich

The report by Amnesty International accusing Israel of apartheid—a likely preview of similar moves at the United Nations and the International Criminal Court—has been widely debunked, including in these pages. Yet what is remarkable about its 200 pages of distortions is the evidence of real apartheid-like policies that Amnesty leaves out. There are reasons to be concerned about the emergence of apartheid in the Holy Land—but not the ones Amnesty cites.

The defining characteristic of apartheid—what distinguishes it from generic racial discrimination—is the rigid separation of groups in public spaces and positions of power. This is the *apart* in apartheid.

Thus, a sign of apartheid could be a government policy that bans real-estate sales or transactions to the disfavored group. Apartheid is suggested by policies that carve out

massive zones where the disfavored group cannot live or work, create ethnically homogenous zones, and restrict the disfavored group to ghettos. One might consider it apartheid if a government enforced a policy of extrajudicial execution of members of a disfavored group.

All these policies are practiced in the West Bank and Gaza—by the Palestinian Authority government against Jews. What makes the "Israel apartheid" meme particularly despicable is that is not just a lie, it is an inversion of the truth. In all areas controlled by Israel, Jews and Arabs mix openly. Yet the Palestinian Authority has for decades ruled over Gaza and about half the West Bank—and all the areas under its jurisdiction are Jew-free.

There isn't a single Jewish community living anywhere under Palestinian control. This isn't because of Jewish preferences. Jewish communities exist across the world; they would certainly exist 10 minutes from Jerusalem if it weren't for the

Palestinian Authority's policies of excluding Jews and inciting violence and prejudice against them.

Palestinian law makes selling land to Jews a crime punishable by death, often without trial. Nor does the authority recognize any Jewish titles to private property. Last year a Palestinian religious official said on Palestinian TV that "this land is a pure right of its Muslim owners, the people of Palestine." A senior Palestinian Authority figure said in an official publication, "Whoever sells real estate to the enemy . . . is considered a traitor to the religion, the homeland, and the people, and all those who commit this must be punished."

In Israel, by contrast, Arabs enjoy full property rights, enforced by the courts against Jews. Perversely, Amnesty cites as an example of Israeli apartheid a series of legal proceedings in which Jewish property owners in the Jerusalem neighborhood of Sheikh Jarrah seek (thus far unsuccessfully) to evict squatters who

happen to be Arab. In Amnesty's alternate universe, Jews enforcing their property rights is apartheid; Jews being denied the right to own property isn't. The South African government used death squads against blacks. The Palestinian government pays terrorists for killing

Palestinian law makes selling land to Jews a crime punishable by death, often without trial.

Jews—the more people killed, the bigger the bounty. It regularly imprisons the few brave Palestinians who speak out against its policies.

In all the territories controlled by the Palestinian government, Jews are prevented from worshipping at their holy sites, despite explicit provisions in the Oslo Accords requiring the Palestinian Authority to protect

such worship. When Jews manage to visit such shrines, they must come in the middle of the night under armed guard. And even in areas under Israeli control, like the Temple Mount—Jews' holiest site—the Palestinian Authority prevents public Jewish prayer by threatening mass violence if Jews "defile" it with their "filthy feet," in the words of President Mahmoud Abbas.

All this is part of a larger vision. The Palestinian Constitution defines Palestine as an exclusively "Arab nation," with Islam the official religion and Arabic the sole official language. At the same time, Palestinian officials and educators deny any Jewish history or connection to Israel. In Israel, on the other hand, though it is the only Jewish-majority country in the world, Judaism isn't the official religion. Both Hebrew and Arabic enjoy official status. Yet Amnesty claims that merely identifying as a "nation state" of a particular people is an apartheid practice—but only when it comes to Israel.

Apartheid is not merely a term of opprobrium, it is a crime created by and defined in international treaties. As a legal matter, while Ramallah's treatment of Jews is discriminatory and violates human rights, it is impossible to say it formally qualifies as apartheid. The standard for apartheid has been set so high by the international community, that thus far only South Africa has been deemed a clear case. But by the standards implicit in Amnesty's report, the Palestinian government is guilty.

Mr. Kontorovich is a professor at George Mason University Scalia Law School, and a scholar at the Kohelet Policy Forum, a Jerusalem think tank.

Notable & Quotable: Backward

Byron York writing for the *Washington Examiner*, Feb. 8:

There is a wrenching debate going on inside the Republican Party over the simplest of questions: Should the party look backward or forward? . . .

GOP politicians who want to move on face a lot of resistance from two very different quarters. First, the Democratic Party very much wants to keep talking about 2020. After all, House Speaker Nancy Pelosi created the Jan. 6 committee in part to keep the idea of a Trump-Republican "insurrection"

alive into the 2022 midterm elections. Democrats want to talk about 2020 because they believe they can use it to defeat Republicans.

And then there is Trump, who in recent days has been using his press releases—the equivalent of his old tweets—to dwell on various 2020 issues. . . .

To look toward the future, Republicans have to avoid the traps being set by Pelosi and the Democrats, and also by Trump. For the GOP, the backward-or-forward question will be the most difficult, and the most consequential, issue in coming months and years.

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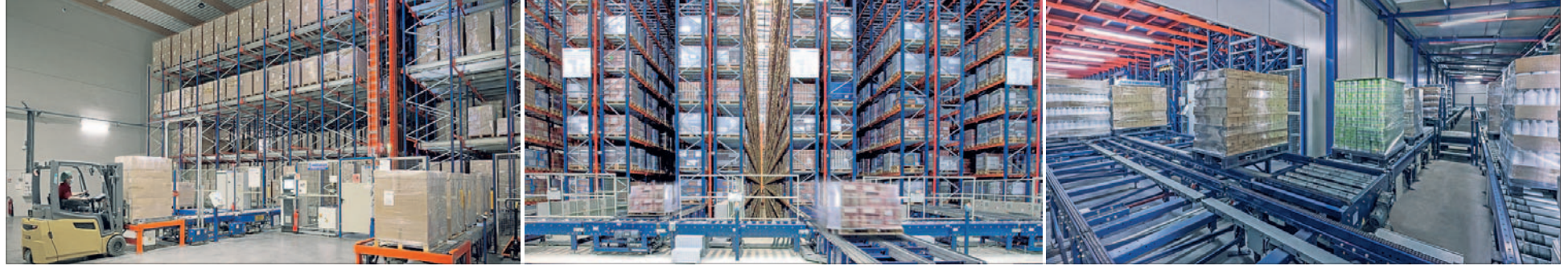
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TECHNOLOGY: LYFT POSTS STRONG REVENUE, DISAPPOINTING RIDERSHIP B4

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Ford, GM Warn Dealers on Pricing

Dealerships can lose future inventory for selling cars above the suggested retail prices

By NORA ECKERT
AND MIKE COLIAS

Ford Motor Co. and **General Motors Co.** are clamping down on dealerships that are trying to charge more than the sticker price, a tactic that has proliferated amid the car shortage.

Ford Chief Executive Jim Farley said Thursday that dealers who engage in this practice will face conse-

quences, including losing supplies of future models. Auto makers set a manufacturer's suggested retail price, or MSRP, when they ship cars to dealerships. Dealers aren't required to adhere to them, but under business norms that has been the general practice and expectation.

"We have very good knowledge of who they are," Mr. Farley said during a conference call with analysts to discuss Ford's fourth-quarter results.

Ford has determined that about 10% of the roughly 3,000 dealerships in its U.S. network are charging above the sticker price, Mr. Farley

said. If they don't stop, Ford plans to take punitive action by shipping them fewer sought-after models, he added.

In a letter to its dealers last month, GM also said it could take action against "a small minority of bad actors" who were selling or leasing vehicles at rates "far in excess" of sticker prices set by the auto company. It said GM could decide to withhold some vehicle shipments to those dealerships.

Traditional car companies operate through networks of franchise dealerships, which are independent businesses that purchase cars from the factory. While the auto maker

controls supply and offers promotional programs, dealers generally have autonomy over the final transaction with the customer.

Historically, car companies have said they disapprove of their dealers charging above MSRP, saying it can reflect poorly on the brand and alienate customers. The practice has been relatively rare in the past, occasionally surfacing when hot new models first hit showrooms and are in high demand.

But over the past year, dealerships have routinely been charging above the list price across many models, as a continuing computer-chip

shortage pinches the supply of new cars, creating a seller's market.

Many dealers are tacking on what are known as market adjustments, which inform the buyer that the dealership is raising the price of the vehicle above the window sticker figure. In some cases, they are doing this by requiring that buyers accept added fees and warranty protection as part of the asking price.

Consumer-shopping website Edmunds.com said 82% of new-vehicle purchases in January were at prices that exceeded the suggested retail price, with buyers paying \$728 *Please turn to page B2*

Charges Against Ex-Pilot At Boeing Reduced

By DAVE MICHAELS
AND ANDREW TANGEL

A federal judge on Tuesday dismissed part of the criminal case against a former **Boeing Co.** pilot accused of misleading air-safety regulators about faulty software that played a significant role in two deadly 737 MAX crashes.

U.S. District Judge Reed O'Connor found that part of the indictment against Mark Forkner, who left Boeing, was flawed because prosecutors charged him with fraud involving aircraft parts. Prosecutors alleged that Mr. Forkner's efforts to mislead the regulators had the effect of defrauding Boeing's airline customers. The *Please turn to page B2*

Dividend Stocks Back in Fashion Amid Turbulence

By HARDIKA SINGH
AND MICHAEL WURSTHORN

Boring companies have been hot during the stock market's winter swoon.

An early-year tumble in major stock indexes has some investors searching for safety by dumping shares of high-growth technology stocks for stodgier businesses that pay shareholders cash, including banks, oil companies and telecommunications companies.

Through Monday, the S&P 500 High Yield Dividend Index, made up of the S&P 500's top 80 dividend-paying companies, was up 2.6% including dividends, compared with a negative total return of 5.8% for the broad benchmark through Monday.

The average dividend-paying stock in the S&P 500 rose by 6.6 percentage points more than nonpayers in January, the biggest margin favoring payers in 17 years, according to S&P Dow Jones Indices.

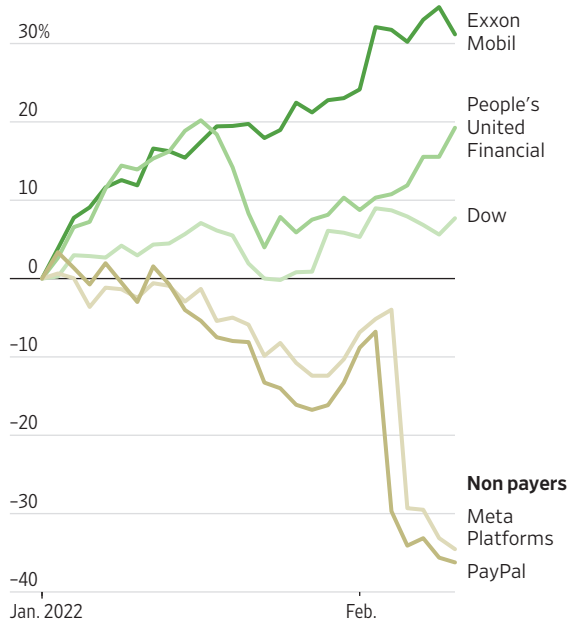
Rising inflation and the prospect of the first interest-rate increases by the Federal Reserve in more than three years have raised questions about the economy's durabil-

ity. Income-generating stocks are seen as a safe harbor from those worries, analysts said, while once-highflying stocks, including some tech behemoths' shares, have been laid low as investors try to select tomorrow's winners and losers.

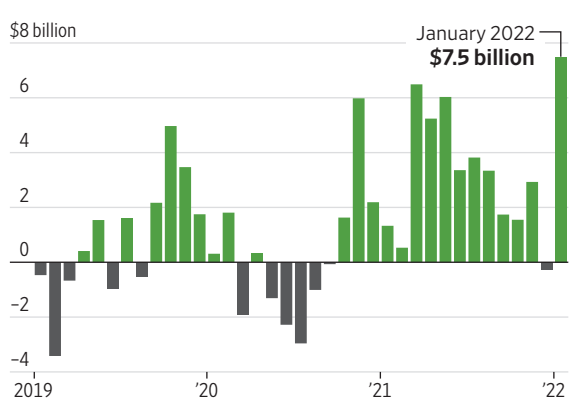
The S&P 500 and the Nasdaq Composite suffered their worst January in more than a decade as big tech stocks slid. The indexes are down 5.1% and 9.3%, respectively, this year, while the Dow Jones Industrial Average is down 2.4%. Meanwhile, shares of **Exxon Mobil Corp.** and regional bank **People's United Financial Inc.** are up double-digit percentages. Both have dividend yields of at least 3.4%, almost three times higher than the S&P 500's.

Sandy Villere, a portfolio manager at wealth-management firm Villere & Co., which manages \$2.4 billion in equity and fixed-income strategies, said he has bought clients more shares of **Chevron Corp.**, as well as consumer-products company **Newell Brands Inc.** and **PepsiCo Inc.**, this year. Newell, which has a *Please turn to page B11*

Share-price performance this year of dividend payers against non payers

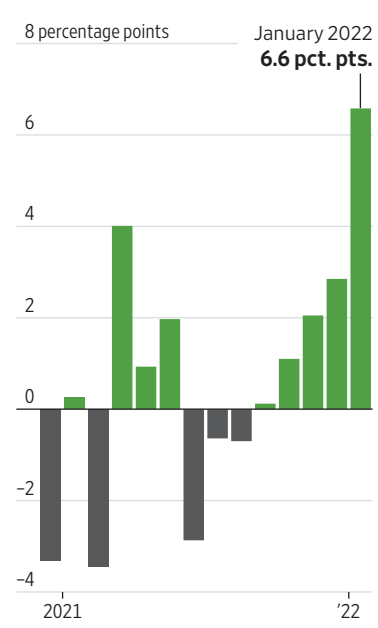


Monthly net flows into funds that buy dividend-paying stocks

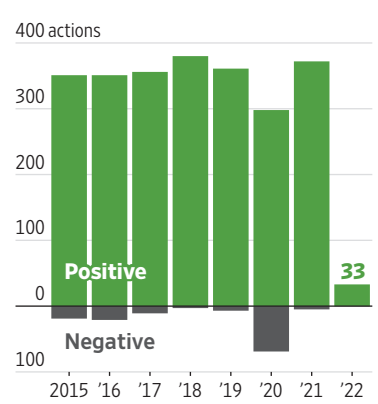


*Positive actions include dividend initiations and increases. Dividend cuts and suspensions count as negative actions; 2022 data through January Sources: FactSet (share-price performance); S&P Dow Jones Indices (performance spread, dividend activity); Refinitiv Lipper (flows)

Monthly performance spread between dividend payers and non payers in the S&P 500



Annual dividend activity of S&P 500 companies*



Covid-19 Treatments Lift Pfizer Revenue

By JARED S. HOPKINS
AND MATT GROSSMAN

As **Pfizer Inc.** forecasts strong sales this year for its Covid-19 vaccine and treatment, the drugmaker is on the hunt for deals to bolster its pipeline of experimental products.

Pfizer said Tuesday that surging sales of its Covid-19 treatment and continued demand for its shots should boost the company's revenue to around \$100 billion this year. The company estimated that sales of its antiviral pill Paxlovid will reach about \$22 billion while the vaccine will add \$32 billion. That is on top of last year's sales of \$36.8 billion for the *Please turn to page B2*

INSIDE



BUSINESS NEWS
BP tries to assure investors its pivot to green energy won't damage earnings. **B3**

PROPERTY REPORT
Foreign investment in commercial real estate comes back, beyond the biggest cities. **B6**

Apple Turns Phone Into Cash Register

By WILL FEUER

Apple Inc. said it would launch a tap-to-pay feature that will allow businesses and retailers to use an iPhone to accept Apple Pay, contactless credit and debit cards as well as other digital wallets without any other hardware necessary.

The feature would be made available to payment platforms and app developers to integrate into their iOS apps and offer as a payment option to business customers, Apple said.

With the feature, merchants would be able to accept payment from customers by having them hold their iPhone or Apple Watch near the merchant's iPhone to pay with a digital wallet like Ap-

ple Pay or a contactless credit or debit card.

Payment processor **Stripe Inc.** will be the first platform to offer the feature this spring to its customers, which include **Shopify's** point-of-sale app, Apple said. Other payment platforms and apps will start offering the feature later this year, the company said.

The new feature could cut into the business of companies like **Block Inc.**, formerly Square Inc., which makes hardware for stores and businesses that allows them to accept contactless payment. Shares of Block fell slightly on Tuesday.

Apple said that the company won't be able to access what is being purchased or who is buying it.

Startup's U.S., China Investors Feud

By KATE O'KEEFFE

Feuding investors in a California plane startup are firing off allegations against each other while the company is in the midst of a U.S. national security review, a risky tactic during the secretive process.

Icon Aircraft Inc. makes a small, amphibious plane with foldable wings that is marketed for recreational use. A group of American shareholders fell out with Chinese investors who hold a dominant stake in Icon, alleging they are improperly transferring company technology to China. The Chinese investors have said in legal filings that they are pursuing a normal technology licensing agreement. They and Icon deny any improper dealing.

The Americans last year filed a lawsuit seeking to stop the alleged technology transfer. They then appealed to the



Icon Aircraft's U.S. investors claim its technology is being improperly transferred to China, amid a U.S. national security review of the firm.

Committee on Foreign Investment in the U.S., or Cfius, which reviews deals on national-security grounds, and told the panel that Icon's technology has possible military applications. In recent weeks, after The

Wall Street Journal reported that Cfius was reviewing the deal, the sparring parties launched a series of attacks against each other.

Kirk Hawkins, a co-founder of Icon who is among the *Please turn to page B2*

BUSINESS NEWS

Chipotle Raises Its Menu Prices

Chain looks to fund building of hundreds of stores, many for online ordering

By HEATHER HADDON

Chipotle Mexican Grill Inc. said it increased menu prices again, as its chief executive said higher costs are unlikely to abate.

Increased menu prices helped the burrito chain boost sales in recent months as it pursues a plan to build hundreds more stores in the coming year, the company said.

For the company's fourth-quarter ended Dec. 31, Chipotle reported per-share earnings of \$5.58, after adjusting for one-time items, exceeding analysts' expectations of \$5.25 a share, according to FactSet. The restaurant chain reported net income of \$133.5 million, down from \$191 million a year earlier.

The chain's total sales were \$2 billion, above expectations.

The company's shares rose 7% in aftermarket trading Tuesday to \$1,556.

Chipotle's shares had been down more than 16% this year as investors grew concerned



Chipotle says that costs grew during the quarter, particularly for beef, freight and avocados.

about how rising costs were affecting restaurants.

The Newport Beach, Calif., company said Tuesday that price increases helped boost its sales during the period. It increased prices by 4% in December, with menu prices now up around 10% overall compared with last year, the company said. Chipotle's same-store sales were up 15.2% for the period compared with last year.

Chipotle Chief Executive

Brian Niccol said that the chain will likely increase prices again this year to offset growing wage and food costs.

"I just don't see the inflation, unfortunately, going away anytime soon," said Mr. Niccol. He said he has "chuckled" about comments made earlier in the pandemic about cost increases being short term: "It sure doesn't look transitory to me."

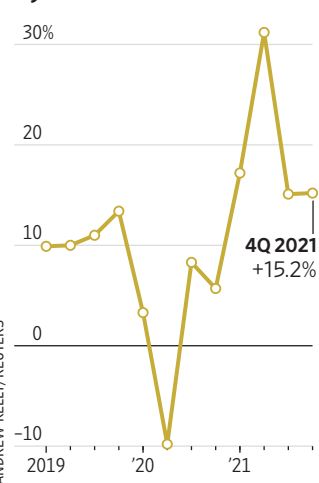
Starbucks Corp., McDonald's Corp. and many other chains

said they have increased prices as costs have grown and expect inflation to continue to be a concern this year.

Chipotle raised prices on its meals last year, with the chain saying it was particularly to help cover the cost of wage increases for hourly workers. It has also increased prices on food ordered through food-delivery apps compared with in-store costs.

Chipotle said that costs grew during the quarter, par-

Chipotle's comparable restaurant sales, change from a year earlier



Source: the company

ticularly for beef, freight and avocados. Wages were also up during the period compared with last year.

The company said Tuesday that the Omicron variant of Covid-19 began to weigh on its sales growth in December and last month.

Restaurant chains, including Chipotle, have limited hours and seating during the recent coronavirus surge as they have struggled to have sufficient staffing.

KKR's Investment Lag Hurts Earnings

By MIRIAM GOTTFRIED

KKR & Co.'s fourth-quarter earnings fell as the change in the value of its investments lagged behind the broader market, while cash available to shareholders more than doubled to a fresh record.

The private-equity firm reported net income of \$507.6 million, or 82 cents a share, in the final quarter of 2021, versus \$1.48 billion, or \$2.46 a share, a year earlier.

The investments KKR holds on its sizable balance sheet, including stakes in Fiserv Inc. and PetVet Care Centers LLC, appreciated by less than they had in the year-earlier period, coming in flat versus the September quarter. Such investments are held at the firm level as opposed to being housed within funds managed by KKR.

Shares of KKR fell 6.9% to \$66.35 on Tuesday.

The value of KKR's private-equity portfolio climbed 6% during the quarter compared with the S&P 500's 11% gain.

Distributable earnings, a closely watched measure of cash that could be returned to shareholders, came in at a record \$1.4 billion, or \$1.59 a share. That compares with \$544.1 million, or 62 cents a share, a year earlier. The increase came as the firm sold off some investments and continued to expand into fee-generating businesses.

KKR said it would increase its regular annualized dividend to 62 cents a share from 58 cents.

KKR reported record fee-related earnings of \$606.5 million, or 69 cents a share, versus \$419.1 million, or 48 cents, a year earlier.

Assets under management were \$470.5 billion, up 2% from the third quarter and 87% year-over-year.

Tennessee Gets EV Charging-Station Factory

By TIMOTHY PUKO

WASHINGTON—Australia's Tritium DCFC Ltd. is planning to break ground this year on a Tennessee factory to build electric-vehicle charging stations, a development touted by the White House on Tuesday as part of a wave of new private-sector spending spurred by President Biden's infrastructure policy.

Tritium said it expects to build six production lines to produce 30,000 of its fast chargers a year, creating more than 500 jobs at a site in Lebanon, east of Nashville.

The factory announcement

is one in a series of developments that the White House said is taking place to support the build-out of a national network of charging stations for electric vehicles.

"This is great news for workers across the country, for the economy and frankly for the planet," President Biden said at a news conference with Tritium CEO Jane Hunter at the White House. The factory is another step in helping the U.S. compete with China for EV technology and build on efforts to bolster domestic manufacturing, he said.

Mr. Biden didn't respond to a reporter's question about

Tennessee being a right-to-work state, which allows employees in unionized workplaces to opt out of paying union dues. The White House didn't respond to follow-up questions.

Last year's \$1 trillion infrastructure bill included \$7.5 billion to support the auto industry's electrification by expanding the recharging network.

Later this week, Transportation Secretary Pete Buttigieg and Energy Secretary Jennifer Granholm will announce how much of that infrastructure money for EVs will go to each state, the White House said.

Most of that money—\$5 billion over five years—goes to states to create the network of charging stations, and the two agencies are working on guidance for how the states can spend that money.

Tritium was listed on the tech-heavy Nasdaq Stock Market nearly a month ago, part of several new special-purpose acquisition companies, or SPACs, spearheaded by Riverstone Holdings LLC to profit off the transition to cleaner fuels.

Tritium shares jumped about 40% on news of its factory plans, closing Tuesday at \$9.54.

Ms. Hunter said Mr. Biden's

infrastructure plan will have economic, public health and environmental benefits. She said the infrastructure bill spurred her company to build in the U.S. Tritium also said Tuesday it expects to announce an expansion of its European facilities next year.

Mr. Biden has pushed for that investment—and more through his stalled Build Back Better social-spending and climate bill—as a way to stimulate and modernize the U.S. auto industry and reduce the transportation sector's contribution to climate change.

—Alex Leary contributed to this article.



In 2021, the company swung back from a loss in the prior year. A BP facility in southern England.

BP Says Its Green Transition Won't Spoil Future Profits

By JENNY STRASBURG

BP PLC sought to reassure investors that declining oil-and-gas production won't cripple earnings for the remainder of the decade as the British energy giant pivots to lower-carbon investments.

The reassurances came on a day when BP posted strong earnings, following similar results in recent days by Exxon Mobil Corp., Chevron Corp. and Shell PLC. The large Western oil companies are experiencing resurgent comebacks following sharp profit declines earlier in the pandemic, as supply constraints push the prices of crude and gas higher.

BP on Tuesday reported an underlying replacement-cost profit of \$4.1 billion in the fourth quarter. The metric is similar to net income that U.S. oil companies report. A full-year underlying replacement-cost profit of almost \$13 billion represented BP's strongest profit in nearly a decade and a swing back from its 2020 loss of almost \$5.7 billion, by the same metric.

Flush with cash like its peers, BP said it would return more of that surplus to shareholders. It plans to spend another \$1.5 billion to buy back

shares before it reports first-quarter results, bringing full-year buybacks from 2021 surplus cash flow to more than \$4 billion. BP maintained its dividend of 5.46 cents a share for the quarter.

BP plans by 2030 to cut its fossil-fuel production by 40% from 2019 levels. BP is increasing low-carbon investments in areas including electric-vehicle charging stations, hydrogen and bioenergy. Executives said Tuesday those so-called transition growth businesses will consume around 50% of total capital spending by 2030, an increase from more than 40% by 2025.

Chief Executive Bernard Looney said BP is striking the right balance of spending on low-carbon projects while maintaining profits from core fossil-fuel businesses. The company said it expects to sustain a key annual profit measure from its oil-and-gas business—earnings before taxes and other factors—at around \$33 billion until 2030 in part by controlling costs.

After a dismal 2020 when investors fled the sector, rapidly rising commodity prices have fueled share-price comebacks of the largest Western oil companies. BP shares are

up more than 20% this year and more than 60% over the past 12. Its shares were down roughly 2% Tuesday amid a similar decline in crude prices.

Still, the company's transition to low-carbon businesses at a faster pace than the largest U.S. peers has stoked skepticism among some investors about BP's longer-term outlook. Tuesday's focus on the robustness of the fossil-fuel earnings despite production cuts was aimed in part at dispelling those doubts, Chief Financial Officer Murray Auchincloss said in an interview.

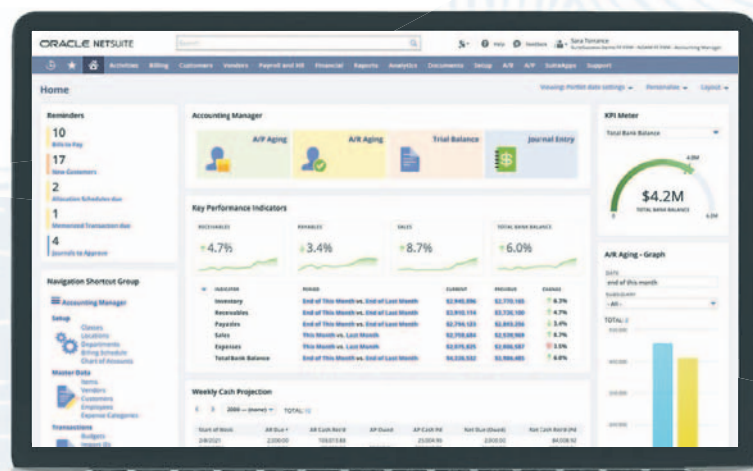
Oil-and-gas production cuts won't have a big impact on cash flow, he said, "but there are still some parts of the sector that didn't understand that." He said work being done to automate and digitize production processes will help cut costs, and new projects such as offshore drilling operations in the Gulf of Mexico will boost per-barrel margins.

Surging crude prices are helping BP accelerate its plans to transition to low-carbon businesses. Longer-term, Mr. Auchincloss said, BP expects returns from lower-carbon businesses to be more stable.

—Jaime Llinares Taboada contributed to this article.

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TECHNOLOGY

Wuxi Biologics' market capitalization, past two years



U.S. Concerns Press Chinese Biotech Stock

By Rebecca Feng and Yi Wei Wong

HONG KONG—The shares of one of China's most valuable biotechnology companies plummeted Tuesday, losing almost a quarter of their value after the U.S. Commerce Department flagged concerns about the firm to American exporters.

Two units of **Wuxi Biologics (Cayman) Inc.**, a Jiangsu-based company whose stock is listed in Hong Kong, were among 33 Chinese organizations that were added to an "unverified list" by the Commerce Department on Monday.

The list subjects foreign entities to tighter export controls, and requires them to supply additional documents and be subject to other checks to transact with U.S. companies. The Commerce Department said the move was because it hasn't been able to verify the "legitimacy and reliability" of the 33 entities through end-use checks. Others named on the list included businesses in electronics and optics, as well as two universities.

Wuxi Biologics' shares were halted from trading late Tuesday morning after dropping 23% and shaving nearly \$10 billion off the company's market capitalization, taking it to about \$33.7 billion, according to Fact-

Set data.

The company's stock resumed trading Wednesday but by midmorning Hong Kong time had only risen about 0.8%, meaning it hadn't recouped most of the previous session's losses.

The stock—which multiplied in value earlier in the pandemic—is held by many international investors and is a component of major market benchmarks including the MSCI China Index, the FTSE China 50 Index, as well as the Hang Seng Index.

Wuxi Biologics provides technology platforms and solutions to manufacturers of biologic drugs. It also builds manufacturing facilities for other pharmaceutical and biotech companies. The company reported the equivalent of about \$267 million in profit in 2020 on revenue of \$886 million, and said more than 40% of its revenue came from providing services to customers based in North America. Just a day earlier, Wuxi Biologics said it expects its profit for 2021 to double from the previous year. On Tuesday, the company said the addition of its subsidiaries to the list would have "very minimal impact to our imports," and that it wouldn't affect its business or services to global partners.

Lyft Reports Higher Revenue As Riders Take Longer Trips

By Maria Armentál

Lyft Inc. said revenue increased 70% in the fourth quarter, as longer trips and higher fares offset weaker-than-expected ridership numbers.

The San Francisco-based company reported \$969.9 million in revenue for the December quarter, beating the \$941 million FactSet consensus.

Lyft shares dropped 4.2% in after-hours trading Tuesday. They closed at \$41.20.

Lyft reported an adjusted profit before interest, taxes, depreciation, and amortization of \$74.7 million for the latest period, roughly in line with expectations, which helped it post its first annual positive adjusted Ebitda.

"We've been battle tested," Lyft President John Zimmer said, adding that the pandemic had pushed the company to become leaner and more efficient.

A continuing driver shortage pushed up prices for Lyft rides to records during the year. Mr. Zimmer said the labor crunch has "gotten much better," and that new driver activations



A continuing driver shortage pushed up prices for Lyft rides to records during the year.

were up 50% year over year in the fourth quarter.

For the first three months of 2022, the company said it expects revenue of as much as \$850 million. That compares with revenue of \$609 million a year earlier and is below the consensus estimate of \$980 million from analysts polled by FactSet.

Lyft projects adjusted Ebitda

for the three months through March of as much as \$15 million, compared with an adjusted loss before items of \$73 million a year earlier. Analysts surveyed by FactSet estimate adjusted Ebitda of \$78 million in the first quarter.

"Ultimately, given the expected impact of Omicron on Q1, and the unknown shape of the recovery, which could carry

into Q2, our near-term revenue growth acceleration will likely be affected," Logan Green, Lyft's chief executive, said on a conference call with analysts.

Lyft reported 18.7 million active riders in the quarter, compared with 18.9 million in the previous quarter and 12.6 million a year earlier.

—Preetika Rana contributed to this article.

Indian Cricket Becomes Streaming Prize

By Robbie Whelan and Benjamin Mullin

Some of the world's biggest media firms are preparing to do battle over a major prize in the global streaming wars: Indian cricket matches.

The Board of Control for Cricket in India, the sport's national governing body, plans this week to formally solicit bids for the next five years of broadcast and streaming rights for the Indian Premier League, the nation's most popular cricket league.

Walt Disney Co., Sony Pictures Networks India and Viacom18—a joint venture be-

tween **ViacomCBS Inc.** and **Reliance Industries Ltd.**—are among companies planning to bid for the rights, said people involved in the bidding process. The monthlong auction is expected to conclude by late March, the people said.

Cricket broadcasts are a major lure for India's sizable population of potential streaming subscribers. The auction comes as streaming companies are under pressure to add customers beyond the U.S. as growth has slowed domestically.

Disney, which currently holds the broadcast and streaming rights, faces a po-

tentially steep rise in the cost to retain them. The company has said the cricket matches are an important driver of international subscriptions for its Disney+ streaming service.

For the coming auction, suitors are preparing bids of around 400 billion rupees, or more than \$5 billion, according to people familiar with the bidding process.

Indian authorities award cricket broadcasting rights every five years.

In 2019, Disney acquired Star India, including dozens of sports and entertainment-focused TV channels and its streaming service Hotstar,

which has since been rebranded Disney+ Hotstar, as part of its \$71 billion deal for some of 21st Century Fox's assets.

Disney plans to bid to retain control of the rights, according to people familiar with the company's plans. Other likely competitors include Sony Pictures Networks India, a subsidiary of Sony Pictures Entertainment Inc., according to a person familiar with the matter.

A spokeswoman for Sony Pictures Networks India said the company is evaluating bidding for broadcast and digital rights.

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THE PROPERTY REPORT

Small Bank Fuels Skyscraper Boom

OZK of Arkansas is one of the most prolific lenders of mortgages for tower construction

By KONRAD PUTZIER

The most prolific lender to Manhattan property developers isn't Wells Fargo & Co. or Citigroup Inc. or any of the other big global banks. It is **Bank OZK**, which not that long ago was an obscure lender from Little Rock, Ark.

The bank has become one of the country's most aggressive financiers of skyscraper construction. OZK's chief executive, George Gleason, said on a recent earnings call that the lender could issue its biggest ever construction mortgages in 2022.

OZK is nearing a deal to issue a \$410 million loan to **Rabina**, the developer of a roughly 1,000-foot-tall Manhattan office and luxury residential tower on Fifth Avenue, which would be one of its largest loans, the bank said.

The lender is one of a group of regional banks and debt funds that are propelling the recent surge in commercial real-estate development. Proposed New York City construction in the fourth quarter, for instance, totaled nearly 32 million square feet, according to the Real Estate Board of New York, the city's most for a single quarter since 2014, the trade association said.

OZK and its peers "are really the engine that drives the construction business," said Steven Buchwald, a senior managing director at real-estate finance brokerage Mission Capital.

Seven years ago these, midsize banks held less construction debt than the largest banks. Now they hold far more, Federal Deposit Insurance Corp. data shows. Others fueling the boom include **Centennial Bank** in Conway, Ark.; Los Angeles-based **Pacific Western Bank**; and Laredo, Texas-based **International Bank of Commerce**, where construction loans account for 25% of its loans.

They are helping fill a void left by the biggest banks, which often shy away from development loans because these projects tend to be among the riskiest. Projects can take years to complete and don't produce any income in the meantime.

OZK's \$7.7 billion in construction and land-development loans made up 42% of all loans on its balance sheet as of Sep-



One of Bank OZK's biggest construction loans is to developers of the mixed-use Water Street development in Tampa, Fla., seen in 2020.

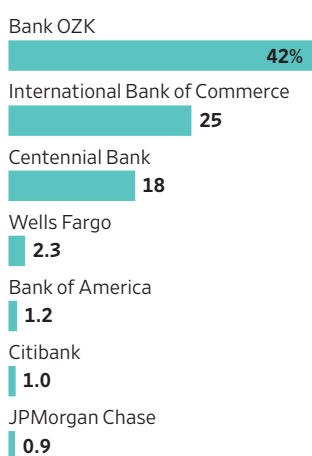
tember. That is the highest percentage for any bank with more than \$5 billion in assets, and more than 10 times the weighted industry average. The Little Rock lender holds more construction debt than Citibank, which is about 65 times as large, in terms of assets.

Unlike bigger banks, OZK doesn't usually ask borrowers to pledge their personal wealth as collateral, and it doesn't sell off parts of a loan to other lenders, according to brokers who have worked with the bank. That helps it win business, but it also means OZK has more exposure in the event of a default.

OZK said it can minimize that risk by funding about half a project's cost on average, leaving the rest to other investors, as well as by backing experienced developers and insisting that it gets paid first in the event of a default. Only 0.2% of the bank's loans were nonperforming as of December. Last year, the bank's profit hit a record, company filings show.

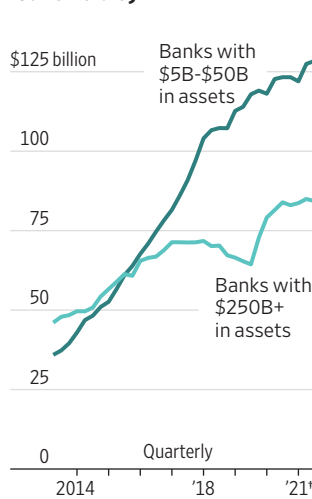
Mr. Gleason, born into a moderately wealthy family in rural Arkansas, started his career as an attorney. At age 25, he bought a controlling stake in a small community lender called Bank of Ozark for \$10,000 and a \$3.6 million loan, backed by his family estate and bank shares. Over the years the bank grew, winning over depositors with the help of aggressive advertising and sales practices.

Construction and land-development loans as a share of total loans*



*As of third quarter 2021. †Through third quarter. Sources: FDIC (share of total loans); WSJ analysis of FDIC data (volume)

Volume of construction loans held by:



competition is smaller and returns higher.

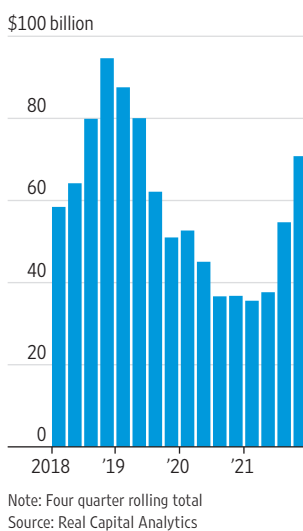
"Think of it as a perverse effect of the broader regulatory clampdown on banks," said Jonathan Adams-Kane, an economist formerly at the Milken Institute who has studied real-estate lending by U.S. banks.

Between 2013 and the third quarter of 2021, midsize banks more than tripled their construction and land-development loans to \$128.4 billion, surging past the largest banks. These construction loans now make up 6.6% of their loans, up from 2.9% in 2013, according to FDIC data.

OZK's biggest deals include a \$664 million construction loan in 2019 for a massive mixed-use project in Tampa backed by Tampa Bay Lightning owner Jeff Vinik and Bill Gates's **Cascade Investment LLC**, and a \$558 million construction loan in 2018 for a condo project in Sunny Isles Beach, Fla.

At the Manhattan site at 520 Fifth Avenue, private-equity firm **Carlyle Group** is chipping in \$130 million on top of OZK's loan. The development sits on a street that has suffered from the absence of tourists and office workers during the pandemic. Still, OZK President Brannon Hamblen said the Manhattan apartment market has weathered the pandemic well. He expects strong demand for office space in the newest, most modern buildings.

Total amount of cross-border commercial real estate investments in the U.S.



Foreign Investors Came Back In 2021

By PETER GRANT

Foreign investment in U.S. commercial property surpassed pre-pandemic levels last year, as overseas investors piled back in after travel restrictions eased and the U.S. economy bounced back.

Pensions, sovereign-wealth funds and other foreign institutions purchased \$70.8 billion of U.S. commercial real estate in 2021, according to data firm Real Capital Analytics. That was the highest total since the \$94.6 billion invested in 2018, and nearly double the 2020 figure.

Investors from Canada, Singapore, South Korea, the U.K. and other countries joined U.S. domestic investors to drive last year's total commercial real-estate sales to record levels.

Before the pandemic, foreign buyers tended to focus on office buildings and hotels in major cities such as New York, San Francisco and Chicago. In 2021, overseas money largely followed U.S. investors into hot sectors such as warehouses, rental apartments and specialized office buildings for pharmaceutical businesses.

These segments produced yields that have far outstripped bonds in the global low-rate environment. The U.S. economy, meanwhile, has recovered faster than others, attracting cross-border investment to a range of businesses as well as commercial property.

Foreign investors also favored the Sunbelt and smaller markets over their traditional stamping grounds in coastal U.S. cities. Last year a record 64% of foreign investments were in properties in nonmajor metropolitan markets, according to Real Capital, up from about 53% in 2019.

"It is a different world," said Riaz Cassum, global head of international capital coverage for commercial-property firm JLL. "You're starting to see big institutional investors looking at Dallas, Charlotte, Denver, Nashville, Austin and other high-growth, low-tax markets."

Many foreign investors expect to maintain last year's investment levels or even increase their buying in 2022 through direct acquisitions or U.S.-focused private-equity funds, according to overseas investors and real-estate brokers. Their appetite remains strong for logistics and rental apartments as well as the highest-quality office buildings that have seen the most leasing during the pandemic, these people said.

Nearly all overseas investors, like domestic investors, stayed out of the market during the early months of the pandemic. That created a backlog at many foreign institutions that have been allocating more capital to real estate in recent years, according to market participants. They have been under pressure to put that capital to work to hit their hoped-for returns.

As the U.S. economy recovered, many cross-border investors felt a need to get their allocation of capital out, said Mark Chu, co-head of the Asia-Pacific region for real-estate investment bank Eastdil Secured.

Foreign investors with offices in the U.S. were able to resume making deals before others because they weren't limited by international travel restrictions.

L.A. Hotels Dealt Blow With Rams In the Super Bowl

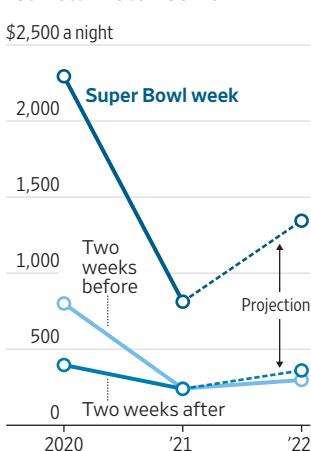
By KATE KING

Los Angeles hotel owners have suffered a defeat going into Super Bowl Sunday, but they are hoping they can at least keep the score close.

Los Angeles County's SoFi Stadium is the site of the Feb. 13 football final between the favored hometown Rams and the upstart Cincinnati Bengals. Super Bowl weekend is almost always the highlight of the year for the host city's hotels, which can boost their room rates well above what they would charge for any other weekend as visiting fans compete for a place to stay.

In recent years, hotel owners have commanded less pricing power as short-term rental operators expanded the lodging supply.

Average rates for four-star hotel rooms



Note: Data as of Feb. 5. Source: Sport Management Research Institute

Now, with the Rams playing in Super Bowl LVI, that means thousands of fans can drive from home to the game rather than requiring a hotel room.

This year, plenty of Los Angeles hotel owners expect to sell out over Super Bowl weekend. But they aren't anticipating as much demand leading up to and after the game and won't be able to dictate the terms as much as they might have if both teams' fan bases were traveling to the city.

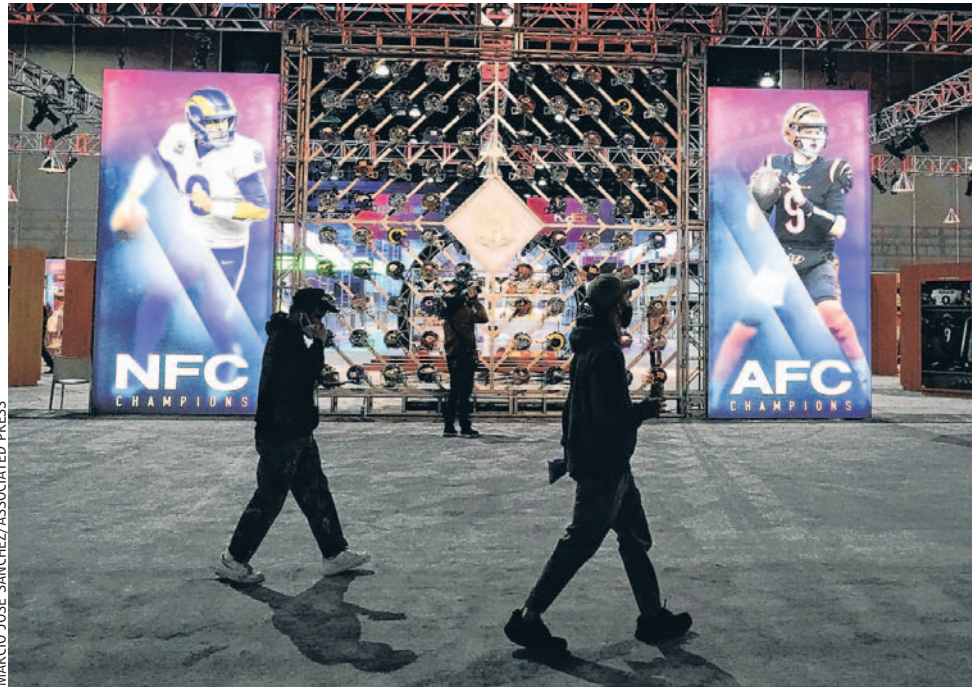
Kevin Escoto, general manager of the DoubleTree by Hilton Los Angeles-Commerce, is expecting to fill up this weekend. But he lowered the hotel's minimum-stay requirement last week to three nights from five and reduced rates slightly to between \$300 and \$400 a night.

"I am a Rams fan so I am secretly rooting for them," Mr. Escoto said. "From the hotel side, it's obviously not a win for us."

This game marks the second straight year in which the host city had only one team visiting. Last year, the Tampa Bay Buccaneers defeated the Kansas City Chiefs in Tampa.

It is hardly all bad news. Hotel-analytics firm STR anticipates near-record average daily room rates of \$445 for the nights of Feb. 11-13. Occupancy is expected to reach 89% and revenue per available room, a key profitability metric for the industry, is forecast near \$400 a night.

"The Super Bowl attracts a lot of people regardless of



The NFL Experience, an interactive fan show at the Los Angeles Convention Center.

which teams are playing," said Blake Reiter, STR's director of custom forecasts.

If those projections prove accurate, Los Angeles would notch the second-highest average-daily room rates on record for Super Bowl host cities, after Miami in 2020.

Still, a pandemic-prompted trend of last-minute hotel bookings is keeping Los Angeles hotel owners on edge.

"It's just been a little nerve-racking," said Michele Mainelli, senior vice president for revenue management at **Island Hospitality Management**, which runs the Hilton Garden Inn location in Marina del Rey, Calif. "We're constantly watching the booking pace and making pricing decisions based on how much demand is coming."

Before the pandemic, hotels in host cities sold blocks of rooms to fans traveling in groups months ahead of the Super Bowl, said Ms. Mainelli, whose company manages ho-

tels across the country. This year, with less than two weeks until kickoff, bookings were just starting to pick up in Marina del Rey, she said.

Average rates for four-star hotel rooms in Los Angeles

\$445

Estimated average daily room rates for the nights of Feb. 11-13

could peak at \$1,345 this weekend, according to projections from data-analytics company Sport Management Research Institute. That is a healthy improvement from the \$812 nightly rates top Tampa hotels sold for last year, when the country was gripped by a deadly winter wave of coronavirus infections. But Los Angeles room rates aren't expected to come close to the record

highs seen in Miami in 2020, just before the pandemic hit, when luxury bookings averaged \$2,294 a night.

Pebblebrook Hotel Trust, which operates nine luxury hotels in Los Angeles, is anticipating rates of more than \$800 a night over Super Bowl weekend, said Chief Financial Officer Raymond Martz.

Still, Mr. Martz said he doesn't think the city's hotels will sell out, in part because the football festivities are spread across the city, with the game kicking off at SoFi Stadium in Inglewood, Calif., while the NFL's Super Bowl-themed convention will be held in downtown Los Angeles.

The city's hotel industry was hit hard by the pandemic, but a recovery has been gaining steam.

December occupancy was only 6.6% lower than 2019, according to STR, and the average daily room rate that month was 8.9% higher than two years earlier.

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.

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 of stock prices for Tuesday, February 8, 2022. Columns include Stock, Sym, Close, Net Chg, and Net % Chg. Lists include ABB, AECOM, AES, etc.

Table of stock prices for Tuesday, February 8, 2022. Columns include Stock, Sym, Close, Net Chg, and Net % Chg. Lists include ChemiereEnergy, Chevron, Chewy, etc.

Table of stock prices for Tuesday, February 8, 2022. Columns include Stock, Sym, Close, Net Chg, and Net % Chg. Lists include Grainger, Grifols, Guidewire, etc.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table of New Highs and Lows for Tuesday, February 8, 2022. Columns include Stock, Sym, Hi/Low, and % Chg. Lists include Aflac, AGA Acquisition, AP Acq A, etc.

Dividend Changes

Dividend announcements from February 8. Columns include Company, Symbol, Yld%, Amount New/Old, Frq, Payable/Record.

Table of Dividend Changes for Tuesday, February 8, 2022. Columns include Stock, Sym, Hi/Low, and % Chg. Lists include GlobalE, Goldman Sachs, GrafTech, etc.

Continuing Success Through the Pandemic: \$1,004,952,780 6,682 Units. Recent Transactions: Michigan, Virginia, Ohio, North Carolina, Kentucky, South Carolina, New Jersey, New York, Pennsylvania.

OVER 300 ACRES OF BRAND NEW DEVELOPMENT CLEVELAND, OH. FORWARD INNOVATION CENTER. EAST: 7845 NORTHFIELD ROAD, WEST: 18300 SNOW ROAD. PUBLISHED RESERVE PRICES: \$30,000, \$125,750, \$35,000.

REAL ESTATE AUCTION - FEB 24. PUBLISHED RESERVE PRICES: \$30,000, \$125,750, \$35,000. High traffic location for this retail opportunity. 2 islands with pumps and overhead canopy.

BIGGEST 1,000 STOCKS

Continued From Page B7. Table with 10 columns: Stock, Sym, Close, Net Chg. Lists major stocks like Johnson Controls, Amazon, Microsoft, etc.

BANKRATE.COM MMA, Savings and CDs

Table showing Average Yields of Major Banks for National average, Savings, and Weekly change. Columns include Type, MMA, 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.

Table showing High yield savings, Money market and savings account, and Consumer Savings Rates. Columns include Bank, Phone number, Minimum, Yield.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

February 8, 2022

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with sections: Inflation, Federal funds, U.S. consumer price index, International rates, Prime rates, U.S. government rates, Policy Rates, Overnight repurchase, Discount, Call money, Commercial paper (AA financial), Labor, Secured Overnight Financing Rate, DTCGCF Repo Index.

Table with sections: M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z. Lists various stocks and their performance.

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Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table showing Largest 100 exchange-traded funds, latest session. Columns: ETF, Symbol, Price, Chg, YTD.

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UTAH REAL ESTATE AUCTION FEBRUARY 22 - MARCH 1 GOVERNMENT OWNED REAL ESTATE AUCTION. Selling to Highest Bidder(s) Subject to Terms of Sale & Bidding Procedures

Table showing ETF performance. Columns: ETF, Symbol, Price, Chg, YTD.

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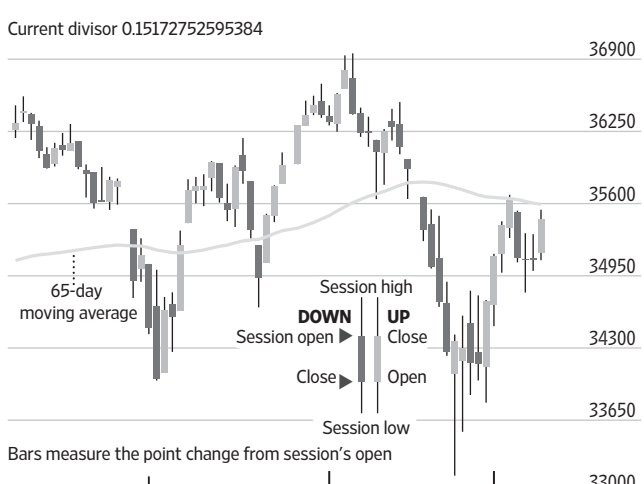
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MARKETS DIGEST

EQUITIES

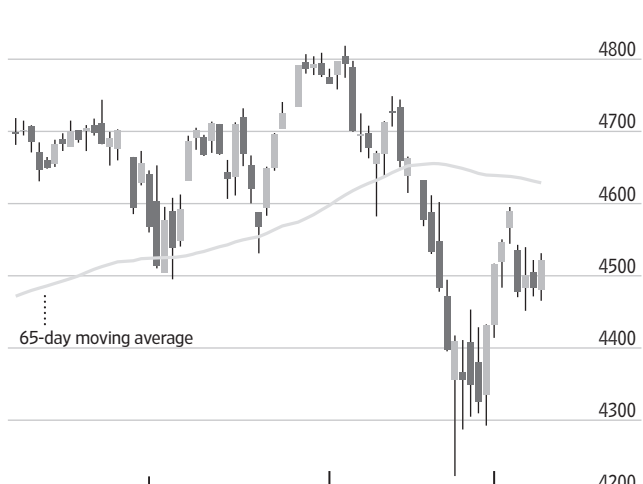
Dow Jones Industrial Average

35462.78 ▲371.65, or 1.06%
 High, low, open and close for each trading day of the past three months.
 Last: 19.96, Year ago: 31.36
 Trailing P/E ratio: 18.68, P/E estimate*: 20.05, Dividend yield: 1.95, All-time high: 36799.65, 01/04/22



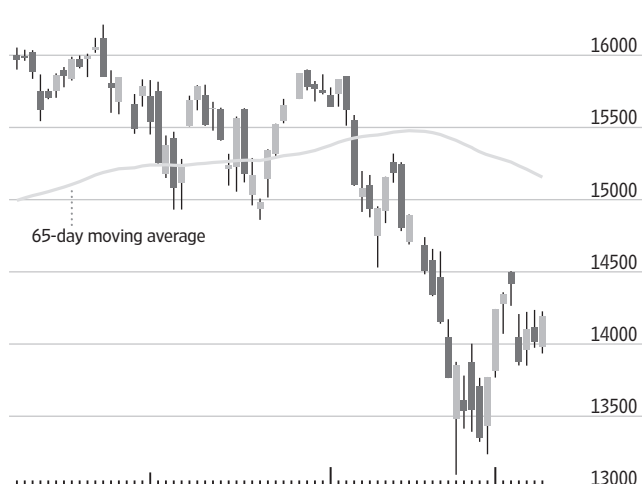
S&P 500 Index

4521.54 ▲37.67, or 0.84%
 High, low, open and close for each trading day of the past three months.
 Last: 25.37, Year ago: 43.92
 Trailing P/E ratio*: 20.05, P/E estimate*: 20.05, Dividend yield*: 1.38, All-time high: 4796.56, 01/03/22



Nasdaq Composite Index

14194.45 ▲178.79, or 1.28%
 High, low, open and close for each trading day of the past three months.
 Last: 33.62, Year ago: 39.55
 Trailing P/E ratio*: 24.89, P/E estimate*: 24.89, Dividend yield*: 0.70, All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	35544.89	35090.42	35462.78	371.65	1.06	36799.65	30924.14	-2.4	12.2
Transportation Avg	15433.93	15222.98	15360.78	167.83	1.10	17039.38	12953.73	-6.8	14.7
Utility Average	950.99	943.19	945.83	2.63	0.28	980.78	795.61	-3.6	8.5
Total Stock Market	45883.26	45179.19	45789.32	425.64	0.94	48929.18	39614.97	-5.8	17.8
Barron's 400	1033.23	1014.35	1031.53	17.18	1.69	1127.20	904.45	-6.8	15.2
Nasdaq Stock Market									
Nasdaq Composite	14226.48	13934.78	14194.45	178.79	1.28	16057.44	12609.16	-9.3	24.8
Nasdaq-100	14785.22	14485.78	14747.03	175.78	1.21	16573.34	12299.08	-9.6	28.7
S&P									
500 Index	4531.32	4465.40	4521.54	37.67	0.84	4796.56	3768.47	-5.1	18.6
MidCap 400	2676.37	2626.97	2672.41	49.60	1.89	2910.70	2453.30	-6.0	13.0
SmallCap 600	1309.40	1285.26	1307.70	22.88	1.78	1466.02	1252.49	-6.7	11.8

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Other Indexes									
Russell 2000	2047.82	2011.37	2045.37	32.77	1.63	2442.74	1931.29	-11.0	10.7
NYSE Composite	16880.33	16685.23	16853.71	130.95	0.78	17353.76	14959.41	-1.8	11.1
Value Line	639.13	629.28	638.34	8.82	1.40	696.40	607.86	-2.0	6.9
NYSE Arca Biotech	5130.29	5016.69	5103.06	-27.23	-0.53	6287.29	4790.85	-18.7	2.2
NYSE Arca Pharma	799.25	789.06	796.95	-2.31	-0.29	828.58	667.24	-3.7	11.6
KBW Bank	144.08	142.37	143.77	2.86	2.03	147.56	107.37	8.7	14.2
PHLX ^S Gold/Silver	131.40	128.74	131.39	2.52	1.96	166.01	117.06	-0.7	20.2
PHLX ^S Oil Service	67.12	65.18	65.72	-1.66	-2.47	69.77	48.31	-2.7	-10.9
PHLX ^S Semiconductor	3545.13	3433.85	3535.13	82.80	2.40	4039.51	2762.75	-15.3	39.5
Cboe Volatility	23.48	21.32	21.44	-1.42	-6.21	31.96	15.01	-0.9	10.9

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index
 §Nasdaq PHLX
 Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Ford Motor	F	12,963.7	17.80	0.08	0.45	17.82	17.60
iShares 1-3Y Treasury Bd	SHY	6,559.4	84.63	...	unch.	84.68	84.63
Petroleo Brasileiro ADR A	PBRA	6,026.6	12.12	...	unch.	12.13	12.06
Microsoft	MSFT	5,989.9	304.59	0.03	0.01	305.00	304.06
SPDR S&P 500	SPY	5,908.3	451.26	0.32	0.07	451.68	422.60
Lyft	LYFT	4,949.6	38.99	-2.21	-5.36	43.24	37.08
Infosys ADR	INFY	4,746.8	22.90	0.01	0.04	22.90	22.89
Bristol Myers Squibb	BMJ	4,174.6	65.62	-0.27	-0.41	65.95	65.60

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Enphase Energy	ENPH	695.5	167.47	22.97	15.90	169.85	144.50
Tritium DCFE	DCFC	635.2	10.81	1.27	13.31	11.11	9.39
Doximity	DOCS	369.0	54.00	4.19	8.41	57.39	49.81
SolarEdge Technologies	SEDG	50.9	265.33	16.62	6.68	269.00	247.74
Chipotle Mexican Grill	CMG	255.1	1553.60	93.25	6.39	1585.00	1430.25

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
New Relic	NEWR	316.0	85.00	-24.18	-22.15	109.50	82.00
Container Store Group	TCS	177.3	8.39	-2.14	-20.32	10.53	7.75
Industrial Select Sector	XLI	415.2	94.97	-6.22	-6.15	101.40	94.97
Lyft	LYFT	4,949.6	38.99	-2.21	-5.36	43.24	37.08
Invesco Senior Loan ETF	BKLN	355.2	21.01	-0.99	-4.50	22.00	21.01

Trading Diary

Volume, Advancers, Decliners

Category	NYSE	NYSE Amer.
Total volume*	889,984,010	11,564,606
Adv. volume*	594,882,567	6,243,003
Decl. volume*	286,099,307	5,212,478
Issues traded	3,484	283
Advances	2,024	152
Declines	1,310	119
Unchanged	150	12
New highs	58	1
New lows	242	7
Closing Arms*	0.81	1.25
Block trades*	4,056	112

*Primary market NYSE, NYSE American, NYSE Arca only.
 *(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	721.92	3.70	0.52	-4.4
	MSCI ACWI ex-USA	336.21	0.05	0.02	-2.4
	MSCI World	3077.13	17.69	0.58	-4.8
	MSCI Emerging Markets	1219.80	0.47	0.04	-1.0
Americas	MSCI AC Americas	1732.55	14.26	0.83	-5.2
Canada	S&P/TSX Comp	21377.18	141.68	0.67	0.7
Latin Amer.	MSCI EM Latin America	2312.14	23.53	1.03	8.6
Brazil	BOVESPA	11224.46	238.06	0.21	7.1
Chile	S&P IPSA	2982.01	70.62	2.43	6.3
Mexico	S&P/BMV IPC	52294.58	1039.27	2.03	-1.8
EMEA	STOXX Europe 600	465.34	0.06	0.01	-4.6
Eurozone	Euro STOXX	457.61	1.21	0.27	-4.4
Belgium	Bel-20	4060.20	21.05	0.52	-5.8
Denmark	OMX Copenhagen 20	1623.31	-31.78	-1.92	-12.9
France	CAC 40	7028.41	19.16	0.27	-1.7
Germany	DAX	15242.38	35.74	0.24	-4.0
Israel	Tel Aviv	1939.39	7.27	0.38	-2.0
Italy	FTSE MIB	26411.73	82.80	0.31	-3.4
Netherlands	AEX	755.79	0.10	0.01	-5.3
Russia	RTS Index	1489.18	43.98	3.04	-6.7
South Africa	FTSE/JSE All-Share	76090.52	410.96	0.54	3.2
Spain	IBEX 35	8674.60	116.20	1.36	-0.4
Sweden	OMX Stockholm	921.15	-6.36	-0.69	-11.2
Switzerland	Swiss Market	12155.66	-38.15	-0.31	-5.6
Turkey	BIST 100	2007.14	9.56	0.48	8.0
U.K.	FTSE 100	7567.07	-6.40	-0.08	2.5
U.K.	FTSE 250	21787.46	-9.83	-0.05	-7.2
Asia-Pacific	MSCI AC Asia Pacific	187.63	-0.04	-0.02	-2.8
Australia	S&P/ASX 200	7186.70	75.85	1.07	-3.5
China	Shanghai Composite	3452.63	23.05	0.67	-5.1
Hong Kong	Hang Seng	24329.49	-250.06	-1.02	4.0
India	S&P BSE Sensex	57808.58	187.39	0.33	-0.8
Japan	NIKKEI 225	27284.52	35.65	0.13	-5.2
Singapore	Straits Times	3401.74	35.27	1.05	8.9
South Korea	KOSPI	2746.47	1.41	0.05	-7.8
Taiwan	TAIEX	17966.56	66.26	0.37	-1.4
Thailand	SET	1684.23	6.99	0.42	1.6

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low
Society Pass	SOPA	4.68	1.40	42.68	77.34	3.21
Tritium DCFE	DCFC	9.54	2.70	39.47	11.90	6.42
Bragg Gaming Group	BRAG	6.89	1.50	27.83	25.01	4.41
Teradata	TDC	50.89	10.61	26.34	59.58	37.05
Peloton Interactive	PTON	37.27	7.52	25.28	155.52	22.81
Atomera	ATOM	17.36	3.35	23.91	47.09	11.32
BioCardia	BCDA	2.60	0.50	23.81	5.48	1.25
Joby Aviation	JOBY	4.65	0.81	21.09	17.00	3.61
Splash Beverage Group	SBEV	5.10	0.84	19.72	8.94	0.99
Enthusiast Gaming Hldgs	EGLX	2.80	0.45	19.15	8.88	1.84
Rockley Photonics Hldgs	RKLY	4.18	0.66	18.75	16.99	2.52
American Rebel Holdings	AREB	2.62	0.41	18.55	9.60	2.15
Mandiant	MNDT	17.75	2.69	17.86	22.80	13.76
IN8bio	INAB	3.84	0.57	17.28	10.32	2.69
Regional Hlth Properties	RHE	3.69	0.53	16.78	27.72	2.81

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Peloton Interactive	PTON	244,909	863.9	37.27	25.28	155.52	22.81
Ford Motor	F	141,841	26.1	17.72	-0.95	25.87	11.13
Meta Platforms	FB	93,954	266.0	220.18	-2.10	384.33	216.15
Velodyne Lidar	VLDL	87,625	2217.3	4.04	7.16	24.70	3.13
Snap	SNAP	85,511	203.9	37.56	-0.84	83.34	24.32
Advanced Micro Devices	AMD	84,520	19.6	128.23	3.69	164.46	72.50
SPDR S&P 500	SPY	79,450	-16.2	450.94	0.82	479.98	371.88
ProShares UltraPro QQQ	TQQQ	78,934	-29.3	59.32	3.40	91.68	37.52
Apple	AAPL	73,500	-26.1				

Futures Contracts

Metal & Petroleum Futures						
	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Feb	4.4530	4.4690	4.4250	4.4595	-0.0020	1,767
March	4.4820	4.4840	4.3950	4.4610	-0.0015	87,493
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Feb	1818.90	1827.80	1815.00	1826.60	6.00	2,281
March	1820.70	1828.70	1815.70	1826.80	6.00	4,749
April	1821.50	1829.90	1816.00	1827.90	6.10	393,440
June	1824.50	1832.80	1819.20	1831.00	6.30	64,492
Aug	1828.60	1836.40	1824.00	1834.50	6.60	21,127
Oct	1829.30	1838.80	1827.60	1838.30	6.60	5,494
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Feb				2260.90	4.10	1
March	2243.00	2284.50	2200.00	2264.20	4.10	4,902
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Feb				1035.20	16.30	39
April	1020.70	1037.40	1004.00	1036.30	16.30	49,747
Silver (COMEX) -5,000 troy oz.; \$ per troy oz.						
Feb	23.230	23.230	23.230	23.195	0.119	28
March	23.025	23.265	22.770	23.200	0.124	93,321
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
March	91.64	91.68	88.51	89.36	-1.96	315,035
April	89.98	90.07	87.07	87.90	-1.87	265,537
May	88.77	88.77	85.76	86.55	-1.78	175,447
June	87.09	87.30	84.54	85.29	-1.73	185,846
Dec	81.08	81.27	79.09	79.63	-1.42	251,940
Dec'23	74.13	74.32	72.77	73.34	-0.79	121,811
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
March	2.8578	2.8617	2.7463	2.7926	-0.0628	97,242
April	2.7537	2.7597	2.6634	2.6976	-0.0537	66,088
Gasoline-NY RBOW (NYM) -42,000 gal.; \$ per gal.						
March	2.6917	2.6917	2.5957	2.6251	-0.0602	109,662
April	2.7948	2.7961	2.7104	2.7387	-0.0513	78,140
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
March	4.276	4.381	4.173	4.248	0.16	210,576
April	4.238	4.343	4.157	4.218	0.20	101,188
May	4.255	4.365	4.183	4.245	0.24	148,452
June	4.291	4.406	4.230	4.292	0.26	66,487
July	4.361	4.460	4.284	4.345	0.26	68,961
Oct	4.378	4.477	4.306	4.361	0.25	76,452

Agriculture Futures						
	Open	High	Low	Settle	Chg	Open interest
Corn (CBT) -5,000 bu.; cents per bu.						
March	636.50	636.75	627.25	632.25	-3.00	483,970
May	638.25	638.50	628.75	634.00	-3.25	431,419
Oats (CBT) -5,000 bu.; cents per bu.						
March	739.25	747.00	733.75	745.75	9.75	2,059
May	698.50	702.25	687.75	701.75	6.50	1,000
Soybeans (CBT) -5,000 bu.; cents per bu.						
March	1585.00	1586.50	1599.00	1569.00	-12.75	244,271
May	1588.75	1590.50	1563.25	1572.50	-13.75	194,105
Soybean Meal (CBT) -100 tons; \$ per ton.						
March	454.80	455.70	450.30	454.10	1.30	127,459
May	453.90	454.90	449.50	453.70	1.80	140,071
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
March	65.31	65.49	63.15	63.35	-1.99	118,211
May	65.38	65.49	63.27	63.45	-1.96	120,961
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
March	15.45	15.50	15.26	15.26	-1.19	6,497
May	15.70	15.74	15.50	15.51	-1.19	1,891
Wheat (CBT) -5,000 bu.; cents per bu.						
March	771.25	782.00	754.00	778.75	10.00	132,874
May	777.50	786.75	761.00	784.00	8.00	87,647
Wheat (KC) -5,000 bu.; cents per bu.						
March	793.00	803.25	777.25	801.25	9.50	71,038

	Open	High	Low	Settle	Chg	Open interest
May	796.00	806.00	782.00	804.50	8.50	55,895
Cattle-Feed (CME) -50,000 lbs.; cents per lb.						
March	165.250	167.300	164.300	166.875	1.850	17,880
April	170.475	172.025	169.350	171.775	1.500	9,675
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Feb	141.700	142.425	▲ 141.325	141.975	▲ .150	17,279
April	146.150	146.525	▲ 145.225	146.175	▲ -.225	144,415
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Feb	88.150	90.550	▲ 87.900	90.325	▲ 2.625	14,417
April	101.025	104.675	▲ 100.875	103.800	▲ 2.525	114,667
Lumber (CME) -110,000 bd. ft. \$ per 1,000 bd. ft.						
March				1159.90	45.00	1,322
May				1100.70	45.00	687
Milk (CME) -200,000 lbs.; cents per lb.						
Feb	20.79	20.84	20.61	20.69	-1.11	4,402
March	21.93	22.06	21.51	21.68	-2.25	4,712
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
March	2,632	2,677	2,626	2,669	45	38,589
May	2,700	2,734	2,686	2,725	40	78,684
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
March	242.00	250.00	▲ 241.75	248.95	7.30	75,823
May	242.80	250.50	▲ 242.40	249.40	7.10	92,448
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
March	18.01	18.14	17.84	18.08	.03	271,342
May	17.70	17.75	17.51	17.72	.02	231,923
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
March				35.20	...	493
May				35.70	...	2,874
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
March	125.57	127.32	125.05	127.15	1.58	69,019
May	122.95	124.29	122.49	124.04	1.04	92,402
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
March	138.30	143.05	138.10	142.10	4.60	6,922
May	139.40	143.80	139.20	143.10	4.45	4,858

Interest Rate Futures						
	Open	High	Low	Settle	Chg	Open interest
Ultra Treasury Bonds (CBT) -100,000; pts 32nds of 100%						
March	184-180	184-280	182-260	183-150	-1.06	1,287,940
June				184-190	-1.07	169
Treasury Bonds (CBT) -100,000; pts 32nds of 100%						
March	153-150	153-180	152-140	152-250	-23.0	1,183,423
June				154-130	-24.0	3,079
Treasury Notes (CBT) -100,000; pts 32nds of 100%						
March	126-285	126-295	126-150	126-185	-10.5	3,956,953
June	126-225	126-255	126-115	126-145	-11.0	51,544
5 Yr. Treasury Notes (CBT) -100,000; pts 32nds of 100%						
March	118-150	118-155	118-055	118-077	-6.7	3,998,537
June				117-265	-7.0	19,715
2 Yr. Treasury Notes (CBT) -200,000; pts 32nds of 100%						
March	108-031	108-033	107-318	108-003	-2.5	2,287,172
June				107-206	-2.9	6,794
30 Day Federal Funds (CBT) -5,000,000; 100 - daily avg.						
Feb	99.9125	99.9150	99.9125	99.9125		263,537
April	99.5950	99.5950	99.5750	99.5850		287,807
10 Yr. Del. Int. Rate Swaps (CBT) -100,000; pts 32nds of 100%						
March				97-025	-8.5	75,508
Eurodollar (CME) -100,000,000; pts of 100%						
Feb	99.5950	99.5950	99.5750	99.5900	-0.025	171,472
March	99.4250	99.4300	99.4050	99.4100	-0.050	985,600
Dec	98.3950	98.4000	98.3250	98.3400	-0.450	1,224,511
Dec'23	97.8950	97.8950	97.8200	97.8350	-0.050	1,196,206

Currency Futures						
	Open	High	Low	Settle	Chg	Open interest
Japanese Yen (CME) -12,500,000; \$ per 100Y						
Feb	.8681	.8691	.8649	.8655	-0.0035	735
March	.8691	.8694	.8651	.8657	-0.0035	194,137
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
Feb	.7867	.7897	.7862	.7866	-0.0032	296

	Open	High	Low	Settle	Chg	Open interest
March	.7892	.7896	.7860	.7865	-0.0032	136,781
British Pound (CME) -£62,500; \$ per £						
Feb	1.3551	1.3562	1.3508	1.3541	.0003	872
March	1.3528	1.3561	1.3505	1.3539	.0004	185,847
Swiss Franc (CME) -CHF 125,000; \$ per CHF						
March	1.0840	1.0848	1.0805	1.0814	-0.0026	41,098
June	1.0872	1.0885	1.0844	1.0852	-0.0026	149
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
Feb	.7131	.7147	.7108	.7136	.0007	122
March	.7125	.7149	.7108	.7136	.0007	196,437
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
Feb				.0484	-0.0008	104
March	.04827	.04831	.04807	.04822	-0.0008	132,652
Euro (CME) -€125,000; \$ per €						
Feb	1.1446	1.1450	1.1399	1.1415	-0.0031	4,035
March	1.1449	1.1457	1.1404	1.1422	-0.0030	688,923

Index Futures						
	Open	High	Low	Settle	Chg	Open interest
Mini DJ Industrial Average (CBT) -55 x index						
March	35001	35426	34931	35342	373	80,223

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Tuesday	Tuesday	Tuesday
Energy			
Coal,C.Aplc,12500Btu,1.2502-r,w	89.700		
Coal,PwdRvrBsn,8800Btu,0.8502-r,w	37.900		
Metals			
Iron Ore,62% Fe CFR China-s	150.0		
Shredded Scrap,US Midwest-sm	n.a.		
Steel,HRC USA,FOB Midwest Mill-s	1140		
Battery/EV metals			
BMI Lithium Carbonate,EXW China,>99.2%-vk	54725		
BMI Lithium Hydroxide,EXW China,>56.5%-vk	45450		
BMI Cobalt sulphate,EXW China,>20.5%-vm	16250		
BMI Nickel Sulphate,EXW China,>22%-vm	5888		
BMI Flake Graphite,F08 China,100 Mesh,94.95%-vm	665		
Fibers and Textiles			
Burlap,10-oz,40-inch NY yd-n,w	0.8300		
Cotton,1 1/16 std l-w-mdMphs-u	1.2690		
Cotlook 'A' Index-t	*140.80		
Hides,hvy native steers piece fob-u	n.a.		
Wool,64s, staple, Terr del-u,w	n.a.		
Grains and Feeds			
Barley,top-quality MnpIs-u	n.a.		
Bran,wheat middling, KC-u	n.a.		
Corn,No.2 yellow,Cent ll-bp,u	6.1900		
Corn gluten feed,Midwest-u,w	n.a.		
Corn gluten meal,Midwest-u,w	n.a.		
Cottonseed meal-u,w	n.a.		
Honolulu feed,Cent ll-u,w	1.60		
Meat-bonemeal,50% pro MnpIs-u,w	n.a.		
Oats,No.2 milling,MnpIs-u	7.3775		</

MARKETS

S&P 500 Rises as 8 of 11 Sectors Gain

Dow industrials, Nasdaq advance more than 1% after positive earnings reports

BY KAREN LANGLEY AND WILL HORNER

Stock indexes rose as investors snapped up shares of companies across industries.

The gains were broad-based, with eight of the S&P 500's 11 sectors rising.

The S&P 500 advanced 37.67 points, or 0.8%, to 4521.54. The Dow Jones Industrial Average added 371.65 points, or 1.1%, to 35462.78.

The tech-heavy Nasdaq Composite climbed 178.79 points, or 1.3%, to 14194.45. The S&P 500 is still down 5.1% in 2022 after selling off in January.

"It just looks like people are

very happy sort of buying the dip," said Katie Nixon, chief investment officer at Northern Trust Wealth Management. "We have very strong markets across the board here."

A generally positive earnings season has helped support stocks. With results in from about 60% of S&P 500 companies, analysts expect profits rose 30% in the fourth quarter from a year earlier, according to FactSet. That is up from estimates for 21% growth at the end of September.

At the same time, a number of companies have adopted a wary tone about the path ahead.

As of late last week, 34 companies in the S&P 500 had given earnings guidance for the first quarter that was lower than analysts had been expecting, while 13 companies had issued guidance higher than the average earnings estimate, according to FactSet.

"The guidance we're hearing from companies is understandably cautious," said Tom Plumb, president and portfolio manager at Plumb Funds. "It's feeding, in some cases, the anxiety people have about political and economic events and Federal Reserve policy."

Markets have been roiled by volatile trading in recent sessions, prompted in part by expectations of higher interest rates.

The Fed's expected tighten-

ing comes against a backdrop of moderating growth, and investors have been reassessing which companies are best-placed to weather the more challenging outlook.

"The question is: Does the Fed get it right? Do they walk the line properly between raising rates and tightening policy at a pace that helps to curb inflation but doesn't slow demand and hurt the economy," said Peter Langas, chief portfolio strategist at Bessemer Trust.

Technology companies, the darlings of last year's rally, have been at the forefront of investors' reassessments, as higher interest rates threaten to weigh on their pricey valuations, which rely on expectations for growth far into the future.

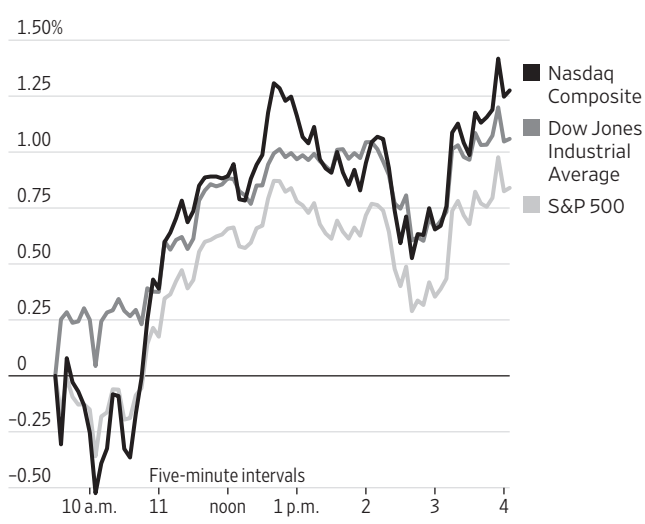
Large-cap tech firms have been particularly choppy in recent days, exacerbating broader market volatility.

Shares of **Amazon.com** rose 2.2%, while shares of **Apple** gained 1.8%. Shares of Facebook parent **Meta Platforms**, by contrast, fell 2.1%.

Meta shares plunged last week after the company surprised investors with a deeper-than-expected profit decline and a downbeat outlook.

"Across the tech spectrum, investors will be more discerning of the underlying fundamentals and long-term drivers of growth and strategy," said

Index performance Tuesday



Source: FactSet

Bessemer's Mr. Langas.

"Companies that are able to contend with threats in a strong way are going to be rewarded and those that are struggling are going to be penalized," he said.

Brent crude, the international oil benchmark, declined 2.1% to \$90.78 a barrel. Investors were tracking talks over reviving a nuclear agreement with Iran, since a deal could see sanctions on that country lifted, allowing it to export more oil.

The pullback in oil prices contributed to a gloomy tone for energy stocks, the worst-performing S&P 500 sector for

the day. **Chevron** shares dropped 1.5% and **Exxon Mobil** shares fell 2.6%.

Earnings reports drove some moves in individual stocks. **Pfizer** shares fell \$1.51, or 2.8%, to \$51.70 after the vaccine maker reported revenue that missed analysts' forecasts. **Harley-Davidson** shares rose \$5.61, or 16%, to \$41.73 after the motorcycle maker swung to a fourth-quarter profit.

Peloton Interactive shares jumped \$7.52, or 25%, to \$37.27 after the stationary-bike maker said it would replace its chief executive, overhaul its board and cut costs.

The company's value has plummeted amid a slowdown in demand.

Nvidia shares added \$3.80, or 1.5%, to \$251.08 after the semiconductor maker said it was calling off its blockbuster deal to buy chip-design specialist Arm.

Investors edged out of bonds on the expectation that the Federal Reserve is poised to embark on a course of interest-rate increases.

The yield on the benchmark 10-year U.S. Treasury note rose to 1.954%, its highest closing level since July 2019, after settling at 1.915% Monday. Yields rise as prices fall.

At 5 p.m. in New York, bitcoin traded at \$44,264.13, up \$214.50, or 0.5%. Earlier Tuesday the cryptocurrency traded above \$45,000 before paring its gains.

The dollar rose. The WSJ Dollar Index, which measures the currency against 16 others, rose 0.15 point, or 0.2%, to 89.68. The euro fell to \$1.1418, the dollar rose to 115.54 Japanese yen, but the British pound rose to \$1.3545 late afternoon in New York.

Overseas, the pan-continental Stoxx Europe 600 edged up less than 0.1%. Early Wednesday, Japan's Nikkei 225 was up 0.9%, Hong Kong's Hang Seng Index was up 1.7% and the Shanghai Composite was up 0.2%. S&P 500 futures were up 0.2%.

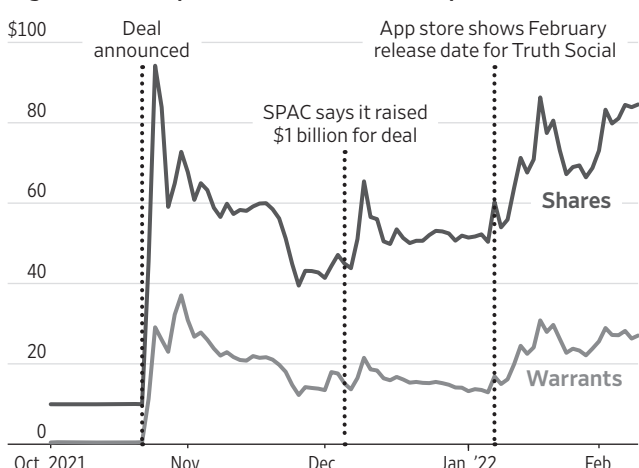
AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

THREE-YEAR NOTES	
Applications	\$152,841,287,100
Accepted bids	\$80,248,121,000
* noncompetitively	\$96,984,500
* foreign noncompetitively	\$100,000,000
Auction price (rate)	99.731529 (1.592%)
Interest rate	1.500%
Bids at clearing yield accepted	51.53%
Cusip number	91282C021

The notes, dated Feb. 15, 2022, mature on Feb. 15, 2025.

Digital World Acquisition share and warrant prices



Source: FactSet

Showdown Between Mexican Lender Credito Real and Funds Nears End

BY MATT WIRZ AND ALEXANDER SAEEDY

Bond investors are bracing for a potential default by Mexico's largest payroll lender.

Bonds for **Credito Real SAB de CV** lost almost half their value in recent days over uncertainty about its ability to repay a 170 million Swiss franc bond, equivalent to \$184 million, that falls due on Feb. 9.

If the company misses the payment it would mark a victory for hedge-fund managers who questioned its accounting practices last year and bet bonds and share prices would drop.

It would also be a blow to international banks, ratings firms and the auditor that helped Credito Real borrow about \$2 billion in international markets since 2016.

Credito Real is working with **Goldman Sachs Group Inc.** to raise an emergency loan and prevent a default.

A spokesman for Credito Real didn't respond to requests for comment.

A missed payment by Credito Real could hurt the Mexican economy, which is highly dependent on nonbank lending to provide credit to consumers and small businesses. Alpha-Credit Capital SA de CV, another large payroll lender, filed for bankruptcy in Mexico last year after disclosing large accounting errors.

BNP Paribas SA, Goldman Sachs and other banks sold \$500 million of bonds for

Credito Real in bond markets with relative ease in January 2021. The company touted itself to sustainability-conscious bond buyers as a lender to Mexico's underbanked poor and the U.S. International Development Finance Corporation, or DFC, lent it up to \$100 million.

Galaz, Yamazaki, Ruiz Urquiza SC, a local unit of global accounting firm Deloitte Touche Tohmatsu Ltd., audited the lender's financials, as well as those of Alpha-Credit.

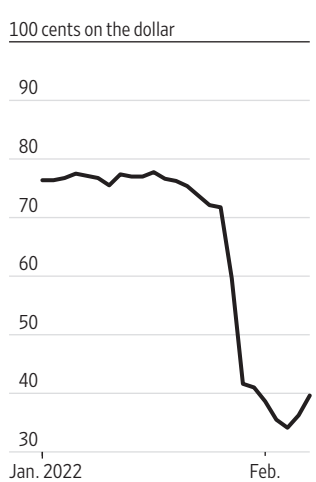
A spokeswoman for BNP and a spokeswoman for Goldman Sachs declined to comment. A spokesman for Deloitte said the company doesn't comment on client matters. A spokeswoman for DFC didn't respond to requests for comment.

Market sentiment soured last spring after Credito Real disclosed that almost half of assets it had been reporting as loans consisted of accrued interest, indicating that it was struggling to collect from borrowers, analysts said.

Hedge funds including **Milennium Management LLC** and **Bybrook Capital LLP** wagered the company's stocks and bonds would fall, known on Wall Street as short selling, as did investment bank **Stifel Financial Corp.**, according to people familiar with the matter.

Management told analysts on subsequent earnings calls that its collection levels and sources of capital were strong.

Price of Credito Real 7.25% bond due 2023



Note: Data as of Feb. 4 Source: Advantage Data

The company has also said short sellers had waged a campaign to paint its operations in a negative light.

Banks including JPMorgan Chase & Co. and Bank of America Corp. maintained neutral recommendations on Credito Real bonds. Fitch Ratings and S&P Global Ratings kept their credit ratings of the company in the relatively high double-B category through most of 2021.

However, the company in November said during a private call with analysts that improved profit margins in the third quarter of 2021 were because of a previously unreported accounting change. Credito Real later disclosed that more than half of the im-

proved figures from its payroll loan portfolio came from changes in foreign-exchange rates.

With the Swiss franc bond coming due and only around \$80 million on its balance sheet, Credito Real said in December it was actively working to sell assets and raise additional debt. The company sold one of its U.S.-based subsidiaries for \$45 million but hasn't completed the planned refinancing.

Bond prices, which had been falling steadily through 2021, plunged in the past two weeks, delivering paper gains to the short sellers. A Credito Real bond due in 2023 fell to 39 cents on the dollar on Feb. 4 from around 72 cents in late January, according to Advantage Data Inc.

S&P Global Ratings and Fitch Ratings have each cut Credito Real's ratings three times since the middle of November, citing the growing risk of a default in February.

Analysts from JPMorgan and BofA Securities continue to say Credito could refinance the Swiss bond in time.

Natalia Corfield, head of Latin America corporate research at JPMorgan said in a Jan. 27 note to clients that there was still a possibility that Credito Real avoids default by raising new debt, but added that "this could have been done earlier and in a smoother way."

"Hold your breath," she wrote.

Trump's Social-Media Venture Tough to Value

BY AMRITH RAMKUMAR

Traders are struggling to place a consistent value on Donald Trump's new social-media venture, a business that hasn't offered much in the way of details but one that supporters think is destined to take off.

Shares and warrants of **Digital World Acquisition Corp.**, the special-purpose acquisition company that is merging with **Trump Media & Technology Group**, tell two different valuation stories. The SPAC's shares have traded around \$80 in recent days, preserving a 700% rally since the deal was announced in October. They are up more than 60% this year, bucking a broad selloff that has sent other SPACs and stocks that are popular among individual investors, such as **GameStop Corp.**, tumbling.

The stock's current price implies a valuation of several billion dollars for Mr. Trump's startup, a remarkable figure considering little is known about the company other than that it plans to launch a new social-media platform called Truth Social and capitalize on his following. The company said in December it had \$1 billion in commitments from investors as part of its SPAC deal and that California Republican Rep. Devin Nunes was leaving the House of Representatives to become the company's chief executive.

While shares and options that allow the holder to buy more shares at a specific price in the future have surged, warrants tied to Digital World have lagged behind, baffling some traders who say they are mispriced relative to the stock and who expected the gap to close.

Warrants are similar to options but originate from the SPAC. They can be exercised only after a company's SPAC deal closes. Warrants typically have a strike price of \$11.50, meaning the holder would pay \$11.50 to receive a share of the company.

But the company's warrants are trading around \$27, compared with the stock's \$80. Some analysts say they are un-

dervalued because assuming the deal closes with the stock price roughly where it is now, warrant holders would pay \$11.50 per share and could immediately sell at the market price of several times that. By that logic, some analysts say the warrants should roughly trade at the stock price minus \$11.50, or in the high \$60s, instead of the high \$20s.

Several factors are likely holding down warrant prices, traders said, namely uncertainty about the deal closing with the stock at current levels. Trump Media & Technology Group still has to release its financial and ownership structure before the deal can be completed and the warrants can be exercised. That process can take several months and could show that Mr. Trump's company is far from becoming a profitable business. The Securities and Exchange Commission is also investigating the merger.

"This is the meme stock of all meme stocks because it's Trump," said Matthew Tuttle, whose firm Tuttle Capital Management runs a few SPAC exchange-traded funds. Meme stocks gain popularity among online traders for reasons other than their business prospects, as GameStop and others have in the past year.

A SPAC such as DWAC is a shell company that raises money and begins trading publicly with the sole intent of merging with a private firm to take it public. After a merger is announced and regulators approve the deal, it gets completed and the private company replaces the SPAC in the stock market.

Shares of many SPACs surged alongside meme stocks last year but have tumbled with investors bracing for higher interest rates and retreating from speculative trades. Yet Digital World shares remain high, confounding many on Wall Street.

"It's tough to understand," said Julian Klymochko, manager of a SPAC-focused fund at Accelerate Financial Technologies.

—Gurjjan Banerji contributed to this article.

Dividend Shares Are Hot

Continued from page B1 nearly 4.1% dividend yield, is up 2.4% this year, while PepsiCo has a 2.5% payout and has fallen 1%. Chevron has a 3.9% dividend yield and its shares are up 16%.

"In this environment, a good place to hide would be some of these dividend-oriented companies that are going to grind through this market turbulence," said Mr. Villere.

Investors poured \$7.5 billion into funds that buy dividend-paying stocks in January, the most on record, according to Refinitiv Lipper, with more than \$2 billion of inflows during the week ended Feb. 2.

Stevi Chiavarone, head of multiasset solutions at Federated Hermes, said several dividend payers have pricing power, are inexpensive and of-

fer hefty payouts. His firm's **Strategic Value Dividend Fund** has risen 5.3% this year.

"We're due for a rotation, and that rotation is happening right now," said Eric Diton, president and managing director at the Wealth Alliance who manages \$880 million in assets, 14% of which focus on dividend-oriented strategies.

The attractiveness of dividend stocks rests partly on bond yields. Generally, when bond yields are lower than stocks' dividend yields, investors see no alternative to equities.

Yields on the benchmark 10-year U.S. Treasury note settled at 1.954% Tuesday, greater than the 1.3% dividend yield on the S&P 500 as of Monday.

However, when adjusted for expected future inflation, real bond yields remain around negative 0.5%, making stocks a more attractive option for many investors.

Investors could lose their taste for dividend-paying companies if they cut payouts amid deteriorating economic conditions.

With 33 increases in January, slightly more than a year

earlier, according to S&P, companies have generally raised payouts following solid growth last year when there were 372 increases or dividend initiations and five cuts or suspensions.

That compares with 298 increases or initiations and 69 cuts or suspensions in a volatile 2020.

One traditional favorite of dividend-minded investors cut

\$7.5B

Amount poured into dividend stock funds in January

its payout earlier this month: **AT&T Inc.**

The telecom company said it would slash its dividend nearly in half following the spinout of its WarnerMedia division. Its shares have fallen 6.1% since.

"Investors need to address the contingency of a market that could fall," said Phillip Toews, chief executive and co-portfolio manager at Toews

Asset Management. "One way to insulate yourself from losses is to have a dividend stock focus."

Concern about economic conditions has propelled Mr. Toews to be defensive. His firm has rotated about 90% of its assets into cash from mostly equities and bonds. The remaining 10% has been swapped with low-volatility shares that pay dividends, including those of **Verizon Communications Inc.** and **Philip Morris International Inc.**

For now, investors say they are focused on the biggest dividend-paying stocks, where payouts continue to exceed the income generated by bonds.

Cigarette makers **Altria Group Inc.** and Philip Morris sport dividend yields of 7% and 4.7%, respectively, and their stocks are both up at least 6.4% this year. Exxon Mobil is up 31% this year, thanks in part to rising oil prices and the fact that it pays a 4.4% dividend yield.

"The story of 2022 is the revenge of the boring," said Mr. Chiavarone of Federated Hermes.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Peloton's Thriller Will Keep on Cycling

If there was a subscription to the company's drama, it might be a better investment than the stock

First Big, now Foley. The casualties of the **Peloton Interactive** drama are getting more real by the day. Don't expect a happily ever after to come overnight.

Peloton co-founder John Foley is stepping down as chief executive and will become executive chairman, the company said Tuesday morning. Succeeding him is former Spotify Technology and Netflix chief financial officer, Barry McCarthy, who also will join the company's board. In conjunction with that announcement, the company reported financial results for the period ended Dec. 31 (hastily rescheduled from the afternoon) and issued guidance for the remainder of the year. Spoiler alert: They weren't good.

Peloton has gone from comedic television to action-packed thriller seemingly overnight. In the past two years or so we had America's pandemic darling next door introducing itself as a likable protagonist. Then came the ominous warning signs, ignored by said investor darling. The denouement initially looked bleak: As of Friday's close, Peloton had shed more than 85% of its peak market value since January 2021 as more recent results showed growth was beginning to slow.

Things now look even worse: On Tuesday, Peloton said its digital subscribers—a primary lead generation channel for its business—fell nearly 3% sequentially, worse than Wall Street's estimates. While the com-

pany chalked that up to a free trial ending, guidance for connected fitness subscribers for the remainder of the year also came in below the expectations. All told, for the year ending June 30, 2022, Peloton's revenue forecast came in nearly 9% below what Wall Street was modeling.

Peloton also said Tuesday that it was starting a major cost-cutting initiative in an effort to take its business from a growth phase to one of consistent profitability. To do this, the company said it expects to achieve at least \$800 million in annual run-rate cost savings and will reduce planned capital expenditures in 2022 by about \$150 million. It plans to cut about 20% of its corporate head count.

Could there be further plot twists? On Friday, reports from The Wall Street Journal and the Financial Times that potential suitors such as **Amazon.com** and **Nike** were circling Peloton had fans believing quick and easy redemption could be right around the corner. Wall Street analysts went wild over the weekend, weighing in on every conceivable suitor and respective rationale. Peloton's shares rose more than 20% Monday on the deal speculation and an additional 25% on Tuesday following restructuring plans, but much of this might have been short covering. As of mid-January, FactSet shows Peloton's short interest was 12% of its free float.

At this point, a subscription to



Peloton said it plans to cut costs to take its business from a growth phase to one of consistent profitability.

the Peloton drama might be a better investment than the stock itself. Mr. Foley said in an interview with the Journal that the company is open to exploring any opportunity that could create value for shareholders—important as Peloton is a controlled company and therefore would need the buy-in of Mr. Foley and other insiders to sell itself. But a management change—and the appointment of subscription dynamo Mr. McCarthy in particular—coupled with a clear cost-cutting plan seem to indicate Peloton is focused on executing an independent future.

It will have its work cut out for it. Peloton said on Tuesday's earnings call that its updated guidance was based on extrapolating trends seen in the first half of its fiscal year. Positively, it is clear that Peloton's future is as a subscription business. Its loyal connected fitness subscribers are unequivocally Peloton's most attractive asset to any would-be buyer. The company also said Tuesday that it is winding down a domestic manufacturing build out, admitting it overinvested in certain areas. That is an understatement: BMO analyst

Simeon Siegel said in a note Tuesday Peloton's estimated annual cost savings boil down to about the amount it expanded labor, technology and acquisition expenses since Covid-19.

For anyone still hoping for a near-term buyout, it is important to note that neither the Journal nor the Financial Times reported any suitor has had actual talks with Peloton, suggesting the reported interest was still in the very early stages.

To get saved, Peloton first needs to show it can save itself.

—Laura Forman



Versace owner Capri saw quarterly revenue rise 24% from a year earlier.

Apparel Brands' Rally Hangs by a Thread

Vietnam factory shutdowns and supply-chain snags notwithstanding, apparel companies emerged from the pandemic looking sharp. How long can they keep it up?

Their momentum seems intact following reports of healthier-than-expected revenue and profits. **Ralph Lauren** saw its sales grow by more than a quarter compared with a year earlier in the three months ended Dec. 25. Its operating margin, at 16%, was the highest seen in a comparable quarter since 2013. **Capri Holdings**, which owns Michael Kors, Versace and Jimmy Choo, saw revenue up 24% compared with a year earlier in its last quarter and saw operating margins expand by 6 percentage points. **Levi Strauss** and **PVH**, owner of Calvin Klein and Tommy Hilfifer, likewise saw healthy margin expansions in their latest quarters compared with both 2020 and 2019.

An equal-weighted basket of those four companies had been off by 15% since the start of 2022 until just before those earnings began to roll out but have recovered. They are now down by just 1%. While a strong holiday season was largely expected, the bigger surprise was that apparel companies were able to pass along higher supply-chain and freight costs to consumers, who haven't only been willing to pay full prices, but to tolerate hefty price increases. The average price of a shirt or bag sold—known as average unit retail, or AUR—at Capri's Michael Kors brand increased by a "high teens" percentage in the quarter ended Dec. 25 compared with a year earlier. For its full fiscal year, AUR at Levi increased 7% compared with pre-pandemic levels. At Ralph Lauren, prices increased 18% last quarter; that was after a 19% rise a year earlier.

Companies say the good times can continue. Ralph Lauren raised its guidance—both revenue and operating margins—for its current fiscal year, which will end in March. Both Levi and Capri are expecting revenue to grow about 10%

in their respective fiscal years that correspond with 2022. For Levi, that would be at least double its five-year average growth pace before the pandemic.

But two conditions are necessary for apparel companies to meet those ambitious goals: First, they would have to be able to keep increasing prices without killing demand. Two, consumers will have to continue wanting to refresh their wardrobes. Both could turn out to be shaky assumptions. Before the recent increase in pricing, apparel had generally been a "deflationary category" according to a recent report from Credit Suisse. Plus, the stuff that helped lift all boats in the past year—government stimulus, pent-up demand and a collective lack of inventory—makes it hard to figure out which brands actually fared well because they gained more cachet among customers. The differentiation won't be obvious until later, when supply-chain issues ease and more inventory floods the market.

Simeon Siegel, analyst at BMO Capital Markets, says that it will be tough for the industry to keep inventory discipline going. Meanwhile, consumers broadly pivoted to casual clothes last year and a "return-to-normal" closet refresh seems less likely as most have adopted hybrid work-from-home arrangements.

Cost pressures are mounting too. Ralph Lauren said it expects cost inflation in the "mid- to high-single-digit percentage" range. Cotton prices are up an additional 12% year to date, and are at the highest levels since the cotton price surge of 2011 that left many apparel brands' margins worse off. Meanwhile, Americans, as of October, were spending almost 3% of their total expenditure on clothing and footwear—the highest share seen since 2015, according to data from the U.S. Bureau of Economic Analysis.

A wrong read of the fashion trend or the price tag could just end up unraveling some companies this year.

—Jinjo Lee

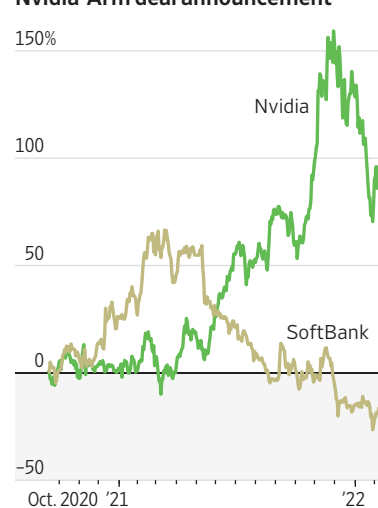
While Nvidia Can Lose an Arm, SoftBank Needs to Slim Down

Brawny chip company **Nvidia** can afford to lose Arm. Keeping the high-tech appendage fully attached a while longer may prove a headache for SoftBank.

The derailment of graphics-chip company Nvidia's planned purchase of chip designer Arm from SoftBank isn't exactly a surprise. The transaction—which would have been the largest-ever deal in the semiconductor industry—was fighting an uphill battle since the beginning because of antitrust concerns. Arm's chip-design architecture powers almost every mobile device on the planet, and the company counts many of Nvidia's rivals among its customers. The cash-and-stock deal was valued at around \$40 billion at its unveiling and would have been valued at more than \$60 billion at current prices as Nvidia's shares have doubled since then.

Nvidia's move always seemed opportunistic, and analysts had never been very sanguine on the odds of completing the deal. The company has also been doing well on its own: Its revenue has soared because its chips are in great demand for gaming and artificial-intelligence applications. With a market value of \$618 billion, it is now the world's most valuable chip company. And Nvidia may do even better without the regulatory scrutiny it would have at-

Share-price performance since Nvidia-Arm deal announcement



Source: FactSet

tracted from owning Arm.

On the other hand SoftBank, which bought Arm for \$32 billion in 2016, will receive a \$1.25 billion break fee but will also need to find another way to raise cash from the British chip designer. The Japanese company says it will pursue an initial public offering in the fiscal year ending March 2023. It may need to move fast to cash in on the chip boom. The PHLX Semiconductor index has doubled in the past two

years but the recent selloff in high-growth stocks has hit the sector too: It is down 10% so far this year. Arm's revenue in the nine months ended December grew 47% year to year, but getting a better price than Nvidia was willing to pay will still be challenging.

In contrast to Nvidia, SoftBank's share price has halved since March. The technology actions in China, which hit big SoftBank investments like **Alibaba** particularly hard, has been a main culprit. The dip in U.S. tech stocks is now rubbing more salt into the wound. SoftBank's net asset value was \$168 billion in December, down from \$187 billion three months earlier, the company said Tuesday.

An \$8.8 billion buyback unveiled in November failed to lift the share price for long. Listing Arm could help SoftBank raise cash as it continues to pour money into startups and give a clearer picture of how much the company is actually worth. Alibaba's shares fell 6% Monday in New York on fear that SoftBank may cut its stake to fund buybacks and other investments.

SoftBank needs to find another place to put its Arm. If it waits too long and the Fed keeps sending hawkish signals, it may find the asking price heading down in tandem with investors' appetite for tech stocks in general.

—Jacky Wong

High-Tech Grocery Delivers More Food, Less Profit

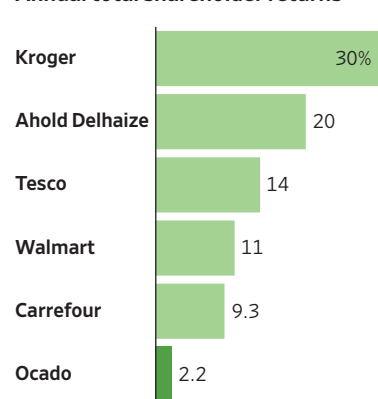
Supermarket stocks have been a good investment during the pandemic. The British tech company that is leading the grocery industry's global shift online, less so.

On Tuesday, shares in **Ocado** fell 13% after the e-commerce pioneer told shareholders that steep losses in its international business will continue in its 2022 fiscal year, despite plans to more than double revenue.

Ocado is helping to build automated warehouses for supermarkets like **Kroger** and Canada's **Sobeys** to make their e-commerce businesses more efficient. Once these fulfillment centers are running, Ocado collects fees based on the amount of capacity they deliver. Revenue from this part of its business quadrupled in the year through Nov. 28.

In a long-running theme for the stock, shareholders have been wrong footed by how much investment is required to fund the growth. This year, Ocado will open eight warehouses overseas for supermarkets. Its capital expenditure bill will be \$800 million, equivalent to \$1.08 billion, as it tries to get these facilities running. Losses in the international business means that group earnings

Annual total shareholder returns



Note: Feb. 7, 2020-Feb. 8, 2022
Source: FactSet

before interest, taxes, depreciation and amortization will be around £55 million this year, according to UBS estimates—behind the £92 million that analysts were expecting.

Ocado is trying to reduce its bills. Last month, management launched innovations such as a lighter robot for picking grocery orders that is cheaper and faster to make. Robotic picking arms and other automation could slash labor costs in warehouses by up to 30%, Ocado thinks.

This should appeal to clients, given labor shortages in some markets.

For now, Ocado has to contend with the same low-tech headaches as its customers. Sales growth in its retail arm, which operates as a joint venture with British grocer Marks & Spencer, was constrained by the difficulty of hiring staff. Drops per van fell to 177 a week in 2021, compared with 184 a year earlier, as some vans lay idle for lack of drivers.

Ocado's shares lost a quarter of their value this year and are trading at around their pre-pandemic price. The stock has underperformed those of traditional supermarkets, delivering annual total shareholder returns of 4% in dollar terms over the past two years. Kroger managed 29% and **Carrefour** returned 10%.

Ocado probably has the most advanced online-grocery offer in the world and the pandemic has made its focus on automation more attractive to supermarkets. But the past two years have shown a harsher light on its business model. Investing in cutting-edge technology in a low-margin industry is tough to square with the goal of delivering profits to shareholders.

—Carol Ryan