**Last week: DJIA** 34738.06 **▼** 351.68 1.0%

**NASDAQ** 13791.15 ▼ 2.2%

**STOXX 600** 469.57 ▲ 1.6%

**10-YR.TREASURY** ▲ 4 7/32, yield 1.951%

**OIL** \$93.10 ▲ \$0.79

**YEN** 115.45 **EURO** \$1.1350

### What's News

### Business & Finance

ockheed scrapped its Laplans to buy Aerojet Rocketdyne after U.S. antitrust overseers last month sued to block the proposed \$4.4 billion deal. A1

- ♦ The threat of a Russian invasion of Ukraine is shaking up a fragile global oil market, pushing prices closer to \$100 a barrel as traders calculate that supplies will struggle to cushion the effect from any significant disruption in Russian fossil-fuel exports. A1
- ♦ Inflation is seeping through U.S. business, hitting companies in unexpected ways beyond higher prices for materials, shipping or wages. A2
- ♦ Investors in U.S. stocks are weighing good news about corporate earnings and the labor market against the stubborn challenges of high inflation, rising bond yields and geopolitical uncertainty. **B1**
- ◆ Saudi Arabia transferred shares valued at about \$80 billion in Aramco to its wealth fund as part of the kingdom's efforts to diversify its hydrocarbon-dependent economy. B1
- ◆ Private equity accounted for a record share of Chinese mergers and acquisitions in 2021. B1
- **♦ Cathie Wood's ARK is** snapping up more shares of largely unprofitable companies, doubling down on a bet that many traders and investors expect to be tested this year by rising rates. B1

### World-Wide

- ♦ Biden told Ukraine's leader the U.S. and its allies would respond "swiftly and decisively" to any further Russian aggression against his country, even as Russia deployed some of its most powerful weapons and best-trained battalions around Ukraine. A1
- ♦ Ukrainian officials said Russia is stepping up a destabilization campaign involving cyberattacks, economic disruption and a new tactic: hundreds of fake bomb threats. A1
- ♦ Kyiv-based SkyUp Airlines said it was forced to make an unscheduled landing in Moldova and suspended sales for flights this week after its insurers stopped covering aircraft in Ukrainian airspace. A8
- ◆ A bridge crucial to cross-border trade that connects Detroit with Windsor, Ontario, reopened after Canadian police arrested protesters and towed vehicles. A10
- **♦ Some Democrats are** pushing Biden to use his planned State of the Union speech to endorse a return to a sense of normalcy as Covid-19 cases fall, pressuring the White House as many of the party's governors roll back restrictions in their states. A4
- ◆ States rolling back mask mandates are relying on their own assessment of the pandemic's trajectory, not just federal government scientists, as they rethink Covid-19 guidelines with the Omicron wave in retreat. A4

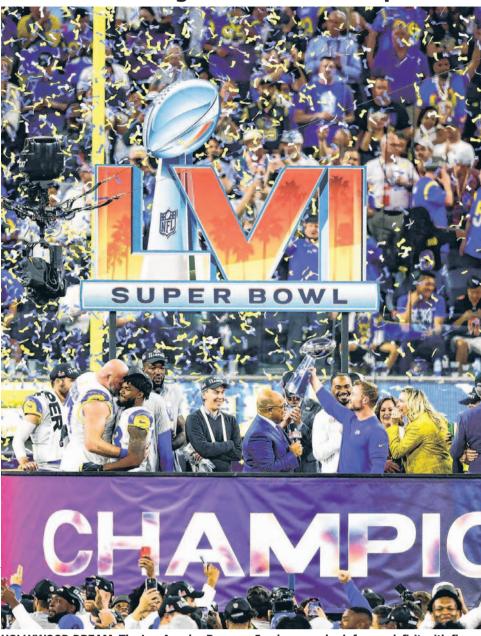
### **JOURNAL REPORT**

Wealth Management: Sharing Finances. **R1-8** 

CONTENTS Outlook Personal Journal A12-13 Arts in Review... A14 Business News..... B3 Sports.. Technology... Heard on Street... B10 U.S. News. .... A2-6 World News......A8,10 ... A17-19



### Rams Defeat Bengals 23-20 to Win Super Bowl



HOLLYWOOD DREAM: The Los Angeles Rams on Sunday came back from a deficit with five minutes left to beat Cincinnati. Head coach Sean McVay holds the Vince Lombardi Trophy. A15

# Lockheed Scraps Aerojet Deal Amid Antitrust Suit

By Doug Cameron

Lockheed Martin Corp. on Sunday said it had scrapped plans to buy Aerojet Rocketdyne Holdings Inc. after federal antitrust overseers last month sued to block the proposed \$4.4 billion deal.

Lockheed Martin, world's largest defense company by sales, had hoped to add Aerojet expertise in building rocket motors for its own missile and space systems. The proposed deal drew fire from the Federal Trade Commission and rivals who believed the combination could hinder competition.

Lockheed Martin nounced plans to buy Aerojet in December 2020. The deal followed unsuccessful efforts by Aerojet to buy a joint venture between Lockheed Martin and Boeing Co. that launches military satellites. That triggered broader interest in acquiring Aerojet, including from private-equity firms, according to regulatory filings.

The closing of the proposed Lockheed-Aerojet deal was pushed back several times, especially after FTC officials raised concerns.

A lawsuit filed last month by the FTC to block the deal saw Lockheed ditch the tie-up

Sunday, a decision the company said was made in the wider interest of shareholders.

"Our planned acquisition of Aerojet Rocketdyne would have benefited the entire industry through greater efficiency, speed and significant cost reductions for the U.S. government," Lockheed Martin Chief Executive Jim Taiclet

Based in El Segundo, Calif., Aerojet is the only large, independent U.S. producer of engines for rockets and missiles. The FTC alleged that allowing Lockheed to buy Aerojet would

give the defense company the Please turn to page A4

# **Biden Pledges Swift Reaction** To an Invasion

U.S. says it is prepared for possibility Russia will soon launch major assault against Ukraine

By Alex Leary AND LAURENCE NORMAN

President Biden on Sunday told Ukraine's leader the U.S. and its allies would respond "swiftly and decisively" to any further Russian aggression against his country, the White House said, even as Russia deployed some of its most powerful weapons and best-trained battalions around Ukraine.

A day earlier, Mr. Biden's warning to Russian President Vladimir Putin of "swift and severe costs" if Russia moves against Ukraine yielded no change in the Russian stance, U.S. officials said. Meanwhile, the fear of conflict has led to canceled flights to Ukraine and heightened volatility in energy and financial markets.

President Volodymyr Zelensky of Ukraine told Mr. Biden that U.S. support would allow Ukraine to prevent panic among its population, according to a statement from his office. He also asked for concrete guarantees of Ukraine's security, saying European security is impossible without the security of Ukraine.

We are not yet a member of NATO, therefore, only a strong Ukrainian army ensures the security of our state," Mr. Zelensky told Mr. Biden, referring to the North Atlantic Treaty Organization.

Before Mr. Biden's hourlong telephone call with Mr. Zelensky, U.S. national security adviser Jake Sullivan renewed on Sunday the Biden administration's warnings of a possibly imminent Russian invasion of Ukraine as Russia continued to insist it has no such plans and European leaders embarked on further diplomatic attempts to Please turn to page A8

◆ Russian border town backs pro-Putin forces...

◆ Airline suspends ticket sales as insurers pull coverage.... A8

# Hybrid War Already Started, Kyiv Says

By James Marson

KYIV, Ukraine—U.S. officials are warning that Russia could be about to attack Ukraine. For many citizens in this embattled country, the assault has already begun. Ukrainian officials said that

Russia, which has positioned more than 100,000 troops around three sides of Ukraine, is stepping up a destabilization campaign involving cyberattacks, economic disruption and a new tactic: hundreds of fake bomb threats.

Russian forces and their proxies already control portions of Ukraine and frequently skirmish with government forces. The aim of Moscow's intensitying hybrid campaign, Ukrainian officials said, is to weaken their country and sow panic, potentially provoking discontent and protests of the kind Russia fomented in eastern Ukraine in

2014 to justify its interventions there. U.S. and U.K. officials said last month they uncovered coup plots intended to install a puppet pro-Russian government. The tactics illustrate how

President Vladimir Putin of Russia can maintain pressure on Ukraine without escalating to a shooting war that could provoke sanctions from the West. Ukrainian officials said a destabilization campaign is more likely than a large-scale invasion.

"The No. 1 task for Russia is to undermine us from inside," Oleksiy Danilov, the top national security adviser to President Volodymyr Zelensky of Ukraine, said in a recent inter-

Russia has denied it has any plans to invade or cause harm to Ukraine. Moscow argues that the West is causing damage to the ex-Soviet republic

view.

Please turn to page A8

# India Struggles With Urban Exodus

Economists say nation must create millions of jobs that bring workers out of farming

By Shefali Anand AND VIBHUTI AGARWAI

SATBUNGA, India-Covid-19 drove tens of millions of migrant workers from cities back to their home villages, often to farm, and its lingering presence threatens India's decadeslong quest to lift its economy from rural poverty to the modern age.

In Covid-19's first year, agriculture's share of India's total employment rose for the first time in at least 15 years, by 3 percentage points to 45.6%, government data show, yet it contributes less than a fifth of national out-

Economists warn of a drag on growth unless India can pull millions of workers into productive nonfarm jobs. Growth in the rural workforce "is the opposite of what any developing country wants to see," said Santosh Mehrotra, an economist and senior official at the former Planning Commission, which

steered India's development

strategy until 2014.

The migratory reversal in particular weakens the economic potential embodied in India's young populationsome two-thirds is under age 40—a working-age demographic that powered China's double-digit growth.

Around 75 million people in India slipped into extreme poverty in 2020, living on \$2 or less a day, according to the Pew Research Center. A salaried worker in rural India earns an average of around 300 rupees (\$4) a day, compared with \$6 a day for a similar job in urban areas, according to estimates by the International Labour Organization, ILO, a United Nations agency, using Indian government data.

Some migrant workers who are back home say their goals have shifted away from the promise of city life. Vijay Nayal, 24 years old, lost his job in a call center in 2020 and left a New Delhi suburb for his village in the Himalayan state of Uttarakhand. He Please turn to page A11

### **U.S.-Canada Bridge Reopens**



Canadian police on Sunday arrested protesters and towed vehicles, allowing the Ambassador Bridge connecting Detroit with the border city of Windsor, Ontario, to reopen. A10

### Be My Valentine, but Let's Buy a King-Size Bed and Spread Out

After extreme pandemic togetherness, many couples crave more personal space

By Suzanne Kapner

For some couples, the solution for too much pandemic togetherness is saying good night on Valentine's Day in a bigger bed where they don't need to touch.

After nearly two years of working from home and sharclose quarters with spouses, kids and pets, people are tossing out their full- and

queen-size beds in favor of

nore spacious kings. Robert Pagano and his girlfriend, Tracy Jones, weighed the pros and cons of switching to a king from a queen last year. The couple, who live in Las Vegas, had been getting on each other's nerves when they

were stuck working from home. "We hoped a bigger bed would help us avoid argu-Please turn to page A11

### Ukraine **Threat Pushes Oil** Near \$100

BY CHRISTOPHER M. MATTHEWS AND COLLIN EATON

The threat of a Russian invasion of Ukraine is shaking up a fragile global oil market, pushing prices closer to \$100 a barrel as traders calculate that supplies will struggle to cushion the effect from any significant disruption in Russian fossil-fuel exports.

Demand for oil has outpaced production growth as economies slowly rebound from the worst of the pandemic, leaving the market with a small buffer to mitigate an oil-supply shock. Russia is the world's third-largest oil producer, and if a conflict in Ukraine leads to a substantial decrease in the flow of Russian barrels to market, it would be perilous for the tight balance between supply and demand.

Those dynamics have led traders in recent days to price in a sizable geopolitical risk premium, according to analysts. Crude-oil prices, which haven't topped \$100 a barrel since 2014, jumped to an eightyear high on Ukraine concerns Friday. Brent futures settled at \$94.44 a barrel, while U.S. crude ended at \$93.10 a barrel.

"We are setting up for a period of turbulence," said Jason

Please turn to page A6

# Supply-Chain Risks Center on China



economic harm caused by the Omicron variant of Covid-19 in

highly vaccinated countries appears so far to be relatively modest and short-lived, but its indirect hit could prove significant if China resorts to repeated lockdowns in its effort to suppress the virus within its borders.

Omicron led to a fresh surge in infections wherever it gained a foothold, a rise in deaths, and disruptions for businesses as infected workers sought medical treatment or quarantined.

But it has also become clear that Omicron causes milder symptoms in vaccinated people than its predecessors, and an increasing number of European countries have lifted restrictions put in place when the variant emerged. U.S. job growth accelerated in January, even though the number of people not working because of illness more than doubled from December.

So while business surveys and other data indicate economic growth slowed in Europe and the U.S. as 2022 began, many economists expect the Omicron variant to do less damage than previous surges.

The lifting or absence of restrictions in Europe and the U.S. signals a greater willingness to live with the

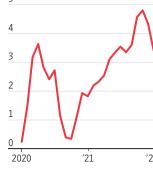
virus, while remaining alert to its dangers. That is not vet an option where populations have received vaccines that offer very limited protection against Omicron, as is the case in China.

That is part of the reason why China continues to pursue a "zero-Covid" strategy, which requires strict lockdowns when local outbreaks

leading supplier of the parts other manufacturers use to make the products households buy, which are known by economists as intermediate goods. Should it have to lock down significant parts of its economy, the impact would likely be felt in lower growth and higher inflation in Western economies.

continue to rise in China, even as they decline elsewhere," said Frédérique Carrier, head of investment strategy at RBC Wealth Management. "Increased pandemic restrictions could lead to additional supply-chain disruptions, hold back the normalization of the global economy, and fuel global inflation, while capping Chinese economic growth."

tary Fund's economists estilems knocked between one half and one full percentage **Global Supply Chain** 



Source: Federal Reserve Bank of New York

growth in 2021, while pushing inflation higher. In other words, the global economy would have grown by as much as 6.9% last year, compared with the 5.9% expansion it actually recorded, if there had been no supply problems.

There are some signs that supply-chain problems are easing. A new supply-blockages measure developed by economists at the Federal Reserve Bank of New York showed a record level of strain in November, but a decline in December and Januarv. which they said "seems to suggest that global supply chain pressures, while still historically high, have peaked and might start to moderate

A prolonged series of new lockdowns in China, however, could reverse that

drag on growth this year.

egy could exacerbate global supply disruptions," said Gita Gopinath, the IMF's first deputy managing director.

Trade Organization, Chinese businesses sold \$354 billion of intermediate goods to overseas buyers in the three months through June 2021, way more than the next larg est exporter, which was the U.S. with \$200 billion. The U.S. is the largest market for Chinese exports of intermediate goods, but South Korea, Japan, Germany and India also account for a

China would likely face a surge in deaths if it abandoned the zero-Covid strategy now. About 86% of China's population has been cines most widely used, developed by Sinopharm and cron infections than the Moderna Inc. and by Pfizer

"We really depend on

China succeeding in this transition," said Jörg Wuttke, president of the European Union Chamber of Commerce in China and chief representative of German chemical company BASF SE in the country. "But frankly,

ssessing the scale of the threat to global supply chains is difficult, given uncertainties about how rapidly Omicron can spread in an environment where restrictions are as tight as they are in China.

Two factors could lessen the impact of a more rapid Omicron spread than has so far occurred. First, economists see the willingness to live with the virus in the U.S. and Europe as opening the way for a greater shift back to spending on services and away from spending on goods this year. That would ease some of the demand pressures on supply chains.

It is also possible that Chinese authorities could manage the zero-Covid policy to support exports, given the drag on growth from problems in the country's property market and weak

ment will make efforts to minimize the supply disruptions, including some loosening/improvement in the zero-Covid policy implementation,' economists at Barclays Bank wrote in a note to clients.

### **ECONOMIC CALENDAR**

Tuesday: Japan's economy likely grew 1.4% from the previous quarter in the October-December period, according to a poll of economists by data provider Quick.

Wednesday: China's inflation likely eased at the beginning of 2022. The producer-price index for January is forecast to be up 9.5% from a year earlier, slowing from December's 10.5% pace, according to economists polled by The Wall Street Journal. China's January consumer-price index is forecast to be up 0.9% from a year earlier, cooling from December's 1.5%.

U.K. consumer prices in December were up 5.4% from a year earlier. The U.K. consumerprice index may have moderated in January, if only temporarily. The Bank of England said it expects inflation to exceed 7% by the spring before starting to

online orders.

Jan. 25-26 meeting started to wind down pandemic-related stimulus and cemented expectations that it would start to raise interest rates in March. Minutes from the gathering, out Wednesday, could offer some insight on the debate over the pace and scale for raising rates, though the latest inflation data likely added even more urgency to centralbank plans for tighter policy.

Friday: U.S. home sales surged to a 15-year high in 2021, powered by low borrowing costs and intense buyer demand. Economists forecast that the January sales figure will show a

### U.S. WATCH

### Ivan Reitman, Maker

Ivan Reitman, the influential filmmaker and producer behind House" to "Ghostbusters," has died. He was 75.

Mr. Reitman died peacefully in his sleep Saturday night at his home in Montecito, Calif., his

that caught the spirit of their time, Mr. Reitman's big break came with the raucous college ray in his first starring role in "Meatballs" and again in "Stripes," but his most signifi-

-Associated Press

A man shot and wounded five people in a southeastern Wisconsin city early Sunday then killed himself as police

Officers responding to reports of shots fired around 2 a.m. in downtown Racine saw people fleeing and encountered a man with a gun, the Racine Police

After a brief foot chase, police negotiated with the man for several minutes, but he turned the gun on himself. No officers

Four of the victims were male and one was female. Police said the shootings appeared to be domestic-related.

### CORRECTIONS ゼ AMPLIFICATIONS

gal said

Walt Disney Co.'s Disney World charges an additional fee for certain popular attractions, on top of the park admission ticket, if riders want to make a reservation and skip the line. An Exchange article on Saturday about businesses passing on rising costs to consumers incorrectly said all riders had to pay extra for those attractions.

Chegg Inc., an education technology company that sells a study pack subscription, had 6 cluding college and high-school students. A Heard on the Street article Friday didn't point out the 6 million also included high-school students and incorrectly implied it covered some

U.S. Mail.

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

### THE WALL STREET JOURNAL

chrony Financial said the per-

centage of customers making

payments covering their entire balances or more has

dropped slightly, with a grow-

ing share making minimum

rose in the second half of 2021

and payment rates, or the

amount people pay against

their balance, began to fall

from historically elevated lev-

els. The company also pointed

to the expiration of govern-

ing, lower consumer savings,

inflationary pressures and re-

turn to full financial obliga-

tions has begun to impact the

accumulated savings levels by

consumers, which we believe

will lead to a moderation in

payment rate," said Synchrony

CFO Brian Wenzel on a Janu-

contributed to this article.

–Salvador Rodriguez

ary conference call.

"Elevated consumer spend-

ment aid to consumers.

The company said spending

payments or lower.

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Inflation Seeps Into All Corners of Business By Thomas Gryta Inflation is seeping through U.S. business, hitting companies in unexpected ways beyond higher prices for materials, shipping or wages. It is adding to legal costs for the maker of Marlboro cigarettes, driving up the bill for auto repairs at **Allstate** Corp., prompting people to pay less of their credit-card balances, and stoking concerns of

shrinking ad spending at social-media companies. While companies have been sounding the alarm on inflation for the past year, economists were mostly playing down the rising prices as a temporary disruption caused by the reopening of the economy. Instead, inflation has persisted and recently hit its highest rate in four decades, pushing the Federal Reserve to accelerate

its plan to raise interest rates. To preserve profits, companies are passing along more price increases to customers as inflation shows no signs of

slowing down. "It kind of cascades from initially a small set of goods to a much larger set of goods," said Chester Spatt, who was chief economist at the Securities and Exchange Commission from 2004 to 2007 and is now a professor of finance at Carnegie Mellon University.

Rising prices aren't the main problem with inflation, he said: it is that prices are rising by different amounts at different times. As some prices rise more than others, companies and consumers might change their spending plans, something that can affect the economy as a whole.

"If all prices moved by the same amount, that would be cause for some concern, but it would be neutral," Mr. Spatt said. "Inflation is also an indication that there is a lot of relative variability in pricing."

Car and home insurer Allstate cited inflation, specifically the surge in used-car prices, for the increased costs of auto-accident claims. Usedcar values started climbing in late 2020 and accelerated in 2021 to rise 68% since the beginning of 2019, Allstate said when it reported earnings this month. The higher prices are reflected in insurer payments for totaled vehicles.

In the first half of 2021, Allstate's profit from auto-insurance underwriting was more than \$1.7 billion because a drop in accident frequency offset the rising severity of claims. The number of accidents rose toward pre-pandemic levels in the second half of the year, and the cost of claims continued to rise, re-

hina is the world's

"Lockdown risks therefore

The International Monemate that supply-chain probpoint off global economic

sulting in a more than \$450

million underwriting loss over

Glenn Shapiro, president of

Allstate's property-liability

business, said the supply-

chain problems and chip

shortages that are driving up

prices aren't expected to clear

up this year. Meanwhile, the

growth in used-car prices

should calm down in future

quarters, he said. Used-car

prices rose 40.5% in January

from a year earlier, according

to data released Thursday by

structural maximum that

used-car prices go to," Mr.

Shapiro said on the company's

earnings call. "They probably

won't end up exceeding new

rates in the second half of

2021. It is a reversal from ear-

lier in the pandemic when it

was sending refunds to cus-

tomers as people in 2020 were

A Wall Street Journal analy-

sis of 280 companies that had

reported quarterly earnings as

of Feb. 4 showed that 79% had

some discussion of inflation in

increased costs are contrac-

maker Altria Group Inc. ex-

pects that inflation will in-

crease the amount it pays

from a 1998 landmark tobacco

settlement, it said last month.

The settlement hit cigarette

makers with legal liabilities

that led to \$200 billion in

the settlement are deter-

mined using several compo-

nents, including an inflation

Annual payments under

costs over the years.

For some companies, the

Marlboro cigarette

their conference calls.

hunkered down in homes.

Allstate started raising auto

"There's likely some sort of

the Labor Department.

cars' prices.'

the period.

**Pressure Index** 

somewhat going forward."

progress and be a significant

"China's zero-Covid strat-

According to the World

fully vaccinated, but the vac-Sinovac, use inactivated virus. Those are widely believed to be less effective against OmimRNA vaccines developed by

China is accelerating its efforts to produce domestic mRNA vaccines and medicines for Covid-19, said an official familiar with the need for lockdowns would become less pressing. But zero-Covid to happen soon.

significant share. Inc. with BioNTech SE.

matter. If it is successful, the few expect a shift away from

materials and wages—could

tisers that macroeconomic

challenges like cost inflation

and supply-chain disruptions

are impacting advertiser bud-

gets," said Meta Chief Financial Officer David Wehner on a

conference call this month.

Twitter's CFO Ned Segal

said inflation could affect the

company in a few different

ways, including higher wages

and brands shifting what

goods and services they

choose to advertise. "We're

not yet seeing real impact

from inflation in how our ad-

vertising and content partners

show up on Twitter," Mr. Se-

paid by consumers for items

such as food, gas and furni-

ture might develop into cau-

tious spending, some finan-

Credit-card issuer Syn-

cial-services firms said.

The steep rises in prices

"We're hearing from adver-

curb advertiser spending.

consumer spending at home. "We believe the govern-

it doesn't look good."

come down. U.S. retail sales are thought

to have rebounded in January, led by rising auto purchases and The Federal Reserve at its

slight drop from December.

Of 'Ghostbusters'

beloved comedies from "Animal

Known for bawdy comedies

fraternity sendup "National Lampoon's Animal House," which he produced. He directed Bill Murcant success came with "Ghost busters."

The irreverent 1984 supernatural comedy starring Mr. Murray, Dan Aykroyd, Harold Ramis, Ernie Hudson, Sigourney Weaver and Rick Moranis grossed nearly \$300 million world-wide.

WISCONSIN

### **Gunman Wounds 5,** Then Kills Himself

closed in, authorities said.

Department said.

fired their weapons, police said.

-Associated Press

Higher used-car prices are reflected in Allstate's payments for totaled vehicles. An auto lot in Alhambra, Calif., last month.

adjustment, which is the

higher of either 3% a year or

the government's inflation

data published in January, ac-

cording to Altria's regulatory

filings. The Labor Depart-

ment reported Thursday that

the consumer-price index

rose to a 7.5% annual rate in

Altria will pay more

in a legal settlement

Among social-media com-

panies, Twitter Inc. and Face-

book parent **Meta Platforms** 

Inc. played down the impact

from inflation on their opera-

tions but also warned that ris-

ing costs affecting other busi-

nesses—such as freight.

Cigarette maker

tied to inflation.

January.

million subscribers last year in-

35% of the college population.

### **Notice to readers**

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# Parched West Pushes Wild Horses to Brink

U.S. corrals thousands, a majority for adoption, as food supply shrinks in long-term drought

By JIM CARLTON

SAND SPRING VALLEY, Nev.—A dozen wild horses sprinted at full gallop through the sage here earlier this month, tailed by a low-flying helicopter herding them toward a corral.

The Bureau of Land Management held the roundup as part of a plan to remove 16,797 wild horses from Western public lands in 2022, which would represent the most ever in one year and a 43% jump from

Bureau officials say wild horses, as well as burros, need to be removed from Nevada and other Western states because there are too many of them for the amount of grass and plants they feed on, supplies of which are shrinking due to drought.

The horses, also called mustangs, compete for the limited food and water with deer, elk and other animals, including cattle raised by ranchers. All are at increased risk in coming years, as climate change makes resources more scarce in the American West, officials and researchers say.

In the 1.2-million-acre "Pancake Complex," where this roundup took place, agency officials estimate there were 3,244 wild horses—up to nine times as many as what they think the land can safely support. Ben Noyes, a wild horse and burro specialist at Land Management who supervised the roundup here, said he recently found four of the animals dead at a dried-up spring.

"Everyone wants to think it's roses out here for the



Helicopters help in a roundup in Sand Spring Valley, Nev. 'Everyone wants to think it's roses out here for the horses, but it's a tough country,' said the BLM's Ben Noyes, below.

horses, but it's a tough country," Mr. Noyes said as helicopters buzzed in the distance.

Other call the roundups dangerous and cruel, and say too many mustangs end up in slaughterhouses. They say a better approach is to reduce the number of cattle that federal land managers allow to graze in the area. "Basically, the horses are getting the short end of the stick," Marie Milliman, an observer with the advocacy group Wild Horse Education, said as she watched the roundup.

Land-management bureau § officials say the numbers of livestock allowed to graze on public lands have also been in sharp decline, but challenges facing the horses remain.

After wild horses are corralled by the bureau, the majority are adopted by individuals and groups, and some are released back into the wild following sterilization treatments.

Mr. Noyes said none are knowingly sent to slaughterhouses, but some people who adopt them might subsequently sell the animals to be killed. Animal-rights supporters say that happens typically in other countries where the meat is sometimes consumed by humans.

Despite efforts to place horses with owners, about 22,000 from past roundups are being held by the agency in corrals while it determines what to do with them, officials

Wildlife across the West is suffering from a drought that began about 20 years ago. At California's Point Reyes National Seashore, park rangers last year installed water troughs to aid herds of tule elk, whose numbers have thinned. Oregon's mule deer population has fallen about 40% since 2000, in part due to a lack of water, state officials say.

After declining for decades, the number of wild horses in the West has grown to 72.000 as of 2021 from 34,000 in 2010, according to estimates by the land-management bureau. The agency considers about 27,000 to be the appropriate population.

Animal-rights groups including Wild Horse Education sued the Bureau of Land Management in federal court in Reno on Jan. 21, seeking to block one of the first big roundups at the Pancake Complex. The agency pressed the court to allow it to continue the roundup, because federal law prohibits the use of helicopters-the main tool for herding the wild animals-during spring foaling season, be-

tween March and June. A federal judge on Feb. 4 refused to block the roundup of 2,060 horses, and one day earlier this month Mr. Noves and a crew set out before dawn on a nearly 100-mile drive from their base in Ely, Nev., to continue a removal operation that had been under way for nearly a month.

As sunlight began to filter onto the stark landscape, a helicopter took off to go look for wild horses. Shortly after 9 a.m., a herd of mustangs that looked like black dots against the beige horizon ran toward a corral. A wrangler stood by with a domestic "Judas horse," trained to lead the mustangs into the corral.

Over several hours, 79 mustangs were captured by a contractor. Toward the end, one horse could be seen limping outside the corral. Diagnosed with defective tendons in its front legs, the animal was euthanized.

Troy Cattoor, owner of the contracting company Cattoor Livestock Roundup, said injuries are sometimes the unfortunate result of corralling operations. But "we try every day to make sure none get hurt. he said. "We all love horses."

# Prices Surge in Fast-Growing Cities

By Bryan Mena

AND HARRIET TORRY

Consumer prices rose faster last year in large U.S. metropolitan areas seeing an influx of new residents than in the nation overall, while inflation was milder in large coastal cities with less population growth.

The Atlanta-Sandy Springs-Roswell area saw the highest inflation among metropolitan areas with more than 2.5 million people—9.8% for the 12 months through December, according to the Labor Department. Phoenix, St. Louis, and Tampa, Fla., also saw annual inflation rates higher than the 7% national rate in December.

The San Francisco-Oakland-Havward area, known as one of the country's most expensive places to live, saw 4.2% inflation last year, the lowest of any of the 23 large metro areas for which the Labor Department publishes inflation data. Inflation also came in below the national rate in the New York City, Boston and Washington.

D.C., metro areas. An important factor driving the regional divergences, according to economists, was pandemic-fueled population shifts from larger cities to suburbs or smaller metro areas, particularly in the Sunbelt, both by retiring baby boomers and remote workers seeking warmer weather and lower living costs.

In metro areas that saw added population, the influx helped drive up housing costs and job gains, which boosted incomes and, in turn, fueled demand for housing, transportation and services such as dining and entertainment.

Housing costs, accounting for almost a third of the Labor Department's consumer-price index, were the largest single driver of inflation in the Atlanta area and similar places last year. The CPI's shelter index measures the cost of tenants' rent and homeowners' imputed rent, or the amount they would have to pay each month to rent their own house.

The shelter index jumped 10.2% in the Phoenix area and 7.7% in the Atlanta area late last year; it rose 1.2% in the New York metro area and 0.8% in the San Francisco area. The in-

dex climbed 4.1% for the nation. "The lion's share of difference between Atlanta and the rest of the country has to do with what's happening with shelter," said Brent Meyer, an Consumer-price index, percentage change from a year earlier

Urban areas with the highest inflation rates as of year-end



Urban areas with the lowest inflation rates as of year-end



Note: Urban areas are labeled with their core city. The price index covers consumers in this core city and the surrounding urban areas Rates are for December except for Boston, urban Hawaii, Washington, D.C., and Tampa, which are for November Source: U.S. Labor Department

### **Businesses Pass On** Their Higher Costs

Businesses in the San Francisco Bay area said they are struggling with inflation, particularly in wages as California's minimum wage starts at \$14 an hour, and are having to pass on the higher costs to customers.

"Everything was so expensive to begin with [in the San Francisco area], maybe the rest of the country is just catching up with us," said Paul Lazzareschi, co-owner of Depot Café and Bookstore in Mill Valley, near San Francisco.

"The upside to coronavirus is it gave us the ability to use outdoor seating and enlarge our space and you could raise

prices without anyone saying a

word," he said. His establishment reopened just over a year ago after a refurbishment, with prices at a relatively high level "because Covid allowed that, people didn't complain about paying \$6 for a croissant."

Economists said some of the differences in inflation might from stem from less-restrictive Covid-19 measures in the South compared with states including California. Venues such as restaurants are more likely to be open for business in Atlanta, helping to boost demand.

In late 2021, Atlanta and Phoenix saw increases in recreation costs, for items such as sporting equipment and concert admissions, and apparel, which were well above the national

economist at the Federal Reserve Bank of Atlanta. "A lot of what's going on here driving up rental prices is the booming economy," he added.

The Federal Reserve said last month that the Atlanta region continued to attract home buyers from higher-cost markets such as the Northeast and West Coast in the final weeks of 2021.

Median sale prices of homes in Atlanta rose nearly 23% in the year to December, according to Redfin Corp., a real-estate brokerage, faster than the national increase of 15.2%. They climbed 10.3% in

the San Francisco area.

While prices are rising more quickly in cities including Atlanta, such places remain more affordable than coastal cities like San Francisco.

"In spite of that large increase, it's still a very affordable and attractive destination; it's not as much as a discount as if you moved two years ago, but it's still a sizable discount," said Redfin economist Taylor Marr, referring to Atlanta compared with

New York or San Francisco. Alice Yen moved from San Francisco to Atlanta with her husband in July 2021, after living in the San Francisco-

Oakland-Hayward metro area for about a decade. She wanted to live closer to her family in North Carolina and found Atlanta's BeltLine community attractive because of its walkability, easy access to entertainment and urban

charm. Since relocating, Ms. Yen said she has noticed prices rising a bit, but said she still finds living in Atlanta to be a much better deal. "I don't know if we're spending less overall, but we are getting much more for what we're paying for," she said. "It's possible to live in Atlanta and still be able to buy a home."

Even before the pandemic, remote workers were leaving big cities for smaller ones, seeking a lower cost of living and often lower taxes and better weather. The pandemic has accelerated the trend. California is losing more than twice as many people to domestic migration as it was before the pandemic, a recent report from University of California researchers showed.

Population growth in places such as Atlanta and Phoenix could eventually fizzle out as it has in other cities.

"Denver's costs rose dramatically, still nowhere near those in San Francisco, but enough that you're now seeing migration out of Denver into cheaper places like Boise," said Adam Kamins, director of regional economics at Moody's Analytics. "So it is possible that growth eventually spills over into another market."

# Methane Clampdown Gives Cattle a Break

By KATY STECH FEREK

WASHINGTON—The Biden administration is taking aggressive steps to curb the energy industry's methane emissions, tightening pipeline regulations and spending billions of dollars to clean up abandoned coal mines and other sources of the potent greenhouse gas.

Agriculture, just as big a source of methane, isn't getting the same tough treatment.

The administration said it would spend more money to research cattle diets and expand gas-capturing manuredisposal systems for farmers to voluntarily reduce methane emissions, after supporting more than \$200 million in such projects last year. But it hasn't proposed any new airpollution regulations targeting the agricultural sources.

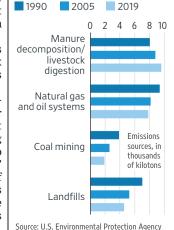
"We're taking a look," Environmental Protection Agency administrator Michael Regan said when asked recently about regulating methane from agricultural sources.

Beef and dairy cattle, along with pigs and other farm animals, contribute roughly 27% of methane emissions in the U.S., according to the EPA. Most of that comes from their belching: livestock manure accounts for an additional 10% of methane emissions.

That puts agriculture on par with the energy industry in methane emissions, with natural gas and petroleum generating 30% and coal mining 10%. Some environmentalists say the administration is going

Methane emissions from

cattle digestion and manure disposal have grown while such emissions from energy have fallen.



easy on big agriculture to avoid a political battle with the powerful farm lobby. Agricultural groups say reducing methane from cattle isn't as simple as plugging leaks from

pipelines and oil wells. Oil-and-gas industry groups haven't pressed for methane regulations on agriculture, in part because they don't want to antagonize lawmakers in rural districts, who often represent both energy companies and agribusiness, according to peo-

ple familiar with the situation. Mary-Thomas Hart, environmental counsel for the National Cattlemen's Beef Association, said the group would lobby against Clean Air Act regulations until measuring methane discharges from live-

stock becomes more precise. She said voluntary measures, such as restoration of grazing areas with carbon-absorbing plants, are the best

way to lower carbon emissions. Environmentalists say that despite the challenges, there is an urgent need to curb emissions of methane.

While carbon dioxide is considered the biggest global warming contributor, methane traps roughly 85 times as much heat. Global leaders at the Glasgow climate summit last vear made cutting methane emissions a priority, with the U.S. and dozens of other countries pledging to cut

The Sierra Club and other environmental organizations, led by advocacy group Public Justice, petitioned the EPA last year to regulate methane emissions from big dairy and hog farms.

emissions by 30% by 2030.

European Union food-safety regulators in November approved the use of the chemical Bovaer, which can cut belched methane from beef cattle by up to 80%. Its Dutch manufacturer, Royal DSM NV, is hoping to win U.S. approval. Another possible solution calls for attaching rubber masks above cow nostrils to neutralize methane emissions. Cargill is preparing to put the devices, from London startup Zelp Ltd., on dairy cows in Europe later this year. For manure, farmers are in-

creasingly putting waste into covered lagoons or silo-like devices called digesters that capture methane that can then be sold as fuel. But the systems can cost millions of dollars.

### U.S. NEWS

# **Capitol Hill Moves Toward** Bipartisanship

With Biden's agenda stalled, Republicans and Democrats find some common ground

By LINDSAY WISE

WASHINGTON-In weeks since President Biden's agenda stalled in a bitterly divided Congress, something unusual happened on Capitol Hill: Democrats and Republicans started working together.

Already, bills to make the U.S. Postal Service more financially viable, boost U.S. competitiveness with China and ban mandatory arbitration in cases of sexual assault and harassment have picked up steam in Congress. Senators passed the arbitration bill by voice vote, sending it to the president's desk without a single member of either party demanding a roll call to record yeas and nays.

Legislators also announced an agreement on a framework for legislation to fund the federal government through fiscal year 2022, and a deal to reauthorize a landmark domestic-violence bill, which lapsed in 2019.

"For those who have given up hope on the United States Senate functioning, passing important laws, working together on a bipartisan basis, take a look behind me," said Sen. Dick Durbin (D., Ill.), flanked by a group of Democratic and Republican senators at a news conference introducing bipartisan legislation to reauthorize the Violence Against Women Act.

Some issues still face hurdles. For instance, talks on a Russian sanctions bill foundered last week in the midst of disagreements over whether sanctions should be imposed immediately, or only kick in if Russia invades Ukraine. Mr. Biden's Supreme Court pick, expected soon, also will test the limits of bipartisanship.

Both sides, though, see more room for deals. House and Senate lawmakers are working across party lines to restrict stock trading by members of Congress. Sixteen senators from both parties are working to overhaul the 135year-old Electoral Count Act, to clarify the vice president's role in certifying election results and strengthen protections for election workers, among other potential updates to federal voting laws.

This flowering of bipartisanship comes about two months after centrist Democratic Sen. Joe Manchin of West Virginia said he would oppose Mr. Bi-



Lawmakers announcing bipartisan legislation to reauthorize the Violence Against Women Act at an event last week included, from left, Sens. Joni Ernst (R., Iowa), Dianne Feinstein (D., Calif.), Lisa Murkowski (R., Alaska) and Susan Collins (R., Maine).

den's roughly \$2 trillion economic and climate package, effectively killing it in the 50-50 Senate with all Republicans opposed. A month later, Democrats fell short of the votes needed to change the Senate rules and pass voting access legislation that they had called a priority.

Mr. Manchin said that members of Congress are finally coming to the realization that they have to work together.

"That's the way the place was designed," he said. "I think we oughta come back to our senses and let's try to get something done...Republicans too need to be reaching out. We all need to give and take."

Sen. Susan Collins (R., Maine) said she fielded an unprecedented number of calls in the past week from the White House-from top Biden adviser Steve Ricchetti, chief of staff Ron Klain and the president himself. She said Democrats have become more flexible in negotiations and willing to retreat from some red lines, a shift she tied to the party's failure to change the filibuster rule, which requires 60 votes to advance most legislation.

On the Violence Against Women Act, or VAWA, Democrats had for years pushed to close the "boyfriend loophole" by adding language to the bill that would have barred people convicted of crimes related to dating violence from possessing firearms. The bill's supporters had struggled to get at least 10 Republicans to commit to voting for it as long as it contained a measure they saw as restricting gun rights, so Democrats agreed to drop the language.

"As one Democrat said to me, I'm tired of letting the perfect be the enemy of the good,' and I think that is what has happened," Ms. Collins said.

Democratic senators inter-

viewed by The Wall Street Journal denied any connection between the failed filibuster effort and the current bipartisan streak. Instead, some said, the shift is a recognition that narrower bills often have better prospects for passage.

Asked to comment on the legislative progress in Congress, the White House pointed to a tweet Friday by Mr. Biden in which he said that Democrats and Republicans are "proving that we can still come together to deliver important progress for the American people."

-Alex Leary contributed to this article.

# Democrats Want Biden to Roll Back Covid-19 Rules

By Natalie Andrews And Sabrina Siddiqui

WASHINGTON-Some Democrats are pushing President Biden to use his planned State of the Union speech to endorse a return to a sense of normalcy as Covid-19 cases fall, pressuring the White House as many of the party's governors are rolling back restrictions in their

The elected officials are zeroing in on the March 1 speech as a pivotal opportunity for Mr. Biden to embrace dropping of mask mandates and other rules, as cases decline from the recent

Omicron surge but hospitalizations remain high in parts of the country. They are hoping the prime-time address can lift public morale and boost the party heading into midterm elections, where Democrats are considered to face an uphill fight keeping control of Con-

"There are a bunch of us that are pushing the White House to really use the State of the Union as a sort of declaration of the new phase," said Rep. Elissa Slotkin, a Michigan Democrat facing a close race

White House spokesman

Kevin Munoz said Mr. Biden and his administration are in active discussions with publichealth experts both inside and outside the government, as well as state and local leaders, on how to approach the next phase of the pandemic.

In setting policy, the White House continues to defer to guidance from the Centers for Disease Control and Prevention, which recommends universal masking in schools and that masks be worn in indoor public settings where transmission is substantial or high. While Mr. Biden extended a federal mask mandate in December requiring buses, decisions about implementing CDC guidance in businesses and schools fall to state and local officials.

Headed into the State of the Union, several House Democratic lawmakers are concerned about the optics of the event and pushing against restrictions on capacity that could signal a lingering nervousness over the pandemic. These lawmakers, who say they are willing to get tested for Covid-19 and support requiring vaccination, are worried about the visual of Mr. Biden giving a speech to a largely empty chamber, or one with

masks on airplanes, trains and more Republicans than Demo-

Some limitations on capacity are expected, and the decision on attendance and mask policies for the speech will ultimately be made by House Speaker Nancy Pelosi (D., Calif.) and the Capitol's attending physician.

"It is the singular moment on which perhaps this entire presidency will be judged," said Rep. Dean Phillips (D., Minn.) about the speech, adding he wants the president to address the administration's response to the pandemic and economic recovery, as well as how to tackle rising crime and broad divisions in the country.

Asked in an NBC News interview that aired on Thursday if Democrats were moving too quickly to loosen mask mandates, Mr. Biden said it was "probably premature." He added that people were growing restless with Covid-19 restrictions, saying the series of variants "have had a profound impact on the psyche of the American people."

Polls shows many Americans have become critical of Mr. Biden's handling of the pandemic after initially giving him high

# States Break From CDC's Guidance

By Brianna Abbott AND JON KAMP

States rolling back mask mandates are relying on their own assessment of the pandemic's trajectory, not just federal government scientists, as they rethink Covid-19 guidelines with the Omicron wave in retreat.

"I feel that now is the appropriate time to move forward," Nevada Gov. Steve Sisolak, a Democrat, said Thursday while announcing the end of the state's mask mandate for indoor public spaces. Businesses, organizations and school districts can enact their own policies, he said.

The governor cited rapidly dropping case and hospitalization rates as well as shrinking virus levels found in wastewater. A spokeswoman said the state didn't rely on specific thresholds. Mr. Sisolak also said that the broader availability of Covid-19 vaccines, testing and treatment influenced his decision. The governor said he plans to continue to wear a mask in some situations, including when visiting his mother, to protect other Nevadans. Nevada and other states that

relaxed guidelines last week aren't relying on the Centers for Disease Control and Prevention's guidelines for when people should wear masks in indoor public places. Those guidelines are pegged to one of two metrics: a seven-day moving average of cases greater than 50 per 100,000 residents, or a high percentage of tests coming back positive. With Omicron-fueled cases still at high levels, more than 99% of U.S. counties meet metrics under which the CDC advises in-

door public masking. The CDC has said it is reassessing its guidance. CDC Director Rochelle Walensky said



Boston will keep its mask mandate in place until it reaches specific benchmarks, its mayor said.

Wednesday that such decisions are often made at the state and community level but that the agency still recommends masking in areas with substantial and high transmission. The fact that a smaller per-

centage of Omicron cases have led to serious outcomes compared with the Delta wave has fueled calls to use metrics other than cases, like hospitalizations, emergency-department visits or wastewater, to help guide virus-mitigation policies.

"Individual case counts are important, but they're not telling the complete story," said Janet Hamilton, executive director at the Council of State and Territorial Epidemiologists.

Covid-19 vaccinations have also

meant that more cases during

this surge are milder, and the

boom in at-home rapid testing

has led to an even further un-

derreporting of cases, she said.

Some public-health experts say states should proceed cautiously or wait in pulling back measures for fear of drawing out the Omicron wave recovery. While new-case and hospitalization counts have plummeted, the U.S. is still adding about 186,000 cases each day, Johns Hopkins University data show. Deaths are averaging about 2,400 a day. "I'm not saying we need to

get to zero," said Justin Lessler, epidemiologist at the trol, whatever your metric."

Gillings School of Global Public Health at the University of North Carolina. "I do think it's worth having things under con-In addition to Nevada, Oregon, Rhode Island, Delaware, Connecticut. New Jersev and

Massachusetts announced plans

to lift statewide mandates re-

quiring masks in schools. New

York, California and Illinois

lifted, or said they would end, indoor mask mandates.

The states represent roughly one-third of the U.S. population and maintained protective measures through the worst of the recent Omicron wave. Most, bevond Nevada, have vaccination rates above the national level of 64.3% for people who have received two mRNA shots or a single-dose inoculation. More than 35 states don't have masking requirements, according to the National Academy for State Health Policy. The states dialing back mask

of positive tests, hospitaliza-

tions, cases per 100,000 people

wear a mask?..

requirements largely said the moves were fueled by an array System rocket. of positive signs. New York cited declines in cases, the rate

to supply rocket motors that and hospital admissions. Aerojet provided to other ◆ As rules ease, should you still companies such as Boeing Co.

# LockheedScraps Deal

Continued from Page One ability to deny other defense contractors access to critical components needed to build competing missiles and space systems.

"We are confident in our future performance with an impressive backlog that is more than three times the size of our annual sales and a strong macroeconomic environment underpinning our portfolio," said Aerojet Rocketdyne.

An FTC spokeswoman had no comment. The commission's four current commissioners, two Democrats and two Republicans, all voted for the lawsuit.

It is the second deal to fall apart in recent days amid an FTC antitrust challenge. Nvidia Corp. and Japan's Soft-Bank Group Corp. this month abandoned a blockbuster deal for the U.S. semiconductor maker to acquire chip-design specialist Arm, a transaction the commission challenged in December, again on a unanimous vote. Aerojet makes rocket boost-

ers for missile-defense systems such as Lockheed's own Thaad program. Aerojet also works on programs such as the replacement of land-based nuclear missiles led by Northrop Grumman Corp., and the Boeing-led Commercial Crew space taxi and Space Launch

Lockheed is one of Aerojet's biggest suppliers, and the companies had said that after a merger they could continue

and Raytheon Technologies

Lockheed and Aerojet also said that Lockheed's ownership could boost investment in areas such as hypersonic missiles, which fly at more than five times the speed of sound, to challenge the increasing capabilities of China and Russia, which have concerned Pentagon leaders.

Raytheon and others said they were worried about how such pledges would be implemented. Boeing in 2019 dropped out of a bid to provide new land-based nuclear missiles for the U.S., citing a perceived advantage by Northrop Grumman after the latter in 2017 agreed to buy Orbital ATK Inc., another rocketmotor maker.

Lockheed's plan to buy Aerojet had faced opposition from some defense contractors concerned about the future availability of the rocket mo-

The companies had offered a series of guarantees to continue supplying Aerojet equipment to other defense contractors but said these were deemed insufficient by the

The commission argued the deal would harm rival defense contractors and lead to unacceptable consolidation in markets critical to national security and defense.

The FTC said it had consulted the Pentagon widely on the impact of the proposed deal. The Defense Department's views were redacted in a public version of the commission's lawsuit. The Pentagon didn't respond to a request for comment.

Antitrust authorities four vears ago cleared a similar defense-industry deal involving two other military contractors. The FTC has since taken a tougher stance on transactions involving vertical integration of companies and their suppliers, at times with notable bipartisan support, including in this case.

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# More Migrants Try to Reach U.S. by Sea

People fleeing turmoil pile into overcrowded, unsafe vessels that sometimes turn deadly

By Arian Campo-Flores

Migrants from Cuba, Haiti and other countries are taking to the sea in sharply rising numbers as they flee political and economic turmoil at home and try to reach the South Florida coast.

The voyages are often aboard vessels that are rickety, overloaded and devoid of safety equipment, according to U.S. officials. Conditions at sea can rapidly and unexpectedly deteriorate. Human-smuggling groups that operate such crossings frequently fail to take basic precautions, officials said.

The recent capsizing of a Bahamian boat off the coast of Florida that left nearly 40 people presumed dead was an especially disastrous end to the sort of journey that officials said often goes awry.

"Maritime smuggling poses a lot of significant and serious risks that land smuggling doesn't have," said Anthony Salisbury, special agent in charge of Homeland Security Investigations' Miami office, which is investigating the recent capsizing as a potential case of human smuggling.

Coast Guard interdictions of migrants from Cuba, Haiti and the Dominican Republic, who account for most of the migration toward the southeastern coast, totaled 2,383 people between Oct. 1 and Jan. 31, according to agency figures. That is on pace to more than double the tally in the fiscal year that ended Sept. 30, 2021, and more than quadruple the count in the previous fiscal year. Interdictions have increased as well off the coast of California—driven by Mexican and Central American migrants-and off the coast of Puerto Rico, propelled by Dominican and Haitian migrants, agency officials said.



Juan Esteban Montoya with his mother, Marcia Caicedo, in Houston. He was the only survivor of a boat that capsized on its way to Florida from the Bahamas. His sister didn't survive the voyage. Below, in a different incident, migrants in a sinking boat were rescued.

Coast Guard data show that total interdictions across all of the agency's districts are on track to match those in 2016, a high point in the past decade, just before the end of the U.S.'s "wet-foot, dry-foot" policy, which gave Cuban émigrés special treatment. Still, the maritime figures are small compared with those for attempted land crossings at the U.S.-Mexico border. Various factors are fueling

the rise, which, though significant, pales in comparison to maritime migration waves in the 1990s, said Kathleen Newsearch

land, co-founder of the Migration Policy Institute, a reorganization. Conditions have worsened in countries such as Haiti, where violent gangs have filled a political vacuum, and Cuba, where the economy is crippled and the government has increasingly cracked down on dissent. Legal paths to enter



the U.S. remain limited, she

Juan Esteban Montoya, the 22-year-old sole survivor of the recently capsized boat, said at a Spanish-language news conference on Jan. 31, where he was joined by his attorney, Naimeh Salem, that he decided to leave Colombia because of a lack of security and economic opportunity. Researching on the internet, he read comments

saying it was safer to make the journey to the U.S. by sea rather than land. He traveled to the Bahamas, where he boarded a boat along with migrants from countries including Haiti, the Dominican Republic and Jamaica.

Hours after departing on Jan. 22, the boat's motors gave out, Mr. Montoya said. The sea turned rough, triggering 12-foot waves that tossed the vessel and eventually capsized it. His 18-year-old sister was swept away, along with most of the others, none of whom had life jackets, he said.

The roughly 15 passengers who managed to cling to the boat gradually succumbed over the following two days, losing their grip or giving up, until he was the sole survivor, Mr. Montoya said. He thought he was going to die, he said, but on Jan. 25, a commercialboat operator rescued him.

Smugglers "tell you that in three, four hours you'll be in Miami...that you are going with few people, that it is safe, that there are life jackets," Mr. Montoya said. "It is all a lie."

Many smuggling operations are criminal organizations that transport not only people, but drugs, weapons and other cargo, said Mr. Salisbury of Homeland Security Investigations. The current rate they charge a migrant seeking to

FROM PAGE ONE

get to the U.S. from the Bahamas is \$3,000 to \$6,000, he

Migration has increased along key routes in recent months, said Lt. Cmdr. Jason Neiman, public-affairs officer for the Coast Guard's Seventh District in Miami. They include departures from the Bahamas, which often involve organized smuggling ventures; from Cuba, which include many makeshift vessels; and from Haiti, which typically entail overloaded sail freighters.

The California coast is experiencing an increase in migration as well, from the Mexican coast, according to Coast Guard officials. Smuggling groups using pleasure boats or fishing vessels known as pangas are venturing farther out to sea and trying to land farther up the coast to evade authorities, they said. Last May a boat with 33 people shipwrecked off the coast of San Diego, resulting in three deaths and numerous hospitalizations, according to officials.

Maritime migration in the Pacific presents additional challenges, including colder water and potentially rougher surf, said Lt. Cmdr. Scott Carr, public-affairs officer for the Coast Guard's Pacific Area. "It is fraught with risk," he said.

In Puerto Rico, apprehensions of migrants by U.S. Customs and Border Protection's Ramey Sector in Aguadilla have reached 816 since Oct. 1, a more than eightfold increase over the same period a year earlier, said Scott Garrett, acting chief patrol agent. While most making the journey across the passage between the Dominican Republic and Puerto Rico are Haitians and Dominicans, other groups including Venezuelans are appearing as well, he said. Some have been dropped off without provisions on uninhabited islands off the coast.

Smuggling organizations "have zero concern for life and safety," Mr. Garrett said. "All they're looking for is the dollar that they'll put in their

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### Oil Heads For \$100 Marker

Continued from Page One Bordoff, founding director of Columbia University's Center for Global Energy Policy. "The threat is more pronounced when energy markets are tight."

Concerns about a potential Russian invasion are adding to what has been a volatile stretch for stocks amid concerns about higher inflation and rising bond yields. Russia also is a sizable exporter of other commodities, including wheat, which could affect prices in the event of military conflict, analysts and consultants said.

For now, analysts said a major disruption appears unlikely, as the Biden administration hasn't signaled that retaliatory measures will include sanctions against Russia's energy industry. Russia, in turn, relies heavily on revenue from its fossil-fuel exports, making it unlikely to shut the spigot in its own act of retaliation, analysts said.

But the White House has said no punishment is off the table, and war can lead to unpredictable outcomes. The U.S. warned Friday that a Russian military invasion could happen at any moment, with tens of thousands of casualties. Russia, which has massed some 130,000 troops along Ukraine's borders, has denied it intends to invade its neighbor.

The stakes for the rest of the world are high. A sharp rise in prices for natural gas and oil could have ripple effects on the prices of gasoline and many consumer goods, potentially driving

Russia plays an outsize role in global commodity markets. It exports about 5 million barrels a day of crude, about 12% of global trade, and around 2.5 million barrels a day of petroleum products, about 10% of global trade, according to investment bank Cowen. About 60% of Russia's oil exports go



Demand for oil has outpaced production growth as economies slowly rebound.

to Europe and an additional

30% go to China. The tension over Ukraine comes as the Organization of the Petroleum Exporting Countries and its allies including Russia, known collectively as OPEC+, pledged to carefully put more barrels back on the market as demand rebounds but have fallen short of their oil-production targets.

The group agreed last year to lift output by 400,000 barrels a day each month. But so

Brent futures settled at \$94.44 a barrel, while U.S. crude ended at \$93.10.

far it is more than 1 million barrels a day shy of its target, said Andy Lipow, an oil analyst and president of Lipow Oil Associates in Houston.

"The market now questions the ability of OPEC+ to restore production to the pre-pandemic levels," Mr. Lipow said.

Saudi Arabia and the United Arab Emirates are the only two OPEC+ producers that appear to have significant amounts of spare production capacity, Mr. Lipow said. IHS Markit expects global oil demand to grow by between 3.8 million barrels and 4 million barrels a day from January to December, with another leg of strong growth expected after the Omicron variant of coronavirus subsides.

Meanwhile, though U.S. prom, the bank said.

frackers are dispatching more drilling rigs in response to high prices, any substantial increase in their oil production is still months away. Shale companies have pledged to limit production growth and return more cash to shareholders, potentially limiting their ability to fill any supply gap. Energy consulting firm Wood Mackenzie projected last week that oil production from the contiguous U.S. would increase by 240,000 barrels a day by

the end of 2022. For now, the most likely energy disruption would be to Russia's exports of natural gas, analysts said. Russia exports around 23 billion cubic feet of gas a day, about 25% of global trade, and 85% of that gas goes to Europe, according to Cowen. In particular, Russia's flow of natural gas to Europe through a pipeline network in Ukraine could be disrupted during a conflict. The network transports about 4 billion cubic feet a day at full capacity to Europe but is currently flowing at about 50%, according to Co-

Russian natural gas flows to Europe have been running lower than usual in recent months. If Russia further reduces natural-gas flows to Europe or U.S. sanctions limit them, European companies would struggle to replace the supplies. European gas prices have recently reached records and, as a result, the market already is directing much of the spare supply of liquefied natural gas to Europe. Most operational LNG facilities in the world's largest exporters—the U.S., Qatar, and Australia—are running at full capacity and there is little new supply to

Russia would pay a heavy price if its sale of fossil fuel exports is reduced. Approximately half of Russia's federal budget is tied to oil and gas, according to investment bank Raymond James.

President Biden said the Russian-built Nord Stream 2 natural-gas pipeline to Germany would be suspended if Russia invades Ukraine, which alone would result in an \$11 billion write-down for stateowned energy company GazTHE WALL STREET JOURNAL.

Monday, February 14, 2022 | A7



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# WORLD NEWS

# Border Towns Back Pro-Putin Forces Ukraine

In Russian city of Kursk, some are ready to take up arms in case of war with Ukraine

By Ann M. Simmons

KURSK, Russia—In 2014, when fighting broke out in the Donbas region of eastern Ukraine, thousands of Russianspeaking residents fled just over the border to Kursk.

Today, the region of Kursk is the site of part of the buildup of Russian troops that Western officials fear could be a precursor to an invasion of Ukraine.

Some residents of Kursk, including those who volunteered to fight alongside pro-Russian separatists in the Donbas eight years ago, are ready to take up arms in case of war, eager to defend Russian speakers in eastern Ukraine against what the Kremlin says is the threat of persecution.

Anastasiya Babir, a 37-yearold resident who was wounded in the Donbas fighting in 2014 and 2015, says she would support the separatists again.

"I think the majority will go," she said, adding that she "simply won't be able to sit and do nothing."

In 2014, Moscow fomented a rebellion by pro-Russian separatists, later giving military support for them to cut two areas of the Donbas from Kyiv's control. Those areas—Donetsk and Luhansk—are largely un-



Only the occasional convoy of armored personnel vehicles passes through Kursk and its outskirts.

recognized internationally, and Ukrainian and Russian-backed forces there still trade fire.

Now, Moscow says Ukrainian military activity near the Donbas is a threat to Russia. Western officials believe such a claim-denied by Kyiv-could provide the Kremlin with a pretext to invade. Russia denies that it intends to invade its smaller neighbor.

The message of Ukrainian hostility against a Russian minority reverberates in Kursk.

Sergei Prilepsky, 38, recalled how armed Ukrainian soldiers came to his home in a village near Donetsk where he cultivated strawberries and demanded he sign up to fight on behalf of the government in Kyiv. He refused. The soldiers started to loot the village, he said. Mr. Prilepsky then took up arms to support the sepa-

"I decided that I would fight back," said Mr. Prilepsky, who during the conflict lost several properties and his strawberry business, in which he had invested the equivalent of more than \$1 million. He was injured twice, with a concussion putting him in a coma for 10 days. He later resettled in Kursk.

If it weren't for lingering

health issues, he said, he wouldn't hesitate to rejoin the separatist cause.

The region of Kursk is among the swath of border territories to which the Kremlin has sent more than 100,000 military personnel. Last month, 3,000 troops and 300 units of military equipment, including tanks and infantry fighting vehicles, began combat training with live fire across three western Russian regions bordering Ukraine.

Russia's Defense Ministry said the exercises were for training purposes, including responding to acts of sabotage.

The streets of Kursk are still quiet, with only the occasional passage of a convoy of armed personnel vehicles.

This western city sits 70 miles from Ukraine, in a region renowned for one of the biggest and bloodiest tank battles of World War II. Some 3,000 residents were shot and 10,000 starved to death when Kursk fell under Nazi occupation in 1941. By the time it was liberated more than a year later, it all but lay in ruins.

The prospect of another fullblown war in eastern Ukraine is unthinkable to Tatyana Varakina. She was among the hundreds of thousands of refugees who fled eastern Ukraine into Russia following the conflict there. She couldn't bear to stay after her eldest son, then 10, started to wake up at night screaming in fear.

"They were shooting, bombing, and the windows were shaking," Ms. Varakina, 37, re-called. "He kept telling me, 'Mom, I don't want to die, let's leave."

Days after they left, their apartment building bombed. Ms. Varakina arrived in Kursk with her husband and two children after more than two weeks of living rough along the way. They had little more than the clothes on their backs, she said. Her mother still lives in Donetsk, reluctant to abandon the graves of her husband and father, but is anxious about the prospect of an even greater war.

# Airline Halts Flights

By Thomas Grove AND BRETT FORREST

KYIV-One of Ukraine's main airlines said Sunday it was forced to make an unscheduled landing in Moldova and suspended sales for flights this week after its insurers stopped covering aircraft in Ukrainian airspace due to an increased threat of a Russian military invasion.

The announcement by Kyivbased carrier SkyUp Airlines came a day after Dutch national flag carrier KLM said it had suspended its flights to Kyiv and wouldn't operate flights in Ukrainian airspace. Separately, Ukraine said it was advising airlines against flying through a portion of the Black Sea near to where Russia has begun naval military drills.

Tensions over Ukraine have been building for months. The U.S. over the weekend ordered most embassy staff to depart Ukraine after warning that a Russian military invasion could be imminent. Moscow also began withdrawing its diplomatic presence. Washington warned last week that Russia could launch a massive military operation against Ukraine in the coming days, but Moscow denies it intends to invade its

neighbor. SkyUp Airlines said that the owners of the aircraft that it leases have been told by insurers that the planes won't be covered if they enter Ukraine. 'This decision is associated with increased risks of military invasion," the airline said. The decision forced SkyUp to land a plane traveling from the Portuguese island of Madeira to Kyiv instead in the Moldovan capital of Chisinau Saturday evening. The Boeing 737 landed at 9:04 p.m., according to data on Flight Tracker, and the airline said it has transferred the 175 passengers to

Kyiv overland. KLM and other major airlines, such as Germany's Deutsche Lufthansa AG, started rescheduling flights to Ukraine last month to avoid crews having to stay in the capital overnight. Insurers have the right to declare force majeure in the event of a military conflict, freeing them from obligations to cover aircraft that are hit during hostilities or are stuck because runways or traffic con-

trol are disabled. "In case of war, nobody will cover these risks," said Vladyslav Kryklii, a former minister

infrastructure Ukraine. SkyUp said it was suspending sales from Feb. 14 until Feb. 16, when it said it hoped some agreement could be reached with the govern-

ment and insurers. The Ukrainian government met Sunday to discuss the possibility of extending guarantees to insurance agencies to keep flights going, Mr. Kryklii

said. Air traffic over Ukraine became a sensitive issue for European airlines after a flight originating from Amsterdam and bound for Kuala Lumpur, Malaysia Airlines Flight 17, was downed over eastern Ukraine, killing 298 crew and passen-

—Benjamin Katz contributed to this article.

# Hybrid War Has Begun, Kyiv Says

Continued from Page One by trying to integrate the country into its alliances.

Since Russia invaded parts of Ukraine in 2014, it has employed a variety of tactics to try to sap the country's resources and will to fight. The Kremlin can dial up the level of fighting in Ukraine's east through the separatists it controls there, killing Ukrainian soldiers and wrecking everyday lives near the front line. An increase in fighting there could provide the Kremlin with a pretext to send its army deeper into Ukraine, as it did in Georgia in 2008.

Russian destabilization ef- ₹ mixed results. Ukrainian sup port for membership of the North Atlantic Treaty Organization and European Union has grown to more than half population. Ukraine's economy hasn't collapsed, and trade has shifted from Russia to the EU and elsewhere. The Ukrainian government has bolstered cyber defenses and closed TV stations it called propaganda channels.

However, weak points remain, and Russia is probing.

Ukraine is one of the poorest countries in Europe and has a vulnerable economy. The Russian military buildup has led investors to freeze projects and pull money out of the country. The national currency, the hryvnia, has weakened but not seen a full-blown panic.

Russia announced Thursday naval drills in the Black Sea that would close off swaths of water along Ukraine's south-



forts since 2014 have had Kyiv school students are shown mockups of explosive devices during bomb-threat training. A spate of bomb hoaxes has been tied to Russia.

ern coast, inhibiting traffic to ports for exports. Ukraine's foreign ministry complained about the economic consequences of the closures, calling them part of Russia's "hybrid warfare."

'Russia's economic warfare against Ukraine continues," the U.S. Embassy in Kyiv wrote on Twitter.

Russia has long limited sea traffic into the Azov Sea via the Kerch Strait, forming what Ukraine has said amounts to a partial blockade of ports including the industrial hub Mariupol.

Ukraine has girded against some of Moscow's tactics. Kyiv turned off Russian state channels in 2014, saying they were disinformation spreading aimed at fomenting discord. Last year, Mr. Zelensky extended a ban on Russian websites to include social network Vkontakte.

Mr. Zelensky also sanctioned last year the closure of three television channels owned by a close friend of Mr. Putin. The station had lambasted Ukraine's leadership and promoted closer ties with Russia. Ukrainian officials said it was covertly financed by Moscow and was vet another source of Kremlin disinformation.

"We closed Russian propaganda channels financed by the aggressor country," said Mr. Danilov, the presidential security adviser. "That isn't about freedom of speech. It's about the information war Russia was pursuing."

After the U.K. identified a Ukrainian lawmaker and television channel owner, Yevhen Murayev, as a potential puppet ruler who could be installed by the Russians, Ukrainian protesters demonstrated outside his channel's offices in Kviv and called for its closure. Mr. Murayev denied involvement in any such plot.

Some Ukrainians are taking measures beyond protesting. Myroslav Hai, a military veteran and film producer, set up powerful radio equipment near the front line in the eastern Luhansk region to broadcast Army FM, a Ukrainian radio station, with such a strong signal that it replaced a separatist station in Russia-allied territory.

"It's important to show that someone is doing something small every day," he said.

Kyiv has bolstered its cyber defenses after a string of attacks, including with training at "hackathons" organized by the EU and NATO.

Cyberattacks in 2015 and 2016 temporarily took down grids in Ivanopower Frankivsk in western Ukraine and Kyiv, the capital. A mal-

one in 10 businesses nationwide and was designed to cripple the economy, according to Viktor Zhora, deputy chief of Ukraine's State Service of Special Communication and Information Protection. A cyberattack last month,

ware attack in 2017 affected

which authorities blamed on Russia and its close ally Belarus, defaced several dozen government websites and installed malware. Mr. Zhora said Ukrainian authorities thwarted a graver attack that was aimed at accessing the state register, a data set on companies and entrepreneurs.

Another new tactic, according to Ukrainian authorities, is bomb threats. Ukrainian police said there were nearly 1,000 anonymous messages in January, mostly by email, falsely claiming bomb threats against nearly 10,000 locations.

# Biden Vows Response to Any Attack

Continued from Page One ward off military conflict.

By Monday all diplomatic personnel will have left the U.S. Embassy in Kyiv, according to State Department officials, leaving only security personnel in the Ukrainian capital. A core staff of diplomatic and consular officials have set up operations in the city of Lyiv. which is considered safer because it lies further west near the Polish border.

"I can't get in the head of Vladimir Putin and I can't predict exactly what he's going to do," Mr. Sullivan said on CBS. "All we can do at President Biden's direction is prepare—pre-

pare for diplomacy to find a way forward that is sustainable and durable and advances the security of all the United States, Russia and Europe, and prepare for the potential of a major military action in the coming days."

Mr. Sullivan reiterated calls for any U.S. citizens still in Ukraine to "move out by air or rail or road as rapidly as possible." Seeking to dispel any notion that there would be U.S. military action to extract anyone in the case of Russian action, he said there was a "big difference" between the U.S. deployment of soldiers to Afghanistan last summer to end a 20-year U.S. presence there and its current effort to

prevent a war in Ukraine. On Sunday, one of Ukraine's main air carriers, SkyUp Airlines, said it was forced to make an unscheduled landing in Moldova and suspended

sales for flights this week af-

ter its insurers stopped cover-

ing aircraft in Ukrainian airspace because of an increased threat of a Russian military invasion. A day earlier, Dutch national flag carrier KLM said it had suspended its flights to Kviv and wouldn't operate flights in Ukrainian airspace. "An assault on Ukraine is an

assault on democracy," said House Speaker Nancy Pelosi (D., Calif.) on ABC. She said the U.S. and its allies have sent a clear message to Mr. Putin that "there are very severe consequences to his aggression and that we are united in using

Sen. Lindsey Graham (R., S.C.) criticized the administration's approach in an interview on ABC, saying: "They're telling us the invasion is immipens if you invade."

nent. But they're not telling Putin with clarity what hap-"The guy took the Crimea in 2014," Mr. Graham said. "He's got 100,000 troops amassed

on the Ukrainian border, and

he's paving no price at all. So I'd like to hit him now for the provocation and have sanctions spelled out very clearly, what happens to the ruble and his oil and gas economy."

Pentagon press secretary John Kirby, speaking on Fox News, said such pre-emptive measures would be counterpro-

Ukraine's president said U.S. support would prevent panic among its people.

ductive. "If you punish somebody for something that they haven't done yet then you might as well just go ahead and do it. So we believe there's a deterrent effect by keeping them in reserve," he said. "Right now

we are not considering a pre-

emptive sanction regime."

Chancellor Olaf Scholz of Germany, who has tried to balance his country's membership in NATO with its close economic ties to Russia, is scheduled to meet with Mr. Zelensky in Kviv on Monday and with Mr. Putin in Moscow on Tuesday. Earlier this month, Mr. Biden pushed the German leader to support tough sanctions on Russia should Moscow invade its smaller neighbor, including closing Nord Stream 2, a pipeline that is awaiting certification to start pumping natural gas from Russia to Germany. Mr. Scholz on Sunday warned Mr. Putin of "hard reactions" in the event of a Ukraine invasion but hasn't explicitly put Nord Stream 2 in play.

Mr. Scholz's trip east follows one by President Emmanuel Macron of France, who recently traveled to Moscow for talks and spoke Saturday with Mr. Putin, telling the Russian leader that sincere dialogue was incompatible with an escalation, according to Mr. Macron's office. Talks could continue

throughout the next week if

events don't overtake them. On

Monday, the Organization for

Security and Cooperation in

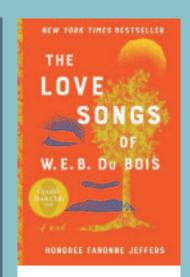
Europe is slated to meet to discuss Russian-Belarus military exercises after the Belarusian government refused to provide details of the planned training. Russia has also ignored a Ukrainian request for information about separate Russian exercises, Ukraine's foreign minister said this weekend. The OSCE is the one European security mechanism which counts Russia, Ukraine, the U.S. and Europe as members. At the end of the week, the

annual Munich Security Conference will bring together many Western officials and leaders. Mr. Zelensky is among those due to speak.

-Drew Hinshaw, Andrew Duehren and Gywnn Guilford contributed to this article.

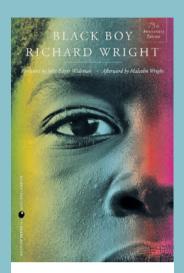
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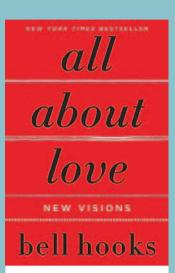
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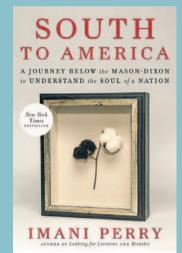
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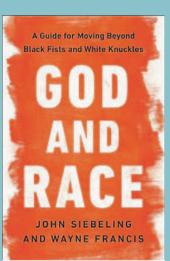
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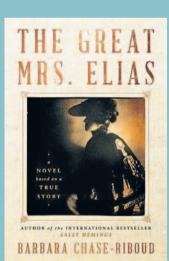
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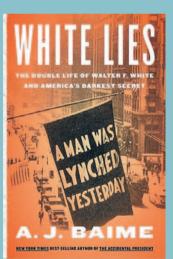
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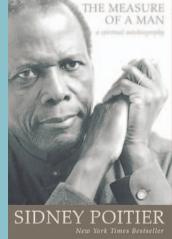
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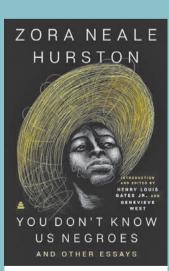
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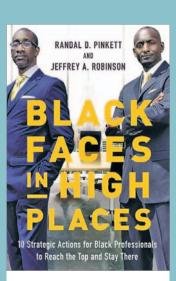
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— Booklist (starred review)



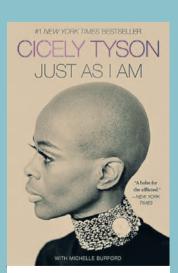
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### WORLD NEWS



Police in Windsor, Ontario, on Sunday began arresting protesters blocking access to a key U.S.-Canada trade corridor.

# Canada Police Clear Protest

Bridge between Detroit ada to drop Covid-19 vaccine and Windsor, Ontario, reopens after blockade over vaccine mandates

By Paul Vieira AND KIM MACKRAEL

Commercial and passenger traffic resumed Sunday night on a bridge connecting Detroit with the Canadian border city of Windsor, Ontario after protesters shut down the corridor for roughly a week in a fight

against Covid-19 restrictions. The Detroit International Bridge Co., which operates the Ambassador Bridge, said all lanes were open for traffic as of 11 p.m. Eastern time. Earlier Sunday, Canadian police arrested protesters and towed vehicles to clear access to the bridge. Protesters had succeeded in largely blocking most two-way bridge traffic since Feb. 7 in an attempt to persuade governments in Can-

mandates and related social restrictions.

The Canada Border Services Agency said normal border processing had resumed but advised against nonessential travel.

The reopening of the Ambassador Bridge marks an end to a demonstration over Covid-19 restrictions that caused economic repercussions for North America and its automotive industry. Protests continue in Canada, most notably in Ottawa where truckers and their supporters have camped for 17 days and counting, disrupting life in the capital and prompting calls for political leaders, chief among them Prime Minister Justin Trudeau, to move swiftly to bring the chaos to an end.

Police began making arrests and towing vehicles shortly after 8 a.m. ET Sunday on a main street that leads to access to the bridge, over which hundreds of millions of dollars of

goods are moved by trucks into the U.S. and Canada each day. Hours later, protesters gathered in another location near an intersection that leads to the bridge, where police said further arrests were made.

Windsor Police Chief Pamela Mizuno said that police had arrested between 25 and 30 protesters and towed about a dozen vehicles.

White House officials said Sunday they have been consulting closely with Canadian authorities, including a video teleconference between President Biden and Prime Minister Justin Trudeau on Friday. While the U.S. Department of Homeland Security warned last week that truckers might try to disrupt the Super Bowl, the game kicked off without a hitch on Sunday.

A Canadian judge had earlier granted police permission to forcibly remove the protesters, following a petition from the city of Windsor and autoindustry representatives.

"Today, our national economic crisis at the Ambassador Bridge came to an end.' Windsor Mayor Drew Dilkens said. "Border crossings will reopen when it is safe to do so and I defer to police and border agencies to make that determination."

North American auto makers, including General Motors Co., Stellantis NV, and Ford Motor Co., curtailed production over the past week and sent employees home in some cases because parts needed for assembly couldn't be delivered.

Protest organizers in Ottawa have repeatedly said they won't leave until governments in Canada drop vaccine rules. Over 400 heavy-duty trucks and other vehicles have turned the capital's downtown into a parking lot. Some Windsor protesters said their blockade was inspired by events in Ottawa.

Jacquie McNish and Joe Barrett

### WORLD WATCH

NORTH KOREA

### U.S., Tokyo, Seoul Unite on Pyongyang

The U.S., Japan and South Korea will strengthen their joint efforts to deter North Korea's missile activity and nuclear ambitions, while continuing to push for diplomatic engagement with Pyongyang, the allies' senior diplomats said Saturday.

"It is clear to all of us that the DPRK is in a phase of provocation," Secretary of State Antony Blinken said, using shorthand for the country's formal name, the Democratic People's Republic of Korea. "We condemn the recent missile launches, violations of U.N. Security Council resolutions."

North Korea conducted seven weapons tests in the month of January alone—more than it had done all of last year. That includes an intermediate-range ballistic missile on Jan. 30, the most powerful weapon the Kim Jong Un regime has shown off in years. Pyongyang has signaled it could consider restarting nuclear tests or long-range missile launches.

-Courtney McBride

TURKEY

### **Food Taxes Lowered** To Fight Inflation

Turkey's president announced a significant reduction in taxes on basic food supplies as the country faces rampant inflation and numerous protests over eroding living standards.

President Recep Tayyip Erdogan said the value-added tax

would be lowered to 1% from 8% on food purchases. His decision will be published in the Official

Gazette and take effect Monday. Mr. Erdogan said, in addition to the tax discount, the government "expects" food companies to lower their prices by 7%. He said these foods play a significant part in inflation.

Official data for January showed inflation rose to 48.69% annually, although independent experts say the true number is much higher, more than 115%.

-Associated Press

**IRAQ** 

### **Kurdish Politician Barred From Running**

Iraq's top court banned a veteran Kurdish politician from the presidency on Sunday, citing lingering corruption allegations.

Hoshyar Zebari, a former foreign minister and longtime Iraqi diplomat, had been a front-runner competing against the sitting president, Barham Salih. In Iraq's political system, parliament picks the president who in turn appoints the prime

Mr. Zebari's bid was supported by Iraqi cleric Mogtada al-Sadr, whose bloc emerged as the winner in the Oct. 10 parliamentary elections. Sunday's ruling is likely to prolong a standoff between factions over who should be the next president and prime minister.

At a news conference held following Sunday's court verdict, Mr. Zebari said the court's decision was politically motivated and called it an injustice.

-Associated Press



contributed to this article. Hoshyar Zebari, the Kurdish candidate for Iraqi president



# Women In: The Entertainment Industry

MARCH 15 | ONLINE | 12:00-1:45 PM ET

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### FROM PAGE ONE

### India Sees Urban Exodus

Continued from Page One makes less money farming, he said, but his expenses are lower and his quality of life is

"The pandemic taught me a lesson-the importance of staying together with family," Mr. Nayal said.

The nationwide lockdown in 2020 set off the biggest wave of migration since India gained independence in 1947. In the first months of the pandemic, workers traveled hundreds of miles by train, bus, bicycle and even on foot.

While some returned to the cities at various points during the pandemic, another deadly Covid-19 surge last spring, and the most recent spike, have caused further uncertainty among workers about the costs of urban life.

Economists calculate that around 32 million people took up agricultural work in the year that ended on June 30, 2020, an estimate based on government data. That continued last year, according to the Centre for Monitoring Indian Economy Pvt., CMIE, an independent think tank in Mumbai. The share of agriculture in total employment in the year ended June 30, 2021, rose 1.4 percentage point from a year earlier, according to its data.

Some economists believe workers will return en masse after the pandemic subsides. "Agriculture can't support so many people for so long," said Sachchidanand Shukla, chief economist at the Mahindra Group, a conglomerate that includes businesses in information technology and vehicle manufacturing.

Mr. Nayal, the former callcenter worker, isn't sure of that. He lives in Satbunga, a village of about 1,400 people who live and work on land spread across mountain

The village head, Priyanka Bisht, estimated about 250 mostly men left for jobs in the city over the past five years. Most have returned, she said, bringing new skills and experience that benefit Satbunga. Ms. Bisht said she believed most prefer to stay, but added, "Let's wait and watch how it turns out.'

Naveen Singh, 29, returned to Satbunga from New Delhi after the tile company that employed him closed in 2020. Interstate buses and trains were halted in a nationwide lockdown, and he had no way home. He left New Delhi on foot, walking for days and hitching a ride on a watermelon truck.

Mr. Singh exhausted his savings in the first eight months back home and began work rejuvenating a half-acre farm owned by his father. From May until August, Mr. Singh now picks apples, peaches, plums and pears to sell in nearby towns, keeping some of the harvest for his family. He also works at construction sites, carrying stones and bags of cement.

Mr. Singh had once planned to move his wife and children to New Delhi, he said, where he would enroll the kids in better schools. Covid-19 changed everything. The tile



Above left, Vijay Nayal and his brother's children in Satbunga, India; right, Naveen Singh works in farming, as well as carrying stones and bags of cement at construction sites.

company remains shut, he said, and even if he was offered a city job at higher pay, he doesn't think he would go

With the lower expenses of village life, Mr. Singh believes he can earn a comparable living. "We have a lot of work here," he said. "My village has been my only hope and support in these tough times."

### **'Disastrous**'

India's economic growth over the past two decades drew millions of young people to cities for jobs in construction and factories, and work as entrepreneurs, drivers and street vendors. A robust services industry—information technology, finance and retail—made up a third of the

But the number of people working in manufacturing has fallen by half over the four years that ended in March 2021, according to an analysis by Ashoka University's Centre for Economic Data and Analysis based on CMIE data. "The decade that just went by, it can be called a decade of job said Kunal Kumar Kundu, an India economist at French bank Société Générale SA. "That is disastrous for an economy."

India's Finance Minister Nirmala Sitharaman said a recently announced government program to boost domestic manufacturing will create millions of jobs.

About half of India's working-age population is employed or seeking work, one of the world's lowest labor-force participation rates, according to the ILO. Adding to the job squeeze, an estimated four million-plus young people join the workforce each year.

To reach India's economic potential, the country will have to create 90 million new nonfarm jobs by 2030, pulling 30 million workers from agriculture, according to a 2020 report by McKinsey Global Institute. Falling short of that risks a decade of economic stagnation, the report said.

Tens of millions of new jobs a vear in construction and manufacturing are needed, said Shirish Sankhe, a senior partner at McKinsey and one of the report's authors. That would require an economic growth rate of at least 8%.

India grew 4% in the year that ended in March 2020 and shrank by about 7.3% for the year ending in March 2021. The World Bank expects 8.3% growth in the current fiscal year. Yet even that would barely return the country to where it was before the pandemic. India grew at an aver-

age annual rate of 6.6% in the decade before Covid-19; China's average was about 7.7% over the same period.

Home and office construction picked up last year compared with 2020 but remains below peak levels. Developers built 38.7 million square feet of office space in India's biggest cities last year, compared with around 61 million in 2019, according to Knight Frank, a real estate consulting firm. The 230,000 homes launched last year were less than half the number in 2010.

### Help wanted

Analysts attribute India's pre-pandemic economic slowdown partly to government steps taken under Prime Minister Narendra Modi to extend taxation and regulatory control to more businesses. They say the measures are expected to benefit long-term growth

by raising revenue to invest in education, infrastructure and healthcare, as well as ensuring better production quality and worker security.

Yet in the pandemic, the measures place another burden on micro-, small- and medium-size businesses struggling to stay afloat, economists said.

India's apparel manufacturing industry is mainly made up of businesses with fewer than 75 workers and less than \$3 million in annual revenue. As much as a fifth of all these companies have closed operations since 2020 because of the pandemic, said Rahul Mehta, former president of the Clothing Manufacturers Association of India. Apparel production is about 80% to 85% of what it was before Covid-19, he said.

Nitish Enterprise, a manufacturer of sports shoes in the northern Indian state of Harvana, released more than 50 of

India's GDP, percentage People seeking jobs from a change from a year earlier government work-guarantee program in rural India

\*National lockdown in 2020; states instituted lockdowns at different times in 2021 Note: India's fiscal year is from April 1–March 31. Sources: Ministry of Rural Development, Government of India (jobs); World Bank (GDP)

2001

its roughly 300 workers after the lockdown in 2020, said Deepak Kaushik, brother of the company's founder.

Mr. Kaushik said the company cut production by more than 30% through the fall. Then there was a spike in sales until January brought a rise in Covid-19 cases. "We can't figure out what to do," he said, "whether to buy raw materials or not."

With fewer jobs in cities, demand has grown for government programs that support rural families. Under the Mahatma Gandhi National Rural **Employment** Guarantee Scheme, members of rural households are guaranteed unskilled manual work for as many as 100 days a year. Under the program, local governments typically employ workers at a fixed minimum rate for projects such as roads and canals.

Around 63 million people sought those jobs in June 2020, 80% more than in June vear earlier, setting monthly record. In December, the figure was 30 million, 35% higher than in December 2019,

government data show. In Satbunga, Mr. Nayal said he was content with his return to rural life, despite the demanding work. He wakes early in the morning to take the animals to graze, and then he plows fields. When he isn't working on the farm, he cuts stones on hilltops for construction projects or collects grass to feed cattle. "We can't sit and earn money here, like we did in the call center," he said. "We have to be prepared to slog."

Even so, he added, "If I work hard. I can have a better future here. There is more safety, more security."



Pedestrians walking last month along a street of closed shops in New Delhi.

# A King-Size Bed

Continued from Page One ments," Mr. Pagano said. "But we were worried the extra space would lead to less cuddling."

They took the plunge and haven't regretted their decision. "The extra space is great, and there is still a lot of cuddling," said Mr. Pagano, who is 32 years old and is the cofounder of a mattress review website. He said he has noticed an uptick during the pandemic of people searching his website for larger beds.

Until the 1940s, most Americans were able to get enough sleep on twin or full mattresses. Mattress makers started selling larger sizes in the 1950s and 1960s, advertising them as better for sleeping. They chose the names "queen" and "king" to lend an on one side, the cats were on

air of desirability, making bigger beds a status symbol. It wasn't until 1999 that queens became the most popular size, according to industry executives and trade groups.

Americans also weigh more, according to the latest figures from the National Center for Health Statistics, and want more space. Tall people have long craved larger mattresses. 'All I want is a king-size

bed," Kenyona Thomas told her husband last year when Dylan asked what she wanted for Christmas. The coupleshe is 5 feet 9 inches and he is 6 feet 5—had been squeezing into a queen since they got married in 2020.

"Dylan was too long for the queen, so he had to bend his legs toward my side," said Ms. Thomas, a 23-vear-old marketing coordinator, who lives in Memphis, Tenn. "I'd wake up grumpy and need my space. But we were stuck at home, so I didn't have any space."

It didn't help that their two cats, Ash and Astro, also slept in the bed. "My husband was the other—I couldn't take it anymore," Ms. Thomas said.

The situation has improved since their bigger bed arrived in November. "Now, when I go to sleep it's almost like he's not in the bed," Ms. Thomas said.

Queen beds are still the most common size in American homes, but the demand for king beds, which are usually about 16 inches wider than queens and around the same length, outpaced every other size during the pandemic, according to the International Sleep Products Association, an industry trade group.

"King beds are by far the preference now," said Scott Thompson, the chief executive of mattress maker Tempur Sealy International Inc. Kings account for half the sales of its Tempur and Stearns & Foster brands, up from 40% of sales before Covid-19. "This is a permanent shift," Mr. Thompson said. "We are on a health-andwellness kick that will continue after the pandemic.'

King mattresses and Calikings-which slightly narrower but longer than standard kings—represented 20.4% of mattress sales 2020, up from 19.5% in 2018, meaning about 225,000 extra mattresses were sold. All the other sizes either declined or were roughly unchanged, according to the trade group. Industry executives said the trend has continued.

### 'We hoped a bigger bed would help us avoid arguments, one buyer said.

"In a steady industry like the mattress business, that's significant movement," said Gerry Borreggine, chief executive of Therapedic International, a mattress and bedding company.

Once Vicky and Mickey Popat swapped their queen for a king in 2020, they started hosting movie and dinner nights in their bed with their children, Sanum, 12, and Sohum, 8. One recent evening the family watched "Hotel Transylvania 4: Transformania," while snacking on burgers and fries.

"Before when the kids would come into the bed, we'd really have to squish," the 39year-old Ms. Popat said. "Now, there is enough space."

When it comes to sleeping, the Orlando, Fla., couple prefers to stay close. "Even though the bed is bigger, we still snuggle," said Mr. Popat, 42. "We meet in the middle," added his wife. This Valentine's Day, the couple plans to watch a double feature in bed-the first movie with their kids and the second on their own.

More than half the U.S. adult population shares a bed with another person, according to Panagiotis Mitkidis, an associate professor at Aarhus University in Denmark, who has co-authored research on sleep. One study he conducted found that co-sleepers had more REM sleep and less fragmented sleep than people who slept alone.

Of the U.S. consumers who purchased a king-size bed during the pandemic, 15% said it was to get extra space from their spouse, according to market research company Branded Research, which surveved more than 17,000 U.S. consumers in January.

Victoria Cornell often had to wake her husband, Joel, in the middle of the night to stop him from snoring. Now that the couple, who live in Ontario, Canada, traded their queen for a king, "I can just roll over to my end of the bed," said Ms. Cornell, a 36year-old blogger.

Tired of bumping into each other at night and waking up cranky, Stefan Palios and his partner, Marty Butler, splurged on a king bed when they moved from their Toronto apartment to a Nova Scotia house last vear. Mr. Palios, a 29-year-old freelance writer, said the bigger bed has done wonders for their relationship. Now, when Mr. Butler, 29, a registered nurse, wakes for early shifts at the hospital he no longer disturbs his partner. Mr. Palios said, "It makes for a more peaceful

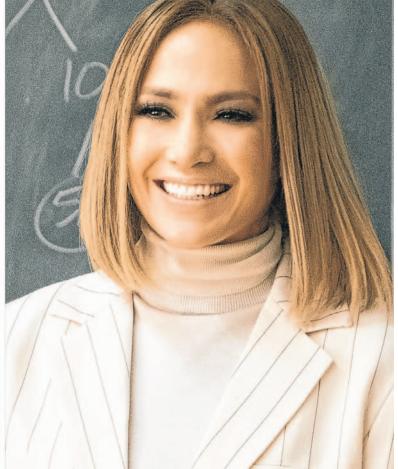
# Let's Buy

**A12** | Monday, February 14, 2022

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# Rom-Coms Stage a Comeback

By Ellen Gamerman

he romantic comedy,
regularly declared dead
in Hollywood, is anything but.
A run of experimental
twists on the rom-com,
along with the return of some big

along with the return of some big stars, have helped revive the genre. Streaming platforms have been buoyed by hit romance series like "Bridgerton," while the film "Crazy Rich Asians," a splashy rom-com with a majority Asian cast, made a fortune at the box office. As romantic comedies angle for

a comeback, some filmmakers say the key is subverting the formula—"meet-cute" scenes with young, white, wealthy, straight leads—that came to define the genre.

"Marry Me," a rom-com that opened on Friday led by 52-year-

fer Lopez, challenges taboos around age. Also arriving this year is "Bros," the first gay rom-com from a major studio. It stars comedian Billy Eichner with an openly LGBT cast playing many parts, including some heterosex-

old superstar Jenni-

wal ones.

"I started noticing that anytime someone was talking about that type of film, when they would say the word of chick flick,' there

was an ugly look on their face, and I took offense because I was a chick," said Sandra Bullock, romcom royalty who quit the genre more than a decade ago after tiring of the dismissive reaction to the label. "All of a sudden romcom was in air quotes with that ugly stink face."

"The beauty of the last five years is that movies with romance and love and humor and pathos are now reflecting our community," said Ms. Bullock, whose new movie out next month, "The Lost City," is an action-adventure comedy co-starring Channing Tatum with elements of romance.

Hollywood's comedy veterans don't doubt that audiences still want rom-coms. Ms. Bullock said she mostly just laughs now in 30second bursts while scrolling through TikTok or Instagram, or while watching anything with the



Regé-Jean Page and Phoebe Dynevor in 'Bridgerton.'

actor Paul Rudd.
"I just want to
hire him and
have him wake
me up," she
joked.
"People have

a bottomless pit of need for romantic comedies," said filmmaker Judd Apatow, known for movies like "Knocked Up," who is a producer of "Bros." "When you make a comedy, you're trying to make a great

drama, but on

top of that you have to get the jokes right. You're making two movies at once, and if you screw up either of them, it's a terrible movie."

Rom-coms were once reliable hits before a long drought set in. "My Big Fat Greek Wedding" still holds the title as the highest-grossing romantic comedy at the U.S. box office, according to the entertainment site The Numbers. It came out 20 years ago.

Superheroes and big franchise films began upending romances over the last two decades. Romantic comedies plummeted from more than 11% of market share in 1999 to just over 2% in 2019, according to The Numbers.

Cultural shifts around gender and concerns about consent have made the movie industry skittish about rom-coms. The humor of an



Hulu's 'Palm Springs,' starring Cristin Milioti and Andy Samberg, became a hit at the 2020 Sundance Film Festival.

old hit like "Sixteen Candles" can age poorly, critics say, filled with casual prejudices passed off as jokes. The plots can be thin, the characters flat, the dialogue clichéd, the love stories shallow.

While promoting "The Proposal" in 2009, Ms. Bullock declared herself done with the genre—a position she is now reconsidering. At the time, she called the films neither romantic nor comedic but just "terrible" and "not funny."

Though Ms. Bullock doesn't call "The Lost City" a rom-com, she now can envision a future that includes the genre. During the pandemic, she experienced growing nostalgia for the films.

"Maybe I need to wait until I'm 70," she said. "What does love look like between people who aren't absolutely gorgeous, where life has

Sandra Bullock, left, stars in 'The Lost City.' Jennifer Lopez's 'Marry Me' challenges taboos around age.

weathered them? They're middle-aged moms, grandparents."

In recent years, with rom-coms left for dead at the box office, streaming platforms tried their own indie versions.

"Palm Springs," an existential rom-com on Hulu, was a hit at the 2020 Sundance Film Festival. Amazon Studios acquired "The Big Sick," starring Pakistan-born Kumail Nanjiani as a comic coping with his girlfriend Emily's sudden illness (modeled after real-life partners Mr. Nanjiani and Emily V. Gordon, who wrote the screenplay). Netflix delivered "Always Be My Maybe," starring Asian actors Ali Wong and Randall Park as childhood friends who reunite as adults. Hulu was a producer of "Happiest Season," an LGBT love story starring Kristen Stewart and Mackenzie Davis.

"Emily in Paris" and "Bridgerton"—both of which could qualify as rom-coms—have been hits for Netflix. "Bridgerton," with its steamy sex scenes, launches its second season on Netflix next month.

The genre's biggest moment in recent years came with the 2018 blockbuster "Crazy Rich Asians," which became the sixth-highest-grossing rom-com of all time at the U.S. box office, according to Box Office Mojo.

"I like the traditional form of romantic comedy. It always made me feel good. It was always a comfort

food for me," said Jon M. Chu, director of "Crazy Rich Asians." But, he notes, directors need to be aware of the cultural conversations around them.

An early version of the "Crazy Rich Asians" script showed wealthy debauchery at extremes, including a scene where men used beauty queens as furniture. What might once have been an over-thetop sight gag no longer worked. "It seems ridiculous and wrong," he said.

In "Marry Me," Ms. Lopez stars as a global singing sensation who exchanges vows with a stranger at one of her concerts after her fiancé is caught cheating. She soon falls for this mere mortal, a guy in a windbreaker who makes his own lunch, played by Owen Wilson.

Director Kat Coiro noted that Ms. Lopez is a pop star mogul over 50, and she pointed out that the heroines in films like "Pretty Woman" and "Notting Hill" were not businesswomen with the same kind of agency as Ms. Lopez's character. "This is one of the most powerful female characters that we've seen in rom-coms," the director said.

The film speaks to the culture's current obsession with fame, Ms. Coiro said. "Rom-coms work," she said, "when they're bigger than just a simple love story."

# As Rules Ease, Should You Still Wear a Mask?

By Alex Janin

alling Covid-19 case rates are prompting more states to ease masking requirements. The changes mean that when—or whether—to wear a mask is becoming more of an individual decision.

There are several factors to weigh when making decisions about masking, doctors say. Among them are your own health, the vulnerability of people in your household, local case rates and your vaccination status. Doctors say it can make sense to take precautions even as governments pull back.

"Governors removing mask mandates just means that the government is no longer requiring masks. It does not mean that there is now no risk to going around maskless," said Leana Wen, an emergency physician and public-health professor at George Washington University in Washington, D.C.

Here's what to know about state updates to mask mandates, the Centers for Disease Control and Prevention's guidance, and what you should take into consideration as you weigh whether or not to mask up.

### Which states have shifted mask mandates recently?

Nevada, Rhode Island, New York, Connecticut, New Jersey, Oregon, Massa-

chusetts, Delaware and California are among the states easing restrictions around masking as the Omicron surge subsides. California's indoor mask mandate will expire on Tuesday, according to Gov. Gavin Newsom's office. Oregon's requirements will end by March 31.

New York dropped its indoor mask mandate for businesses effective Feb. 10, but the mandate for schools will stay in place for now, Gov. Kathy Hochul said. The change doesn't affect the New York City rule that requires vaccination to enter restaurants, theaters and other public spaces.

### Does this mean there are no local mask mandates in effect in those states?

Not necessarily. School districts in Connecticut and New Jersey will be able to determine their own masking policies starting Feb. 28 and March 7, respectively, governors of those states said. In New York, masks are required in healthcare settings and on public transportation. Los Angeles County will keep its indoor mask mandate in place for at least a few more weeks despite California's decision to curb its statewide mandate. Nevada Gov. Steve Sisolak encouraged employers and organizations, including school districts, to set their own mask policies.



There are several factors to weigh in deciding whether to wear a mask.

What is the latest CDC guidance?

CDC Director Rochelle Walensky said last week that the agency recommends people wear masks in public indoor settings where transmission of Covid-19 is substantial or high. CDC data show that is the case across the U.S., even as reported new infections have fallen from the winter's Omicron-driven peak. The CDC has also recommended universal masking in K-12 schools regardless of vaccination status.

"We certainly understand the need and desire to be flexible," Dr. Walensky said. But "we are not there yet," she said of doing away with masking recommendations.

The CDC also continues to recommend that anyone who is immunocompromised, unvaccinated or not up to date on vaccines should wear masks in indoor public spaces.

### Should I still consider wearing a mask if there is no mandate?

mask if there is no mandate?
Yes, especially in certain circumstances. Dr. Wen suggests taking three factors into consideration: the medical risks within your household, your own tolerance of contracting Covid-19, and the potential value of

not wearing a mask.

People who are unvaccinated, im-

munocompromised, or are planning to see immunocompromised loved ones, or who aren't bothered by wearing a mask may want to continue to do so in public indoor spaces, said Dr. Wen.

"I am going to continue wearing masks in indoor crowded spaces because I have two little children who are too young to be vaccinated. For me, wearing a mask is not an inconvenience," said Dr. Wen.

Now is a good time for people to take stock of their personal risks and medical vulnerabilities, adds Lucy McBride, a Washington, D.C., primary-care physician. Her patients who are immunocompromised may take different measures to protect themselves, she said.

The best thing people can do to mitigate their own risk and the spread of Covid-19 is to get vaccinated and boosted, according to the physicians. "Masking is a tool in the tool kit, but there is no substitute for vaccination and boosting," said Dr. McBride.

### What kind of mask should I wear?

Physicians say cloth face masks may not provide enough protection against the virus. They recommend pairing cloth masks with surgical models or using high-filtration masks. The CDC says cloth masks provide less protection than surgical masks, KN95s and NIOSH-approved respirators, including N95s.

It is important to select a mask that fits snugly over your nose, mouth and chin, the CDC says. If you do opt for a cloth mask, ensure that it fits snugly and doesn't leak air.

### PERSONAL JOURNAL.

or a lot of us,
working out with
our partner
sounds like a form
of torture. But the
science is surprisingly in favor.

A study published last April in the Journal of Social and Personal Relationships showed that on days when people exercised with their romantic partner, they were more likely to enjoy the workout. They also felt more satisfied with their relationship compared with days when they exercised

Simply put: Couples who work out together are happier exercisers and more likely to stick to their fitness routines.

without their partner.

"It's easier to get yourself to work out if you have a partner to motivate you and keep you accountable," says the study's co-author, Judith Gere, an associate professor in the department of psychological sciences at Kent State University in Ohio.

One big proponent of partner workouts is Samantha Campbell, owner of Deep Relief Peak Performance Athletic Training Center on the Hawaiian island of Maui. Ms. Campbell uses partner exercises to train top athletes like bigwave surfers Paige Alms and Ian Walsh.

"Not only does it foster teamwork, it's also fun and silly, so you have something to focus on other than the burn," she says.

These exercises only work if both partners can complete their portion of the movement, so you might need to help each other out, says Ms. Campbell.

Here, Ms. Campbell and her husband, Neil Turpin, demonstrate exercises that build strength and stability. For an added cardio boost, she suggests jumping rope or running in place with high knees for 30 seconds to 60 seconds between exercises.

### THE WORKOUT

### 1) Partner Planks Why Plank holds work cor

**Why:** Plank holds work core and shoulder stability.

**How:** Lie on the ground with straight arms extended in the air. Have your partner place their hands on the floor outside of your legs and one shin at a time into your hands. Hold for 60 seconds, then switch positions.

**Option:** Challenge yourself by having the person on top do a push-up while the person on the bottom chest-presses their legs. To make the exercise easier, face each other while holding plank pose, and alternate hands to high-five each other without letting your hips drop from side to side.

### 2) Couch Elbow Boxing

**Boxing Why:** This creative core ex-

ercise targets the obliques

# **Exercises to Stay Fit Together**





**ANATOMY OF A WORKOUT | JEN MURPHY** 

3

or side abdominal muscles.

**How:** Lie on the floor with your butt against the base of a couch (or chair) and your legs bent at 90 degrees so your calves rest on top of the couch. Have your partner place a large couch cushion on your shins. They should press into the cushion with their forearms to hold it in place. Place your hands behind your head, elbows bent, and perform a sit-up to twist. As your shoulders rise off the ground, bring your right elbow to the right edge of the cushion. Then quickly bring your left elbow to the left edge, and then lower down. The motion should be explosive, says Ms. Campbell, so think of punching each elbow into the cushion. Perform 30 reps, then switch roles.

### 3) Dead Bug Pillow

**Why:** This exercise requires you to stabilize your core muscles while simultane-

ously moving the arms and legs.

How: Lie on the floor with bent knees and your toes touching your partner's toes. Raise your bent knees off the ground to form a 90-degree angle, and press the soles of your feet into the soles of your partner's feet. Use your hands to toss a pillow back and forth. Make sure to crunch with your stomach and keep your arms long. Complete 10 throws per person.

**Option:** Increase the difficulty by lying head-to-head with knees bent at 90 degrees. Balance a pillow on your shins and keep your back glued to the ground. Engage your lower core muscles to toss the pillow up and over so your partner can catch it on their shins. Try to complete 10 passes in a row.

### 4) Back Twist Pass

**Why:** Your quads will burn while holding a stationary squat position, and the twisting motions trains rotational stability.

How: Stand back-to-back and lean hard against each other. Then lock arms and slowly walk your feet out to lower into a squat. Once you are stable, unlock arms and pass a pillow, water bottle or medicine ball around in circles. Complete 10 passes each way.

**Option:** To make it easier, perform a wall-sit side by side, and toss a pillow or medicine ball back and forth. Tap the wall on the far side with every toss. Switch positions after 30 seconds so you are throwing in the opposite direction.



**How:** Stand a few feet apart.

Each partner will wrap both hands around the end of a looped yoga strap (a bathrobe belt will also work). Lean back and away from each other. As you bend your left knee and sink your hips down and back into a side lunge, your partner should bend their right knee and sink into a side lunge. Alternate back and forth 10 times.





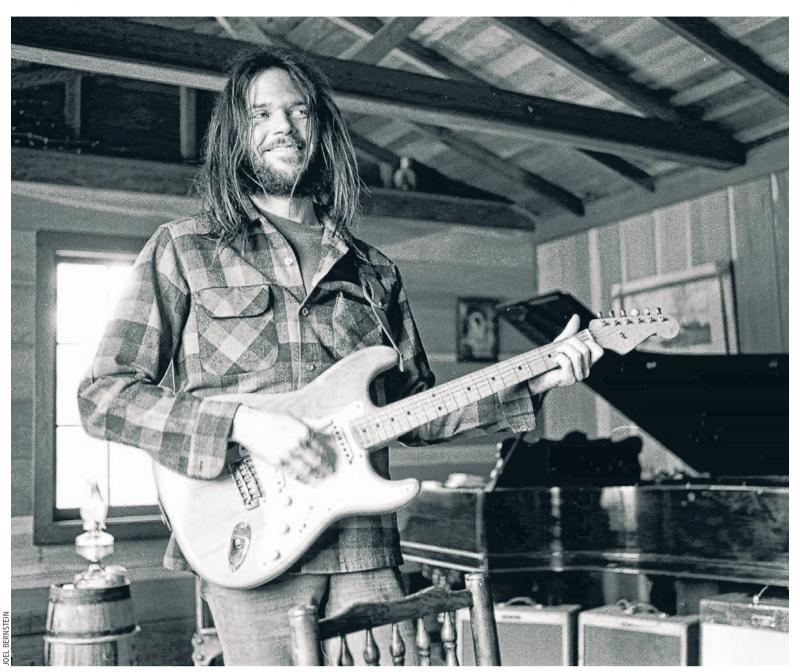


### ARTS IN REVIEW

**CULTURAL COMMENTARY** 

# Neil Young's 'Harvest' at 50

The singer's record is as emotionally raw as it was a half-century ago.



By MARC MYERS

he 50th anniversary of Neil Young's "Harvest" came and went on Feb. 1, and one of music's most significant and beloved country-rock albums went mostly uncelebrated. No reissue, no documentary and no tour. Reasons likely include Mr. Young's conflicted feelings about the record; the December release of his new album, "Barn," and a film about that album's recording; and his Spotify divorce over Joe Rogan's podcast.

Back in December, a "Harvest" celebration seemed to be in the works. Mr. Young told Rolling Stone that a record and a two-hour film were planned for the anniversary. Whether a "Harvest" reissue and film will surface later this year is unclear. Emails to Mr. Young's manager weren't returned.

Listening to the album today, one finds that the songwriting is

as eerie and emotionally raw as it was a half-century ago. Mr. Young's plaintive croon and haunting lyrics about lost love, growing old and social issues easily sink their teeth into your soul.

With a singing voice that can sound like an unlatched iron gate, Mr. Young perfected cranky early. Unlike other singer-songwriters transitioning into the 1970s who aimed for vocal harmony, Mr. Young kindled images of prairie loneliness and the proud exhaustion of an abandoned pickup truck.

When Mr. Young released "Harvest," his fourth studio album, in 1972, he had already established himself two years earlier as a folk-rock heavyweight with "After the Gold Rush." "Harvest," backed by his Stray Gators band and Alist background singers, had a more contemplative, country feel, The record shot to No. 1 on the Billboard chart, selling 500,000 copies within 17 days, becoming that year's best-selling album.

"Harvest" at its core is a backroad journey album that makes painful stops along the way. The intermittent use of harmonica, banjo and pedal steel guitar enhances the music's weary elegance and melancholy.

The album deals with lost love, growing old, social issues and the quest for self-fulfillment.

The album's 10 songs unfold slowly. Relatively short at just over 37 minutes, "Harvest" opens with "Out on the Weekend," a trudging ballad about a love that can't be forgotten: "The woman I'm think ing of, she loved me all up / But I'm so down today."

The title track follows and is the album's most artfully struc-

Flurries

Ice

48 41

Hi Lo W

Lo W

37 r

51 38 c tured song. The loping ballad with cryptic lyrics and a hypnotic melody dwells on a strained romance and a feigned suicide. Its sorrow can still bring the listener to tears: "Did I see you down in a young girl's town / With your mother in so much pain? / I was almost there at the top of the stairs / With her screamin' in the rain."

"Heart of Gold" was Mr. Young's only No. 1 single and is one of rock's most vulnerable male biological-clock pleas for true love: "Keeps me searchin' for a heart of gold / And I'm getting old.'

"Old Man" has a similar, slowmotion feel. Inspired by the elderly caretaker on Mr. Young's California ranch, the song reflects on the value of true love: "Love lost, such a cost / Give me things that don't get lost / Like a coin that won't get tossed / Rolling home to you.

Two songs backed by the London Symphony Orchestra—"A Man Needs a Maid" and "There's a World"—were recorded in London

while Mr. Young was on tour in 1971. The arrangements by Jack Nitzsche are out of character here and heavy-handed, but they provide a "Ben-Hur"-like backdrop, adding to the album's epic tonality. It should be noted that "Maid"

isn't a sexist song of entitlement but a sigh of sorts, with Mr. Young wishing he had someone to help organize his chaotic life: "Just someone to keep my house clean / Fix my meals and go away." "World" simply implores listeners to recognize themselves as individuals with a contribution to make.

"Are You Ready for the Country?" is the album's most upbeat and enigmatic track. Unclear is whether the lyrics were written in praise of rural life or as a condem-



Neil Young in the early 1970s: his 'Harvest' was released in 1972.

nation: "I was talkin' to the preacher, / Said God was on my side / Then I ran into the hangman, / He said it's time to die.'

The socially conscious songs-'Alabama" and "The Needle and the Damage Done"—are artful rock reprimands and wishes for a better

The album closes with the fascinating "Words (Between the Lines of Age)," in which Mr. Young employs an 11/8 time signature on interludes, stream-of-consciousness lyrics and a wailing electricguitar solo.

After releasing "Harvest," Mr. Young treated it with ambivalence in interviews. At the heart of his self-criticism was the music's mellow feel. As he told France's Best magazine in 1976, he feared becoming "a kind of John Denver." Mr. Young also seemed to loathe his earlier, naïve self, and found his twangy lovelorn innocence selfindulgent and trite.

While each song tells a different story, the album's broader arc centers on the crushing quest for self-fulfillment. His countertenor voice and phrasing-both mellifluous and frayed around the edgesconvey anguish and hope.

One only wishes the 76-year-old Mr. Young would reconcile with "Harvest." The album's writhing ruminations still make listeners feel more deeply than virtually any other rock record. Fortunately for us, when the songs were written and the album was recorded, Mr. Young's guard was down.

Mr. Myers is the author of "Rock Concert: An Oral History as Told by the Artists, Backstage Insiders and Fans Who Were There" (Grove Press).

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Austin	68	42	S	73	57	S					
Baltimore	34	18	рс	43	29	S					
Boise	50	28	C	46	28	pc					
Boston	24	12	рс	30	19	S					
Burlington	15	4	pc	23	7	C					
Charlotte	53	28	S	57	36	S					
Chicago	29	19	pc	41	36	рс					
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Indianapolis	31	18	S	46	40	S					
Kansas City	50	31	S	63	53	pc					
Las Vegas	73	52	pc	63	45	рс					
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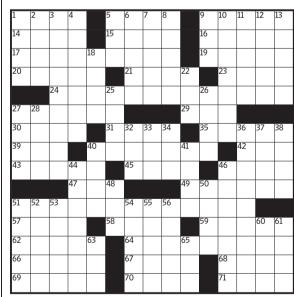
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Frankfurt

# The WSJ Daily Crossword | Edited by Mike Shenk



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- 31 Silent performer 35 Pretentious 39 Physician's nickname 40 Pistol, say
  - 42 Sorry state 43 Justice Kagan 45 Storybook monster
  - 46 Zeus's spouse 47 Sense of self
  - 49 Repair shop courtesy

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

51 Fled

- 57 It turns litmus red 58 "Beat it!"
- 59 Fetch 62 Past its use-by date
- 64 Cherishes, and what each of 17-, 24-, 40- and
- 51-Across does 66 Melodies
- 67 Edit menu option
- 68 Director Preminger
- 69 Digging tool 70 Brand with an annual toy truck
- 71 Gallery event Down 1 Horse healers
- 2 Field measure
- 3 "Glad to hear it"

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- Mandrell song) 56 Does some 28 Sought by MPs
  - origami 60 Brussels-based
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  - 63 Suffix for Taiwan or Japan
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The contest answer is MEMORIES. Take the letter before the first EAR and after the second EAR in each of the four theme answers to spell the contest answer, illustrating the hint at 66-Across ("in one ear and out the other")

### **SPORTS**

# The Rams Win the Super Bowl

Los Angeles receiver Cooper Kupp's 1-yard touchdown reception was the game-winning score in a 23-20 victory

By Andrew Beaton

Inglewood, Calif. When the Los Angeles Rams spent \$5 billion to create a luxe new home here, it became the most expensive football laboratory in the world. They built a team unlike any other and eschewed the fundamental beliefs about how the best National Football League teams are constructed.

The Rams hired a historically young coach, brazenly traded away their earliest draft selections and acquired a trove of superstars.

The experiment finally worked. The Rams are Super Bowl champi-

The Rams beat the Cincinnati Bengals 23-20 in the 56th Super Bowl.

Los Angeles led 13-3 before falling behind 20-13. They survived a pair of interceptions thrown by Matthew Stafford, an injury to Odell Beckham Jr. and long stretches when the offense struggled to move

Yet the Rams turned it around when the game was on the line.

Down 20-16 with five minutes left on their own 30-yard-line, the Rams faced 4th-and-1. Stafford handed the ball off to Cooper Kupp, the NFL's most productive receiver this season, who ran seven yards for the first down. It was the pivotal play on a drive that ended with a barrage of penalties-before Stafford hit Kupp for a one-yard

The Bengals got the ball back with 1:25 to go, and when Joe Burrow is the opposing quarterback anything is possible. He began the drive with back-to-back completions that totaled 26 yards. But after Burrow helplessly threw the ball into nowhere as he was getting dragged down on fourth down, the Rams players stormed onto the field. The Lombardi Trophy was about to be

The win is a crowning achievement for the team's coach, Sean McVay, Stafford and a city that had gone for years without any NFL team at all. Then the Rams won it all on their home field at SoFi Sta-

The Rams overcame a jittery performance by Stafford, the productive yet mistake-prone quarterback in his first year with the team. Early on, he looked like his best self. He threw a stunning pass to



Cooper Kupp caught a 1-yard touchdown pass to cap a 15-play, 79-yard drive in the fourth quarter. Kupp was named the Super Bowl's Most Valuable Player.

Beckham, the star receiver the team signed midseason, for the first score of the game. Then he hit Kupp for another score. After a botched extra point, the game was 13-3.

Then it got hairy while Stafford had brushes with disaster. He threw an interception toward the end of the first half. After Bengals quarterback Joe Burrow began the second half with a 75-yard touchdown pass to Tee Higgins that put Cincinnati up 17-13, Stafford threw his second pick of the game. Cincinnati soon led 20-13, while Stafford had to play without Beckham, who left with a

The Rams responded with a field goal on the next drive, but what changed the game was how Los Angeles found a way to terrorize Burrow. Protecting Burrow had been a problem for Cincinnati all year, and the Rams posed a particularly difficult matchup. Defensive lineman

Aaron Donald, the three-time defensive player of the year, can single-handedly wreck offensive lines—and he did just that with two sacks. Von Miller, another midseason acquisition, has been among the NFL's best pass rushers for

On back-to-back drives, Cincinnati went three-and-out while Burrow was sacked three times. The Bengals next drive also ended in a punt after a sack-and on that takedown, Burrow's leg was twisted and he writhed on the ground before hobbling off the field. Burrow was sacked seven times

in the game, including an onslaught in that second half when he never appeared comfortable. Even when he wasn't brought down, he was frequently chased around and operating under duress.

The victory marks the culmination of a journey that began in

2016. The Rams moved to Los Angeles six years ago. They hired McVay, a then-30-year-old offensive wizard, five years ago. They lost in the Super Bowl four years ago. They missed the playoffs entirely three years ago, moved into their glitzy new home two years ago and acquired Stafford a year ago.

The acquisition of Stafford was the boldest bet for a team full of them. After 12 years of playing for the Lions, the former No. 1 overall pick in the draft had a losing career record and had never won a playoff game. But the Rams believed McVay could unlock the abilities of a passer who had languished in De-

But no team has an appetite for risk quite like the Rams. They signed Beckham, the talented and temperamental receiver, midway through this season. They traded another two draft picks for star

pass rusher Von Miller during this season. They had previously traded two other first rounders for defensive back Jalen Ramsey. They last used their first round pick in 2016 and don't have another until 2024.

In a sport where teams carefully

plot their futures, this franchise pushed its chips to the center of the table and tried to win in the present more than any other club.

Those players they acquired made it a super gamble.

In the game's final minutes, Stafford was the one who came through.

On a 15-play, 79-yard drive that lasted 4:48, he put the Rams on top for good. He hit Kupp four times on

the drive. The last one, from the 1-yardline, decided the Super Bowl.

The bets the Rams made had finally paid off. Los Angeles won the Super Bowl in Los Angeles.

**BEIJING** \*\*\* 2022

# The Coach at the Center of a Doping Saga

By Louise Radnofsky And Georgi Kantchev

Beijing

The teenager who clinched a gold medal for the Russian Olympic Committee's figure skating team, only to be ensnared days later by doping allegations, is better known in her sport for another distinction: She's an Eteri girl.

The drama of another doping scandal that once again pits Russia against international sports organizations has cast a harsh spotlight on Eteri Tutberidze, the head of Kamila Valieva's coaching team and one of skating's most polarizing figures.

She is now part of an Olympics drama that has cast a pall over the Winter Games and threatens at least one Russian gold medal.

Tutberidze's young students have revolutionized the sport in recent years with an arsenal of spectacularly athletic jumps that put them leaps and bounds above the rest of the world. But their phenomenal success and short careers have underscored the cutthroat nature of Russian women's skating and the steady clip of a conveyor belt that has produced champion after champion, making them seem interchangeable.

Russian training strategies have also raised concerns about the welfare of underage athletes in the most-adored event of the Olympics. The issue will linger even after Valieva's legal situation is resolved. Tutberidze is the coach of the two other ROC female skaters in the women's event, 17-year-olds Anna Shcherbakova and Alexandra Trusova, and they could take gold and silver in her absence.

The Russian Anti-Doping Agency said Friday that it was launching an investigation of Valieva's team "to identify all the circumstances of the possible anti-doping rules violation." The agency didn't name Tutberidze and there has been no suggestion of wrongdoing on her part. The IOC said it would wel-



Eteri Tutberidze's young students, including Kamila Valieva, have revolutionized figure skating in recent years.

come an investigation into the entourage of an athlete.

Olga Ermolina, a spokeswoman for the Figure Skating Federation of Russia, characterized Tutberidze as a talented coach and dismissed criticism of her methods, saying that if the complaints were accurate, "then Tutberidze wouldn't have a line of people who want to train with her.'

"Any leader, even yours, must be tough at times, because people by nature don't always want to work and give 100% every day," Ermolina said. "And her fanatical dedication is paying off."

Instantly recognizable for her steely rinkside demeanor and striking curly blond hair, Tutberidze is known in Russia as the "Snow Queen" and has provoked extreme reactions for years.

To some, she's a genius. To others, she's a tyrant. They say the woman named the best coach in

figure skating by the International Skating Union in 2020 has transformed the sport—or destroyed it. Until this week, those reactions were often split down old East-West lines, with Tutberidze

equally comfortable embracing the

adulation of Russia and being seen

as the cartoonish villain in the U.S.

The Court of Arbitration for Sport is due to decide by Monday on whether Valieva would be allowed to compete in the women's figure skating singles event.

After practice on Saturdaywhere Valieva, her fate still in

limbo, gave Tutberidze a long hug—the coach said she is sure her skater is innocent. "For us this is not a theorem but an axiom-there is no need to prove it," Tutberidze told Russian

television. "Either this is a fatal

ranged plan. We really hope that

coincidence, or a well prear-

justice will prevail."

Ermolina said that Tutberidze and other federation officials weren't available for further comment during the Olympics.

Tutberidze has made her coaching philosophy clear: Like the Russian skating federation, she believes the price of training is worth the glory of victory. She has also said she monitors skaters' weight, though not their diet, because of the demands of what they are trying to do.

"I feel infinitely offended if I understand that an athlete could have done this training much better," Tutberidze said in a December interview with Russian state television. "If I don't force them, this athlete will not have a medal and the joy of standing on the podium and hearing the anthem in their honor."

Other skating coaches have been accused of abusive methods, including in the U.S. and Japan, but they're typically less brash about their approach. They also haven't had the same success: over the last eight years, Tutberidze's students have dominated the senior and junior levels, snagging two Olympic gold medals and a silver before Beijing.

"Tutberidze keeps her little girls under tremendous pressure," coach Alexander Volkov told Russian state newswire RIA Novosti in 2019. "They do whatever she says."

Tutberidze's supporters say she takes great care of everyone under her tutelage, occasionally supports her athletes financially and makes herself available to help them on and off the ice.

Tutberidze has said that she believes in transparency. Others can flatter her skaters, she says.

"The truth, as it is, they will hear only from me," Tutberidze said in December. "If our athletes are good, they will be welcome everywhere. If they are bad, then no one needs them."

-Ben Cohen contributed to this article.

# Erin Jackson Makes History With Gold

By Joshua Robinson

There's no such thing as an Olympic medal for roller derby. So Erin Jackson settled for speedskating gold instead.

Jackson, a 29-year-old from Florida who has spent most of her life skating on land, not iceand years in the roller derby rink-became an Olympic champion on Sunday in the 500 meters, giving Team USA one of its most significant medals of the Games so far. In doing so, she became the first Black woman from any country to win gold in an individual sport at the Winter Games, according to Olympic historian Bill Mallon.

Jackson's explosive performance also ended more than a decade of heartbreak for U.S. Speedskating, by earning the program its first long-track gold in 12 years. The once powerful team, which racked up 11 medals across the 2006 and 2010 Games, hit a wall in 2014 in Sochi when U.S. skaters were shut out of the medals completely while blaming new

### 'I wish I could describe how I feel, Jackson said. 'This medal means so much?

state-of-the-art skinsuits for slowing them down. Still reeling four years ago in Pyeongchang, the Americans managed just one

Now the U.S. once again has a speedskater it can call the best in the world at her distance.

After dominating the World Cup season, the No. 1 ranked Jackson covered the 1.25 laps of the oval in 37.04 seconds, just eight hundredths faster than Miho Takagi of Japan, who won the silver.

Angelina Golikova, of the Russian Olympic Committee, took

During U.S. national team trials, Jackson suffered a slip in the 500 meters that looked set to cost her a spot in Beijing. "I had a job to do and I failed to do it, piain and simple," Jackson said of her mistake.

Fellow American Brittany Bowe, the veteran specialist of the 1,000 and 1,500 meters, decided that this couldn't stand. Jackson needed to be in that race. If she could just get to the start line in Beijing, then she would be an automatic medal favorite. So Bowe offered to give up her place in the 500 so Jackson could skate

Both women wound up qualifying, but it was an extraordinary gesture from Bowe to her team-



Erin Jackson won gold in the 500.

### **Medal Count**

Country	Gold	Silver	Bronze	Total
Norway	9	5	7	21
ROC	4	5	8	17
Germany	8	5	1	14
Austria	4	6	4	14
Canada	1	4	9	14
U.S.	6	5	1	12
Netherlands	6	4	2	12
Sweden	5	3	3	11
Italy	2	5	4	11
Japan	2	4	5	11
For the latest med	al count,	go to W	SJ.com/S <sub>l</sub>	oorts

# How China Built Its Hockey Team

By Laine Higgins

Beijing It's a team made up mostly of Americans and Canadians. They play professional hockey in Russia. They are coached by an Italian. They conduct their practices in English. Yet this week, they are representing China in the men's hockey tournament at the Beijing Olympics.

How the host country managed to field a national team of mostly foreign nationals—despite International Olympic Committee rules that require competitors to be citizens of the country they represent-is one of the most closely guarded secrets of the Beijing Games.

Building this roster involved a Chinese affiliate in Russia's Kontinental Hockey League, a creative interpretation of international hockey's pandemic rules, and possibly some rule bending by Olympics

None of the bodies directly responsible for Team China's hockey squad—the Chinese Olympic Committee, the International Ice Hockey Federation or the IOC—will respond to questions about the team's large foreign contingent.

The 25-man China roster includes 17 skaters who either were born or spent their childhoods in North America and one from Russia. Fans of the National Hockey League may recognize Brandon Yip, who played 174 games in the league. The most famous name belongs to Jake Chelios, the 28-yearold son of NHL legend Chris Chelios. While playing for China, however, he goes by Jieke Kailaosi.

'He's American and very proud of it," said Chris Chelios of his son in an interview with The Wall Street Journal. "He wanted to play bad and I supported it 100%.

Jake Chelios confirmed that he and several of his Team China teammates still have their American passports. When asked whether he had naturalized as a Chinese citizen, Chelios said, "I don't think we're supposed to comment on that."

Chelios, Yip and others appear to be able to compete for Team China because of a loose interpretation of an esoteric rule in the International Ice Hockey Federation's Handbook. According to the rule,



Jake Chelios Is American, Greek, Scottish, German and Irish. He's playing for the Chinese hockey team.

an athlete who changed his citizenship must "prove that he has participated for at least two consecutive hockey seasons and 16 consecutive months (480 days) in the national competitions of his new country after his 10th birthday" before competing for the new

Beijing-based Kunlun Red Star, the sole Chinese outpost in Russia's KHL, had the Olympics in mind when it started actively recruiting skaters from North America in 2019. Many obliged, not necessarily because of the lure of the Olympics, but because their professional aspirations were languishing stateside. Across the ocean in the KHL, salaries were higher and the level of competition slightly steeper than in the American Hockey League, the NHL's minors.

'If you're not in the NHL, I truly believe you want to be in the KHL," said goalkeeper Jeremy Smith, who said that he joined the team in

2019 because "it was the best move for my career."

Smith, a native of Dearborn, Mich., said he wasn't approached about joining Team China for the Beijing Games until 2021. During the Olympic tournament, he's going by the name "Shimisi Jieruimi." Chelios, who signed a two-year contract with Kunlun Red Star in May 2019, said the Olympics were part of the recruiting pitch.

"They did float the idea, but when you hear that and it's three years away you kind of put it in the back of your mind and don't think about it," Chelios said.

When Chelios informed his father of the possibility in 2019, it struck the former All-Star as farfetched.

"We are Greek on my side and Scottish, German, and Irish on my wife's side," said Chris Chelios, who raised his children in Chicago.

By fulfilling their original contracts with Kunlun Red Star. Smith. Chelios and more than a dozen other foreign-born players would have easily hit the two-season threshold to qualify for China's Olympic team. But because of the pandemic, the team didn't actually spend the 2020-21 or 2021-22 seasons in China.

Once China implemented strict virus mitigation protocols that drastically curtailed cross-border travel, Kunlun Red Star owner Billy Ngok temporarily relocated the team to Mytishchi, a Russian town near Moscow.

Under a strict interpretation of the IIHF rule, these months in quasi-exile in Russia wouldn't count toward the players' 480 days. However, due to the extraordinary circumstances of the pandemic, the IIHF appears to have overlooked this technicality for Team China.

A spokesperson for the IIHF didn't comment on how strictly it applied its rules.

# Eileen Gu Is Everywhere at the Olympics

Beijing It's impossible these days to

miss Eileen Gu in China.

By Jing Yang, Elaine Yu

The newly minted freestyle-skiing gold medalist dominates commercials on the state broadcaster's Beijing Olympics program, Billboards of Gu posing for brands adorn the walls of supermarkets, elevators, subway stations and airports. Her advertisements blanket the landing pages of some of China's most-used mobile apps.

The sheer number of endorsements the 18-year-old Gu has bagged, even before her recent win, makes her an outlier in China as a marketing force as well as a

But a recent shift in policy could aggressively cash in on their success.

No one is doing it on the scale of Gu, who was born in the U.S. and still lives in San Francisco. In 2019, she announced she would compete for China, her mother's homeland, in the 2022 Beijing Games. Gu's Olympic debut satisfied host China's thirst for its own star and gave her a golden opportunity to promote her sport-and herself.

Gu's unexpected win at last week's big air event rekindled questions about the status of her nationality. China's policy is not to allow dual citizenship, but Gu hasn't said whether she's renounced U.S. citizenship. Another mystery is whether she has to follow the conventions that other Chinese athletes face, including splitting her endorsement income with the state.

Gu has contracts with more than 30 international and Chinese brands, according to a Wall Street Journal review. The deals span a dizzying array of sectors: luxury watches; cars; clothing; cosmetics;



Billboards of Eileen Gu posing for brands adorn the walls of supermarkets, elevators, subway stations and airports.

milk; house paint; home appliances; mobile apps; banking; and insur-

The rush to establish adjacency with her is far reaching. A spokeswoman in China for Kohler, the Wisconsin-based bathroom fixtureand-faucet maker, told The Wall Street Journal it made Gu a brand ambassador in the country because its drive for innovation matched

the skier's "bold spirit." The value of Gu's deals couldn't be confirmed. Sports and entertainment marketing experts, however, estimate that they could put Gu among the ranks of the world's highest-earning female athletes, such as Naomi Osaka and Serena Williams, soaring above the typical ceiling of once-every-four-years Olympic stars. Osaka and Williams made more than \$55 million and \$35 million, respectively, last year, while gymnast Simone Biles made \$6 million, according to estimates

by sports-business site Sportico. Gu's New York-based agent declined to comment for this article.

"She has become an absolute superstar and is now up with the very greatest of all Chinese athletes in terms of the Yao Mings, the Li Nas, the Liu Xiangs," said Mark Thomas, managing director of the U.K.-based sports-consul-

tancy firm S2M. He was referring to Chinese stars that came before Gu-but in sports that were already established in China. Yao Ming was the former Houston Rockets star and the face of Chinese basketball. Li Na was Asia's first Grand Slam tennis champion. Hurdler Liu Xiang was among the top Chinese athletes heading into the 2008 Beijing

Skiing, in comparison, is far out of the mainstream. In fact, in its bid to host the 2022 Games, China pledged to inspire 300 million peo-

ple to take part in winter sports. China has long limited the commercial activities of national team athletes. Until early 2020, China's General Administration of Sports

required athletes to seek approval

before taking on any brand endorsements, even offering templates for contracts. Athletes kept only half of their endorsement income, with the other half divided among coaches, teams and other parties involved in their grooming.

Under the now-abolished government rules, if athletes' brand endorsements conflicted with the interests of the national team or Olympic sponsors, they could face penalties.

The relaxation came only after the careers of a number of famous Chinese athletes were derailed by objections to their commercial pur-

When Gu was asked about her sponsorship deals following her big air victory, she said: "I feel grateful for having the freedom to choose the brands that I work with and I'm also grateful for their faith in me." She added that she chose to work with brands that are "on the same moral level" with her.

-Qianwei Zhang contributed to this article.

And on Sunday, Jackson repaid Her arrival as a hot commercial her faith. property couldn't have been better timed. China long kept a tight leash on athletes' commercial activities, to the point where world champions were expelled from national teams for contravening those restrictions. let Chinese sports stars-even those outside Gu's unusual position-more

# **OPINION**

# What Canada's Truckers Know



By Mary Anastasia O'Grady

Trudeau declared last month that truckers protesting his Covid-19 vaccine mandates Ottawa hold "unac-

When Cana-

Minister Jus-

Prime

ceptable views," he accentuated the real reason the drivers decided they had no choice but to go to the streets. Their government, headed by the Liberal Party, has become decidedly illiberal.

engaged The truckers, largely in peaceful acts of civil disobedience, call themselves the Freedom Convoy. But they aren't an organized group with a leader. Some set out from western Canada last month in opposition to a vaccine mandate. Along the way others joined the original pack in person, in spirit—and even in solidarity. On Feb. 8, the Canadian Broadcasting Corp. reported "the tow trucks operators on contract to the City of Ottawa [were] taking a hard pass on requests to haul vehicles out of protest areas, according to the city's top public servant.'

Note that Mr. Trudeau didn't say that blocking the Ambassador Bridge connecting Detroit and Windsor, Ontario, is unacceptable. Rather, he declared truckers' ideals beyond the pale.

Intolerance is ugly. But for Mr. Trudeau, who proudly backs Black Lives Matter, it's OK in this case because it's

the politically correct variety: has said it would move in a He's denouncing the opinions of a bunch of yahoos.

Coming from a prime minister sitting atop a powerful administrative state, this goes a long way in explaining what has gone from a protest to a movement.

Polls suggest that most Canadians don't support disturbing the peace or blocking international crossings. Yet a majority are sympathetic to the truckers' mission, which is to end Covid-19 restrictions and mandates that they believe go beyond the proper power of the state.

A moving speech in November by former Royal Canadian Mounted Police Corporal Daniel Bulford, once assigned to Mr. Trudeau's personal security detail, described the conflict between government Covid-19 orders and the oath Mounties take to defend Canadian liberty.

Mr. Trudeau likes to invoke 'science." Yet the virulence of the virus is waning, natural immunity is up, and by the prime minister's own estimates some 90% of Canadian truck drivers are vaccinated. If there were ever any reasons for extraordinary government measures to protect public health, they too have faded.

On Tuesday Alberta Premier Jason Kenney lifted his province's proof-of-vaccination requirements. "Now is the time to begin learning to live with Covid," he said. "These restrictions have led to terrible division." Saskatchewan did the same ear-

similar direction.

Meantime, Mr. Trudeau is claiming police powers as if the nation were in the grip of catastrophe. No wonder already simmering resentments about federal overreach have boiled over.

Canada is advertised as a modern democracy that respects pluralism. This implies differences of opinion peacefully coexisting on a variety of

### It's no longer a liberal constitutional state. A coercive Ottawa rules over daily life.

subjects from assessing health risks to raising and educating children to political philosophy. Individuals, even when in the minority, retain rights to free speech and assembly.

Yet in practice Canadians who oppose big government increasingly find they are living under a woke, progressive majoritarianism that believes it owns the truth. Dissidents are hounded out of the public square and even the prime minister cancels contrarians without batting an eye.

The reach of Canada's administrative state rivals that of its southern neighbor. Ottawa and the provinces have their own versions of health departments and agencies staffed with "experts" who wield enormous power yet don't answer to the electorate. lier last week, and Ontario On both sides of the border,

chief medical authorities are referred to as "top doctors," but that's a misnomer. They're more likely to be top bureaucrats, people like Anthony Fauci, who has been at the helm of the National Institute of Allergy and Infectious Diseases since 1984.

In theory, Canada's 1982 Charter of Rights and Freedoms-which is part of the constitution—ought to protect civil rights. But the Canadian judiciary has been drifting ideologically left for decades. Courts today interpret the constitution through the lens of social justice rather than individual liberty. The state enjoys wide powers to crush dissent.

The government claims its Covid-19 restrictions do not limit freedom, but that's a phony argument. As Bruce Pardy, the executive director of Rights Probe, a Torontobased think tank, explained in the Financial Post Nov. 3, "By maintaining the pretence that people have a real choice between being vaccinated or being stripped of their employschooling, social interactions and travels, governments seek to coerce and manipulate without triggering charter protections.'

Mr. Pardy told me by telephone last week that he believes "the instincts of small-c conservatives are to protect institutions. But they don't realize that those institutions are gone. They still have faith in a system of governance already compromised."

The truckers know better. Write to O'Grady@wsj.com.

### **BOOKSHELF** | By Joanne Kaufman

# To Have And to Loathe

### Foreverland: On the Divine Tedium of Marriage

By Heather Havrilesky (Ecco, 288 pages, \$27.99)

ove is blind, or so the rumor goes. There's nothing quite like marriage for restoring its sight. That seems to be the message of Heather Havrilesky's "Foreverland: On the Divine Tedium of Marriage." Ms. Havrilesky, the sage behind "Ask Polly," an entertaining long-form advice column, offers up her own union-warts and all, matrimony and acrimony, 15 years and counting—for close observation.

Never mind the book's subtitle. Tedium, divine and otherwise, is but a small piece of the story. Ms. Havrilesky aims to explore marriage in full: "the feeling of safety, the creeping darkness, . . . the tiny repeating irritations, the rushes of love, the satisfactions of companionship, [and] the unexpected rage of recognizing that your partner will probably never change."

Ms. Havrilesky met her own future partner, Bill, over email. The connection was swift. "There was clever banter, a mutual puppet show, a shared fantasy that this might

mean something. Salvation loomed, quickening the pulse." "Foreverland" chronicles the couple's flirty exchanges, first date, first trip abroad together and, of course, their wedding. The bride is three months' pregnant, so parenthood follows quickly. Eventually there's an impulsive and ill-conceived move to the suburbs, an extramarital temptation, and a health crisis.

Ms. Havrilesky and her husband are, by turns, at each other's throats—notably on a family trip to the Great Barrier

Reef that features terrible food, squawking birds and recalcitrant offspring—and in each other's arms. "Somehow, you'll manage it together," she writes of a giddy period right after the birth of their first child. For the record, she's high-strung and judgmental, needy

and opinionated, self-loathing, bossy, hyper-articulate and controlling. "I'm PMSing right now. Don't propose while I'm still PMSing," she directs Bill when she thinks he's about to pop the question. "And don't buy me some bubble-gum-machine ring. I want a real engagement ring. Don't propose until you have a real ring.'

He, by contrast, is mind-bogglingly patient and a bit recessive, kind ("he was the first person I'd ever known who told me to be good to myself," Ms. Havrilesky writes), defensive, tolerant (he listens with admirable calm when she tells him she's having vivid fantasies about another man),

and disinclined to anatomize his feelings. Let the games begin. Many chapters in "Foreverland" feature an unmet expectation, a misunderstanding, a meltdown and an event that is likened to a bomb exploding. Ms. Havrilesky writes of being "wired like a dirty bomb" during an ego-deflating trip to visit her husband's family. "My nervous system is the trampoline that takes every bit of emotion hurled its way and launches it in some other direction, like a bomb," she notes of a fight with her husband about proper diaper-bag

maintenance—though of course it's about so much more. Perhaps because of her day job as a dispenser of wise counsel, Ms. Havrilesky is well-versed in the minutiae of bad behavior, poor judgment and hurt feelings and very good at summoning words of encouragement and exhortation—sardonic, sympathetic, profane, stern, as needed. Quarrels and chapters in "Foreverland" are often topped off with "this is what we've learned, class" summations: 'Love, like Monopoly, seems to boil down to raw luck, once you subtract the brutality out of the picture." Or: "It's not that easy to tame your desires. Sometimes you just want more."

### Flirting, courting, marrying—at some point, romance gives way to reality: companionship, yes, but also poor judgment and hurt feelings.

Alas, "Foreverland" is on shaky ground with its very premise—that scenes from one marriage elucidate marriage in general, though some readers may welcome the chance to compare their relationship with the author's. The opening chapter sets the pace for a parade of specious declarations along such lines. "We talk about marriage like it's just something people do, no big deal," begins one such pronouncement. "We pretend that once you're married, you're either happy or unhappy, a binary system, on or off."But here she is to set her benighted readers straight: "The truth is so much murkier." This will come as a surprise only to those who think that wedding vows-for

richer or poorer, for better or worse—are multiple choice. Ms. Havrilesky spares us few details and rarely spares Bill. whom she likens to "a tangled hill of dirty laundry . . smelly, inert, useless, almost sentient but not quite." He also apparently produces a world-class quantity of phlegm. ("When Bill clears his throat, it's like the fussiest butler in the mansion is about to make a very important announcement.") He sneezes too loudly. ("It's like a blast from an air horn aimed at your face.") He's a big yawn when he talks about his job (as a professor of education) and has no long-term memory. "Devoid of a frontal lobe" is how Ms. Havrilesky puts it.

There's more, but to repeat the contumely would only compound it. "Do I hate my husband? For sure, yes, definitely. I don't know anyone who's been married more than seven years who flinches at this concept," Ms. Havrilesky writes. But it's all fine, she adds reassuringly, because "hating your spouse is as natural as disliking an expected bout of the flu." Well, alrighty then.

It's not precisely that "Foreverland" breaches some code of matrimonial omerta. Married people complain about their spouses all the time—to their friends, to their therapists, to strangers on a train. But they-we-know where to draw a line. The line is at phlegm and at publication. This isn't clutch-my-pearls moralizing; this is manners.

Ms. Havrilesky seems to want to have it every which way: to highlight her husband's leakages in the interests of full disclosure and rack up points for candor while labeling as "holier-than-thou" readers who would find fault with such tales out of school. It all makes Ms. Havrilesky a decidedly unsympathetic narrator. And it makes her as tedious-if not divinely—as marriage reportedly can be. For the record, she dedicates "Foreverland" to Bill. I can't wait to read his book

Ms. Kaufman writes about culture and the arts for the Journal.

# Who Built That Spaceship?



By Andy Kessler

ago on Feb. 20, astronaut John H. Glenn orbited Earth three times. The Mercury capsule Friendship 7 placed on top of an Atlas LV-3B launch

years

Sixty

vehicle (a modified intercontiballistic missile) nental reached a height of 162 miles and a speed of 17,544 miles an hour. After 4 hours and 55 minutes, it splashed down 800 miles southeast of Bermuda. Soviet cosmonaut Yuri Gagarin did a single orbit the year before.

So yes, the space race was on. "Come on Space Truckin'." By the 1969 moon landing, it was clear the U.S. had beaten the Soviets, though oddly by using a Soviet-like commandand-control structure, which "Star Trek's" Romulans and "Star Wars' " Galactic Empire would endorse.

Remarkably, Glenn had no computers on board, only a few thrusters controlled by gyroscopes. There were a few issues and Glenn briefly took control of the spacecraft. Semiconductor-based computers were later used in the Gemini program, and the National Aeronautics and Space Administration became an important early customer of Silicon Valley. The invention of integrated circuits lowered costs for commercial computers and the space program. In the 1980s, the military funded the Very High Speed Integrated Circuit to develop fast chips. leading to talk that the U.S. government created Silicon Valley. Hardly. Even though

semiconductors are now a more than \$500 billion industry and computers in the multitrillions, we still hear echoes of Barack Obama's July 2012 campaign speech: "If you've got a business, you didn't build that, someone else made that happen." That thinking is as outdated as phone booths.

Last year Jeff Bezos' Blue

Origin took 90-year-old William Shatner-Captain Kirk!into space, though not into orbit, and they surely didn't "boldly go" on a "five-vear mission to explore strange new worlds." A few months before, Richard Branson's Vir-Galactic pilots flew slightly off course during a July flight. Even still, I'm trying to reserve an economyplus seat. The Mercury program cost \$2.2 billion in current dollars, more than Musk's SpaceX announced last week that launches into orbit will cost \$10 million within two or three years. Could a Bezos-like private company have funded the space program in the 1960s? It's doubtful, but that doesn't make the space program a model for public or private investment decisions.

Let's look at the numbers. In 2019 U.S. research and development spending was \$656 billion—three quarters by business, the remaining \$170 billion divided among the federal government, universities and nonprofits. Google spent \$26 billion on R&D in 2019. Microsoft about \$17 billion, Apple \$16 billion, Intel \$13 billion. I guess they did build that. For the record, federal money for research goes, in order, to the departments of Health and Human Services,

Energy, and Defense, and then NASA.

A lot of that nonbusiness R&D spending is for basic research, as it should be. Where does basic research end and development begin? Alphabet, Google's parent company, funds an experimental R&D group named X, which it describes as a "moonshot factory," funding projects like self-driving cars, robots, internet-access balloons, geothermal energy, and advanced artificial intelligence. That's a lot

### Sixty years after John Glenn orbited Earth, the private sector leads in space travel.

\$300 million a launch. Elon of basic research before product development. Unlike government projects, Google management can decide when to expand or kill projects based on their economic merit, not on how it affects a senator's state. Universities can provide valuable basic research, as can government labs. But turning them into commercial products that scale to millions or billions isn't a government

> Now we're heading backward. The Senate-approved U.S. Innovation and Competition Act includes \$52 billion to boost domestic chip production. Sadly, Intel, an icon of free enterprise and Silicon Valley success, has its hand out. CEO Pat Gelsinger said, "We're investing \$20 billion in capital this year. But we also are looking for and seeking subsidies and support from governments." The company got the

subsidies by investing \$20 billion in two new plants in Ohio. the state John Glenn served as senator from 1974 through 1999. Government handouts and industrial policy are a recine for failure.

Warp Speed Operation worked with the private sector and preordered Covid vaccine doses. This is a smart modeleven NASA ordered semiconductors from Silicon Valley.

Stop with the "you didn't build that." Every entrepreneur knows he stands on the shoulders of giants. Even though government-run GPS satellites orbit the earth, do you think Chuck Schumer could write code to direct an Uber to your location?

Government might still be good at basic research, but certainly not at execution. Remember when the Food and Drug Administration required CD-ROMs sent by paper mail for the early Covid-test applications? Or how in 2020 New Jersey put out a call for Cobol programmers to upgrade ancient unemployment-benefits software? The private market's accountability would never have permitted these errors.

In reality, Silicon Vallev's venture-capital industry came of age when the government got out of the way with President Reagan's capital-gains cut. Treating capital well gets companies funded enough competition to keep them honest. The stock market provides access to expansion capital, sometimes even for the crazy ideas like space Let's tourism. celebrate Glenn's orbits but remember that progress may begin with basic research, but it scales with the private sector.

Write to kessler@wsj.com.

# Cupidity Gets a Bum Rap

By Stephen Miller

he literary scholar Robert Pogue Harrison has written that "most of the world's woes are due to human cupidity." The word "cupidity" usually means greed or avarice, and "the love of money is the root of all evil," as the Bible tells us.

Is this dark view of cupidity right? Undoubtedly cupidity was a major factor in the European conquest of Africa, India and the New World, but it wasn't a major factor in 20thcentury history. Hitler, Stalin, Mao and Pol Pot, who were responsible for more than 100 million deaths, were driven by dehumanizing ideologies and a lust for power.

A major component of modern ideologies is anti-cupidity: the notion that some and argued that the desire to

and therefore enemies of the people. For Hitler it was the Jews, for Stalin the kulaks, for Mao anyone who was bourgeois, and for Pol Pot Westernized. All anvone Marxist-Leninist regimes say that the bourgeoisie are driven by cupidity.

Avarice makes society more wealthy and more peaceful.

But if the hatred of cupidity produced the 20th century's woes, why do so many observers still attack cupidity? It may be because both classical and Christian writers looked down on profit-making

to civic order.

Mr. Harrison rightly says that his view of cupidity is the

same as that of Dante, who argues in "De Monarchia" that greed "is the sole corrupter of judgment and impeder of justice." In "The Inferno" Dante pictures Italy as ravaged by a she-wolf, the allegorical emblem of avarice.

During the Enlightenment this older view of cupidity was challenged by many writers, including Voltaire, Adam Smith, David Hume and Samuel Johnson. They argued that, as Hume put it, avarice "the spur of industry." They also said that avarice is usually a moderate passion. whereas the passions associated with politics and religion often are immoderate.

people are driven by avarice increase wealth is dangerous essayists, however, disagreed with Hume. Thomas Carlyle and John Ruskin said avarice is a passion that promotes selfishness and materialism.

> Hume would say that since 'avarice is a universal passion." it is utopian to ask people to be public-spirited all the time. Governments, he thought, should animate their citizens "with a spirit of avarice and industry, art and luxury." If we are preoccupied with increasing our wealth, the country will be more prosperous and less likely to suffer violent civil discord.

Hume was right about cupidity, in my view, but most writers and academics seem to agree with Dante.

Mr. Miller's latest book is "Rollercoaster: A Life in Most novelists, poets and Twenty-Nine Jobs."

### REVIEW & OUTLOOK

### The New World Disorder

Biden needs to unite the

country in response to

the growing threats.

Russian invasion of Ukraine would be a seminal event that accelerates the new world disorder. The signs have

been building for years, but America and its allies are unprepared, as democracies usually are, for the trouble to come. President Biden has a particular obligation to explain the stakes and unite the

country as other Presidents have done to meet the challenge.

The Biden Administration has done a decent rear-guard job of mobilizing Europe and NATO in opposition to Russia's designs on Ukraine despite his blunder in dropping Nord Stream 2 sanctions. The allies are mostly on board the U.S. promise of "massive consequences" if Russia invades, though we wonder how long Germany, France and Italy would stay the course. The weak Western sanctions after Russia's invasion of Georgia in 2008, and Crimea in 2014, encouraged Vladimir Putin to believe Europe lacks the will to resist with anything serious.

What Mr. Biden hasn't done is explain to Americans the new global dangers and what must be done to protect U.S. interests. The problem goes far beyond Ukraine. China wants to capture Taiwan and dominate the Western Pacific. The new Russia-China condominium means they'll work together against U.S. interests. Iran is close to getting a nuclear weapon, and jihadists are far from vanquished.

Advancing technology and its proliferation also put Americans at risk—at home and abroad. The cyberattack on the Colonial Pipeline last year was a modest show of the damage a foreign actor can inflict on the U.S. homeland. Hypersonic and antisatellite weapons could take out U.S. defenses around the world in minutes and with little or no warning. Imagine a high-tech Pearl Harbor.

None of this is alarmist or far-fetched to anyone paying attention. Yet most Americans seem indifferent or complacent about the risks. Partly this is the result of fatigue at the wars in Iraq and Afghanistan. The last three Presidents have also fed the desire, on the left and right, to come home, America.

Barack Obama responded meekly to Mr. Putin's advances and to Beijing's in the South China Sea. Donald Trump struck a stronger pose, and he increased defense spending, but he also fed the illusion that the U.S. could retreat from the world and remain safe. Mr. Biden mostly ignored the world in the 2020 campaign, and his botched withdrawal from Afghanistan has convinced adversaries, and even many allies, that the U.S. is in retreat.

But reality eventually bites, and now it is doing

so on Mr. Biden's watch. Presidents have to respond to the world as it is, not as their campaign promises wanted it to be. The question is whether

he will meet the moment as his predecessors did, or let the disorder spread.

His first obligation is to explain the dangers, why they threaten the U.S., and what must be done in response.

This isn't merely about human rights and democracy—Mr. Biden's go-to themes.

The spread of aggression and disorder threaten American freedom and prosperity. No one is about to invade the homeland, but cyberattacks could cripple chunks of the economy. Allies that have long been at our side could turn away and appease the new rogues. U.S. economic interests will be at risk.

Mr. Biden will also have to shift the focus of his Presidency away from expanding the domestic welfare state to improving national security. His defense budget requests will have to increase substantially. His assault on U.S. energy production—an act of strategic and economic masochism—will have to end.

He will also have to do much more to unite the country. This means dropping his partisan approach to governing and the polarizing divisions of identity politics. He won the Presidency on a theme of national unity, and he has no hope of doing it if his Administration is dividing the country by race, gender and class.

Above all, Mr. Biden will need to build bipartisan alliances on national security, as FDR and Harry Truman did at other hinge points in history. Isolationist forces always emerge when the world becomes more dangerous, in the hope the U.S. can hide behind a Fortress America. Mr. Biden will need to find allies in both parties to defeat that siren call.

In 1940 Roosevelt named Republicans Henry Stimson Secretary of War and Frank Knox Secretary of the Navy. They began to rebuild U.S. defenses in anticipation that the country could be pulled into the conflicts then raging in Europe and Asia. Truman worked with Arthur Vandenberg, the once isolationist GOP Senator, to build NATO and fight the Cold War against Communism. Mr. Biden should bring GOP hawks into the senior ranks of his Administration to get better advice and underscore the dangers

None of this will be easy in our divided politics, and there are those who believe Mr. Biden is too weak and spent to do it. But you cope with disorder, and deter war, with the President you have. Mr. Biden has three years left in his term, and the world's rogues won't wait until 2024 for the U.S. to get its act together.

### American Gas to Europe's Rescue

o understand the strategic benefit of U.S. fossil fuels, consider how liquefied natural gas exports are riding to the rescue of Europe in the Ukraine crisis. Bloomberg reports that on Saturday all seven U.S. LNG export terminals had tankers docked or loading for the first time, with much of the gas headed to Europe.

Demand for U.S. exports helped set a record 13.3 billion cubic feet of gas loading at the LNG export terminals. Demand is so great that regulators have let tankers fill up at the Calcasieu Pass plant in Louisiana, which is still under construction.

Bloomberg adds that of the five dozen or so U.S. LNG tankers on the water, more than two-thirds are headed for Europe. Natural gas prices have soared on the Continent amid win-

ter supply shortages and threats from Russia. U.S. exports offer relief to a worried Europe, blunt the impact of Vladimir Putin's energy extortion, and expand the market for U.S. shale-gas drillers who are again increasing production after the pandemic crash.

The political left's assault on U.S. natural gas is one of the most self-destructive acts in history, as Vladimir Putin understands. Russia has financed green opponents of shale-gas drilling in Europe because he knows it makes the Continent more vulnerable to his controlling ambitions.

U.S. LNG will be even more important if Russia invades Ukraine, and Russia's Nord Stream 2 pipeline to Germany dies, as President Biden has promised. The U.S. anti-fossil fuel left is Mr. Putin's best friend.

### Annals of IRS Dysfunction

funding, but who created

the child credit mess?

Service's many problems—from delayed tax refunds to tens of millions

of unprocessed tax returns. Hard to fathom the dysfunction could get worse. But last week the National Taxpayer Advocate and Treasury Inspector General for Tax Administration revealed even more disarray.

The IRS is begging Congress for more money to improve taxpayer service. Only one in nine taxpayer calls for assistance were answered last tax season, taxpayer advocate Erin Collins reported last month. The backlog of returns has swelled to 24 million, and Treasury warns that 2022 could be a very "frustrating season."

Much blame goes to Congress, which ordered the IRS to stand up complicated transfer-pavment programs (especially the child allowance) overnight. Ms. Collins told a House Ways and Means Committee oversight panel that the IRS filled fewer than 200 of 5,000 open positions this tax season. Some new hires fail to show up. Welcome to the club, businesses might say.

The IRS complains it's struggling to compete for workers with private employers. Okay, but why not raise wages? The agency's appropriation went up 17% last year. That's a bigger raise than most Americans received. The agency began the fiscal year with more than \$1.4 billion of this money unspent. But no amount of money can fix IRS mismanagement.

"Despite this ongoing significant hiring shortfall, the IRS continues to close Tax Processing Centers," the Treasury IG for Tax Administration noted in a report last week. The IRS has shifted work to processing centers in Kansas

e've chronicled the Internal Revenue City, Mo., and Ogden, Utah where it has struggled to hire new workers. The unemployment rate in Ogden is 1.3%.

Many businesses are invest-Democrats blame lack of ing in technologies that improve worker productivity. Not the IRS. The IRS's mail-processing equipment is "20 years old and has not had any significant technical upgrades in

more than 15 years," the IG reports. How many businesses haven't upgraded their Windows 2000 software?

The IG says it notified IRS management in April 2021 that mail-processing machines needed to be updated or replaced, noting "machines had been serviced almost 300 times" between January and March 2021. The IRS's response: "An expedited review was unnecessary."

Such mechanical malfunctions cost the IRS \$56.2 million in interest from taxpayer remittances last year that were not deposited immediately, the IG reports, adding that "the cost to replace or rebuild the current equipment is only a fraction of those lost costs, ranging from \$360,000 to \$650,000."

The IG also flagged "outdated dust collectors" jamming equipment. And in case you're wondering what happened to your letter that the IRS claims it never received: "Slicers at times cut the correspondence along with the envelope, necessitating IRS employees to reconstruct and tape this correspondence."

IRS management has little incentive to improve efficiency or service since it can use taxpayer frustrations to demand more money from Congress. Any business as poorly managed as the IRS would have ceased to exist long ago, but there's rarely accountability in Washington.

### LETTERS TO THE EDITOR

### Breaking Up Amazon: The Great Tech Debate

Joe Lonsdale makes "The Case for Splitting Amazon in Two" (op-ed, Feb. 8) on the theory that the high-grossmargin Amazon Web Services is supporting a retail operation that sells below cost. But is the retail business really running at a loss? All those warehouses and distribution centers are built with favorable depreciation rules, a legitimate part of the tax code that encourages job-producing business expansion. On a cash basis, Amazon's retail business is probably nicely profitable.

DAVID ROBINSON University of California, Berkeley

AWS's largest client is the U.S. government. That means we pay taxes that support AWS, enabling Amazon's retail side to sell products at a loss, driving competitors out of business. Without competitors, Amazon retail will eventually become very profitable by raising prices. Amazon sells nearly every product, so it can raise prices for nearly every product. We should not be subsidizing Amazon's efforts. THOMAS TAYLOR

Kenmore, Wash.

Mr. Lonsdale calls on regulators to break up Amazon, a competitor to companies he's invested in, because it offers consumers too good a deal. He claims that Amazon will drive other companies out of business with its low prices and then will have carte blanche to ratchet them back up, but this is pure speculation. In the 1990s, people made the same accusation about Walmart, and it never materialized. Today, Walmart, Target and Best Buy all compete with Amazon by incorporating Amazon's own successes into their businesses.

Market economies have a dynamism that consistently defies predictions. Companies that seem invincible one day fall to the wayside the next because the innovations of the multitude of participants are impossible to anticipate. Regulators have enough on their plate without acting on a problem that does not yet exist and is unlikely to materialize.

JEREMY NIGHOHOSSIAN Arlington, Va.

Mr. Lonsdale commits a subtle but telling error by claiming that the consumer-welfare standard "holds that certain anticompetitive behaviors may be permissible if they provide value to consumers." In fact, the standard holds that all practices that provide value to consumers are competitive, regardless of the impact on rival

So how are consumers faring? Ouite well! That the low prices enjoyed today by Amazon's customers perhaps result from Amazon's shareholders spending some of their wealth to make these low prices possible is no antitrust offense.

Mr. Lonsdale will reply that these low prices become an offense if they are "predatory." But assertions of predatory pricing are like Bigfoot sightings: Proof is never found. The profit motive is too powerful, entrepreneurs too creative and markets too dynamic to make predatory pricing a viable monopolizing strategy in reality. History knows of no unambiguous instance of a private firm, operating in the market, that sold at predatory prices only to later gain monopoly power used to harm consumers for any length of time.

History does know of many instances of government officials and courts—especially before the consumer-welfare standard became dominant-mistakenly identifying competitive prices as "predatory" and then using antitrust to deny consumers the benefits of competition.

PROF. DONALD J. BOUDREAUX George Mason University Fairfax, Va.

### Painting Minnesota With Too Broad a Brush

Lance Morrow's "How Minnesota Went From Tom Sawyer to Huck Finn" (Cross Country, Jan. 22) and subsequent letters (Feb. 5) paint the state of Minnesota with a broad brush based on a one-sided view of Minneapolis and St. Paul. Minnesota is very large, about the size of the U.K. While events in the Twin Cities make national news, there is so much more to our state than Mr. Morrow implies.

Living about 80 miles southwest of the Twin Cities, I find that Mr. Morrow's 1973 description of Minnesota is still accurate: "courtesy and fairness, honesty, a capacity for innovation, hard work, intellectual adventure, and responsibility . . . remarkably civil."

Minnesota's violent crime rate is still lower than the national average. Gov. Tim Walz, a longtime member of my church, still wears plaid flannel shirts, goes fishing and visits with farmers. He is also hardworking and "remarkably civil."

To blame our state's challenges on the "white elites" and "the left" is too simplistic. Minnesota is not alone in experiencing a trying time during this pandemic. The country is still floundering in the aftermath of the former golfer-in-chief, who taught us that boorishness, disrespect and name-calling were acceptable forms of public discourse. I invite Mr. Morrow to visit our beautiful state and experience our signature "Minnesota nice" with an open mind.

> NANCY ARMBRUSTER Mankato, Minn.

### Christian Anti-Semitism Is Not the Problem

While I appreciate Andrew Doran's efforts to raise awareness of anti-Semitism, his argument that "Christians Need to Confront Anti-Semitism" (Houses of Worship, Feb. 4) is outdated and deflects from the real problem. The Catholic Church realized 60 vears ago that it needed to confront anti-Semitism, and it did so in the Second Vatican Council. The church eliminated doctrines of deicide and supersessionism, while issuing formal apologies for Christianity's role in centuries of persecutions.

Protestant denominations, especially Lutheranism, have confronted their histories of anti-Semitism, too. U.S. evangelicals may be the best example

of the new warmth of feeling that has resulted. Extraordinary progress has been made in Christian-Jewish relations, so much so that the Christian community is now among the Jewish people's best friends.

The distresses we Jews face from anti-Semitism today do not come from Christianity. Anti-Semitism today is predominantly a political—not a religious (and certainly not a Christian)—phenomenon, and should be confronted as such. Portraying contemporary Christianity as the cause of this hatred, instead of beloved partners in combating it, threatens to drive a wedge between Christians and Jews after the years of work that has been done to bring us together.

DANIEL ROSS GOODMAN Longmeadow, Mass.

### How Many Nukes Is Enough?

Regarding Matthew Costlow's oped "The U.S. Needs More Nuclear Weapons" (Jan. 31): The U.S. has enough nuclear warheads to destroy the world more than 10 times over. While I advocate modernizing our nuclear triad, increasing the amount of warheads is a mistake. Even if China quadruples its arsenal to 1,000 weapons by 2030, as Mr. Costlow advertises, the U.S. will still have a 4:1 advantage. What is the proper ratio in his eyes? 10:1? 100:1?

U.S. efforts are better spent countering other countries' attempts to acquire nuclear capabilities. I will sleep more soundly knowing that Iran and Syria don't have any nukes than I would if we had 2,000 more.

OWEN POLZELLO Milford, Conn.

### **CORRECTION**

The 1936 Summer Olympics were held in Berlin. This was misstated in the Feb. 10 Wonder Land column.

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

be acknowledged.

### Liberalism's Libertarianism

Gerard Baker's "Covid Overreach Brings America Toward a Libertarian Moment" (Free Expression, Feb. 1) is, as usual, a gem. It brings to mind another gem from the 1970s or 1980s: "Liberals don't care what you do as long as it's mandatory."

STAN DAHLE Clinton, Conn.

### Pepper ... **And Salt**

THE WALL STREET JOURNAL



"Wasn't that a beautiful sunset after the ads?"

### The Fed Doesn't Need A Censor

By Harald Uhlig

isa Cook shouldn't be confirmed for a seat on the Federal Reserve Board. Her career is impressive: economics doctorate from Berkeley, professor at Michigan State, National Bureau of Economic Research associate. But her nomination is part of a broader agenda by leftist Democrats. They seek to move the Fed away from its "dual mandate" of maximum employment, stable prices and moderate longterm interest rates and toward an ideological agenda.

I applaud that senators have emphasized the benefit of a doctorate in economics and a career in academia or the Fed for serving as governor. We need excellent economists on the board, with expertise in fields such as monetary economics, macroeconomics, financial economics and financial regulation. There are many worthy candidates.

### Will researchers speak freely about their findings if the Senate confirms Lisa Cook as a governor?

Ms. Cook doesn't fit the bill. Most of her work has concerned innovation by and discrimination against black Americans. In her best-known paper, published in 2014, she argued that lynchings and riots led to a sharp decline in patents by black Americans in 1900. This is a worthy area of inquiry, but it's only distantly related to the Fed's core mission.

Ms. Cook also spoke up when I criticized the idea of defunding the police in June 2020. She asserted that "free speech should have its limits" and accused me of using it to "spread hatred and violate the dignity of other people." She is free to say all that. It is good to have robust debates, and diversity of views is important.

But what might happen once she is a governor? Will Fed researchers speak freely about their findings concerning racial disparities or the importance of policing? Or will speech be chilled out of fear of a career-ending step? Fed researchers monitor regional developments. They routinely examine labor markets and economic inequality. Will they continue to provide the board with balanced and reasoned assessments? Or will only activist voices be welcome—and who will feel comfortable calling her out if that happens?

The Fed has considerable power in shaping regulation and influencing access to financial markets. We are already witnessing a push to have the Fed impose climate-change policies on banks through the back door of climate risk assessments and the nomination of Sarah Bloom Raskin, Ms. Cook would push the agenda of racial equity and social

This may all cause considerable damage to the Fed. Its limited mission is the price for its necessary independence and remoteness from democratic control. The credibility and neutrality of the Fed is its biggest asset. Lose that and it may not be possible to recover.

Inflation is at levels not seen since 1982. It is a salient and considerable concern of the public. Voters want to see Fed governors capable of addressing that first and foremost rather than issues outside the central bank's dual mandate. The backers of Ms. Cook and Ms. Raskin don't seem to care. Rather than seeking support for their agendas from voters, they seek to impose them with these appointments.

Senators can earn voters' trust by safeguarding the Fed and by appointing governors committed to its limited dual mandate. The confirmation of Ms. Cook would be a mistake.

Mr. Uhlig is a professor of economics at the University of Chicago.

# States Get Serious About Tax Cuts

By Grover Norquist

ongressional Democrats are debating which taxes to increase, while the Biden White House is negotiating a world-wide cartel to limit tax competition. But in the 50 states there is a dramatic increase in tax competition to provide the best government at the lowest cost.

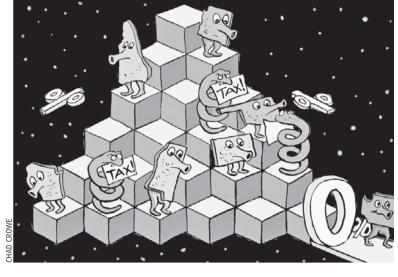
Economists have long noted the power of interstate tax competition for jobs and investment. In 2021 the 10 states that gained the most residents from domestic in-migration had an average total state and local tax burden as a percentage of income of 7.7%, notably lower than the 9.9% of the 10 states that lost the most residents. Interstate migration and tax competition are increasing for four reasons:

First, two years of working from home during Covid taught employees and employers that it isn't necessary to live in high-tax states.

Second, thanks to the limits on the deductibility of state and local taxes in the 2017 tax reform, blue states with high income and property taxes no longer have the cost of their high-tax policies hidden and subsidized by reduced federal income taxes.

Third, Americans have noticed that high-tax states don't provide better roads, education or other services. Florida (with 22 million residents) has no income tax and the state spends half as much as New York (20 million residents). New York has a top state income tax of 8.82% (soon rising to 10.9%) and was the only state to raise its personal income-tax rate during the pandemic.

Fourth, state leaders have discovered that they can reduce marginal income-tax rates by relying on triggers that permanently reduce the state income tax when revenue rises above a predetermined spend-



ing limit. Tax reduction is enabled by spending restraint. North Carolina provided the best example of this strategy over the past seven

Today eight states have no personal income tax: Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington and Wyoming.

Eight states have no levies on income, and lawmakers in a dozen others are moving toward that goal.

Two more states have already enacted laws to phase to zero. New Hampshire, which never taxed wage income, voted in 2021 to phase out its tax on dividends and interest over five years, under the leadership of Senate President Chuck Morse. Louisiana, under the leadership of Senate Majority Leader Sharon Hewitt, has set a path to reduce its income tax every year triggers are met. These triggers could take Louisiana's income tax to zero by 2034, particularly if the Legislature implements additional rate cuts in coming years.

Ten other states have begun the march to a zero rate. West Virginia's Senate, with the enthusiastic support of Gov. Jim Justice, has voted to draw down the state income tax. So has the state House in North Dakota. Mississippi Gov. Tate Reeves was elected in 2019 on a promise to end the income tax. In January, under the leadership of Speaker Philip Gunn, the Mississippi House voted 96-12 to move to zero.

Arizona Gov. Doug Ducey was reelected in 2018 with the stated goal of driving the income tax to zero. Last year the Legislature, led by House Majority Leader Ben Toma and Sen. J.D. Mesnard, passed a phase-down of the personal income tax to a flat rate of 2.5% by 2025. Arizona Republicans are committed to taking the rate to zero.

North Carolina has been on the path to zero for its individual and corporate rates since 2013, when the House and Senate began revenue-trigger-facilitated tax reform that permanently cut the state personal and corporate income tax rates. They started with a top individual rate of 7.75% and a corporate rate of 6.9%. Thanks to the latest round of tax cuts, the now-flat personal income tax will fall to 3.99% by 2027, and the corporate rate, now 2.5%, will zero out over the next decade.

Wisconsin legislators recently announced that their goal is to eliminate the state income tax. They need a governor who would sign such a reform, which they don't have but may get after November. "When you look at all the states that are growing right now, they don't have a state income tax," state Sen. Roger Roth said in January after it was announced that the state has a nearly \$4 billion surplus.

Iowa Gov. Kim Reynolds has a plan to reduce the personal income tax to a flat 4% over four years. Senate Majority Leader Jack Whitver and Senate Ways and Means Chairman Dan Dawson have a plan that moves to a flat rate of 3.6% over six years, followed by a full phaseout.

Oklahoma Gov. Kevin Stitt is promoting a significant income-tax reduction and making it clear this is step one on a march to zero. In South Carolina, Gov. Henry McMaster led his 2021 State of the State address with a commitment to cut the state income tax.

In Arkansas former Trump press secretary Sarah Huckabee Sanders is the Republican candidate for governor, running on a promise to end the income tax on the heels of a phased reduction of the income tax signed by Gov. Asa Hutchinson.

Lawmakers in Washington could learn from these examples. Or today's congressmen and senators may be replaced by governors and state legislators who have demonstrated what works.

Mr. Norquist is president of Americans for Tax Reform.

### Ukraine Is a Distraction From Taiwan

By Elbridge Colby And Oriana Skylar Mastro

Russian invasion of Ukraine would be the most consequential use of military force in Europe since World War II and could put Moscow in a position to threaten U.S. allies in Europe. Many in the American foreign-policy establishment argue that the appropriate U.S. response to any such invasion is a major American troop deployment to the Continent. This would be a grave mistake.

The U.S. can no longer afford to spread its military across the world. The reason is simple: an increasingly aggressive China, the most powerful state to rise in the international system since the U.S. itself. By some measures. China's economy is now the world's largest. And it has built a military to match its economic heft. Twenty-five years ago, the Chinese military was backward and obsolete. But extraordinary increases in Beijing's defense budget over more than two decades, and top political leaders' razorsharp focus, have transformed the People's Liberation Army into one of the strongest militaries the world has ever seen.

China's new military is capable not only of territorial defense but of projecting power. Besides boasting the largest navy in the world by ship count, China enjoys some capabilities, like certain types of hypersonic weapons, that even the U.S. hasn't developed.

Most urgently, China poses an increasingly imminent threat to Taiwan. Xi Jinping has made clear that his platform of "national rejuvenation" can't be successful until Taiwan unifies with the mainland whether it wants to or not. The PLA is growing more confident in its ability to conquer Taiwan even if the U.S. intervenes. Given China's military and economic strength, China's leaders reasonably doubt that the U.S. or anyone else would mount a meaningful response to an invasion of Taiwan. To give a sense of his resolve, Mr. Xi warned that any "foreign forces" standing in

China's way would have "their heads . . . bashed bloody against a Great Wall of steel forged by over 1.4 billion Chinese people."

The U.S. must defend Taiwan to retain its credibility as the leader of a coalition for a free and open Indo-Pacific. From a military perspective, Taiwan is a vital link in the first island chain of the Western Pacific. If Taiwan falls into Chinese hands, the U.S. will find it harder to defend critical allies like Japan and the Philippines, while China will be able to project its naval, air and other forces close to the U.S. and its territories. Taiwan is also an economic dynamo, the ninth-largest U.S. trading partner of goods with a nearmonopoly on the most advanced technology-to semiconductor which the U.S. would most certainly lose access after a war.

The Biden administration this month ordered more than 6,000 additional U.S. troops deployed to Eastern Europe, with many more potentially on the way. These deployments would involve major additional uncounted commitments of air, space, naval and logistics forces needed to enable and protect them. These are precisely the kinds of forces needed to defend Taiwan. The critical assets—munitions, topend aviation, submarines, and intelligence, surveillance and reconnaissance capabilities—that are needed to fight Russia or China are in short supply. For example, stealthy heavy bombers are the crown jewel of U.S. military power, but there are only 20 in the entire Air Force.

The U.S. has no hope of competing with China and ensuring Taiwan's defense if it is distracted elsewhere. It is a delusion that the U.S. can, as Pentagon press secretary John Kirby said recently, "walk

Getting bogged down in Europe will impede the U.S.'s ability to compete with China in the Pacific.

and chew gum at the same time with respect to Russia and China. Sending more resources to Europe is the definition of getting distracted. Rather than increasing forces in Europe, the U.S. should be moving toward reductions.

There is a viable alternative for Europe's defense: The Europeans themselves can step up and do more for themselves, especially with regard to conventional arms. This is well within Europe's capacity, as the combined economic power of the NATO states dwarfs that of Russia. NATO allies spend far more on their militaries than Russia. To aid its European allies, the U.S. can provide various forms of support, including lethal weapons, while continuing to remain committed to NATO's defense, albeit in a more constrained fashion, by providing high-end and fungible military capabilities. The U.S. can also continue to extend its nuclear deterrent to NATO.

The U.S. should remain committed to NATO's defense but husband its critical resources for the primary fight in Asia, and Taiwan in particular. Denying China the ability to dominate Asia is more important than anything that happens in Europe. To be blunt: Taiwan is more important than Ukraine. America's European allies are in a better position to take on Russia than America's Asian allies are to deal with China. The Chinese can't be allowed to think that America's distraction in Ukraine provides them with a window of opportunity to invade Taiwan. The U.S. needs to act accordingly, crisis or not.

Mr. Colby is a principal at the Marathon Initiative and author of The Strategy of Denial: American Defense in an Age of Great Power Conflict." Ms. Mastro is a center fellow at Stanford's Freeman Spogli Institute for International Studies and a nonresident senior fellow at the American Enterprise Institute.

### Who Can Throw Madison Cawthorn Out?

By Derek T. Muller

he U.S. Constitution doesn't allow states to invent qualifications for serving in Congress and exclude candidates from the ballot for failing to meet them. Yet that is precisely what the North Carolina State Board of Elections is trying to do to Rep. Madison Cawthorn.

Mr. Cawthorn, who was elected 2020, attended President Trump's rally in Washington on Jan. 6, 2021. Mr. Cawthorn offered acerbic rhetoric ahead of and during the rally, falsely casting doubt on the election result and using the word "fight" when addressing the audience. Senate Minority Leader Mitch McConnell called the riot that ensued at the Capitol a "failed insurrection."

Opponents of Mr. Cawthorn argue that he is ineligible to serve in Congress, despite his current service there. They point to Section 3 of the 14th Amendment, a provision enacted after the Civil War, which says that no one may be a member of Congress who has taken an oath to support the Constitution and later "engaged in insurrection or rebellion" against the U.S.

But who decides whether Mr. Cawthorn is eligible? In North Carolina, the five-member state election board is empowered to hear challenges to candidates' eligibility. The

board can hold a hearing, take evidence and issue a judgment. If it concludes that a candidate is ineligible, the board can exclude him from the ballot. Excluded candidates can appeal that decision in court.

A group of North Carolina voters challenged Mr. Cawthorn's eligibility. That process is on hold while state courts hear redistricting cases, but Mr. Cawthorn has filed a federal lawsuit arguing that the board lacks the power to review his qualifications.

Only his constituents or two-thirds of the House. A state election-board action would be unconstitutional.

It would be unconstitutional if the board attempted to take Mr. Cawthorn off the ballot. In 1995 the Supreme Court held in U.S. Term Limits Inc. v. Thornton that a termlimits amendment in Arkansas couldn't apply to congressional candidates. The qualifications enumerated in the Constitution, the court explained, are "fixed and exclusive," When a state tries to enforce an existing constitutional qualification, it may believe it is acting appropriately, but when it does so months ahead of Election Day, it often adds a qualification that the Constitution

In 2014 opponents of Sen. Mary Landrieu's candidacy tried to keep her off the Louisiana ballot. They argued she had moved to Washington and was no longer an inhabitant of Louisiana and constitutionally ineligible. A state court rightly tossed out the challenge, saying she didn't need to prove where she lived before the election.

Even if Mr. Cawthorn were an "insurrectionist"—a matter of legal and factual debate—it wouldn't be a permanent bar to holding office. The Constitution provides that "Congress may by a vote of twothirds of each House, remove such disability." We don't know whether Congress will decide before Election Day to bar from the House all who were involved in the events of Jan. 6 riot, but the Constitution is clear: The decision isn't North Carolina's

States can't review a candidate's qualifications because the Constitution reserves that power to Congress itself. If voters elect a rascal who is constitutionally ineligible to serve, the people's representatives must decide whether or not to throw him out of the House.

Mr. Muller is a law professor at the University of Iowa.

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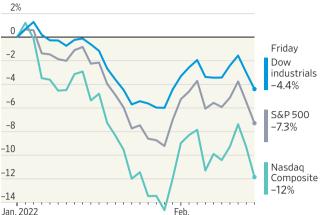
# Inflation, Ukraine Threaten Stocks Aramco

Investors weigh good news on earnings and employment against higher bond yields

By Sam Goldfarb AND CAITLIN MCCABE

A turbulent start of the year for U.S. stocks has entered a new phase in recent days, with investors weighing good news about corporate earnings and the labor market against the stubborn challenges of high inflation, rising bond yields and geopolitical uncertainty.

One takeaway from the past week in markets is that 2022 is starting to look like what many predicted heading into the year. Stocks have generally fared better than in January, when they fell sharply in anticipation of tighter monetary policies but are still buffeted by conflicting trends that are exIndex performance, year to date



Sources: Fact (performance); Tradeweb (vield)

pected to keep prices volatile. A driving force behind many market swings remains the increase in bond vields, fueled by escalating expectations for how high the Federal Reserve will raise short-term interest rates

Yields, which rise when bond prices fall, are a bedrock gauge for investors because they help dictate borrowing costs on everything from mortgages to corporate debt. They are also a major component of financial models used to value

10-Year U.S. Treasury yield



stocks and other assets. All else being equal, the ability to earn higher returns on riskfree bonds makes the future earnings of businesses less valuable, dragging down share

For much of January, ana-

lysts widely agreed that this simple relationship was paramount for stocks. The yield on the benchmark 10-year U.S. Treasury note surged from 1.496% at the end of last year to 1.866% on Jan. 18. Stocks fell, led by technology companies, many of which are especially sensitive to rising rates because their value stems largely from their potential earnings down the road.

Since then, the relationship between bonds and stocks has grown more nuanced. Stocks were able to rebound over a period when bond yields stabilized, but they still rose broadly even when yields climbed sharply on Feb. 4, following a better-than-expected jobs report. Yet stocks fell Thursday after consumer-price index data showed inflation reached an other four-decade high last month, and equities extended declines Friday amid

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# Transfer Steps Up Effort to Diversify

By SUMMER SAID

DUBAI-Saudi Arabia transferred shares valued at about \$80 billion in Aramco to its wealth fund as part of efforts to diversify the kingdom's hydrocarbon-dependent economy.

The transfer of a 4% stake in state-owned Saudi Arabian Oil Co., known as Aramco, will support the Public Investment Fund's plan to increase its assets under management to over \$1 trillion by 2025 from about \$480 billion, the Saudi government said Sunday.

Stung by low energy prices in recent years that forced Saudi Arabia to cut investments and subsidies at home, the government under Crown Prince Mohammed bin Salman. the kingdom's day-to-day ruler, is attempting to widen its sources of nonoil income in a hurry.

The risk of deeper economic trouble as the world pivots away from hydrocarbons has accelerated that push. High oil prices are helping finance some of those plans.

The Saudi government, which will remain the largest shareholder in Aramco, with a stake of more than 94%, has sought to monetize the country's massive oil assets and use the proceeds to invest in industries outside of oil as part of Prince Mohammed's plan to restructure the economy by

To help meet that goal, Prince Mohammed has tasked PIF to invest in companies and industries untethered to hydrocarbons. The government had also transferred the \$29.4 billion it raised from Aramco's initial public offering in 2019 on the Saudi stock exchange to

the PIF to deploy. PIF plans to use the Aramco stake as collateral to raise lower-cost debt in the international markets, people familiar with the wealth fund's plan said Sunday. But other options

remain open, they added. Besides raising debt, analysts say PIF could sell the shares in the market in phases or in chunks to strategic investors. The wealth fund has multiple options to monetize the Aramco stake and, unlike the government, can be more discreet with its fundraising plans, they added.

Earlier this month, people Please turn to page B2

# Super Bowl Ads Featured Newcomers, Travel

By Megan Graham

The second Super Bowl of the Covid-19 pandemic featured a variety of first-time advertisers, including several cryptocurrency players, plus the return of travel ads and the E\*Trade baby.

The game, which aired Sunday, included more than a dozen first-time Super Bowl advertisers, including shopping-rewards platform Rakuten Rewards, children's budgeting app maker Greenlight Financial Technology Inc., mobile sports gambling operator Caesars Sportsbook, at-home Covid-19 test provider Cue Health Inc. and Wallbox NV, which makes electric-vehicle charging technologies.

NBC said it sold several ad slots at \$7 million for 30 seconds of airtime.

The influx of first-timers continued a trend from last vear, when a group of marketers that did well during the first part of the pandemic commercials. This year, cryptocurrency and gambling came on strong.

Cryptocurrency exchanges including Coinbase Global Inc., FTX and Crypto.com made their Super Bowl debuts as they try to become household names. Their ads were tasked with engaging both crypto superfans and a broader audience that is less familiar with the subject.

"If you do that right, everyone's smiling or laughing, or at least entertained at what you're putting on during the game, but there'll be a smaller



bought their first Super Bowl Planet Fitness's first Super Bowl ad shows actress Lindsay Lohan putting her party days behind her.

subset of that audience that definitely researches more, goes online and figures it out," said Lee Newman, chief executive of the Interpublic Group of Cos. advertising agency MullenLowe U.S.

Coinbase tried to intrigue viewers with an ad that displayed nothing but a slowly bouncing QR code, which led to an online offer of free bitcoin for new customers.

The Cue Health commercial wasn't the only ad with a theme of health and wellness. Planet Fitness Inc.'s first Super

Bowl ad showed actress Lindsay Lohan putting her party days behind her, while an ad from medical technology company Hologic Inc. was scheduled to feature singer Mary J. Blige encouraging women to get medical screenings.

It made sense to see health and wellness reflected in the Super Bowl ad roster following two years of a pandemic, said Ari Lightman, professor of digital media and marketing at Carnegie Mellon University.

"We're hopefully getting out of a very scary time, but

there's a lot of other issues that need to be tackled," Prof. Lightman said.

After travel marketers took a break from the Super Bowl last year, marketers like Booking Holdings Inc. and Expedia Group Inc. bought ad time this year as travel picks back up.

Advertisers in the first Super Bowl of the pandemic in February 2021 were tasked with setting the right tone for an event that took place before widespread vaccination against Covid-19 and soon after the divisive presidential election.

alluded to the pandemic, though primarily with oblique references and humor. Jeep ran a somber two-minute commercial acknowledging the division in the country.

Some ads in last year's game

This year's Super Bowl advertising was more standard

The ads delivered tried and true approaches that have always worked in the game to entertain people and engage them and be effective," said Mr. Newman of Mullen-

Please turn to page B2

# Private-Equity Deals Soar to Record in China

By Jing Yang

Private equity accounted for a record share of Chinese mergers and acquisitions in 2021, and the country's wellfunded buyout firms are likely to be busy this year too, as corporate restructurings and multinational disposals generate more targets.

The industry's rising influence contrasts with relatively muted overall M&A activity in China, which last year grew far more slowly than a booming global market.

Private-equity-backed transactions in China jumped 26% last year to a record \$108 billion, according to Refinitiv data, making up an unprecedented one-fifth of all deals by dollar value.

The figures include Western-style buyouts by privately owned financial firms, as well as smaller investments and deals led by state-backed investors.

In contrast, overall M&A with any Chinese involvement edged up 2.8% to \$580 billion, lagging behind a nearly twothirds surge in global deal

making.

"You're starting to get sizable, China-focused, privateequity deals, and that is all fueled by a number of sources including institutional sources which have developed over recent years from within China, ranging from wealth management to insurance companies municipal government funding and so forth," said Victor Ho, a Hong Kong-based lawyer specializing in M&A and private equity at Allen & Overv. "As an asset class, putting

money into private equity has taken off for Chinese investors," he said.

Overall cross-border M&A has been hindered by Beijing's tough anti-Covid policy and its desire for greater self-sufficiency, in part through a policy of "dual circulation," or sustaining growth by focusing on a huge domestic market.

China M&A has been more inward-looking, reflecting the government's emphasis on its dual-circulation strategy," said Colin Banfield, head of Asia-Pacific M&A at Citigroup Inc., Please turn to page B9



### **BUSINESS NEWS**

Nike's supply-chain snags bring pain to shops catering to sneakerheads. **B3** 



**COMMODITIES** 

Soybean prices surge as dry weather dims the outlook in South America. **B9** 

# Cathie Wood's ARK Holds To Its Bet on Innovation

By Michael Wursthorn

Cathie Wood's ARK Investment Management LLC is snapping up more shares of largely unprofitable companies, doubling down on a bet that many traders and investors expect to be tested this year by rising interest rates.

Over the past two weeks, Ms. Wood's flagship ARK Innovation exchange-traded fund has bought more than \$400 million of high-growth stocks, including **Roblox** Corp., Block Inc. and Robinhood Markets Inc. That's according to the firm's daily trading logs and stock-pricing data as of Friday. She says the companies, which span videogaming,

digital payments, trading and other industries, have the potential to change the world. Shares of Roblox, Block and Robinhood are down at least 25% each over the first six weeks of the year. More than half of all of the stocks in the ETF, which goes by the ticker ARKK, are down 20% or more

in 2022, according to FactSet.



ARK was among the big winners of the pandemic era, which featured big gains in shares of many unprofitable companies and cryptocurrencies, such as bitcoin, as a result of low interest rates and extensive stimulus. Investors in these assets are now facing a rising interest-rate environment that stands to be much less forgiving to unprofitable firms or those trading at high

valuations

That doesn't bode well for Ms. Wood and her ARK funds, analysts said. When rates are low, companies often are freed to spend more on investing in their businesses and reduce the amount they spend servicing debt. Higher rates push up borrowing costs and potentially delay profitability.

"Aggressive growth stocks Please turn to page B6

**BUSINESS & FINANCE** 

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# Newcomers And Travel Buy Ads

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Lowe. "They're babies, they're puppies, they're big physical humor, cinematic productions, nostalgic music, those sorts of things.'

An ad for Frito-Lay's Doritos and Cheetos Flamin' Hot varieties, for example, include a rendition of the 1980s hit "Push It" and the voices of musicians Megan Thee Stallion and Charlie Puth emerging from the mouths of a songbird and a fox, respectively.

"There was really a more serious tone in last year, and at that time, we continued to provide what we thought was a moment of release," said Rachel Ferdinando, senior vice president and chief marketing officer at Frito-Lay North America, which is also



An ad for Frito-Lay's Cheetos Flamin' Hot variety was expected to make an appearance during the game

running a commercial for Lay's potato chips. "In some ways, [this year] was staying the course for us. Maybe for others it's going to be a pivot."

MullenLowe's ad for Morgan Stanley's E\*Trade trading platform returned the brand's spokesbaby, once a Super Bowl staple, to the roster after nearly a decade in retirement.

Anheuser-Busch InBev SA's Budweiser brought back back its famous Clydesdales in this year's ad, titled "A Clydesdale's Journey." It features a horse becoming injured, then eventually recovering enough to run again, and concludes with the words, "In the home of the brave, down never means out."

Daniel Blake, group vice

president of marketing for Budweiser and Value at AB In-Bev, said the company wanted to use the Clydesdale as a symbol of strength and perseverance. "I don't think there's any more unifying and hopeful message for Americans than reminding them that we always bounce back in this country," he said.

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# Stocks Under Pressure

Continued from page B1 growing worries about a potential Russian invasion of

By the end of Friday, the S&P 500 had logged its fourth weekly decline out of the past six weeks, falling 1.8%. The 10year yield settled at 1.951%, down from 2.028% on Thursday, setting up a week in which investors will track the latest developments on the Russia-Ukraine situation, earnings from the likes of **ZoomInfo** Technologies Inc. and Airbnb Inc., and clues from Fed officials about their plans for the

March policy meeting. "It's topsy-turvy," said Jackie Cavanaugh, portfolio manager of the **Putnam Fo**cused Equity Fund at Putnam Investments. "It's a very uncertain moment of time in the markets as we face a lot of crosscurrents that frankly a lot of investors of the current generation have never seen be-

In recent weeks, several factors have helped stocks, according to investors and analysts. One has been a solid round of fourth-quarter corporate earnings. The strong jobs data further bolstered the economic outlook, while January's stock slump made prices start to look more attractive to some investors. On top of all of that, inflation-adjusted returns on Treasurys remain negative even with rate increases looming, providing a continued incentive to reach for returns in riskier assets.

Few, however, found silver linings in Thursday's inflation data, a reminder of the hardto-predict economic trends that could keep investors on edge this year. Reports that Russia is on the verge of invading Ukraine added another blow, sending both stocks and bond yields sliding as investors rushed into safer assets.

Such volatility, though, is to be expected, said Bob Doll, chief investment officer at Crossmark Global Investments. His prediction, unchanged from the start of the year, is for investors to swing between optimism over the economy and pessimism about rising rates.

"We're going to travel thousands of Dow Jones Industrial Average points but maybe not make a lot of progress point to point," he said.

The dynamics facing investors this year aren't unique. Whenever the Fed has started to raise interest rates, investors have typically had to balance the downsides of tighter monetary policy against the benefits of a growing economy.

Typically, the early years of rate-increase campaigns have worked out for investors. The past six times the central bank has raised rates, stocks have generated positive returns each time in the first year and five out of six times in the second year, according to a Bank of America report from November. The one exception came when rate increases possibly helped burst the tech bubble around the turn of the millennium.

Some analysts have noted that this rate-increase cycle could be more dangerous than some others because stocks have entered at elevated valuations. Companies in the S&P 500 traded late last year at nearly 39 times their cyclically adjusted earnings, higher than at any other point apart from the tech bubble.

Valuations, though, aren't quite as high by other measures and are lower after January's selloff. S&P 500 companies traded late last month at as low as 19.3 times projected earnings over the next 12 months, according to FactSet, falling below 20 for the first time since April 2020. That was down from 21.5 entering the year, though still above the five-year average of 18.9.

at settlement Friday

"We know that markets don't like uncertainty, but we think this cycle will play out like the others where the economy and corporate profits are strong enough that we'll be higher at the end of the year than we are now," said Jeffrev Buchbinder, equity strategist at LPL Financial. "The market will become comfortable with the path of rate hikes, we think, probably within the next

several months." Mr. Buchbinder said LPL Financial remains largely bullish on the U.S. stock market and is having discussions about buying shares of technology companies in the near term. In particular, he said the team sees opportunities to buy software companies and chip makers—companies it believes have strong fundamentals and attractive valuations after the recent selloff in growth

stocks. Still, Christopher Harvey, head of equity strategy at Wells Fargo Securities, said he was advising clients to be cau-

"We're selective, we're disciplined, and we would buy weakness, but we are not chasing things," he said. "We think the upside is limited because...growth is going to slow and the Fed is going to get

more aggressive."

# Aramco**Shares Transferred**

Continued from page B1

familiar with Aramco's strategy said the kingdom has restarted plans to list more shares of Aramco, the world's most valuable oil company, with an ambition to sell as much as a \$50 billion stake, which at current valuations would be 2.5% of the company. The listing of shares would be by far the largest in the history of capital markets and could prove difficult to pull off.

The stake-sale effort is still in the planning stage and could still be delayed or changed, the people said.

Riyadh has floated several plans over the years aimed at raising funds via Aramco, some of which have ultimately faltered or been abandoned.

The share transfer to PIF will help bolster the fund's strong financial position and its high credit rating in the medium term, according to the government.

Ratings agency Fitch in February assigned PIF an A rating, while Moody's gave it an A1 rating, as the fund prepares to tap the international debt markets.

The fund started raising bank debt in 2018 with an \$11 billion facility, followed by a \$10 billion loan in 2019 that was repaid a year later. Its governor, Yasir al-Rumayyan, said in September 2021 that PIF was working with Black-Rock Inc. on an environmental, social and governance framework and planned to issue its debut green bonds soon.

Meanwhile, the wealth fund will also start receiving dividends from Aramco and can market itself as a bigger fund while competing with others for global assets.

The fund, which had assets under management of about \$150 billion in 2015, has used the cash it has received or raised since then to invest in businesses as diverse as electric-vehicle manufacturer Lucid Motors Inc., Citigroup Inc. and the Premier League soccer club Newcastle United. It invested billions in SoftBank's

Vision Fund. It has also played a more active role in the global markets after receiving \$40 billion from the kingdom's reserves in early 2020. It plans to invest an additional \$10 billion in listed stocks this year, according to people familiar with the fund's plan.

Some PIF officials, however, have privately questioned the fund's strategy, given its mixed record investing internationally and its struggles to attract significant foreign capital to help finance domestic projects.

The wealth fund is seen by the government as the engine driving the kingdom's economic transformation, with a five-year strategy to inject at least \$40 billion a year into the local economy. But it isn't clear if any of the international companies that PIF has invested in are looking at the kingdom for expansion. PIF doesn't publicly release its financial reports.

Foreign investment in Saudi Arabia has remained stubbornly low and some companies are scaling back their operations or delaying promised



The Saudis have sought to monetize the country's oil assets.

expansion plans. Foreign direct investment into Saudi Arabia was \$5.4 billion in 2020, less than half the level of a decade ago and well below the \$19 billion that the country had targeted. It was on track to top \$6 billion in 2021 based on data through the third quarter. That excludes the \$12.4 billion sale of a stake in a Saudi pipeline

Some foreign investors also became cautious on their plans

company to foreign investors.

in the kingdom after men working for Prince Mohammed killed dissident journalist Jamal Khashoggi in late 2018. Riyadh says the crown prince wasn't involved in the killing.

The Saudi investment ministry has said interest in the country remains high, pointing to a 250% annual increase in new investor licenses in 2021.

The Saudi government is pushing ahead with multibillion-dollar plans to build a spate of new cities, betting these projects would attract foreign investment and boost domestic consumption. The projects are designed to spawn industries such as tourism and entertainment that haven't existed before in cloistered Saudi

They include a futuristic city-state called Neom in the country's remote northwest Tabuk province, a sports and entertainment city outside Riyadh, luxury tourism resorts spread across an archipelago of pristine Red Sea islands and an ancient Arabian trading post turned wildlife reserve called al-Ula. Aramco said the latest deal

is a private transfer between the kingdom and the PIF, and Aramco isn't a party to the transfer and didn't enter into any agreements or pay or receive any proceeds from it.

The transfer doesn't have an impact on Aramco's operations, strategy or dividendsdistribution policy, it added.

–Stephen Kalin and Rory Jones contributed to this article.



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# Sneaker Shops Wrestle Supply Nike, others' continuing Nike, others' continuing Using Florida Site

production, shipping constraints squeeze independent boutiques

By Jacob Gallagher

Even the cool sneaker shops are getting dragged by supplychain problems.

Several independent retailers told The Wall Street Journal that **Nike** Inc. and other global sneaker companies have delayed deliveries of key shoe designs as the industry continues to grapple with production and shipping complications through the Covid-19 pandemic.

Sneakersnstuff AB, a small of streetwear and sneaker stores with locations in Europe and the U.S., has faced delays on its Nike orders sometimes lasting several months, according to cofounder Erik Fagerlind. "We still have to pay rent, we still have to pay the staff," he said. when a coveted shoe like a Nike x Sacai is delayed.

In a call with analysts in November, Nike said that factory closures in Vietnam as a result of the coronavirus and lengthy transit times had constricted the company's production capacity. On the call. Nike Chief Financial Officer Matthew Friend said the company was confident the supply chain would normalize heading into the middle of this

Supply-chain snarls are be-



Sneakersnstuff, a small chain, has faced delays on its Nike orders. One of its stores in Los Angeles.

ing felt across the footwear industry. In a call with analysts on Friday, Under Armour Inc. Chief Financial Officer Dave Bergman said the company was still experiencing supply constraints as a result of longer-than-usual transit times and higher freight costs. Mr. Bergman said these delays caused Under Armour to cancel some deliveries as a way to give priority to its direct-toconsumer business and top wholesale accounts.

In recent years, Nike has cut around half of its wholesale accounts in North America as it has put more emphasis on selling products through its own apps, websites and stores. Such direct sales now account for roughly 40% of its \$44.5 billion in annual revenue.

While Nike has kept relationships with mainstream retailers like Nordstrom Inc. and Dick's Sporting Goods Inc., the company uses small-scale boutiques for introducing specialized, highly desirable designs like Dunks and Jordans that customers line up to purchase.

Sneaker collectors anticipate these releases for months, monitoring leaks of images and drop dates on Instagram and blogs dedicated to tracking Nike's next move. In the digital age, many stores employ online raffles to launch a shoe, giving customers an often-slim chance at buying a hot sneaker, where the supply is minuscule compared with the demand. Still, these premium stores also fall victim to the global supply-chain problems hitting the retail industry.

Mr. Fagerlind said Nike informs Sneakersnstuff of delays but the snags have helped to slow the business. Last year, Sneakersnstuff expected to increase sales by around 17% over the year before, but Mr. Fagerlind said sales grew closer to between 5% and 10%.

Mr. Fagerlind is understanding of Nike's current production predicament, which he felt has the company giving priority to its own stores over independent retailers.

Nike didn't respond to requests for comment.

By MICAH MAIDENBERG

Elon Musk said SpaceX is ready to use a Florida location to test the massive rocket it has been developing if flightsafety regulators require an additional environmental review of a company facility in Texas.

SpaceX has been preparing a site in Boca Chica, Texas, located near the state's southern tip, to conduct test flights for the Starship rocket system—the 230-foot-tall Super Heavy booster that would blast the Starship spacecraft into orbit for what the company has said would be its most ambitious missions.

SpaceX, whose formal name is Space Exploration Technologies Corp., has been able to conduct some low-altitude tests of its Starship vehicle from the Texas property. But a demonstration program that would include an orbital test mission still needs signoff from the Federal Aviation Administration. The FAA has been conducting an environmental assessment of the company's proposal to operate Starship in Texas.

Mr. Musk, who founded the company, said Thursday during a presentation at the Texas property that if the FAA required what is called an environmental-impact statement, in addition to its current review, SpaceX "would have to shift our priorities" to Kennedy Space Center, the National Aeronautics and Space Administration complex east of Orlando

"It would obviously set us back for quite some time," he said of the potential for another review by the FAA, which regulates commercial space launches and the facilities such flights take off from. A spokesman for the FAA

referred to a previous statement that said the agency could pursue the additional analysis in Texas if it determines that potential environmental effects tied to the Starship proposal would be significant and couldn't be properly addressed. Its current review covers what Starship could mean for wildlife, noise, wetlands and other factors.

SpaceX's facility in Texas, called Starbase, is located about 25 miles east of Brownsville, near the Gulf of Mexico. On Thursday, Mr. Musk discussed aspects of Starship from the property, in the first company update on the rocket in nearly two years.

SpaceX already has permission to use a launch site at the Kennedy Space Center for Starship and its booster rocket, according to a 2019 NASA document that confirmed the vehicles could be used there.



The company's Starship in Boca Chica, Texas, last week.

# Blackstone Buys Casino Business for \$6.3 Billion

By MIKE CHERNEY

SYDNEY—Crown Resorts Ltd., one of Australia's biggest casino operators, said Monday that it agreed to a \$6.3 billion takeover by Blackstone Inc., following a roughly vearlong effort by the U.S. private-equity company to acquire the

Blackstone will pay 13.10

Australian dollars, the equivalent of US\$9.35, a share for Crown, which runs casinos in Melbourne and Perth and is preparing to open a casino on waterfront in Sydney. Shareholders are expected to vote on the Blackstone deal in the second quarter. Regulators will need to approve the deal.

Blackstone has real-estate assets in Australia and a gambling footprint in other countries and has already amassed a nearly 10% stake in Crown. It first offered to buy the casino operator last March for 11.85 Australian dollars a share and has raised its offer several

"Crown plays a pivotal role Australia's economy through job creation, investment and as a tourism destination for locals and visitors alike," said Chris Tynan, senior managing director and head of real estate at Blackstone Australia. "We are excited to bring our local expertise and global hospitality and gaming experience to contribute to Australia's post-pandemic recovery.'

Crown shares rose 2.3% in Monday trading to A\$12.67.

# Morgan Stanley

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# Panasonic Gets Factory to Zero Emissions

By Phred Dvorak

Panasonic Corp. got its highest-emitting Chinese factory to "virtually net zero" carbon dioxide. It took six years, showing how difficult it can be for companies to reduce their environmental foot-

The Japanese electronics company pledged to eliminate or offset all of the greenhousegas emissions generated by its operations by 2030. But even tackling that one factory, which produces batteries in the city of Wuxi, near Shanghai, was tough, company officials say.

Panasonic incrementally trimmed its energy consumption through measures such as replacing workers with robots and fluorescent lights with LEDs. When that wasn't enough, it bought carbon credits and renewable energy, finally letting it declare it had neutralized the plant's emissions last year.

Large companies around the world are beginning to take similar steps to address their contributions to the greenhouse effect, as many make "net zero" emissions pledges to cut and counter their emissions, urged on by investors, corporate customers and consumers.

Panasonic, one of the biggest corporate carbon emitters in the world according to estimates by the company and outside experts, is just getting started. It has to repeat its Wuxi feat 37 times over to neutralize the roughly 2.2 million metric tons of greenhouse-gas emissions associated with the company's operations.

And those emissions are 2% of the 110 million metric tons Panasonic estimates it is responsible for, when its suppliers and the use of its products are included. While the company has a 2030 goal for emissions from its direct operations, it has given itself until 2050 to deal with its entire carbon footprint—an amount five times the size of Apple Inc.'s,



Robots on a production line at the Wuxi factory. Their introduction helped lower the amount of energy, and emissions, per battery.

### **Company Nudged On Its Green Goals**

In 2017. Panasonic was targeted by Climate Action 100+, a group of global investors that presses the world's hundred-orso largest emitters to reduce their carbon footprints.

ees' Retirement System, which belongs to the group, reaches out twice a year to nudge Panasonic on emissions-cutting and other green goals.

At least one European car maker has asked Panasonic to ensure the parts it supplies are carbon-free in the near future, and more corporate customers are likely to follow suit, said Mr. Shimono, who declined to name the car company in question. Apple, which lists Panasonic as a supplier, has said it would "achieve carbon neutrality" for its supply chain by 2030.

Other Apple suppliers—such as chip maker Taiwan Semiconductor Manufacturing Co. and assembler Hon Hai Precision Industry Co., known as Foxconnhave set goals to cut carbon emissions.

dehumidifiers.

At the time, Panasonic calculated that electricity and steam was responsible for around 60,000 metric tons of carbon emissions a year-the highest amount among Panasonic's 50-odd manufacturing sites in China and around a tenth of its total in the country.

Panasonic generally tries to reduce emissions by curbing the amount of energy it uses and by generating its own clean electricity. So the Wuxi factory started installing solar panels on the roofs of its buildings, bringing in enough to cut its estimated emissions by around 1,250 metric tons.

Managers had to think hard to come up with new ways of trimming energy consumption, said Peng Li, the plant's business planning director. They introduced a more energy-efficient way of running the factory's dust collectors, air compressors and exhaust fans, resulting in a reduction of 660 metric tons of carbon dioxide a year.

The factory tackled its worker-heavy production lines, automating processes and switching to robots. The moves reduced the number of employees by 38%, the amount of energy consumed per battery by 11% and emissions by 2,710 metric tons. It replaced 13,725 fluorescent and other types of lamps with lower-wattage LEDs and traded energy-saving tips with a nearby factory of Japanese office-machine maker Konica Minolta Inc.

Engineers consulted with one of the Wuxi factory's equipment manufacturers, finding a way to collect and recycle some of the electricity produced when batteries discharge. Yet, after all that, the factory had only managed to

trim around a quarter of its estimated emissions by 2020.

"In the beginning we tried all kinds of energy-saving measures," Ms. Peng said. "But for a time we were quite troubled over how we were going to get to zero."

In the end, Panasonic, like other companies, turned to financial instruments that let it cancel out carbon emissions it was generating by buying units of clean energy or emissions reductions created elsewhere. To handle the Wuxi factory's electricity, which accounted for around 80% of the remaining 44,000 metric tons of carbon emissions, the company bought renewable energy certificates, each of which represented a megawatt-hour of power produced by a local wind, solar or other clean-energy project. That purchase let the Wuxi factory replace the equivalent amount of electricity from China's grid, which tends to be heavily dependent on coal-fired power plants.

To counter the emissions from the production of its steam, the factory bought carbon credits issued by projects—such as planting trees or protecting forests-that reduce the amount of carbon dioxide in the atmosphere or prevent emissions from increasing.

For now, the factory's managers say, the cost to buy carbon credits and renewable energy certificates in China is affordable: roughly \$47,000 in 2021, or around half a percentage point of what the factory pays to power its equipment. That means Panasonic could reduce and offset Wuxi's emissions without raising the price of the batteries it produces.

But the Wuxi factory's managers worry the cost of such certificates will rise as more companies rush to go green.

"Everybody is going to be focusing on [these instruments], and the price will go up," said Huang Hua, who heads the plant's human resources and facility department. "We can't just rely on

The California Public Employ-

and roughly equivalent to half

of Spain's annual emissions. For Panasonic—a 104-yearold manufacturing behemoth that has more than 10,000 suppliers and makes everything from refrigerators and TVs to fuses for surge protectors—just zeroing out emissions at factories by 2030 will be extremely hard, said Ryuji Shimono, a general manager in charge of external affairs at Panasonic's environment division. But these days, he said, decarbonizing "is a matter of competitiveness."

Panasonic turned its attention to the Wuxi factory in 2015, the year that the international Paris climate agreement set a target to keep rising global temperatures to less than 2 degrees Celsius from preindustrial levels, to avoid the worst impacts of climate change.

The plant makes lithium-ion and nickel-metal hydride batteries-the kind that power devices such as laptops, electric bikes and emergency lighting. It uses a lot of energy-mostly electricity, which it consumes in especially large quantities to charge and discharge the batteries during the testing process, and fossil fuel-generated steam, used for equipment such as dryers and

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### **BUSINESS & FINANCE**

# **Used-Car Price Surge** Frustrates Teen Buyers

By Nora Eckert

Chase Smith had been saving for her first car long before she had a license to drive. But when the 16-year-old was ready to buy, she saw the prices and hit the brakes.

"It was definitely very frustrating, especially because all my friends have cars," said Ms. Smith, who was eager to end her one-hour bus trips to school in upstate New York and stop catching rides from her parents. "But in the end, I just know it's a smart decision," she said.

Skyrocketing prices and a shortage of preowned inventory are adding strains to a teen's initiation into the driving world, prompting some shoppers to delay purchases.

Used-car prices were rising before the pandemic hit, but in the past two years, they have hit more records as supply-chain disruptions slammed the auto industry, leading to a shortage of cars new and used.

The average listing price for a preowned model hit \$28,500 in January, a 31% jump over the same prior-year month, according to Cox Automotive. Comparatively, newvehicle prices rose 12% during that same time frame, the firm's data shows.

The surge has walloped price-sensitive buyers, especially younger ones, analysts say. The number of 16-to-25year-olds purchasing a used vehicle dropped 35% between 2019 and the end of 2021, more than for any other age group, according to data provided by research firm J.D. Power. Purchases of new cars also slipped for this age group over the past couple of years, the firm's data shows.

Gen Zers are being held back by the rising prices and paltry selection of low-cost vehicles, analysts and industry executives say.

"As an industry, I think there should be some concern," said Jack Hollis, senior vice president of auto operations at Toyota Motor North America. Capturing younger buyers, who will be the driving force behind the economy in the next 20 to 40 years, is critical for the car business because it ensures brand loy-



Chase Smith, with her parents, Kevin and Katie Smith, gave up on her ambition to buy a car.

alty, he added.

At current price tags, the average monthly payment on a financed used car was about \$540 last month-up 33% from \$407 in January 2020 and close to what some consumers would have paid on a new vehicle two years ago, according to Edmunds.

The availability of used ve-

hicles has grown scarce over the past two years, in part because the typical channels for restocking lots faced challenges. Rental-car firms are holding on to vehicles longer because they can't secure new ones, and fewer leased cars and trucks have returned to dealerships for resale.

While preowned inventory

levels are starting to bounce back, the supply on dealer lots in December was down nearly 20% from the same time in 2019, according to Cox Automotive. For those looking for a used car under \$10,000, there were about 8,500 available in the U.S. in January, a 34% decrease from April 2021, the firm's data shows.

# ARK Keeps Its Bet on Innovation

Continued from page B1 are naturally disadvantaged when rates are rising," said Robby Greengold, an analyst with Morningstar.

The ARK Innovation ETF is down 24% this year, matching its decline in 2021. The fund has lagged well behind the broader stock market, which has come under pressure, too. The S&P 500 and Nasdag

Composite have fallen 7.3% and 12%, respectively, in 2022 after logging double-digit increases last year.

ARK has largely stuck to its strategy of buying and holding shares of companies it believes offer the greatest potential for change and innovation. Tesla Inc., Roku Inc. and Teladoc Health Inc. were the top three holdings in the innovation fund as of Friday. That is similar to early 2021, when Tesla, Roku and Block were the top three, with Teladoc coming in fifth.

Tesla, Roku and Teladoc are all down at least 19% in 2022, partly reversing large gains in 2020 when the pandemic turned them into stock-market

darlings.

There have been some changes to the innovation fund, too. **Zillow Group** Inc., for example, was a top 10 holding last year and ARK frequently added to its position. It eventually unloaded the shares last fall, after the company said it was exiting the home-buying space following substantial losses.

A spokeswoman for ARK referred to recent videos by Ms. Wood highlighting the firm's strategy and take on market conditions.

"Today, we are still seeing things very differently from many others out there, particularly when it comes to inflation and interest rates and

most importantly, innovation," Ms. Wood said in a video to investors this month.

Ms. Wood added that a rise in Treasury yields to 3% would be more of an issue for mature growth companies facing steeper competition rather than the "super growth companies" she favors. She likened the situation to the early 2000s, saying Amazon.com Inc. managed to achieve doubledigit annual revenue growth.

"You would've bought that stock all day long as a value investor," Ms. Wood said. "And of course the returns would've been phenomenal. We are in that same place with truly emerging growth right now."

Ms. Wood's message ap-

pears to be winning over some supporters. ARKK has gotten \$350.8 million of net inflows over the past week, including more than \$300 million on Thursday, its biggest singleday inflow since June, according to FactSet.

But Ms. Wood's detractors

Bearish bets against ARKK account for nearly 16% of the fund's shares, according to data from S3 Partners. That is down from a peak of 17.3% in mid-January, but well above levels over most of the fund's lifespan.

Besides that, an ETF designed to track the inverse of ARKK's performance, the Tuttle Capital Short Innovation

Fund (SYM)

ETF, has taken net inflows of nearly \$200 million from investors so far this year, pushing assets to \$309.8 million, according to FactSet data. The ETF, which goes by the ticker SARK, is up 24% in 2022.

"There's demand out there to be short ARKK," said Matthew Tuttle, chief executive of Tuttle Capital. "We look at this as a better way to hedge your portfolio."

Ms. Wood called the rollout of ETFs such as SARK "interesting" in her video before reiterating her view that disruption shouldn't underestimated.

"I think history tells us not to bet against innovation," she

### Closed-End Funds

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper Friday, February 11, 2022

Friday, February 11, 2022 Prem Fund (SYM) NAV Close/Disc Ret **General Equity Funds**Adams Diversified Equity **ADX 21.04 18.06 -14.2 15.6** Boulder Growth & Income BIF 16.72 13.99 -16.3 24.4 Central Secs CET NA 41.24 NA 24.8

CohenStrsCEOppFd **FOF** 13.21 13.66 +3.4 10.6 EVTxAdvDivIncm **EVT** 27.82 27.89 +0.3 23.2 GabelliDiv&IncTr **GDV** 27.94 24.55 -12.1 12.9 Gabelli Equity Tr **GAB** 6.07 6.92 +14.0 17.7 GeneralAmer **GAM** 48.72 41.14 -15.6 15.2 JHancockTaxAdvDiv **HTD** 24.91 24.65 -1.0 23.4 Liberty All-Star Equity **USA** 7.45 7.55 +1.3 13.9 Liberty All-Star Growth **ASG** 6.96 6.95 -0.1 -13.4 -5.3 3.7 Royce Micro-Cap Tr RMT 11.58 10.24 -11.6 Royce Value Trust **RVT** 18.25 17.26 -5.4 Sprott Focus Trust **FUND** 8.88 8.39 Tri-Continental **TY** 35.16 30.97 -11.9 14.8

Specialized Equity Funds Aberdeen Glb Prem Prop **AWP** 6.39 6.12 -4.2 20.3 Adams Natural Resources **PEO** 22.48 19.69 -12.4 59.3 ASA Gold & Prec Met Ltd ASA 24.20 21.39 -11.6 -0.6 BR Enh C&I 21.29 20.58 -3.3 18.2 BlackRock Energy & Res BGR 12.39 11.20 -9.6 46.3 BlackRock Egenh Div BDJ 10.45 9.88 -5.5 23.8 BlackRock Edenh 24.01 13.04 11.4 0.5 11.0 1 BlackRock Eq Enh Div BDJ 10.45 9.88 BlackRock Enh Glbl Div BOE 13.04 11.76 -9.8 13.6 BlackRock Enh Intl Div **BGY** 6.63 6.05 -8.7 BlackRock ESG Cap Alloc **ECAT** 19.49 16.95 -13.0 -27.7 -5.6 BlackRock HIth Sci Tr II BMEZ 22 93 20 82 BlackRock HIth Sciences BME 44.56 43.98 BlackRock Innovand Grow BIGZ 14 20 13 29 NS BlackRock Res & Comm BCX 11.14 10.27 BlackRock Sci&Tech Trll BSTZ 33.26 29.98 -9.9 -19.3 BlackRock Sci&Tech Trust **BST** 46.84 44.32 -5.4 -21.3 BlackRock Utl Inf & Pwr **BUI** 23.94 24.22 +1.2 -3.3 CLEARBRIDGEENGYMDSOPP EMO 33.36 26.50 -20.6 71.4 ClearBridge MLP & Midstm CEM 39.00 32.41 -16.9 64.8 ChnStrInfr UTF 26.65 26.87 +0.8 Cohen&SteersQualInc RQI 16.05 15.94 Cohen&Steers TotRet RFI 14.69 16.19 +10.2 24.2 CohenStrsREITPrefinc **RNP** 26.31 25.84 -1.8 16.5 Columbia Sel Prm Tech Gr **STK** 31.19 33.15 +6.3 17.0 DNP Select Income **DNP** 9.53 11.07 +16.2 16.6 Duff&PhUti&InfraIncFd **DPG** 13.70 13.98 +2.0 16.3 EtnVncEqtyInc **EOI** 18.14 19.16 +5.6 22.3 EtnVncEqtyIncoll **EOS** 20.92 21.24 +1.5 0.0 EVRskMnDvsEqInc ETJ 9.74 10.12 +3.9 ETnVncTxMgdBuyWrtInc ETB 15.61 16.52 +5.8 19.8 EtnVncTxMadBuvWrtOpp ETV 14.87 15.49 +4.2 EVTXMnDvsEqInc **ETY** 13.49 13.95 +3.4 19.5 EtnVncTxMgdGlbB **ETW** 10.24 10.75 +5.0 17.2

EVTxMnGblDvEqInc **EXG** 9.90 9.50 -4.0 14.0 Ecofin S&S Impact Term **TEAF** 16.92 14.46 -14.5 10.4

First Trust Energy Inc G **FEN 15.01 15.32 +2.1 37.3** 

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NAV Close/Disc Fund (SYM) First Tr Enhanced Eq **FFA** 20.07 20.34 +1.3 20.4 FirstTrEnergyInfra **FIF** 15.87 13.81 -13.0 28.5 FirstTrMLPEner&Inc **FEI** 8.73 7.85 -10.1 32.5 Gabelli Healthcare **GRX** 14.32 12.56 -12.3 8.8 Gabelli Healthcare **GRX** 14.32 12.56 -12.3 8.8 Gabelli Healthcare **GRX** 13.8 16 102.5 15.4 GAMCOGIGOId6NatRes **GGN** 3.98 3.78 -5.0 16.9 JHan Finl Opptys **BTO** 41.43 43.80 +5.7 37.2 Neuberger Brmn MLP & El NML 7.40 5.97 -19.3 59.7 Neuberger Nxt Gen Conn NBXG 16.60 14.82 -10.7 NubrgrRIEstSec NRO 4.89 4.70 -3.9 Nuv Dow 30 Dyn Overwrite DIAX 17.70 16.81 -5.0 NuvCorEqAlpha JCE 16.32 15.89 Nuveen Nasdaq 100 Dyn Ov **QQQX** 26.85 26.40 Nuv Real Est JRS 11.85 11.39 Nuveen RI Asst Inc & Gro JRI 16.56 15.08 NuvS&P500DynOvFd **SPXX** 17.80 17.28 NuvSP500BuyIncFd **BXMX** 14.58 13.88 ReavesUtilityIncome **UTG** 32.11 32.50 Tortoise Enrgy Infra Crp **TYG** 37.59 30.80 -18.1 37.6 VAGIAI & Tech Opptys **AIO** 23.94 22.39 -6.5 -8.3 VDivInt&PremStr NFJ 15.93 14.36 Income & Preferred Stock Funds CalamosStratTot CSQ 17.25 17.41 CohenStrsLtdDurPref&Inc LDP 24.27 22.95 CohenStrsSelPref&Income PSF 24.57 23.00

CohenStrsTaxAvPreSecs&l **PTA** 24.09 22.17 -8.0 -5.9 Dividend and Income **DNI** 19.17 13.56 -29.3 24.3 FirstTrIntDurPref&Inc FPF 23.10 21.64 19.00 18.78 JHanPrefinc **HPI** JHPrefincil HPF 18.79 18.75 HnckJPfdInco III HPS 16.79 16.91 +0.7 J Han Prm PDT 14.48 16.34 +12.8 25.3 16.04 14.27 -11.0 25.3 LMP Caplnco **SCD** Nuveen Multi-Asset Inc NMAI 19.06 17.01 -10.8 NS Nuveen Frd **JPS** 9.26 8.93 Nuveen Fd **JPS** 9.17 8.90 Nuveen Fd JPS Nuveen Pref & Inc Term JPI 23.56 22.81 TCW Strat Income TSI NA 5.31 NA Convertible Sec's, Funds

AdvntCnvrtbl&IncFd **AVK** 16.67 16.03 -3.8 CalamosConvHi **CHY** 14.24 14.60 +2.5 CalmosConvOp **CHI** 13.49 13.90 VAGI Conv & Inc II **NCZ** 4.84 4.48 VAGI Conv & Inc **NCV** 5.41 5.20 VAGI Dvs Inc & Conv **ACV** 26.71 26.28 VAGI Eqty & Conv Inc **NIE 29.74 26.66 -10.4** 0.0 World Equity Funds
Aberdeen Emg Mkts Eq Inc. AEF 8.41 7.65 -9.0

Aberdeen Tot Dyn Div AOD 10.74 9.79 -8.8 11.3 Allspring GI Div Oppty EOD 5.88 5.41 -8.0 13.8 BlackRock Capital Alloc BCAT 20.09 17.71 -11.8 -18.6 Calamos GloDynlnc **CHW** 8.96 9.14 +2.0 -2.6 China **CHN** 19.23 17.24 -10.3 -30.4 EV TxAdvGlbDivInc ETG 21.22 20.59 EtnVncTxAdvOpp ETO 29.26 30.37 -3.0 18.4 +3.8 24.3 FirstTr DynEuroEq Inc **FDEU** 15.38 13.41 -12.8 16.5 Gabelli Multimedia **GGT** 7.69 8.19 +6.5 -3.6 Highland Global Alloc **HGLB** 12.24 9.73 -20.5 50.9 India Fund **IFN** 22.09 19.97 -9.6 8.9 Japan Smaller Cap **JOF** 8.97 7.73 -13.8 -11.0 LazardGlbTotRetInc LGI 19.38 18.56 Mexico MXF NA 15.31 NA 15.31 NA 16.6 MS ChinaShrFd **CAF** 20.87 18.26 -12.5 -13.1 MS India **IIF** 30.72 26.00 -15.4 18.0 MS CBRE Glin Mg **MEGI 20.16 19.68** NS New Germany **GF** 14.66 13.24 Templeton Dragon **TDF** 17.28 15.62 -9.6 -35.2 Templeton Em Mkt EMF 17.71 15.90 -10.2 -17.0

NAV Close/Disc Yld Fund (SYM) U.S. Mortgage Bond Funds 5.42 5.18 -4.4 7.6 Investment Grade Bond Funds
Angel Oak FS Inc Trm FINS 17.36 16.11 -5.8 6.2 -6.4 7.3 -6.6 3.4 -7.0 5.6 -4.9 9.4 -8.8 11.6 -9.3 7.8 BIRCk Core Bond **BHK** 14.45 13.61 BR Credit Alloc Inc **BTZ** 14.21 13.30 InvescoBond **VBF** 19.11 17.85 J Han Income JHS 14.63 13.60
J Han Income JHS 14.63 13.60
MFS Intrudt MIN 3.48 3.31
Western Asset Inf-Lk O&I WIW 13.58 12.32
Western Asset Inf-Lk O&I WIW 13.58 12.32

Westn Asst IG Def Opp Tr IGI 20.32 19.48 Westn Asst IG Def Opp Tr IGI 20.32 19.48

Loan Participation Funds
Apollo Senior Floating AFT

BR Debt Strategy DSU 11.52 10.97

BR F/R Inc Str FRA
13.90 13.77

BlackRock Floating Rthe B6T 13.51 13.56

Blackstone Strat Cr BGB 14.36 13.21

Eagle Point Credit ECC

NA 13.71

Et NncFltRteinc EFT
14.41 14.30

EV SenFIRETr EFR
14.18 14.50

FT/Sr Fltg Rte Inc 2 FCT 12.20 12.09

InvDYCTOpp:AX VTA
12.43

NA 15.11 6.5 5.8 5.8 6.3 12.2 6.0 6.3 8.9 8.2 NA 7.0 9.4 6.6 6.6 6.8 InvDYCrOpp:AX VTA 12.43 NA InvSnrIncTr VVR 4.63 4.43 NuveenCredit Strat Inc JQC 6.81 6.35

NuvFloatRateIncFd JFR 10.37 10.36 NuvFloatRteIncOppty JRO 10.28 10.29

Nuveen Senior Income **NSL** 6.10 5.89

High Yield Bond Funds
Aberdeen Inc Credit Str ACP 9.78 10.18 +4.1 AllianceBernGlHilncm AWF Allspring Income Oppty **EAD** 8.54 7.93 Barings Glb SD HY Bd **BGH** 17.53 15.86 8.5 7.8 8.3 7.6 8.6 11.4 BR Corporate HY HYT 11.44 10.95 BlackRock Ltd Dur Inc **BLW 15.93 14.86** BNY Mellon Hi Yield Str **DHF 3.10 2.82** Brookfield Real Asst Inc **RA 19.05 20.46** CrSuisHighYld **DHY** 2.45 2.28 DELAWAREIVYHIGHINCOPP **IVH** 14.29 12.87 7.9 6.3 11.0 DoubleLine Inc Sol DSL 16.39 15.23 DoubleLine Yld Opps **DLY** 19.01 17.55 First Tr Hi Inc Lng/Shrt **FSD** 15.15 13.75 First Trust HY Opp:2027 **FTHY** 19.54 18.40 7.7 9.0 8.2 KKR Income Opportunities **KIO** 16.18 15.19 Nuveen Global High Inc **JGH** 15.81 14.57 PGIM Global High Yield **GHY** 15.44 13.85 PGIM High Yield Bond ISD 16.05 14.89
PGIMSh Dur Hi Yid Opp SDHY 18.88 17.26
Ploneer Hilncm PHT 9.14 8.63
Western Asset Hi I'nd Op HI 14.94 14.57
Western Asset Hi Yid Op HI 14.94 14.57

Other Domestic Taxable Bond Funds Allspring Multi-Sector ERC 11.81 11.48
Apollo Tactical Income AIF
Ares Dynamic Crdt Alloc ARDC NA 15.38 BlackRock Mlt-Sctr Inc BIT 17.23 16.62 BlackRock Tax Muni Bd BBN 23.70 22.52 
 DoubleLineOppor Crdt Fd DBL
 18.30
 17.55

 EVLmtDurIncm
 EVV
 12.61
 11.83

 FranklinLtd DurIncome
 FTF
 8.47
 7.88

 J Han Investors
 JHI
 17.38
 16.80
 MFS Charter **MCR** 7.94 7.65 NuvCorePlusImpact **NPCT** 17.69 15.93 NuveenTaxable Muni Inc **NBB** 21.69 20.18 PIMCO Corp & Inc Oppty **PTY** 13.62 15.42 +13.2 PIMCO Corp & Inc Strat **PCN** 13.79 15.70 +13.9 
 PIMCOHilnco PHK
 5.56
 5.89

 PIMCO IncmStrFd PFL
 9.95
 10.14

 PIMCO IncmStrFdII PFN
 8.78
 8.93
 Putnam Prem Inc PPT 4.36 4.02 Western Asset Dvsfd Inc WDI 19.13 17.43
World Income Funds

Abrdn AP IncFd **FAX** 4.12 3.64 -11.7 MS EmMktDomDebt **EDD** 6.28 5.48 -12.7 PIMCO Dynamic Income **PDI** 23.52 24.36 +3.6 PIMCO Dynamic Inc Opp **PDO** 18.72 17.79 -5.0 PIMCO Stratg Inc RCS 5.84 6.26 Templeton Em Inc TEI 7.64 7.10 Templtn Glbl Inc GIM 5.42 5.08 +7.2 -7.1 -6.3 WstAstEmergDebt EMD 12.98 11.63 WesternAsset GlCrDOp GDO 16.81 16.63 National Muni Bond Funds

AllBerNatlMuninc **AFB** 14.48 13.21 BlckRk inv Q Mun **BKN** 15.71 15.55 BlackRock Muni 2030 Tgt BTT 25.78 24.78 BlackRock Muni BFK 13.94 13.51 BlckRk Muni Inc Qly BYM 15.01 13.74 BICKRKMUNINCU IN SYM 15.01 13.74
BR MuniAssets Fd MUA 14.25 14.18
BR MuniHoldings Qly MFL 14.46 13.05
BR MH Qly 2 MUE 13.52 12.34
BR MuniHoldings MHD 16.36 15.02
BR MuniVest Fd MVF 9.48 8.51
BR MuniVest 2 MVT 14.80 13.81
BR MuniVeld Fd MYD 14.48 13.08 BR MuniYield Qlty **MQY** 15.64 14.57 BR MuniYld Qlty2 **MQT** 13.76 12.72 BR Munifyld Qly3 MY1 14.57 13.19
BNYMellon MuniBd Infra DMB 13.94 13.35
BNY Mellon Strat Muni Eco 8.24 7.50 DWS Muni Inc **KTF** EVMuniBd **EIM** 11.98 10.76 13.21 12.07 13.43 12.14 EVMunilncm EVN 13.43 12.14 EVNatMuniOpp EOT 21.04 20.30 InvAdvMulncTrll VKI 11.47 10.61 Invesco MuniOp OIA 7.49 7.05 InvescoMuloppTr **VMO** 12.86 11.92 InvescoMuTr **VKQ** 12.87 11.79 InvescoQual Inc **IQI** 12.94 11.71

13.26 12.13

nvTrlnvGrMu **VGM** 

Fund (SYM) NAV Close / Disc InvescoValMuninc IIM 15.75 15.11 -4.1 MAINSTAY:MKDEFTRMUNOP MMD 20.07 19.89 NeubrgrBrm **NBH** 14.25 13.76 Nuveen AMT-FrMu Val **NUW** 16.60 15.71 Nuveen AMT-FrQlty Munl NEA 14.98 13.75 Nuveen AMT-Fr Mu Cl NVG 16.42 15.42 Nuveen Dyn Muni Opp NDMO 14.80 14.07 Nuveen Enh Muni Val **NEV** 14.98 13.85 Nuveen Int Dur Mun Term **NID** 14.38 14.15 Nuveen Mu Crdt Opps **NMCO** 14.92 14.26 Nuveminucturi Upps Initio 14,92 14,26 Nuv Munif Cedit Income NZF 16,15 15,33 NuvMuniHilncOpp NMZ 13.86 14.01 Nuveen Muni Val NUV 10,28 9.79 Nuveen Quality Munifur NAD 15,35 14.06 Nuveen Sel TF NXP 15,78 14.89 PIMCO Munifur PMF 12,42 13,34 PIMCOMunilncll **PML** 11.53 13.61 +18.0

PioneerHilncAdv MAV 11.53 10.62 -7.9 PionrMuniHilncOppty **MIO** 18.04 16.27 PioneerMunHilcm **MHI** 12.47 11.17 Putnam Mgd Inc **PMM** 7.85 7.25 Putnam Muni Opp **PMO** 13.11 12.38 RiverNorthFlx Mu Inc II **RFMZ** 18.57 17.41 RiverNorth Mgd Dur Mun I RMM 18.82 17.89 Western Asset Mgd Muni MMU 13.34 12.10 Single State Muni Bond
BlackRock CA Mun BFZ 15.07 13.19 -12.5 BRMHCA Qly Fd Inc **MUC** 15.01 13.71 BRMH NJ Qly **MUJ** 15.13 14.39 BRMH NY Qly **MHN** 14.28 13.12 BR MuniYld CA **MYC** 15.33 13.60 -11.3 BR MuniYld CA Qly **MCA** 15.31 13.93 -9.0 BR MuniYld MI Qly **MIY** 14.94 13.61 -8.9 BR MuniYld NJ MYJ 15.27 14.13

NAV Close /Disc

Fund (SYM) NAV Close /Disc BlackRock NY Mun BNY 14.24 13.16 -7.6 EVCAMuniBd **EVM** 11.84 10.58 Eaton Vance NY Muni Bd **ENX** 12.60 11.19 InvCaValMulncTr **VCV** 12.90 11.73 InvPAValMuIncTr VPV 13.66 12.20 -10.7 InvTrInvGrNYMu **VTN** 13.72 12.21 NuveenCA AMT-F Qual MI **NKX** 15.68 14.26 Nuveen CA Val **NCA** 10.34 9.56 NuveenCAQtyMulnc NAC 15.11 13.73 NuvNJ Qual Muni Inc NXJ 15.58 13.88 NuveenNYAMT/FrQual MI NRK 14.22 12.66 Nuveen NY Qual Muni Inc NAN 14.71 13.13 -10.7 Nuveen OH Qual Muni Inc NUO 16.62 14.56 -12.4 Nuveen PA Qual Muni Inc NUP 15.32 13.64 -11.0 Nuveen VA Qity Mun Inc NPV 14.59 14.36 PIMCO CA PCQ 13.13 15.89 PIMCO CA **PCQ** 13.13 15.89 +21.0 PIMCOCAMunill **PCK** 8.40 8.13 -3.2

No. of shrs in Price range (\$) \$ Value

6 2854.63-2921.49

6 2862.91-2894.29

trans (000s)

in transaction (000s) Close(\$) Ytd(%)

### **Insider-Trading Spotlight**

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by Refinitiv on February 11, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class CB: chairman CEO: chief executive officer CFO: chief financial officer CO: chief operating officer D: director DO: director and beneficial owner GC: general counsel H: officer, director and beneficial owner l: indirect transaction filed through a trust, insider spouse, minor child or other O: officer OD: officer and director P: president UT: unknown **VP**: vice president Excludes pure options transactions

Symbol Insider

### Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s) Company

Buyer	'S								
Feb. 2-4	Asana	ASAN	D. Moskovitz	CEO	1,250	45.89-54.10	60,187	61.56	-17.4
Feb. 7-8	PennyMac Financial Services	PFSI	F. Nanji	DI	256	58.87-60.19	15,227	61.09	-12.5
Feb. 3-7 Feb. 8	loanDepot	LDI	A. Hsieh A. Hsieh	CEOI	1,585 94	3.64-3.76 3.79	5,833 354	4.14	-13.8
Feb. 7	Mersana Therapeutics	MRSN	A. Hack	DI	1,136	4.42	5,023	4.32	-30.5
Feb. 8 Feb. 8	Leslie's	LESL	M. Egeck S. Weddell	CEO CFO	102 25	19.66 19.80	1,999 495	20.63	-12.8
Feb. 2-3	Taysha Gene Therapies	TSHA	P. Manning	DO	202*	7.77-7.84	1,572	7.37	-36.7
Feb. 8 Feb. 3 Feb. 4	PayPal Holdings	PYPL	D. Dorman D. Schulman F. Yeary	D CEO DI	8 8 4	119.33 124.55-125.18 124.85	1,002 996 499	115.29	-38.9
Feb. 4	Calix	CALX	D. Listwin	DI	10	50.94	509	53.70	-32.8
Feb. 7 Feb. 7	AZEK	AZEK	B. Spaly P. Clifford	D CFO	16 13	30.70 30.24	491 393	29.80	-35.6
Feb. 4	Ingredion	INGR	D. Seip	0	5	85.90	430	87.00	-10.0
Feb. 7	Rocket Pharmaceuticals	RCKT	G. Shah	CEO	22	17.34	382	18.97	-13.1
Feb. 4	VOXX International	voxx	B. Kahli	DOI	35	10.50-10.97	379	12.13	19.3
Feb. 8	Greenhill	GHL	S. Bok	CEOI	20	18.45	361	19.45	8.5

Selle	rs								
Feb. 3	Magnolia Oil & Gas	MGY	J. Walker	DOI	7,456	21.00	156,572	21.53	14.1
Feb. 2	Exxon Mobil	хом	J. Ubben	DI	1,500	80.05	120,075	80.21	31.1
Feb. 4	Catalent	CTLT	P. Zippelius	DI	487	102.65	50,000	99.24	-22.5
Feb. 7	Snap	SNAP	R. Murphy	СТ	950	38.04-38.63	36,246	39.49	-16.0
Feb. 4	Illinois Tool Works	ITW	E. Santi	CEO	149	230.52-234.08	34,435	217.72	-11.8
Feb. 8 Feb. 7 Feb. 7	Alphabet	GOOG	S. Brin S. Brin L. Page	DO DO DO	9 2	739.36-2780.87 777.05-2950.67 776.85-2822.09	30,709 24,862 23,646	2682.60	-7.3
Feb. 9	American Express	AXP	A. Williams	0	140	196.78-197.40	27,537	191.81	17.2
Feb. 7 Feb. 7 Feb. 4 Feb. 4 Feb. 3 Feb. 3	Alphabet	GOOGL	S. Brin L. Page L. Page L. Page L. Page L. Page	DO DO DO DO DO	8 2 8 2 8 2 7 2	780.30-2831.50 780.66-2827.05 799.73-2854.74 814.91-2861.66 919.86-2965.72 923.70-2971.75	23,208 22,131 22,076 21,680 20,506 20,125	2685.65	-7.3

Feb. 4 Half the transactions were indirect \*\*Two day transaction

### Buying and selling by sector

Feb. 3

3.7 5.1 5.0

Based on actual transaction dates in reports received this past week

1					
Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	0	14,113,014	Health care	7,822,974	128,496,212
Business services	0	0	Industrial	0	0
Consumer durables	44,220	5,096,322	Media	0	0
Consumer nondurables	0	0	Technology	3,373,748	231,260,420
Consumer services	2,878,431	22,093,372	Transportation	150,128	11,042,271
Energy	0	76,725,113	Utilities	0	0
Finance	9,325,144	185,428,642			

Sources: Refinitiv; Dow Jones Market Data

18,731 18,275

18,013

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### **CASH PRICES**

wsj.com/market-data/commodities

Friday, February 11, 2022

0.8200

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 th	ne comm	iodity might be worth in future m	onths.
	Friday		Friday
Energy		Grains and Feeds	
	89.700	Barley,top-quality Mnpls-u	n.a.
Coal,PwdrRvrBsn,8800Btu,0.8S02-r,w	23.900	Bran,wheat middlings, KC-u	174
Metals		Corn,No. 2 yellow,Cent IL-bp,u	6.3800
Cold novemov on		Corn gluten feed,Midwest-u,w Corn gluten meal,Midwest-u,w	192.0 618.6
Gold, per troy oz Engelhard industrial 1	829.00	Cottonseed meal-u,w	340
	831.15	Hominy feed, Cent IL-u, w	165
	032.58	Meat-bonemeal,50% pro Mnpls-u,w	n.a.
	832.30	Oats,No.2 milling,Mnpls-u	7.3175
LBMA Gold Price PM *1	835.35	Rice, Long Grain Milled, No. 2 AR-u,w	27.75
	914.95	Sorghum,(Milo) No.2 Gulf-u	n.a.
	933.37	SoybeanMeal,Cent IL,rail,ton48%-u,w	n.a.
	933.37	Soybeans,No.1 yllw IL-bp,u	15.6600
	228.06	Wheat,Spring14%-pro Mnpls-u	11.4650 8.0225
	807.84 933.37	Wheat,No.2 soft red,St.Louis-u Wheat - Hard - KC (USDA) \$ per bu-u	8.4325
Silver, troy oz.	733.31	Wheat,No.1soft white,PortId,OR-u	10.7500
	3.1000		1017700
	3.2750	Food	
	9.0940	Beef,carcass equiv. index	
	17.2100	choice 1-3,600-900 lbsu	233.60
(U.S.\$ equivalent) *2	3.3550	select 1-3,600-900 lbsu	225.64
Coins,wholesale \$1,000 face-a	19807	Broilers, National comp wtd. avgu,w	1.2488
Other metals		Butter,AA Chicago	2.7550
	1027.0	Cheddar cheese,bbl,Chicago	191.00
	1028.0	Cheddar cheese,blk,Chicago	190.75 189.75
, , ,	2230.0 3313.0	Milk,Nonfat dry,Chicago lb. Coffee,Brazilian,Comp	2.5564
	4.5050	Coffee,Colombian, NY	3.1620
Iron Ore, 62% Fe CFR China-s	150.2	Eggs,large white,Chicago-u	1.7550
Shredded Scrap, US Midwest-s,m	n.a.	Flour,hard winter KC	23.40
Steel, HRC USA, FOB Midwest Mill-s	1120	Hams,17-20 lbs,Mid-US fob-u	0.43
Battery/EV metals		Hogs,lowa-So. Minnesota-u	88.53
BMI Lithium Carbonate, EXW China, =99.2%-v,k	54725	Pork bellies,12-14 lb MidUS-u	n.a.
BMI Lithium Hydroxide, EXW China, =56.5% -v,k	45450	Pork loins,13-19 lb MidUS-u	1.2451
BMI Cobalt sulphate, EXW China, >20.5% -v,m	16250	Steers,TexOkla. Choice-u Steers,feeder,Okla. City-u,w	140.00 187.75
BMI Nickel Sulphate, EXW China, >22%-v,m	5888		18/./5
BMI Flake Graphite, FOB China, -100 Mesh, 94-95% -v,m	665	Fats and Oils	
Fibers and Textiles		Degummed corn oil, crude wtd. avgu,w	n 2
Burlap,10-oz,40-inch NY yd-n,w	0.8300	Grease,choice white,Chicago-h	n.a. 0.6800
buriap,10-02,40-iiiCli NY yd-n,W	0.0500	Grease, choice writte, Chicago-H	0.0000

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra, Tordella & Brookes; H=American commodities brokerage co; K=bi-weekly, M=monthly, N=nominal; n.a.=not quoted or not available; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Z=not quoted. \*Data as of 2/10 Source: Dow Jones Market Data

\*140.40

Lard,Chicago-u

Sovbean oil.crude:Centl IL-u.w

wsj.com/market-data/bonds/benchmarks

Tallow,bleach;Chicago-h

Tallow,edible,Chicago-u

### **Borrowing Benchmarks**

### **Money Rates**

Cotton,11/16 std lw-mdMphs-u

Wool.64s.staple.Terr del-u.w

Hides, hvy native steers piece fob-u

Cotlook 'A' Index-t

February 11, 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 transa

	Sun mack enginem (70)		index enginemical		
	level	Dec. '21	Jan. '21	Fed	
U.S. consu	mer price in	dex		Effe Higl	
Allitems	281.148	0.84	7.5	Low	
Core	285.996	0.74	6.0	Bid Offe	
International rates					

Inflation

	Latest	Week ago	−52-\ High	Week – Low
rime rat	es			
S.	3.25	3.25	3.25	3.25
anada	2.45	2.45	2.45	2.45

Japan		1.475	1.475	1.475			
Policy Rates							

Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.00	0.00	0.00	0.00
Britain	0.50	0.50	0.50	0.10
Australia	0.10	0.10	0.10	0.10

Overnight repurchase					
U.S.	0.00	0.04	0.08	-0.	
	_				

·	.s. government rates	
Discou	nt	

	0.25	0.25	0.25	0.25
Notes on data:				
U.S. prime rate loans posted by	at least	70% of th	ne 10 larg	est
U.S. banks, and				
Other prime ra	<b>tes</b> aren	't directly	/ compara	able;

lending practices vary widely by location; **Discount rate** is effective March 16, 2020. Secured Overnight Fin ng Rate is as o February 10, 2022. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

actions.				
	Late	Week est ago	—52- High	-WEEK— Low
Federal fur	nds			
Effective rate	0.0800	0.0800	0.1000	0.0500

Federal Tunds						
Effective rate	0.0800	0.0800	0.1000	0.0500		
High	0.1500	0.1000	0.2000	0.0700		
Low	0.0500	0.0500	0.0900	0.0000		
Bid	0.0700	0.0700	0.7000	0.0300		
Offer	0.1000	0.1000	0.1200	0.0500		

Treasury bi	II auctioi	n		
4 weeks	0.020	0.035	0.125	0.000
13 weeks	0.290	0.240	0.290	0.015
26 weeks	0.580	0.500	0.580	0.030

Fannie Mae				
30-year mortga	age yields			
30 days	3.474	3 125	3 474	1 994

ouays	5.514	5.1/0	5.514	2.02
Oth	er short-	term	rates	
	Latest	Week ago	– 52-\ high	Week - low

**Call money** 

	2.00	2.00	2.00	2.00
Commerc	ial paper (	AA fin	ancial	)
90 days	n.a.	n.a.	0.36	0.04
Libor				
One month	0.19114	0.11529	0.19114	0.07263
Three month	0.50643	0.33900	0.50643	0.11413
Six month	0.84043	0.55543	0.84043	0.14663

Secured Overnight	t Financi	ing Ra	te
0.05	0.05	0.06	0.
	Malica	- F2 V	

0.99900 1.39229 0.21950

1.39229

0.05	0.05	0.06	0.01
Latest	Value Traded		

	Latest	Traded	High	Low						
DTCC GCF Repo Index										
Treasury	0.052	17.516	0.093	-0.008						
MBS	0.064	24.200	0.121	0.002						

### THE TICKER

### MARKET EVENTS COMING THIS WEEK

### Monday

Earnings expected\* Advance Auto Parts **1.96**/1.87 Arista Networks

**0.74**/0.62 Avis Budget Group **6.15**/(0.36) Continental Resources

**1.70**/(0.23) Service Corporation International 0.97/1.13 Vornado Realty Trust 0.27/0.01

### **Tuesday**

**Empire Manufacturing** Jan., previous -0.7Feb., expected 10 Producer-price index

All items, Dec. up 0.2% Jan., expected up 0.5% up 0.5% Core, Dec. Jan., expected up 0.4%

Earnings expected\* Estimate/Year Ago Airbnb **0.04**/(11.24) Ecolab **1.31**/1.23 Fidelity National

Information Services **1.90**/1.62 IOVIA Holdings 2.43/2.11 Marriott International **1.00**/0.12

Zoetis 0.96/0.91

### **Business inventories**

Dec., expected up 2.1%

Wednesday Nov., previous up 1.3%

### Capacity utilization

Dec., previous 76.50% Jan., expected 76.70% EIA status report

Previous change in stocks in millions of barrels Crude-oil stocks down 4.8 Gasoline stocks down 1.6 Distillates down 0.9 Import-price index

Dec., previous down 0.2% Jan., expected up 1.4% Industrial production Dec., previous down 0.1% Jan., expected up 0.4% Mort. bankers indexes Purch., prev. down 10% Refinan., prev. down 7% Retail sales, ex. autos Dec., previous down 2.3% Jan., expected up 0.8%

Dec., previous down 1.9% Jan., expected up 2.0% Earnings expected\* Estimate/Year Ago

Retail sales

Analog Devices **1.79**/1.44

**Applied Materials 1.86**/1.39 Cisco Systems 0.81/0.79

Equinix **1.40**/0.57 Nvidia **1.23**/0.78 Shopify **1.30**/1.58

### Thursday

**Building permits** 1.873 mil Dec., previous 1.740 mil Jan., expected EIA report: natural gas evious change in stocks in billions of cubic feet

### **Housing starts**

Dec., previous 1.702 mil Jan, expected 1.700 mil

Initial jobless claims

Previous 223,000 222,000 Expected

Philadelphia Fed survey Jan., previous 23.2 Feb., expected 19.7

Earnings expected\*

Baxter International **1.03**/0.80 Consolidated Edison **0.86**/0.75

Digital Realty Trust **0.32**/0.16 Keysight Technologies

**1.55**/1.43

**0.35**/0.47

**1.49**/1.39

Southern Walmart Friday

Existing-home sales Dec., previous 6.18 mil

Jan., expected 6.10 mil Leading indicators

Dec., previous up 0.8% Jan., expected up 0.2% Earnings expected\*

Ameren **0.49**/0.46 **0.78**/0.83 Balchem **2.24**/3.87 Deere DraftKings **(0.81)**/(0.68)

PPL **0.32**/0.59 Monday

U.S. markets closed for Washington's Birthday/ **Presidents Day** 

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split

down 222

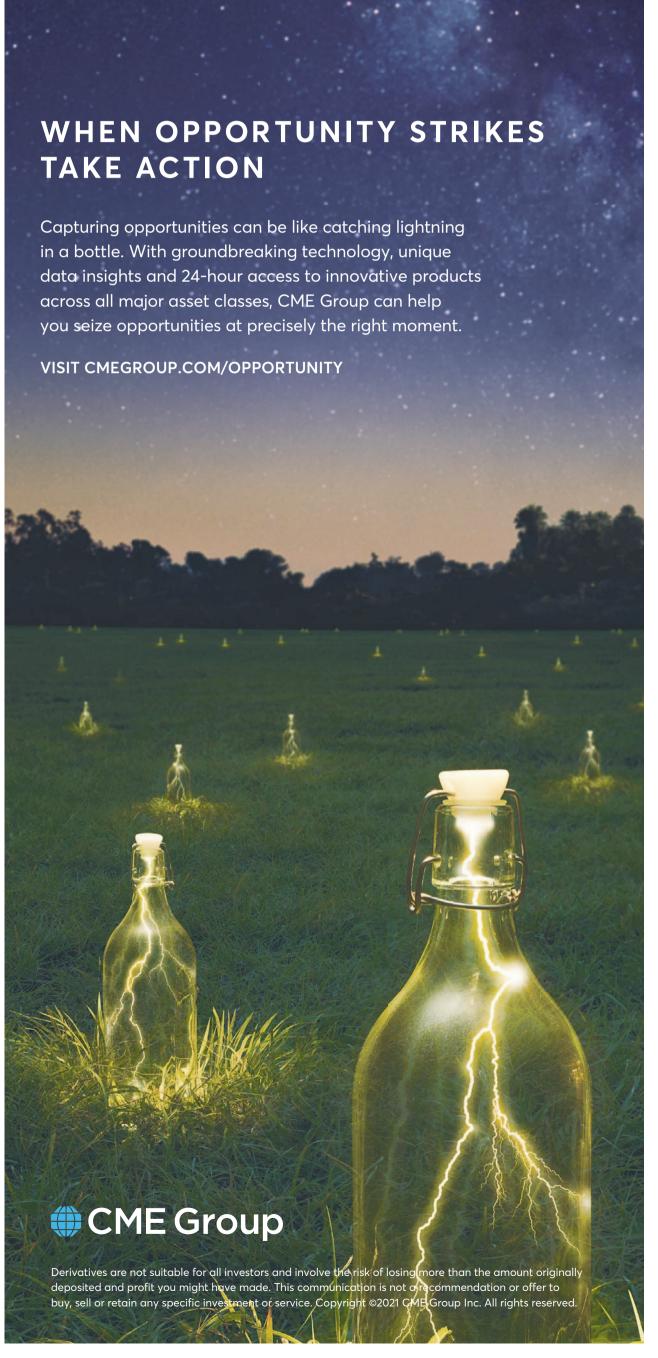
Note: Forecasts are from Dow Jones weekly survey of economists

### **CLOSED-END FUNDS**

Continued From Page Bo	,	_	5	Prem Ttl Fund (SYM) NAV Close /Disc Ret	
Frank (CVBA)			rem	Ttl	
	VAV C	iose/I	DISC	Ret	Calamos L/S Eqty and DI CPZ 22.08 20.73 -6.1 15.1
General Equity Funds					First Trust Alt Opps;A NA NA NA NS
Alternative Strategies:	6.63	NA	NA	21.8	Flat Rock Opportunity 22.62 NA NA 22.4
BOW RIVER CAPTL EVGN;II	NA	NA	NA	N	Lord Abbett Spec Sit I:A 9.90 NA NA NS
Specialized Equity Fu					Lord Abbett Spec Sit I:I 9.90 NA NA NS
Aspiriant Rsk-Mgd RA	NA	NA	NA	NS	Variant Altrntv Inc:Inst 28.22 NA NA 11.2
Bluerock Total Inc+ RE:M	NA	NA	NA	NS	Variant Impact;Instl 25.26 NA NA NS
Broadstone RI Est Acc:	1.31	NA	NA	3.9	Zell Capital NA NA NA NS
Broadstone RI Est Acc:W	1.29	NA	NA	3.2	Convertible Sec's. Funds
CBRE GlbRIEst IGR	9.26	8.55	-7.7	18.4	Calmos Dyn Conv and Inc CCD 27.10 27.53 +1.6 -12.2
CIM RA&C A	26.63	NA	NA	10.3	World Equity Funds
CIM RA&C C	26.27	NA	NA	9.5	ACAP Strategic: A 20.33 NA NA -28.5
CIM RA&C I	26.74	NA	NA	10.5	ACAP Strategic:W 15.03 NA NA -28.0
CIM RA&C L	26.50	NA	NA	10.0	Aspiriant Rsk-Mgd Cap Ap NA NA NS
Clarion Partners REI D		NA	NA	25.5	CalamosGlbTotRet <b>CGO</b> 13.90 14.25 +2.5 -6.5
Clarion Partners REI I	12.19	NA	NA	25.9	Primark Priv Eq Inv:I 12.49 NA NA 12.2
Clarion Partners REIS	12.20	NA	NA	24.9	Thornburg Inc Bldr Opps TBLD.0 19.81 18.34 -7.4 NS
Clarion Partners REIT		NA	NA	24.8	VirtusTotalRetFd ZTR 8.77 9.24 +5.4 5.7
GS Real Est Div Inc:P	NA	NA	NA	NS	Prem 12 Mo
NexPointRlEstStrat;A		NA	NA	40.9	Fund (SYM) NAV Close / Disc Yld
NexPointRlEstStrat;C		NA	NA	39.8	U.S. Mortgage Bond Funds
NexPointRlEstStrat;Z		NA	NA	41.2	Arca US Treasury NA NA NA 0.0
PREDEX;I	29.77	NA	NA	22.7	Ellington Inc Opp:A 9.66 NA NA 5.2
PREDEX;T	29.94	NA	NA	22.5	Ellington Inc Opp:M 9.55 NA NA 5.4
PREDEX;W	29.94	NA	NA	22.5	Loan Participation Funds
Principal Dvs Sel RA A		NA	NA	9.4	1WS Credit Income;A2 NA NA NA NS
Principal Dvs Sel RA Ins	27.38	NA	NA	9.6	1WS Credit Income;Inst NA NA NA 6.1
Principal Dvs Sel RA Y		NA	NA	9.8	AlphCntrc Prime Merid In 9.52 NA NA 9.2
StoneCastle Financial Co BANX		21.52	NA	NA	Axonic Alternative Inc 21.95 NA NA 11.7
The Private Shares;A	42.49	NA	NA	19.6	Blackstone FR EI D 23.85 NA NA 5.3
The Private Shares;I	42.97	NA	NA	19.9	Blackstone FR EII 23.82 NA NA 5.6
The Private Shares;L	42.04	NA	NA	19.3	Blackstone FREIT 23.78 NA NA 5.1
Thirdline Real Estate I		NA	NA	NS	Blackstone FR EIT-I 24.37 NA NA 5.1
USQ Core Real Estate:		NA	NA	21.0	Blackstone FR EI U 24.83 NA NA 5.1
USQ Core Real Estate:IS	28.90	NA	NA	21.1	
Versus Cap MMgr RE Inc:I		NA	NA	NE	Bluestone Commity Dev 9.82 NA NA 2.5
Versus Capital Real Asst		NA	NA	8.8	BNYM Alcntr Glb MS Cr Fd 101.38 NA NA 7.6 CliffwaterClFd: 10.70 NA NA 6.9
Wildermuth:A	13.43	NA	NA	4.6	
Wildermuth:C	12.78	NA	NA	3.9	CliffwaterElFd;A 10.54 NA NA NS
Wildermuth:I	13.55	NΑ	NA	4.9	CNR Strategic Credit 9.98 NA NA 13.3
Income & Preferred S			NI C	15.0	FedProj&TrFinanceTendr 9.92 NA NA 2.1
A3 Alternative Inc	7.55	NA	ΝA	-15.2	Flat Rock Core Income 20.58 NA NA 6.7

2 wk Ttl	Fund (SVM)
Ret	Fund (SYM)
	InvDYCrOpp:A
15.1 NS	InvDYCrOpp:R6
	InvDYCrOpp:Y
22.4	Invesco Sr Loan A
NS NS	Invesco Sr Loan C
NS 11.2	Invesco Sr Loan IE
NS NS	Invesco Sr Loan IC Invesco Sr Loan Y
NS	Invesco Sr Loan Y
I/I/S	OFS Credit Company
-12.2	Yieldstreet Prism
-12.2	High Yield Bond F
20 E	Griffin Inst Access (
-28.5 -28.0	Griffin Inst Access
	Griffin Inst Access
NS -6.5	Griffin Inst Access
12.2	Griffin Inst Access
NS NS	Griffin Inst Access C
5.7	PIMCO Flexible Cr
	PIMCO Flexible Cr I
L2 Mo	PIMCO Flexible Cr I
Yld	PIMCO Flexible Cr I
	PIMCO Flexible Cr I
0.0	WA Middle Mkt In
5.2	Other Domestic
5.4	AFA MMC;Inst
	AFA MMC;Inv
NS	Alternative Credit I
6.1	Alternative Credit I
9.2	Alternative Credit
11.7	Alternative Credit I
5.3	Alternative Credit Ir
5.6	Angel Oak Str Crdt
5.1	BR Credit Strat;A
5.1	BR Credit Strat;In:
5.1	BR Credit Strat;U BR Credit Strat;W
2.5	BR Credit Strat;W
7.6	BlackRock Mlt-Sctr O
6.9	BlackRock Mlt-Sec C
NS	Carlyle Tact Pvt Cre
13.3	Carlyle Tact Pvt Ci
2.1	Carlyle Tact Pvt Cr
6.7	Carlyle Tact Pvt Cre

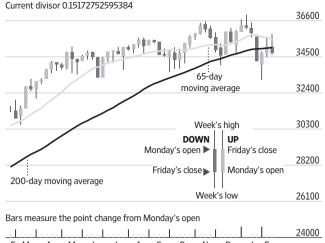
(6)(8.8)			rem1		= 1(0)(0.0)			rem1	
	NAV C			Yld		NAV CI			Y
/CrOpp:A	12.43	NA	NA	NS	Carlyle Tact Pvt Cred:N	8.97	NA	NA	7
/CrOpp:R6	12.43	NA	NA	NS	Carlyle Tact Pvt Cred:Y	8.98	NA	NA	(
/CrOpp:Y	12.43	NA	NA	NS	CION Ares Dysfd Crdt;A	NA	NA	NA	
co Sr Loan A	6.50	NA	NA	4.8	CION Ares Dvsfd Crdt;C	NA	NA	NA	
co Sr Loan C	6.52	NA	NA	4.0	CION Ares Dysfd Crdt;I	NA	NA	NA	
co Sr Loan IB	6.50	NA	NA	5.0	CION Ares Dvsfd Crdt;L	NA	NA	NA	
co Sr Loan IC	6.50	NA	NA	4.9	CION Ares Dysfd Crdt;U	NA	NA	NA	
co Sr Loan Y	6.50	NA	NA	5.0	CION Ares Dvsfd Crdt:U2	NA	NA	NA	:
redit Company <b>OCC</b>		12.95	NA	NA	CION Ares Dysfd Crdt;W	NA	NA	NA	:
treet Prism	NA	NA	NA	7.8	CNR Select Strategies	12.29	NA	NA	(
Yield Bond Fund					First Eagle Crdt Opps A		NA	NA	
Inst Access Cd:A	NA	NA	NA	6.2	First Eagle Crdt Opps I		NA	NA	
Inst Access Cd:C	NA	NA	NA	6.2	FS Credit Income;A	NA	NA	NA	:
Inst Access Cd:F	NA	NA	NA	6.2	FS Credit Income;I	NA	NA	NA	
n Inst Access Cd:I	NA	NA	NA	6.2	FS Credit Income;T	NA	NA	NA	
Inst Access Cd:L	NA	NA	NA	6.2	FS Credit Income;U	NA	NA	NA	,
Inst Access Cd:M	NA	NA	NA	NS	FS Credit Income;U-2	NA	NA	NA	4
O Flexible Cr I;A-1	9.18	NA	NA	8.8	GL Beyond Income	0.47	NA	NA	
O Flexible Cr I;A-2	9.18	NA	NA	8.2	KKR CREDIT OPPTY;D	24.78	NA	NA	- 2
O Flexible Cr I;A-3	9.18	NA	NA	7.9	KKR CREDIT OPPTY;I	26.69	NA	NA	
O Flexible Cr I;A-4	9.18	NA	NA	7.9	KKR CREDIT OPPTY;T	26.45	NA	NA	
O Flexible Cr I;Inst	9.18	NA	NA	8.7	KKR CREDIT OPPTY;U	25.48	NA	NA	:
/liddle Mkt Inc	630.18	NA	NA	5.4	Lord Abbett Cred Opps Fd		NA	NA	(
Domestic Taxa	ble Bo	nd Fur	ıds		Lord Abbett Cred Opps Fd		NA	NA	(
MMC;Inst	9.97	NA	NA	NS	Lord Abbett Crd Op:U	10.50 18.44	NA NA	NA NA	
MMC;Inv	9.96	NA	NA	NS	Palmer Square Opp Inc				4
ative Credit Inc:A		NA	NA	6.3	The Finite Solar Finance Thrivent Church Ln&Inc:S	9.98 10.13	NA	NA	1
ative Credit Inc:C		NA	NA	5.5		10.13	NA	NA	4
native Credit Inc:I		NA	NA	6.6	World Income Funds	22,79	NA	NA	(
native Credit Inc:L		NA	NA	6.1	BlueBay Destra Itl E:A BlueBay Destra Itl E:I	22.79	NA	NA	(
ative Credit Inc:W		NA	NA	6.3	BlueBay Destra Itl E:L	22.77	NA	NA	
Oak Str Crdt:Inst		NA	NA	13.9	BlueBay Destra Itl E.T	22.71	NA	NA	í
edit Strat;A	9.67	NA	NA	5.6	Oaktree Dysfd Income;D	9.80	NA	NA	i
edit Strat;Inst	9.67	NA	NA	6.4	National Muni Bond I		IVA	IVA	
edit Strat;U	9.67	NA	NA	NS	Ecofin Tax-Adv Soc Import	9.52	NA	NA	(
edit Strat;W	9.67	NA	NA	NS	Lind Cap Pt Mun Cred Inc	9.88	NA	NA	
ock Mlt-Sctr Oppty		NA	NA	7.8	Nuveen En HY Muni Bd:A	9.30	NA	NA	
lock Mlt-Sec Opp II		NA	NA	7.3	Nuveen En HY Muni Bd:I	9.30	NA	NA	
e Tact Pvt Cred:A	8.98	NA	NA	6.6	PIMCO Flex Mun Inc;A-3		NA	NA	
e Tact Pvt Cred:A	9.02	NA	NA	7.1	PIMCO Flex Mun Inc;A-3		NA	NA	:
e Tact Pvt Cred:L	8.97	NA	NA	6.6	PIMCO Flex Mun Inc;A2		NA	NA	:
e Tact Pvt Cred:M	9.02	NA	NA	6.3	PIMCO Flex Mun Inc;Az		NA	NA	



### **MARKETS DIGEST**

### **Dow Jones Industrial Average**

Last Year ago **34738.06** ▼351.68, or 1.00% last week Trailing P/E ratio 19.49 31.74 High, low, open and close for each of P/E estimate \* 18.74 20.75 Dividend yield 2.00 1.99 the past 52 weeks All-time high 36799.65, 01/04/22

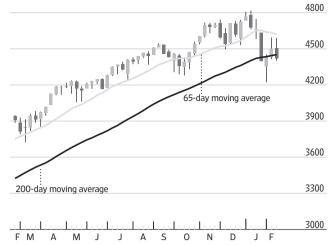




Weekly P/E data based on as-reported earnings from Birinyi Associates Inc; †Based on Nasdaq-100 Index

### S&P 500 Index

Last Year ago **4418.64** ▼81.89, or 1.82% last week Trailing P/E ratio 25.36 44.94 P/E estimate \* 20.05 22.84 High, low, open and close for each of Dividend yield \* 1.36 1.49 the past 52 weeks All-time high 4796.56, 01/03/22



### Track the Markets

52-Week

Compare the performance of selected global stock indexes, bond ETFs, currencies and commodities at wsj.com/graphics/track-the-markets



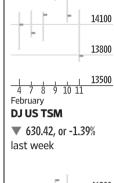
# Major U.S. Stock-Market Indexes

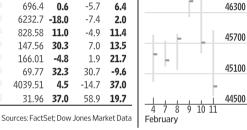
	High	Low	Close	Net chg	% chg	Low	Close (●)	High	% chg		3-yr. ann.
Dow Jones											
Industrial Average	35824.28	34620.52	34738.06	-351.68	-1.00	30924.14	•	36799.65	10.4	-4.4	11.5
Transportation Avg	15700.57	14904.67	15000.22	-214.09	-1.41	13049.70	•	17039.38	13.9	-9.0	13.3
Utility Average	953.26	920.97	924.77	-17.42	-1.85	795.61	•	980.78	7.9	-5.7	7.8
Total Stock Market	46638.86	44670.80	44852.30	-630.42	-1.39	39614.97	•	48929.18	7.5	-7.8	17.0
Barron's 400	1046.25	1008.43	1013.27	0.98	0.10	904.45	•	1127.2	7.7	-8.4	14.2
Nasdaq Stock Mark	et										
Nasdaq Composite	14509.56	13733.16	13791.15	-306.85	-2.18	12609.16	•	16057.44	-2.2	-11.8	23.6
Nasdaq-100	15057.90	14194.54	14253.84	-440.51	-3.00	12299.08	•	16573.34	3.2	-12.7	27.3
S&P											
500 Index	4590.03	4401.41	4418.64	-81.89	-1.82	3768.47	•	4796.56	12.3	-7.3	17.7
MidCap 400	2745.70	2614.72	2647.46	24.28	0.93	2453.30	•	2910.7	4.0	-6.8	12.4
SmallCap 600	1333.90	1279.81	1301.19	17.57	1.37	1252.49	•	1466.02	0.3	-7.2	11.3
Other Indexes											
Russell 2000	2105.21	2000.40	2030.15	27.79	1.39	1931.29	•	2442.74	-11.3	-9.6	10.2
NYSE Composite	17160.33	16600.29	16664.99	-36.59	-0.22	14959.41	•	17353.76	8.4	-2.9	10.7
Value Line	653.51	627.52	633.44	5.35	0.85	607.86	•	696.4	0.6	-5.7	6.4
NYSE Arca Biotech	5276.06	5016.69	5111.76	28.13	0.55	4790.85	•	6232.7	-18.0	-7.4	2.0
NYSE Arca Pharma	803.82	785.10	786.97	-8.14	-1.02	667.24	•	828.58	11.0	-4.9	11.4
KBW Bank	146.26	139.50	141.47	1.42	1.01	108.59	•	147.56	30.3	7.0	13.5
PHLX§ Gold/Silver	136.01	125.14	134.93	10.35	8	<b>.31</b> 117.06	•	166.01	-4.8	1.9	21.7
PHLX§ Oil Service	69.05	65.18	68.90	1.835	2.74	48.31	•	69.77	32.3	30.7	-9.6
PHLX <sup>§</sup> Semiconducto	r 3674.37	3341.78	3365.25	-87.82	-2.54	2762.75	•	4039.51	4.5	-14.7	37.0
Cboe Volatility	30.99	19.93	27.36	4.14	17.8	15.01	•	31.96	37.0	58.9	19.7

### **▼** 306.85, or -2.18% last week

14400

**Nasdaq Composite** 





### International Stock Indexes

 $\S_{\mathsf{Nasdaq}\,\mathsf{PHLX}}$ 

Region/Country	y Index	Close	% chg	Low	Close	High	% chg
World	MSCI ACWI	715.46	-0.46	653.36	•	758.86	-5.2
	MSCI ACWI ex-USA	340.04	1.50	327.60	•	359.82	-1.2
	MSCI World	3039.18	<b>-0.73</b> ▮	2706.48	•	3248.12	-6.0
	MSCI Emerging Markets	1240.51	1.59	1190.08	•	1444.93	0.7
Americas	MSCI AC Americas	1697.87	-1.47	1467.34	•	1836.68	-7.1
Canada	S&P/TSX Comp	21548.84	1.30	18060.26	•	21768.53	1.5
Latin Amer.	MSCI EM Latin America	2382.80		<b>5.04</b> 2036.85	•	2687.02	11.9
Brazil	BOVESPA	113572.35	1.18		•	130776.27	8.3
Chile	S&P IPSA	3027.30		<b>5.12</b> 2631.83	•	3396.76	7.9
Mexico	S&P/BMV IPC	53229.26	3.	<b>85</b> 44157.49	•	53973.27	-0.1
EMEA	STOXX Europe 600	469.57	1.61		•	494.35	-3.7
	STOXX Europe 50	3763.18	1.87	<b>7</b> 3124.51	•	3866.60	-1.4
Eurozone	Euro STOXX	460.29	1.45	405.70	•	487.72	-3.9
	Euro STOXX 50	4155.23	1.68		•	4401.49	-3.3
Austria	ATX	4017.14	3.3		•	4057.59	4.0
Belgium	Bel-20	4080.41	1.74	3761.99	•	4402.32	-5.3
France	CAC 40	7011.60	0.87	5703.22	•	7376.37	-2.0
Germany	DAX	15425.12	2.1		•	16271.75	-2.9
Greece	Athex Composite	971.09	2.7		•	971.09	8.7
Israel	Tel Aviv	1986.66	2.9		•	2071.10	0.4
Italy	FTSE MIB	26966.10	1.36		•	28163	-1.4
Netherlands	AEX	761.50	1.92	<b>2</b> 651.26	•	827.57	-4.6
Portugal	PSI 20	5590.86	-0.27	4648.64	•	5826.31	0.4
Russia	RTS Index	1470.10	2.3		•	1919.58	-7.9
South Africa	FTSE/JSE All-Share	76382.95	1.56		•	76690.92	3.6
Spain	IBEX 35	8798.10	2.4		•	9281.1	1.0
Sweden	OMX Stockholm	931.06	1.07		•	1045.27	
Switzerland	Swiss Market	12231.97	0.76	10522.22	•	12970.53	-5.0
U.K.	FTSE 100	7661.02	1.92	<b>2</b> 6483.43	•	7672.40	3.7
Asia-Pacific	MSCI AC Asia Pacific	190.51	1.41		•	220.6	-1.3
Australia	S&P/ASX 200	7217.30	1.36		•	7628.9	-3.1
China	Shanghai Composite	3462.95	3.0	<b>3</b> 357.74	•	3715.37	-4.9
Hong Kong	Hang Seng	24906.66	1.36	22744.86	•	31084.94	6.4
India	S&P BSE Sensex	58152.92	<b>-0.</b> 84	47705.80	•	61765.59	-0.2
Japan	NIKKEI 225	27696.08	0.93	20270120	•	30670.10	-3.8
Malaysia	FTSE Bursa Malaysia KLCI	1578.89		<b>69</b> 1480.92	•	1639.83	0.7
Singapore	Straits Times	3428.95	2.9	2880.64	•	3428.95	9.8
South Korea	KOSPI	2747.71	-0.09	2614.49	•	3305.21	-7.7
Taiwan	TAIEX	18310.94	2	<b>60</b> 15353.89	•	18526.35	0.5

### **Commodities and Currencies**

	Close	ast Weel. Net chg	K Chg	YTD % chg
DJ Commodity	1050.77	4.22	0.40	11.05
Refinitiv/CC CRB Index	263.08	1.79	0.68	13.22
Crude oil, \$ per barrel	93.10	0.79	0.86	23.79
Natural gas, \$/MMBtu	3.941	-0.631	-13.80	5.66
Gold, \$ per troy oz.	1840.80	34.20	1.89	0.73
U.S. Dollar Index	96.03	0.55	0.57	0.07
WSJ Dollar Index	89.89	0.22	0.24	0.38
Euro, per dollar	0.8811	0.008	0.87	0.20
<b>Yen,</b> per dollar	115.45	0.25	0.22	0.30
U.K. pound, in dollars	1.36	0.003	0.25	0.25
		<b>—</b> 52-W	eek —	
	Low	Close(  )	High	% Cho
DJ Commodity	794.01	•.	L050.77	31.47
Refinitiv/CC CRB Index	184.08	•	263.08	<b>41.9</b> 8
Crude oil, \$ per barrel	57.76	•	93.10	56.55
Natural gas, \$/MMBtu	2.456	•	6.312	35.34
Gold, \$ per troy oz.	1677.70	•	L907.50	1.05
U.S. Dollar Index	89.64		97.27	6.14
WSJ Dollar Index	84.89		90.76	5.44
Euro, per dollar	0.8162	•	0.8972	<b>6.7</b> 8
<b>Yen,</b> per dollar	104.92		116.13	10.04
U.K. pound, in dollars	1.32	•	1.42	-2.12



Real-time U.S. stock quotes are available on WSJ.com.

**Benchmark Yields and Rates** 

2.50%

2.00

1.50

1.00

0.50

\_\_\_\_0.00

 $Sources: Tradeweb\ ICE\ U.S.\ Treasury\ Close; Tullett\ Prebon; Dow\ Jones\ Market\ Data$ **Corporate Borrowing Rates and Yields** Yield (%)

**Treasury yield curve** 

Yield to maturity of current bills,

Tradeweb ICE Friday Close

One year

ago

3 6 1 2 3 5 7 10 20 30

years – maturity

notes and bonds

Track most-active stocks, new highs/ lows, mutual funds and ETFs.

Forex Race

2021

All are available free at WSJMarkets.com

Yen, euro vs. dollar; dollar vs.

major U.S. trading partners

WSJ Dollar Index

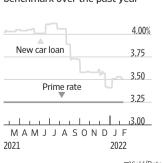
-14

Total Return

### TAIEX Source: FactSet; Dow Jones Market Data

### **Consumer Rates and Returns to Investor Selected rates U.S.** consumer rates

A consumer rate against its benchmark over the past year



New car loan	
Bankrate.com avg†:	3.51%
First Command Bank	2.49%
Fort Worth, TX	888-763-7600
First Savings Bank of Hegewisch	2.80%
Chicago, IL	773-646-4200
PNC Bank	2.82%
Washington, DC	888-PNC-BANK
Cambridge Savings Bank	2.99%
Cambridge, MA	888-418-5626
Chase Bank	3.24%
Highland Park, IL	800-CHA-SE24

Sources: FactSet; Dow Jones Market Data; Bankrate.com

2021	2022	High	and Park, I	L	800-CHA-SE24	
Interestrate		ate (%) <del>-</del> ) Week ago		/eek Rango 2 4 6	e (%) — 8 High	3-yr chg (pct pts)
Federal-funds rate target	0.00-0.25	0.00-0.25	0.00		0.25	-2.25
Prime rate*	3.25	3.25	3.25	•	3.25	-2.25
Libor, 3-month	0.51	0.34	0.11		0.51	-2.18
Money market, annual yield	0.07	0.07	0.07		0.10	-0.55
Five-year CD, annual yield	0.43	0.46	0.41		0.48	-1.61
30-year mortgage, fixed <sup>†</sup>	4.02	3.84	2.84		4.02	-0.34
15-year mortgage, fixed <sup>†</sup>	3.36	3.25	2.28	•	3.38	-0.44
Jumbo mortgages, \$647,200-p	olus† <b>4.04</b>	3.84	2.87		4.04	-0.49
Five-year adj mortgage (AR	M)† <b>2.90</b>	2.88	2.82	•	3.43	-1.32
New-car loan, 48-month	3.51	3.53	3.41	•	4.12	-1.19
Bankrate.com rates based on survey of banks.† Excludes closing costs.	f over 4,800 on		Base rate po			-

month(s)

Bond total return index		Wk ago	l ant	,		52-wk 3-vr	
Bond total returningex	Last	vvk ago	Last	Low	High	DZ-WK	3-yr
U.S. Treasury, Bloomberg	1.830	1.740				-3.98	2.84
U.S. Treasury Long, Bloomberg	2.280	2.260				-5.81	6.09
Aggregate, Bloomberg	2.380	2.260	n.a.	29	41	-4.03	3.20
Fixed-Rate MBS, Bloomberg	2.600	2.400	n.a.	7	38	-3.84	1.82
High Yield 100, ICE BofA	5.233	4.967	323	247	340	-0.794	4.348
Muni Master, ICE BofA	1.635	1.451	7	6	19	-2.731	3.004
EMBI Global, J.P. Morgan	5.545	5.404	349	303	354	-4.798	3.123

### New to the Market

### **Public Offerings of Stock**

### IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date Filed	Issuer/business	Symbol/ primary exchange		Pricing Range(\$) Low/High	Bookrunner(s)
Week of 02/14/202210/12 2021	Jupiter Neurosciences Inc Clinical-stage pharmaceutical company.	<b>JUNS</b> Nq	2.2	6.00/ 8.00	Roth Cptl Ptnrs, Dawson James Securities
Week of 02/14/2022 <b>1/7</b>	Cariloha Inc Sustainable bedding, clothing and bath goods made of eco-friendly viscose-from-bamboo.	<b>ALOHA</b> Nq	2.0	9.00/ 11.00	Roth Cptl Ptnrs, Oppenheimer

### **Lockup Expirations**

None expected this week

### **IPO Scorecard**

١	Performance of IP	Os, mo	st-re	cent lis	ted first			
١			% Chg	From			% Chg	From
١	Company <b>SYMBOL</b> IPO date/Offer price	Friday's close (\$)	Offer price	1st-day close	Company <b>SYMBOL</b> IPO date/Offer price	Friday's close (\$)	Offer price	1st-day close
	Direct Digital Hldgs <b>DRCT</b> Feb. 11/\$5.50	3.00	-45.5		Signal Hill Acquisition <b>SGHLU</b> Feb. 11/\$10.00	10.00		
	HNR Acquisition HNRA.UT Feb. 11/\$10.00	10.01	0.1		HeartCore Enterprises HTCR Feb. 10/\$5.00	4.13	-17.4	-16.6
I	Jaguar Global Growth I <b>JGGCU</b> Feb. 11/\$10.00	10.05	0.5		SQL Tech <b>SKYX</b> Feb. 10/\$14.00	10.50	-25.0	-11.4
	Modiv <b>MDV</b> Feb. 11/\$25.00	68.00	172.0		byNordic Acquisition <b>BYNOU</b> Feb. 9/\$10.00	9.95	-0.5	
I	Relativity Acquisition <b>RACYU</b> Feb. 11/\$10.00	10.02	0.2		Counter Press Acquisition CPAQU Feb. 9/\$10.00	10.10	1.0	0.8

Sources: Dow Jones Market Data; FactSet

### Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market None expected this week

### Off the Shelf

over the last week:

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns,

Issuer/Industry	Takedown date/ Registration date	Deal value (\$ mil.)	Bookrunner(s)
Colony Bankcorp Inc Finance	Feb. 8 Oct. 26,'21	\$55.2	Hovde Group LLC
<b>Zosano Pharma Corp</b> Healthcare	Feb. 8 July 2,′21	\$15.4	Maxim Grp
<b>Twist Bioscience Corp</b> Healthcare	Feb. 10 June 3,′20	\$250.0	JPM, GS, Cowen & Company LLC, W. Blair LLC
<b>Surgalign Holdings Inc</b> Healthcare	Feb. 10 Dec. 28,′21	\$20.0	HC Wainwright & Co LLC
<b>Enveric Biosciences Inc</b> Healthcare	Feb. 11 July 2,′21	\$10.0	AGP/Alliance Global Partners Corp

### **Public and Private Borrowing**

### **Treasurys**

Monday, February 14 Auction of 13 week bill; Thursday, February 17 Auction of 4 and 8 week bills;

 $announced \, on \, February \, 10; settles \, on \, February \, 17 announced \, on \, February \, 15; settles \, on \, February \, 22$ 

Auction of 30 year TIPS;  $announced \, on \, February \, 10; settles \, on \, February \, 17 announced \, on \, February \, 10; settles \, on \, February \, 28 \, constant \, 29 \, constant \, 20 \,$ 

Wednesday, February 16

Auction of 20 year bond; announced on February 10; settles on February 28

### A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks  $\operatorname{\sf did}$  in the past week and how much each moved the index. The DJIA lost 351.68 points, or 1.00%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$29,200, or a loss of

2.67%	, on the	\$30,000	investment, includ	ling rei	nveste	d dividends.	
	ne Week's	Action —					
Pct		Point chg in average	Company	Symbol		\$1,000 Invested(year-end '2 \$1,000	21)
5.25	7.45	49.10	Walt Disney		\$149.47	\$96	— 55
3.21	5.96	39.28	American Express	AXP	191.81	1,17	
2.83	5.85	38.56	Boeing	ВА	212.30	1,05	
2.74	6.09	40.14	Amgen	AMGN	228.20	1,01	
2.16	2.93	19.31	Chevron	CVX	138.81	1,18	33
1.43	2.83	18.65	Caterpillar	CAT	201.24	97	78
0.89	1.36	8.96	JPMorgan Chase	JPM	153.92	97	<b>7</b> 8
0.81	0.49	3.23	Dow	DOW	61.09	1,07	77
0.21	0.10	0.66	Walgreens	WBA	48.70	93	34
0.02	0.01	0.07	Verizon	VZ	53.32	1,03	88
80.0	-0.14	-0.92	Travelers	TRV	171.76	1,09	98
0.74	-1.19	-7.84	3M	MMM	159.54	89	98
0.79	-0.38	-2.50	Intel	INTC	47.63	93	32
1.04	-5.04	-33.22	UnitedHealth Group	UNH	478.13	95	52
1.10	-0.67	-4.42	Coca-Cola	KO	60.29	1,01	18
1.24	-4.54	-29.92	Goldman Sachs	GS	363.06	9/	19
1.62	-3.70	-24.39	Visa	V	224.69	1,03	39
1.88	-4.90	-32.29	McDonald's	MCD	255.16	95	52
2.18	-3.75	-24.72	Apple	AAPL	168.64	95	51
2.27	-1.25	-8.24	Cisco	CSCO	53.90	85	6
2.28	-3.92	-25.84	Johnson & Johnson	TNT	167.71	98	30
2.36	-4.51	-29.72	Honeywell	HON	186.99	89	)7
2.44	-1.92	-12.65	Merck	MRK	76.64	1,00	)0
2.61	-9.38	-61.82	Home Depot	HD	350.29	84	14
2.87	-4.00	-26.36	Walmart	WMT	135.33	93	35
3.24	-5.24	-34.54	Procter & Gamble	PG	156.29	96	51
3.25	-4.46	-29.39	IBM	IBM	132.69	1,00	)5
3.56	-10.90	-71.84	Microsoft	MSFT	295.04	87	77
3.58	-5.21	-34.34	Nike	NKE	140.18	84	11
5.17	-11.33	-74.67	salesforce.com	CRM	207.90	81	18
							_

\*Based on Composite price. DJIA is calculated on primary-market price Source: Dow Jones Market Data; FactSet

### **Currencies**

U.S.-dollar foreign-exchange rates in late New York trading

		Fri —	US\$vs, YTD cha			US\$v Fri — YTDch
Country/currency	in US\$	per US\$		Country/currency	in US\$	per US\$ (%
Americas				<b>Vietnam</b> dong	.00004407	22690 <b>-0.7</b>
Argentina peso	.00941	106.1456	3.4	Europe		
Brazil real	.1904	5.2532	-5.7	Czech Rep. koruna	.04618	21.655 <b>-1.0</b>
Canada dollar	.7853	1.2735	0.7	<b>Denmark</b> krone	.1526	6.5549 <b>0.2</b>
Chile peso	.001235	810.01	-4.9	Euro area euro	1.1350	.8811 0.2
Colombiapeso	.000255	3925.99	-3.4	<b>Hungary</b> forint	.003183	314.19 <b>-3.2</b>
Ecuador US dollar	1	1	unch	Iceland krona	.007999	125.02 <b>-3.7</b>
Mexico peso	.0487	20.5433	0.2	Norway krone	.1128	8.8665 <b>0.7</b>
Uruguay peso	.02315	43.1950	-3.4	Poland zloty	.2483	4.0277 <b>-0.01</b>
Asia-Pacific				Russia ruble	.01302	76.793 <b>2.7</b>
Australian dollar	.7135	1.4015	1.8	Sweden krona	.1071	9.3379 3.2
China yuan	.1574	6.3546		Switzerland franc	1.0805	.9255 <b>1.4</b>
Hong Kong dollar	.1282	7.8006	0.1	Turkey lira	.0739	13.5244 <b>1.5</b>
India rupee	.01322	75.643	1.5	<b>Ukraine</b> hryvnia	.0355	28.1500 <b>2.9</b>
Indonesia rupiah	.0000697	14352	0.7	<b>UK</b> pound	1.3562	.7374 <b>-0.3</b>
Japan yen	.008662		0.3	Middle East/Afri	ca	
Kazakhstan tenge	.002325			Bahrain dinar	2.6522	.3771 <b>0.03</b>
<b>Macau</b> pataca	.1244	8.0380		<b>Egypt</b> pound		15.7102
Malaysia ringgit	.2387	4.1895	0.6	Israel shekel		3.2483 <b>4.5</b>
New Zealand dollar		1.5035	2.8	Kuwait dinar	3.3089	
Pakistan rupee		174.500		Oman sul rial	2.5975	
Philippines peso		51.249	0.5	Oatar rial	.2747	
Singapore dollar	.7429	1.3461		Saudi Arabia riyal		3.7519 <b>-0.1</b>
South Korea won	.0008335		0.9	South Africa rand		15.2146 <b>-4.6</b>
Sri Lanka rupee	.0049371					
Taiwan dollar	.03583	27.908	0.7		Close Net C	hg % Chg YTD%Ch
Thailand baht	.03057	32.710	-1.6	WSJ Dollar Index	89.89 0.1	7 0.18 <b>0.38</b>

Sources: Tullett Prebon, Dow Jones Market Data

### **MARKETS**

# Deals Boom, but **Antitrust Scrutiny** Worries Traders

By David Benoit

After a record run for mergers, investors who trade on deal news are feeling ner-

Merger targets **Activision** Blizzard Inc., Spirit Airlines Inc. and **Zynga** Inc. are trading well below their agreed-upon acquisition prices, a sign that investors are more worried than usual that the deals could

Their anxiety stems from a growing conviction that global regulators are gearing up to challenge more deals on antitrust grounds. Their fears were realized earlier this week, when Nvidia Corp. and SoftBank Group's Arm called off a \$40 billion deal that regulators had challenged.

Investors lost faith that the semiconductor giants would combine after the Federal Trade Commission sued to block the merger in December. But the jitters have since spread to other blockbuster combinations, including the biggest deal of 2022 so far:

Three merger targets are trading well below agreed-upon acquisition prices.

Microsoft Corp.'s \$75 billion deal for Activision. The videogame maker's shares are trading at around \$82, some 17% below Microsoft's \$95-a-share offer.

Merger targets tend to trade at a much lower spread of 5% or less.

"That's not wildly off of a 50/50 implication that the deal gets done," said Steve Schlemmer, chief executive of Churchill Capital USA, a research and brokerage firm. "That's pretty low for a deal that would have seemed fine a few years ago."

The wide spread reflects a new set of expectations around how regulators view big mergers.

The deal would marry Microsoft's gaming systems with a leading maker of the games played on those systems. It is the kind of acquisition that rarely raised eyebrows in the past, when regulators were more concerned about a deal's effect on market share. Tech deals, especially, are in regulators' crosshairs.

Merger-arbitrage traders

seek what is supposed to be safe money: They buy shares after deals are announced, hoping to capture the final bit of upside when the transaction closes. Delays associated with antitrust challenges hinder their ability to make a quick return, and hedging strategies run up their costs.

Greg Bassuk, CEO of AXS Investments, said the uncertainty has led his merger fund to alter its trading strategy.

"For deals with antitrust issues, we will get involved later versus enduring the ups and downs of the market," Mr. Bassuk wrote in an email.

Change Healthcare Inc.'s sale to UnitedHealth Group Inc. is among those facing antitrust scrutiny. Its stock is trading some 26% below the offer price.

Investors are watching another videogame deal: Take-Two Interactive Software Inc.'s \$11 billion cash-andstock deal for FarmVille maker **Zynga**. Zynga has been trading around 7% below the deal's per-share value.

Spirit Airlines is trading about 7% below the per-share price in Frontier Group Holdings Inc.'s \$2.9 billion cashand-stock deal announced last week. Arena Pharmaceuticals Inc. is roughly the same amount below the \$6.7 billion in cash Pfizer Inc. agreed to pay for the maker of treatments for inflammatory bowel diseases in December. Termite killer Terminix Global Hold**ings** Inc. is trading about 10% below the price Rentokil Initial PLC would pay shareholders who elect cash and stock in the deal.

Still, wider spreads can spell opportunity, said Salvatore Bruno, the chief investment officer at IndexIQ, which runs an exchange-traded fund that's focused on mergers.

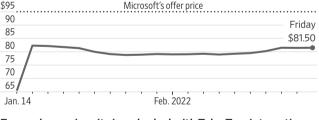
Last month, Advanced Micro Devices Inc. said it had gained approval from China to complete its purchase of Xilinx Inc., first announced in October 2020.

Xilinx had traded as much as 40% below its agreed-upon price.

Merger-arbitrage funds outperformed a broader index of hedge funds in 2021 for the first time since 2018, according to industry data provider HFR. That trend continued in January.

And companies are still doing deals. M&A volume slowed a bit last month from December but remained in line with January 2021 levels.

### Activision Blizzard's shares since it agreed to a deal with Microsoft



### Zynga shares since it signed a deal with Take-Two Interactive



Change Healthcare's shares since signing a deal with UnitedHealth





Spirit Airlines is trading about 7% below the per-share price in Frontier Group Holdings Inc.'s \$2.9 billion cash-and-stock deal.



# Soybeans Surge as Outlook In South America Deteriorates

Drought pushes up prices, with shortfalls expected to boost demand for U.S. beans

By Kirk Maltais

U.S. soybean prices have surged in recent months amid shrinking forecasts for South American crops. Prices for soybeans—the

base ingredient in many food products, poultry and livestock feed and renewable fuel, among other things—are edging back toward highs reached last year, which hadn't previously been seen in a decade. Abnormally dry weather in South America that has spurred surges in coffee and sugar prices also has affected sovbeans there, and U.S. farmers are poised to take advantage by planting more this

Sovbean futures on the Chicago Board of Trade are trading at their highest level since June, with the most-active contract closing up above \$15.80 a bushel on Friday. Soybeans have risen over 18% in the year to date, outpacing prices for corn and wheat, which have climbed in reaction to tensions at the Russia Ukraine border.

Higher prices for animal feed come as meat producers struggle to meet consumer demand. In its earnings report Monday, Tyson Foods Inc. said that orders for beef, chicken, pork continue to outpace its ability to supply them, due in Monthly soybean futures part to labor issues at packing

In its latest world supplyand-demand report, released Wednesday, the U.S. Department of Agriculture forecast that Brazilian soybean production will fall 5 million metric tons to 134 million tons, and cut its Argentine outlook by 1.5 million tons to 45 million

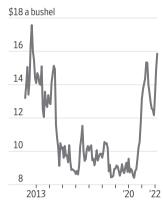
Should South American production continue weaken, prices are expected to sustain their rally—and large soybean importers such as China would be expected to look elsewhere to procure their supplies.

"The pressure is on U.S. farmers to make up the difference," said Sal Gilbertie, president of Teucrium Trading LLC.

Demand for U.S. grains as a whole already is at records. The USDA said Tuesday that exports of U.S. farm and food products world-wide totaled \$177 billion in 2021, 18% higher than 2020 and nearly 15% higher than the previous record set in 2014. Six of the 10 leading export customers purchased a record amount of U.S. grains, the USDA said, with China the leading buyer at \$33 billion.

"It's clear that our international trading partners are responding favorably to a return to certainty from the United States," Agriculture Secretary Tom Vilsack said Tuesday.

In the last full marketing year, Brazil exported 81.7 milprice, past 10 years



Note: Continuous contract

lion metric tons of soybeans, making it the leading exporter. The U.S. was next, at 61.5 million tons. China was far and away the leading importer at nearly 100 million tons.

With dry weather in South America hurting sovbean production there. Brazilian farmers are reluctant to sell their crops to exporters, said Arlan Suderman, chief commodities economist with StoneX Group, in a Feb. 4 note. "That has huge implications for the U.S. balance sheet."

For U.S. farmers, the potential of increased demand from the world export markets comes as higher fertilizer costs are pushing more farmers toward planting soybeans this year. Agricultural research firm Farm Futures last month forecast that planted soybean acreage in the U.S. may exceed

corn for the first time since 2018 and only the second time

In its January report, Farm Futures forecast planted acreage of soybeans in the U.S. at 92.4 million acres for 2022, which would be the largest soybean crop on record. Meanwhile, corn acres are expected to drop roughly 3 million acres to 90.4 million acres.

A global shortage of the ingredients needed to make fertilizer, along with a snarled supply chain globally, have sent fertilizer prices skyrocketing in recent months. These prices have largely kept rising, with agricultural research firm DTN this month assessing the anhydrous ammonia fertilizer price at \$1,492 a ton—up over 200% from the same time last vear and a record.

Corn is fertilizer-intensive, and farmers may opt for planting more soybeans this growing season, which usually begins in late April.

Still, any demand South American supplies are unable to meet comes at a time when U.S. reserves are light. In January, the USDA forecast beginning stocks for U.S. soybeans at 257 million bushels in the 2021-22 marketing year. That is down from 525 million bushels in 2020-21 and 909 million bushels the year before that.

Meanwhile, Chinese officials have indicated interest in building security for their grain supplies, partially by setting aside land to grow more soybeans.

# $PE\ Deals$ Are on Tear In China

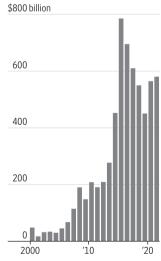
Continued from page B1 adding that China's stance on Covid-19 had also played a role. "The impact on crossborder travel has made it difficult to undertake some trans-

actions," he said. Still, both Chinese and global private-equity firms have been hunting for targets. Homegrown outfits include players such as Primavera Capital Group, which was founded by Fred Hu, a former chairman of Goldman Sachs Group Inc.'s Greater China business, and Hillhouse Capital Group, founded by Zhang Lei. Active international players include buyout giants Blackstone Inc. and KKR & Co.

Asset sales by multinational companies, especially in the consumer sector, have generated some activity. One of the largest last year was a \$2.2 billion move into infant formula by Primavera, with its purchase of the China business of Mead Johnson Nutrition Co. from Reckitt Benckiser Group

"We are seeing increasing opportunities in the divestment and spinoff of Chinese operations by foreign brands in each of the consumer market segments," said Stephen Zhang, a Beijing-based partner

### Chinese M&A volumes\*



\*Shows M&A deals with any Chinese involvement

at Primavera. "International brands often have a hard time catching up to the ever-evolving local consumer market,"

Nine out of the top 10 China deals last year were domestic M&A. Many big-ticket transactions are government related. For instance, last year's largest private-equity-style deal. according to Refinitiv, was a \$6.6 billion investment as part of the restructuring of the bad-debt manager China Huarong Asset Management Co., involving state investors such as the giant financial conglomerate Citic Group.

In another big transaction, state-backed venture-capital firms Beijing Jianguang Asset Management Co., known as JAC Capital, and Wise Road Capital agreed to back the in-



debted chip company Tsinghua Unigroup Co.

Renewable energy, electric vehicles and other businesses that appeal for environmental, sustainable and governance reasons are another deal driver. "We see people paying more and more attention to ESG or green sectors in China inbound, outbound and domestic deals," said Miranda Zhao, head of M&A for Asia-

Pacific, at Natixis. For example, last year a group of investors put \$1.6 billion of early-stage funding into the EV battery maker Svolt Energy Technology Co. The industry refers to these deals as growth investments, as opposed to taking control through a buyout.

While cross-border deal making could remain challenging, not least because authorities have shown no signs of relaxing China's zero-Covid strategy, domestic M&A could be in for a stronger year in 2022

China appears to be wrapping up a regulatory reset that analysts say should put the country on a more sustainable growth trajectory, even if it has caused pain for a lot of companies and investors. Meanwhile, the central bank has shifted to easing monetary policy to support the economy.

All these factors will bode well for merger volumes, said Richard Wong, head of Asia-Pacific M&A at Morgan Stanlev. China private equity "still has a huge runway for both growth and buyout opportunities," he added.

# HEARD ON STREET

FINANCIAL ANALYSIS & COMMENTARY



The global nature of Omicron's rise might also mean that supply-chain problems will dissipate as cases fall.

# **Economy Set to Thaw Again**

With Covid-19 cases in retreat, activity could heat up stronger than last year

A year ago, with Covid-19 cases falling and vaccines getting rolled out, the U.S. economy entered a remarkable period of recovery. The boost to the economy that comes with the fading of the Omicron wave could be even more pronounced.

Over the week ended Wednesday, there was an average of 215,418 newly confirmed Covid-19 cases each day in the U.S., according to the Centers for Disease Control and Prevention. That is 73% below the daily average peak of 806,107 registered in the middle of last month. And it isn't just the U.S. where cases are falling—they are dropping sharply across the world, from the U.K. to Brazil to India.

Omicron doesn't cause as much severe illness as the Delta variant, but the sheer number of people it infected means it is leaving a lasting mark. In the U.S., where a smaller share of the population is vaccinated than in other developed countries, the toll has been particularly high. An average of 2,313 people a day died from Covid-19 over the week ended Wednesday—a number eclipsed only by last winter's surge

Even so, the drop in case counts, which precede deaths, has been sharp enough that a number of Democratic governors are now joining their Republican counterparts in relaxing mask mandates. And many consumers, judging from credit- and debit-card data from Bank of America, have already

started going to bars and restaurants again. That is a reflection, says Bank of America economist Ethan Harris, of people's growing impatience with the pandemic. As soon as there is a break in the clouds, they ditch their umbrellas.

As a result, the initial spending response to the fading of Omicron might be more pronounced than what occurred last winter. And there are other factors that could magnify that boost.

First, even though the number of new cases are still high, they are so far falling much faster than after last winter's surge. That is in part because the Omicron variant has infected so many people that it now has fewer of them left to infect. By the CDC's count, there have been 28.4 million Covid-19 cases in the U.S. since the start of December, an amount equal to more than 8% of the population. And that is probably a huge undercount, since many cases don't get recorded-which might especially be the case now, since Omicron's symptoms are often less severe, and since many people learn they are positive from athome tests.

The many people who have been infected with Omicron, a large share of whom haven't been vaccinated, might throw up at least a temporary wall of immunity that could keep case counts low through the spring. That could induce people to return to activities such as going out to eat, returning to the office and getting back on airplanes like never before during the pandemic.

More people might also return to the workforce, easing some of the hiring strains that companies have been facing. The global nature of Omicron's rise might also mean that supply-chain problems will dissipate as cases fall. Rather than one place, and then another, getting hit by a surge in cases, leading to rolling production and shipping disruptions, Omicron hit a lot of places nearly simultaneously. With hope, that will ease the shortages of many goods that have been driving up inflation.

Even so, expanding workforce participation and a better supplychain situation probably won't be enough to keep the Federal Reserve at bay. To the contrary, the increase in demand and boost to hiring that comes with the fading of Omicron could be stronger than the Fedand most investors-now expect, leading the central bank to raise interest rates sharply. Bank of America's Mr. Harris now expects Fed policy makers to raise their target range on overnight rates by a quarter point at each of their remaining seven meetings this year.

Of course, the potential for yet another variant to rear its head remains. Over the next several months, however, a belief that the wall of immunity from Omicron will be lasting, which is possible, could take hold. It might be too early to say that the all-clear signal has been sounded on Covid-19, but people could act as though it has just the same.

—Justin Lahart

### Rally in Tobacco Stocks Could Burn Out Fast

Tobacco stocks are fashionable again, but investors' taste for nicotine may not last.

In this year's rocky markets, the U.S.-listed shares of cigarette producers **Philip Morris International** and **Altria** have risen 14% and 6%, respectively, making tobacco the fourth biggest gainer among the S&P 500 index's more than 60 subsectors. London-listed Lucky Strike owner **British American Tobacco** has fared even better, up more than a fifth.

It is a pleasant change for the industry, whose stocks have underperformed since late 2017 because of worries about stricter government tobacco controls and investors' screening out cigarette companies for ethical reasons. The United Nations' Tobacco Free Finance Pledge has been signed by firms that manage \$12.2 trillion, equivalent to around 10% of the assets overseen by the world's top 500 asset managers.

The companies reported robust full-year results last week. On Friday, BAT said sales of its smokeless products like Vuse e-cigarettes grew more than 50% in 2021. In the second half, Vuse broke even for the first time in the U.S. market.

Philip Morris, which sells
Marlboro cigarettes outside the U.S.,
said net revenue from "reduced risk
products" like its IQOS heated tobacco sticks accounted for 31% of the
group's total in the last quarter of
2021. Altria, which sells Marlboros in
the U.S., hasn't made as much progress building smoke-free brands
since its disastrous 2018 bet on ecigarette maker JUUL Labs. However, it pointed out that recent weakness in U.S. cigarette volumes is in
line with long-term averages when

looked at over a two-year period.

Although the latest numbers were broadly encouraging, the recent rise in tobacco shares is probably driven by hedge funds' switching from growth to value stocks rather than an influx of long-term investors, Jefferies analysts say. The funds may be looking for companies that pay generous dividends as an inflation hedge. The S&P 500 High Dividend Index is up 2.4% this year, compared with about a 7% fall in the wider blue-chip index. Tobacco companies generate a lot of cash and pay it out: Even after its recent rally, BAT's dividend yield is 6.5%.

For the revaluation of tobacco stocks to continue, investors would need to be convinced that regulatory threats are easing, or that profits from smokeless products are rapidly replacing those from lucrative traditional smokes. Here, the signs are mixed.

PMI and BAT are making progress in developing less-risky products like e-cigarettes. However, the European Union, where smoking rates are much higher than in the U.S., is reviewing how it taxes all tobacco products. If it raises levies on smokeless products, tobacco companies could find it harder to persuade smokers to switch over, or to make a big profit on them if they do. The U.S. Food and Drug Administration wants to ban menthol cigarettes, a move that would hit Newport-owner BAT hard.

The run-up in tobacco shares is a sign that investors see them as a haven amid rising interest rates. It shouldn't be taken as a vote of confidence that the industry's problems are going away.

—Carol Ryan

### Share-price and index performance this year



### MARKETS

STREETWISE | By James Mackintosh

# SoftBank Should Reconsider Tech-Stock Nasdaq Move



British finance is having a moment of existential angst after the owner of Arm

Ltd. said it was leaning toward listing the chip designer—Britain's biggest tech company—on Nasdaq rather than the London Stock Exchange.

Weighing on the British mind: Is London, for centuries a center of global finance, becoming a backwater? It has few of the go-go technology and biotech stocks that offer growth. The total value of the FTSE 100, the local benchmark, is only fractionally more than that of Apple. The index has only four tech stocks, and partly as a result it is one of the cheapest markets.

et, SoftBank Group, the Japanese owner of Arm, should reconsider. Sure, Nasdaq is the go-to global market for tech. But that is exactly why London should be appealing, as local investors starved of growth stocks lavish it with attention. There are solid reasons to think London would provide at least as good a valuation as New York.

London's tech sector may be small but it has a higher valuation, on price to 12-month forward earnings, than the U.S., Europe or Japan, according to MSCI's definitions, which differ from FTSE's. Still, MSCI includes three U.K. tech stocks (accountancy software firm Sage, industrial software group Aveva and safety, health and environment group Halma), so look to Arm's own

history. Before SoftBank bought it in 2016, Arm—then with its primary listing in London—traded at a significant valuation premium to U.S. chip makers and was among the most expensive on forward PE and on enterprise value to earnings before interest, taxes, depreciation and amortization.

London's naysayers will point to two high-profile local flotations that flopped: food-to-the-door group Deliveroo and online retailer THG PLC. Investors soured on THG after the founder and CEO blamed short sellers for poor stock performance, and worsened when he told GQ magazine that he should have IPO'ed in the U.S. to avoid attention.

Deliveroo plunged by a quarter on its first day of trading last March, and is now down more than 60% from the listing price. But its float coincided with pandemic winners falling out of favor as Covid-19 retreated. By the end of November, Deliveroo shareholders would be unhappy, but the stock lost exactly as much (adjusted for currency) as operators of rivals, Netherlandslisted Just Eat Takeaway and Uber Technologies. Deliveroo stock fell faster in the past couple of months, but there is no reason to blame that on its listing experience.

What if Deliveroo had chosen Nasdaq? It's impossible to be sure, but British companies Cazoo Group and Arrival are useful comparisons. Cazoo, an online car retailer, announced a deal to list in the U.S. via a special-purpose acquisition company two days before Deliveroo started trading. Since then the stock has fallen very nearly as much as Deliveroo—and the same applies since Aug. 27, when the SPAC deal was completed. Electric-bus maker Arrival completed its SPAC deal on Nasdaq a few days before Deliveroo's float, and tumbled 17%, before recovering—but is now down even more than Deliveroo.

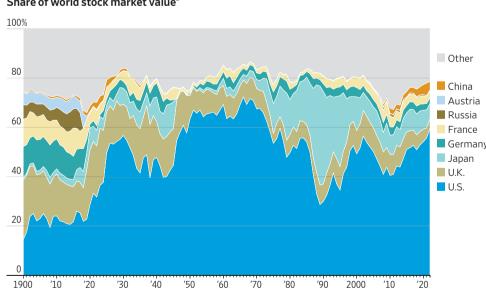
Arm would surely be treated differently from stocks such as Deliveroo, as it has a long-established business at the cutting edge of microchip design and is far bigger.

ist in the U.S. and Arm would be just one among many. At \$40 billion, it would rank only as the 14th-largest semiconductor stock, and 80th in the Nasdaq. As a British company with global sales, it probably wouldn't qualify for the S&P 500, which brings large amounts of passive money, although it should be in the Nasdaq-100.

Whether SoftBank picks
London or New York, it has
serious work to do to get it
ready by March 2023, as it
hopes: Arm's latest accounts
weren't passed cleanly by its
auditor because of legal problems at its Chinese joint venture, a major black mark
against an IPO on both sides
of the Atlantic.

If Arm's new CEO does go with Nasdaq, at the very least he's going to need to have a decent justification to make his case to British politicians anxiously watching London's financial rankings.

### Share of world stock market value\*



Three British fast-growth stocks chose different exchanges: Arrival on Nasdaq, Deliveroo in London and Cazoo on NYSE. Stock performance was grim for all three.

When Arm was listed in London the chip designer usually traded at a premium.

Forward price/earnings ratio

Change since IPO or SPAC completion date



\*Free float investable weights; China at FTSE index weight since 1990 †In dollar terms †and semiconductor equipment Sources: Elroy Dimson, Paul Marsh and Mike Staunton (share); Credit Suisse (share); Refinitiy (change, P/E ratio)

**JOURNAL REPORT** 

# EAITH MANAGEMENT

THE WALL STREET JOURNAL.

WAYS COUPLES By Cristina Lourosa-Ricardo

**SHARE FINANCES** 

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We asked financial experts—and readers—how they handle money in their own relationships. There are valuable lessons here for everybody.

**oney can be** one of the most contentious aspects of a relationship or marriage. One in five couples identifies money as their greatest relationship challenge, according to a 2021 Fidelity In-

vestments survey of individuals ages 25 years and older in a married or long-term committed relationship.

Sometimes the challenge is about who spends too much or who doesn't save enough. But perhaps the most difficult issue is more basic than that. It's about how to combine finances, if at all. Is it better to keep everything separate? And if you do join forces, who keeps track of the spending and saving, and how do you do it?

Of course, there is no single right or wrong way for couples to divvy up their finances and financial Please turn to page R4 Monday, February 14, 2022 | **R1** 

### Inside

Taxes

Series I bonds have a hefty yield—and some tax advantages. R2



### Strings Attached

Why today's gift giver may hurt you tomorrow. **R5** 



### **Good Timing**

The demand for vintage watches has soared during the pandemic. **R6** 

### **Philanthropy**

### Microgiving

New apps make it easier to donate small amounts. R7

### **Personal Banking**

Fintech companies are stepping up their offerings. **R8** 



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### JOURNAL REPORT | WEALTH MANAGEMENT



Taxes | Tom Herman



Also: Don't miss out on the tax benefits of using qualified charitable distributions

t first glance, a stodgy, government-guaranteed investment may not seem like the most thrilling investment idea. But for many investors that's exactly what U.S. Treasury Series "I" savings bonds are these days.

New I bonds sold by the Treasury from November 2021 through April 2022 earn interest at a mouthwatering annualized rate of 7.12%. (A new rate will be set every six months after that.) And that rate is attracting droves of safety-conscious investors looking for a hedge against inflation, plus a few tax advantages.

The bonds, which are backed by the full faith and credit of the U.S. government, are sold directly by the Treasury through its website TreasuryDirect.gov. There are no

brokerage commissions or fees. The minimum holding period is only one year. But the bonds earn interest for 30 years, or until you

decide to redeem them, whichever comes first, the Treasury says. If you redeem them before five years, you lose interest for the previous three months. After five years, you can cash in the bonds without a penalty.

Investors are limited to buying only as much as \$10,000 in electronic I savings bonds per person each year. But you can purchase up to an additional \$5,000 per person in paper I bonds using your federal incometax refund. (Personal disclosure: My wife and I each bought \$10,000 of I bonds last year and plan to buy another \$10,000 apiece this year, for a total of \$40.000.)

While the current rate makes Series I bonds very attractive, there are also some tax advantages—and wrinkles—to consider.

The interest paid on savings bonds is free from all state and local income taxes. That can be an important feature for many upper-income investors who live in high-tax areas, such as New

7.12%

The current annualized interest rate for Series I bonds sold November 2021 through April 2022

York City, California, New Jersey, Hawaii, Washington, D.C., and Oregon, among others.

However, the interest income is subject to federal estate and gift taxes as well as state estate or inheritance taxes.

Savings-bond interest also typically is subject to federal income tax-but not always. Under certain circumstances, you may be able to exclude part or all of the interest earned from federal income taxes when the money is used to pay for qualified highereducation expenses for yourself. your spouse or a dependent dur-

ing that tax year. The IRS offers an explanation in Publication 970, "Tax Benefits

for Education."

Eric Smith, an IRS spokesman, says when filing your taxes you should attach IRS Form 8815, entitled "Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989 (For Filers With Qualified Higher Education Expenses)." For more details, see IRS Publication 550.

You have a choice on when to report the interest income on your federal income-tax return. Not surprisingly, most people defer reporting the interest income until they file a federal incometax return for the year in which they receive "what the bond is worth including the interest," the Treasury says.

The TreasuryDirect site also points out that when electronic I bonds in a TreasuryDirect account stop earning interest, "they are automatically cashed and the interest earned is reported to the IRS.

But there is another option many taxpayers should consider. Instead of deferring reporting the interest income, they can choose to report it each year. That could be a smart move for people with little or no taxable

For example, consider savings bonds held in a child's name. "The child may be paying taxes at a lower rate than will be true years later when the bond matures," the Treasury says.

Once you choose this option,

however, "you must continue to do so every year after that for all your savings bonds (or, for example, the child's bonds) and any you acquire (or, the child acquires) in the future.'

For more details, you can go to the TreasuryDirect website.

With tax-filing season under way, some readers have raised questions about qualified charitable distributions, or QCDs. Many older investors prize this technique as a tax-savvy way to donate to charity from a traditional individual retirement account. But, as one reader indicated, it's easy to miss out on this benefit if you don't

pay close attention to the details. Here is a quick review of the basics: If you are 70½ or older, you typically can transfer as much as \$100,000 a year from your IRA directly to a qualified charity without having any of that transfer subject to tax. A properly done QCD counts toward your required minimum distribution for the year.

Pay close attention, however, to the words "directly" and "qualified." The transfer really must be made directly from the IRA to a qualified charity. And not all types of charities are qualified for a QCD. For example, one reader asked whether a donor-advised fund, or DAF, is a qualified charity for a QCD. The answer is no. Congress specifically excluded DAFs, a popular charitable-giving vehicle, for this provision.

When you make a qualified charitable distribution, be sure to write yourself a reminder to help you remember it at tax-preparation time so that you don't mistakenly wind up paying tax on the transfer. It's easy to make that error—and it can be very costly.

Lastly, here is an unrelated reminder for donors: If you plan to claim the standard deduction for 2021 (as most taxpayers usually do) and if you made charitable deductions during the year, don't forget about a charitable contribution deduction for non-itemizers. For 2021, singles who don't itemize deductions typically may deduct as much as \$300 of their gifts to qualified charities; joint filers can deduct as much as \$600. (But donations to donor-advised funds don't count.) On IRS Form 1040, enter the amount on line 12b.

"As with contributions for itemizers, be sure to have a receipt or acknowledgment letter in hand before you file," says Mr. Smith, the IRS spokesman.

Mr. Herman is a writer in California. He was formerly The Wall Street Journal's Tax Report columnist. Send comments and vour tax questions to taxquestions@wsj.com.

### **The Game Plan**

### When Her Husband Became III, She Needed a New Financial Plan

By Demetria Gallegos

Rosemary Spielmann had hoped to be retired by now. But her husband's illness and the wrench it threw at their finances have altered that plan.

Mrs. Spielmann, 65 years old, makes \$53,400 a year as an administrative assistant in Arden Hills, Minn., a suburb of St. Paul. She loves her job, though she wishes for more flexibility.

Her 74-year-old husband was diagnosed with dementia in 2019, and he now lives in a memory-care facility. Most of his care cost is covered by his pension of \$3,981 monthly (which has a 100% survivor benefit), his monthly Social Security benefit of \$1,848, and Minnesota's Medical Assistance program.

Once her husband's retirement benefits were going completely to pay for his care costs, the family home was no longer affordable, Mrs. Spielmann says. She sold the house last summer for \$580,000, paying off the mortgage and other debt and buying a used car. She now lives in a \$260,000 townhome with a \$100,000, 30-year mortgage at

2.6%. Her new monthly payments for mortgage, insurance, property taxes and homeowner's association fees total \$971.

Other monthly expenses include: \$366 for her husband's health insurance and dental care, \$105 to his care facility; \$200 for phone, gas, electric and internet and \$410 for food. She had cut out Audible and Netflix subscriptions to pare expenses further, Mrs. Spielmann says, but she found she missed them too much. So she recently added them back for a total of \$30. Mrs. Spielmann also spends \$75 a month for her dog's care.

She will be the beneficiary of her husband's \$30,000 whole life policy, which is fully paid off.

"As I reduce, the person I am is fitting into the life I've been given, versus trying to keep the life I don't fit into anymore," Mrs. Spielmann says.

She has an emergency fund of \$39,900 in a money-market account, and retirement savings worth about \$90,000 total, including a 401(k) with \$24,000 and IRAs worth \$46,400. She also has a health savings account with \$15,000.



Rosemary Spielmann should file for Social Security, says an adviser.

She expects to receive about \$1,200 in monthly Social Security benefits when she reaches full retirement age this summer, and about \$1,052 from her own pension. She has prepaid funeral plans for her husband and herself.

Thanks to her steps to economize, Mrs. Spielmann has about \$2,700 a month available for home improvements and is able to offer occasional help to her

four adult children. She also

makes an extra mortgage payment each quarter, which she hopes will help her retire once the home is paid for, whatever is happening with her husband. She would like one day to be able to travel and perhaps go back to school to study counseling.

Advice from a pro: Benjamin C. Olson, a wealth adviser with Guardian Wealth Strategies in Minneapolis, says, "Good decisions made years ago are giving her choices today."

Among those decisions: the 100% survivor benefit on her husband's pension. If he predeceases his wife, she'll receive it, plus his full Social Security benefit, on top of her own pension. Together, this would add up to \$6,880 a month, which should allow her to retire comfortably, based on her current household budget.

But in the short term, Mr. Olson agrees, Mrs. Spielmann's finances are tight.

She has done a good job of reducing expenses, he says, but she should consider immediately filing for her own Social Security benefit. Although her full retirement age of 66 and 4 months isn't until July, she is missing out on "free money" between now and then. It won't matter if she loses out on a few dollars a month by filing early, he says, because when her husband passes, she'll be entitled to his full \$1,848, far in excess of her own benefit of \$1,200.

Ms. Gallegos is an editor for The Wall Street Journal in New York. Email: demetria.gallegos@wsj.com











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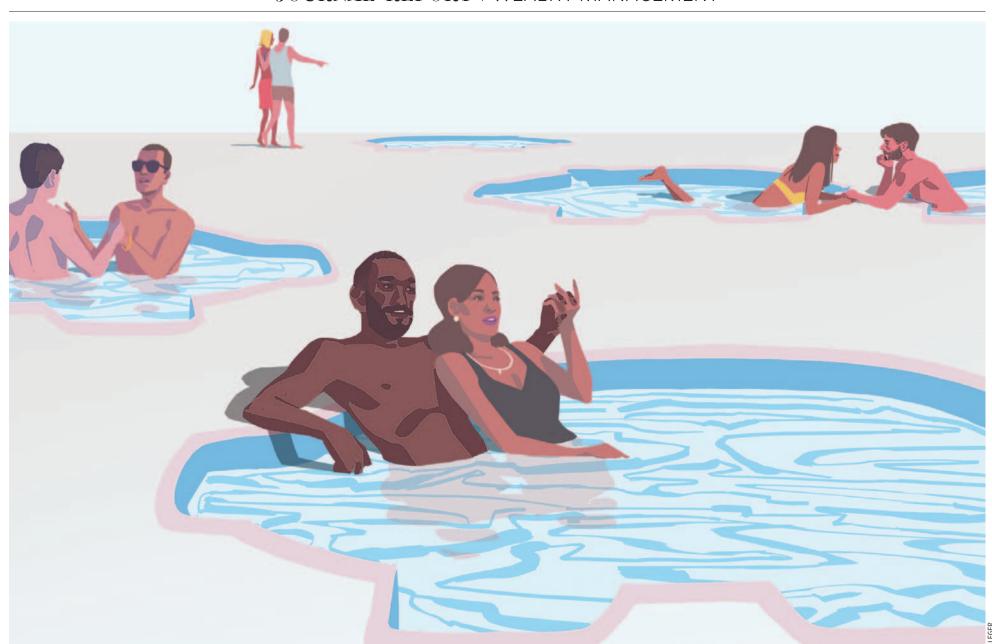








### JOURNAL REPORT | WEALTH MANAGEMENT



# How Couples Handle Money

Continued from page R1

duties. How tasks and decision-making are split can depend on a partner's existing financial know-how, interest or willingness. Some people want a 50/50 split of duties; some defer all tasks to one partner. Others, meanwhile, have each partner focus on their individual strengths: One person may be a good at the nitty-gritty of budgets and bills while the other is a big-picture thinker when it comes to money.

We wanted to know the different approaches that couples and partners take. To that end, we asked three groups of people to tell us what they do in their own relationships: professional advisers, academics who study financial behavior, and Wall Street Journal readers. Here are some of their responses.

### There's my money, and there's your money

Unlike many working professionals, when we got married, my husband and I decided not to combine our finances. Although there is some empirical research showing that people who combine their bank accounts feel a greater sense of "financial togetherness," which can in turn promote relationship satisfaction, we prefer the feeling of personal control that comes with maintaining separate bank accounts.

We use an expense tracker to equally split bills and daily expenses. When it comes to personal items—like new clothes or videogames—we buy those from our independent accounts. This means we don't have to ask our partner for permission to make the occasional luxury or experiential purchase.

Importantly, this approach to keeping our bank accounts separate doesn't mean we don't talk about financial decisions. When it comes to both major decisions like investing and minor ones like making purchases for our home or buying a toy for our pet, we make these decisions together. Our general rule is that if the other person is going to split the expense, we ask for their input before making the purchase. Our daily purchase discussions about needs and wants for our family allow us to experience financial togetherness, despite having separate accounts.

—Ashley Whillans, assistant professor at Harvard Business School

### Three different buckets

In our family, it's all about setting up a "divide and conquer" strategy while maintaining our unique financial independence. We combine our income and it essentially hits three buckets monthly—after we've saved 20% off the top. Bucket No. 1 (a joint checking account) is used to pay monthly bills. That gets 70% of the income. Bucket No. 2, which gets 5%, is a savings account for my spouse for buying gifts, entertainment or personal items. Bucket No. 3, which also gets 5%, is a savings account that allows me to do the same. Giving each partner a safe financial space—where they can have some money

to do what they want when they want without having to ask—is a really important step to a healthy marriage when it comes to money.

My spouse is the chief financial officer and manages paying the monthly bills. She's also in charge of making vendor changes when she feels it's appropriate. My role is the chief investment officer, and I'm responsible for picking our investments, managing our real estate and allocating our 401(k)s. We act as a joint team when it comes to making financial decisions regarding our children—whether it's allowances, mobile phones or the credit cards they use.

We act as co-CEOs when it comes to mapping out financial family goals and objectives. Each year, we assess our one-

'Giving each partner a safe financial space— where they can have some money to do what they want when they want without having to ask—is a really important step to a healthy marriage.'

year goals in terms of savings, net worth or possible purchases. We review our long-term financial plan to make sure we are on track for goals such as college education and retirement. Having an open and transparent relationship with our money has allowed us to minimize arguments and discrepancies and focus on maximizing our mutual financial goals.

—Ted Jenkin, co-CEO and founder of oXYGen Financial in Savannah. Ga.

### It's all in the prenup

My husband and I have a prenuptial agreement and we are both responsible for our own debts. Because we live in my husband's condo, he pays the mortgage. I pay the association fee and buy the groceries. I am also responsible for my own car payment and car insurance. I collect rent from my former home. We both had assets when we got married, and he does have children from a prior marriage, so this arrangement seems very sensible for us. We both have separate bank accounts and credit cards. In addition, we have separate retirement accounts—both per-

sonal and from our employers.

When we purchase a house together (currently under construction), we should maintain our current arrangement, minus the mortgage; we'll just divide the mortgage payment in proportion to our salaries. If we eventually sell the house, we will split the proceeds depending on how much we've invested in it individually.

-WSJ reader Jessica Moran, Fullerton, Calif.

### A monthly financial meeting

My husband and I have been together for over 10 years and combined our finances after we married in 2015. One tradition we introduced when we started living together was to have a conversation about our finances the first day of each month when we develop a spending plan created on a shared Google spreadsheet.

In the spreadsheet, each row represents a smaller category of purchases like groceries, entertainment, and clothing that we earmark a certain amount of money toward for the month. We then log any purchases we make on the spreadsheet, and typically don't discuss these purchases unless they are unexpected and large (like a dental bill).

During our monthly financial meeting, we assess how we did with our spending and adjust for the month going forward. We added two new categories to our plan this year: a personal spending account for me and one for him. These accounts allow us a bit of privacy if we make a purchase we don't necessarily want to share. (This was introduced after our tracking system ruined the surprise of gifts we gave each other over the holiday.)

Tracking all our purchases was painful when we first introduced it, because it focused us on the pain of parting from money. But it quickly became a source of strength, because it has encouraged us to have more regular check-ins with each other about the lives we want and how we can use our money to get us there.

—Grant E. Donnelly, an assistant professor of marketing and logistics at Ohio State University's Fisher College of Business

### Joint accounts (except retirement)

I am the appointed CFO in my household. I remember when I approached my wife and kindly suggested that we hire a financial planner to take a fresh look at our own financial planning. She replied, "Isn't this what you do?"

We handle both of our incomes in a joint checking account from where expenses are paid. From this account, we have monthly electronic transfers going out to an online bank joint savings account for short-term goals. Other transfers go out to brokerage accounts for longer-term goals. We each have our own retirement plans that I manage.

Every year, we sit down and review every financial account we have. My wife gets a one-page report along with copies of the Dec. 31 statements of each account, which I place in the "If I get hit by the bus" estate-planning folder. To keep working in financial harmony, we have another joint account in the same online bank that gets funded monthly. The balance is available solely to my wife to spend as she pleases. This approach works for us. Harmony and simplicity are worth the peace of mind that follows. And always be mindful of making it easier for your spouse to carry on in case the unthinkable happens.

—George Papadopoulos, fee-only financial planner in Novi, Mich.

### A partnership, with guidance

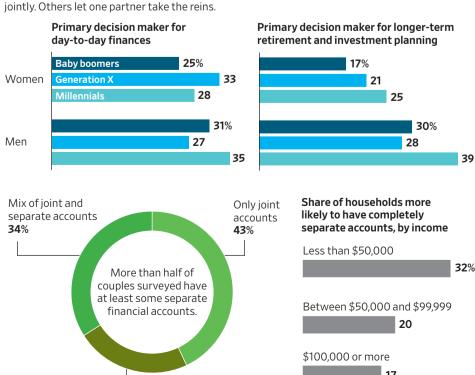
When my husband, Ken, and I got married, we were well aware that money was one of the two primary issues that can come between couples and commonly lead to divorce (the other being sex). We decided early on to make sure our finances wouldn't ruin our marriage or create emo-

tional or financial strife.

First, we tackled the obvious. Regarding living expenses and large purchases, we opened three checking accounts to pay bills: a joint account and individual accounts for each of us. Neither of us wanted to feel judged by our financial purchases nor be told what we could or

### Taking the Lead

When it comes to their finances, only half of couples surveyed say they make money decisions



Sources: Fidelity Investments 2021 Couples & Money Study (decision); CreditCards.com 2022 survey (separate, income)

Completely separate finances

23%

### JOURNAL REPORT | WEALTH MANAGEMENT

could not buy. We pay our household expenses, including large purchases that we agree on like a car, through a joint account and our discretionary expenses through our personal accounts. I took on the role of managing our household expenses, primarily out of practicality. We each had an individual 401(k) that we contributed to regularly, and we started a joint investment account as well. We fund charitable giving—a big priority for us—through our joint account.

We partnered on investment and charitable-giving decisions and it didn't take us long to realize that we needed professional guidance to educate us, help us make investment decisions, and, at times, arbitrate between us to determine the right financial strategies. While it's not a conflict-free strategy, it has really worked well for us.

—Maddy Dychtwald, author and co-founder of Age Wave think tank and consultancy

### Down the middle

My partner and I are very, very 50-50 in how we approach our finances. Anything shared—rent, electricity, internet, etc.—is split down the middle. I have a system for tracking discretionary expenses, and at the end of the month the total of regular shared monthly expenses and one-off expenses gets split. My partner then pays that amount to our credit-card ac-

61%

Couples who discuss some aspect of their finances at least monthly

54%

Couples who make day-to-day financial decisions jointly

57%

Couples who make retirement and longer-term investing/ planning decisions jointly

Couples with one primary retirement decision maker

40% Same-sex partners

27%
Opposite-sex partners

Source: Fidelity Investments 2021 Couples & Money Study

count(s) used for the monthly spending.

The 50-50 setup leaves neither of us feeling like we're doing more than the other. We also make close to the same salary, so it feels fair.

—WSJ reader Charlie Donley, Philadelphia

### Proportionate spending

My wife and I have a joint account that all of our bills are auto-drafted from every month. Our mortgage, utilities, insurance, auto loans, everything. We figured what the total would be and then figured our proportionate income for the household. For example, my income accounts for 70% percent of the total household income. So, if our monthly bills are \$4,000, I would contribute \$2,800, or 70%, each month to the joint account and she would contribute her \$1,200, or 30%.

We did it this way so it would be fair and no one would feel like they are overcontributing or under-contributing, because it's all relative and subjective.

We also take 10% of any commission or bonuses and put it straight into savings. The remainder is put into our individual accounts for daily life. We use that money for buying whatever we want. It prevents the other person from being upset if they feel too many Ama-

zon packages are showing up at the door.

—Daniel Rodriguez, chief operating officer at Hill Wealth Strategies in Richmond, Va.

### A family finance meeting (kids included)

I did all of the finances at the beginning of our marriage. However, this inequity turned into a weird dynamic where my spouse felt like she needed to ask for permission to spend money. So, five years ago we developed a budget and financial scorecard.

Monthly, we track income, expenses and our personal balance sheet (assets, liabilities and net worth). The kids are involved in our financial meetings, where we discuss how much we plan on spending for vacations, eating out, etc. One month, the kids were overspending on school lunch (\$400 for the month), so they proposed we make home lunches for the next month to balance things out. It has been a really awesome habit for our family and our net worth has increased 8x during the last five years.

—WSJ reader Regan Fackrell, St. George, Utah

### Team effort

It's important that we are a team on our spending and saving, rather than the husband paying for certain expenses and the wife paying for other expenses. That approach tends to create conflict. So we have both of our direct deposits going to the same checking account, from which we pay for all of our fixed household expenses, and most importantly, our goals. We also have a joint credit card for all other spending. We decided that if we're going to make a purchase above a certain dollar amount—for example, more than \$500—we first discuss it so there are no surprises. We also take into consideration gifts for one another, such as for holidays and birthdays. During this time, we have an unwritten agreement that we don't check credit-card statements so that there is still an element of surprise.

—Lisa Tuttle, Ameriprise financial adviser and co-owner of the Tuttle Group, Edina, Minn.

### Separate and competitive

My girlfriend, Samantha, and I have been in a relationship for 12 years and have kept our finances completely separate. We use [moneymanagement site] Mint to compare net worth to see which one of us is more effectively managing their portfolio. Whenever our combined net worth eclipses a new \$100,000 milestone, we grab a celebratory meal. Who pays? Honestly, Sam usually pays. Otherwise, we'll split the check using Venmo.

—WSJ reader Dave Cooper, Milwaukee, Wis.

### Cold, clinical and intimate

The financial three-way: yours, mine, ours. This is the guiding framework that my partner, Jay, and I use to handle our finances. We are both in our 50s, divorced, and thanks to this system have not had a single money argument over the five plus years we've been together.

We decide what expenses we want to treat as combined and we each pay 50% of those costs. That bucket includes: costs related to the condo we own jointly, vacations we take together, and any other forms of entertainment we do as a couple. We then keep the remainder of our finances—both the savings/investments we accumulated prior to meeting as well as each of our current income streams—in our own separate accounts. We use that money as we see fit, from charitable giving to personal grooming.

On the surface, this may seem to be a cold and clinical manner of handling finances. But in reality, it is shockingly intimate as it requires you to get financially naked and really talk about money with your partner.

—Manisha Thakor, founder of financial well-being consultancy MoneyZen in Portland, Ore.

Ms. Lourosa-Ricardo is a features editor for The Wall Street Journal. Write to cristina.lourosa@wsj.com

### Beware of What Comes After Receiving a Gift

By Evan Polman

**There's a lot** to be said for giving gifts. They enable givers to demonstrate their generosity, sensitivity and creativity. Givers receive emotional benefits from gifting, such as feelings of closeness with recipients, and the pleasure of shopping for an important relationship partner.

But giving gifts apparently also does something else for givers: It makes them feel entitled to behave badly in the future.

That's because of a human tendency to balance good behaviors with bad ones. Research, for instance, has documented that virtuous behaviors, such as voting, helping someone or donating to charity will greenlight self-indulgent or unethical behaviors. In one study, people were more likely to cheat and steal after buying environmentally friendly products than they were after buying conventional ones.

### What's cheating?

My colleagues and I recently investigated whether the same holds true when it comes to gift giving—if, as people give gifts, they build up social capital that they can use later when doing something a little south of appropriate.

In one study, we looked at whether buying a gift for someone relaxes one's moral rules. Specifically, we measured givers' perceptions of the most concrete form of immoral behavior in a romantic relationship: in-

emails, providing more evidence that giving gifts leads people to pay their recipients less mind. Perhaps most surprising of all, we found that despite writing less polite messages, givers didn't detect a lapse in their behavior. In fact, participants believed their emails to be friendly and warm—even though our research suggested otherwise.

All told, our studies show that after giving a gift, givers behaved more crudely, casting a shadow on the widespread view that gift giving leads to "better" relationships. Gifts are undoubtedly important to relationships, but gifts cannot be assumed to improve relationships—at least, not without caveats.

### Be my Valentine

While hardly definitive, there are other suggestions for the validity of our findings. For example, we discovered that the dating website ashleymadison.com (a site for people who want to cheat on their partners) saw its highest or second-highest web traffic in February in seven of the 10 years from 2005 to 2014. (The following year, 2015, ashleymadison.com was hacked and featured prominently in the news.) The likelihood of this surge in February traffic happening by chance is 0.0002%. What's more, the month of February notched the highest average web traffic in the same 10-year period across all months. We can only speculate, but because February tends to be a month when people choose gifts for their romantic partners, it is possible that it is also a month when people might develop a "wandering eye"—because they are buying their partners gifts and then licensing their behavior.



# Gifts are undoubtedly important to relationships, but they cannot be assumed to improve relationships—at least, not without caveats.

fidelity. We found that when participants imagined they had given their partner a gift, they rated their personal use of a dating app as less likely to be considered cheating on their partner compared with participants who imagined the same circumstance but without a gift exchange. In other words, giving a gift to a partner appeared to loosen the giver's moral standards.

In another study, we tested how givers interact with their friends after giving them a gift. Some participants responded to a scenario where they imagined giving a birthday gift to a friend. Other participants responded to a scenario where they were talking with a friend. For all participants, the scenario ended with the participant and friend making future plans, but after parting ways, the participants realize they have a scheduling conflict and therefore must write an email to their friend with a note containing a change of plans.

of plans.

We found that gift-giving participants composed emails in a less polite manner as compared with the other participants. We

also found they spent less time writing their

Here's some more speculation: When people are still making and forming impressions of each other, it may be more important to be courteous and polite than in a longstanding, less tentative relationship. Research has found that people behave more selfishly around their close friends than with others who are less close. Thus, our findings might apply more

readily to established relationships.

Our findings highlight the potential unintended consequences of consumer behaviors on people's interpersonal relationships. We find that gift giving, a behavior assumed to facilitate stronger relationships, also taketh away. Viewed this way, the best analogy may be to medicine. Giving a gift helps heal and strengthen a relationship, but not without adverse side effects.

Dr. Polman is an associate professor of marketing at the Wisconsin School of Business at the University of Wisconsin-Madison. He can be reached at reports@wsj.com.

# Demand for Vintage Watches Soared During the Pandemic

The story behind the watch has become more important than ever

By KATE MURPHY

ne of the more common psychological side effects of the pandemic has been a distorted sense of time. With work and school schedules upended ags like birthday parties

and things like birthday parties and holiday celebrations canceled or curtailed, we've lost many of the ways we used mark time. Worse is the way time has seemed to alternately slow down and speed up as the virus rages, retreats and repeats, in a kind of disorienting and disquieting déjà vu.

So perhaps it isn't surprising (at least not to psychoanalysts or behavioral economists) that demand for objects that tell time, particularly vintage watches, has exploded during the pandemic. Indeed, some of the most coveted watches today are those that not only tell time but also tell of someone else's life and times. Sleuthlike, savvy collectors and dealers track down archival evidence of watches' provenance, posting the stories online, significantly increasing both interest and value. Call it genealogy with gears.

Stuck at home with more cash, and more time, on their hands, an influx of younger consumers has joined veteran collectors in the hunt for watches with stories to tell. Analysts say the preowned watch market (largely vintage) is now poised to be the industry's fastest-growing segment of the estimated \$67 billion premium or high-end market. Auction houses such as Sotheby's, Christie's and Phillips have seen their preowned watch sales nearly double over the past two years.

Watch nerds hotly debate how old a preowned watch must be to qualify as vintage. But whether a watch is 20 or 200 years old, the value—which can range from a few thousand to several million dollars—has always depended on three factors: condition, rarity and provenance. But, heretofore, unless the watch belonged to an iconic figure like Albert Einstein, John F. Kennedy or Paul Newman, provenance typically contributed least to the sale price. (Note: One of the highest prices paid for a preowned wristwatch was Mr. Newman's Rolex Daytona, which sold at auction for a hammer price of \$17.8 million in 2017.)

"Now all of sudden provenance counts for so much more than it

cal—a desire to capture time when feeling lost in time, and perhaps longing for better times, but also a watch with known provenance is one of a kind, giving watch owners a unique story to tell—and bragging rights.

### A price tag on fame

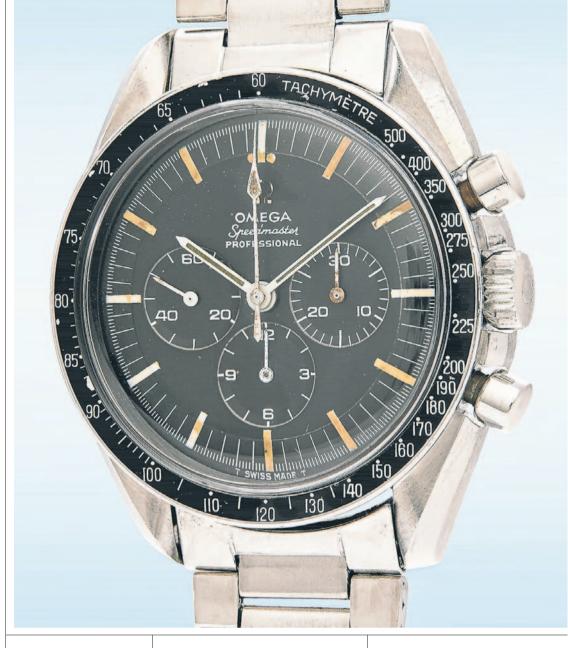
Before the pandemic, Mr. Michel says, you could buy watches worn by reasonably well-known cultural, political and sports figures for "virtually nothing above the value of the watch." The provenance of watches worn by lesser-known people who did extraordinary things like, say, flying reconnaissance missions during World War II, trekking through the Amazon, performing open-heart surgery or setting pole-vaulting records, might not even get a mention when offered for sale.

Contrast that to today, when auction catalogs and online listings may contain long narratives about watches' provenance. There might be letters from the original owners about their exploits, as well as photographs of them wearing the watch and related paraphernalia such as flight logs, scuba gear, auto-racing goggles and rodeo trophies. The listing may also include how the watch was discovered after decades languishing in a sock drawer or attic, and details about the detective work that went into tracing the watch's history.

An example is the tale of a 1968 Omega Speedmaster, which was sold at auction in December for a hammer price of \$667,800—60 times the estimate. The catalog described how the unsuspecting consignor, who bought the watch online in 2016 for \$5,600, spent years on a Sherlock Holmesian quest to document its provenance. Photographs and insurance papers buried deep within the archives of the Library of Congress ultimately revealed that the watch was worn by the author Ralph Ellison.

"We view it as our duty to tell the story that the watch holds," says Paul Boutros, head of watches in the Americas for Phillips, which handled the Ellison sale. "That's why we spend so much money and time on elaborate catalogs, sometimes multiple pages, dedicated to a single watch, to educate people about who owned the watch, why it's important and why it's cultur-

ally significant."
Of course, it's not an altogether



\$667,800

Price of a wristwatch worn by author Ralph Ellison that sold at auction in December 2021.

significant event, it tends to command a premium.

Economists say this halo, or good juju, effect is especially pronounced when it comes to watches because they are worn next to a person's pulse day in and day out, lending a greater sense of intimacy and connection. "It feels like you literally own a moment in time and can bring it forward with you," says Brendan Cunningham, a professor of economics and finance at Eastern Connecticut State University, who writes the blog Horolomics.

### Compelling stories

The preowned watch market is projected to reach \$29 billion to \$32 billion in 2025, up from \$18

by Steve McQueen fetched \$2.2

Also in high demand now are so-called recognition watches, such as Rolex Air-Kings awarded to exemplary Domino's Pizza franchisees or to Winn-Dixie truck drivers with spotless driving records. One of those will run you in the \$10,000 to \$20,000 range. A Rolex Datejust given to IBM employees after 25 years on the job is roughly \$5,000 to \$6,000.

"People get excited by watches that the original owners didn't buy but earned," says Eric Wind, a dealer in Palm Beach, Fla., whom fellow watch aficionados call the "Indiana Jones" of watches for his ability to unearth watches with interesting provenance, such as a Rolex Explorer won in 1969 by a bull rider at the Calgary Stampede.

Figuring out a watch's back story can indeed be the stuff of a Spielberg film. Watch dealers like Mr. Wind have been known to travel to far-flung places to interview sources and hunt for documentary evidence. Again, provenance used to add so little value that it was often not conveyed when a watch was sold, particularly when it passed through multiple hands on multiple continents.

Provenance has now become such a selling point, though, that unscrupulous sellers have begun making up stories. So it pays to find a reputable dealer or commit yourself to doing serious research on your own. "People have discussed bringing watches into the blockchain universe and then the true stories would be tied to the serial number forever," Mr. Wind says. "I'm sure it will happen in the future."

As for whether the enthusiasm for storied, vintage watches will continue even after the pandemic, the consensus of collectors, dealers, market analysts and economists seems to be yes. "People are looking for ever more rare, ever more perfect, ever better objects to populate their collections," says Mr. Michel, who owns thousands of watches owned by a range of historical figures. "Watches worn by a particular person at a particular time are by definition the rarest of the rare."

Ms. Murphy is a journalist in
Houston and the author of "You're
Not Listening: What You're Missing
and Why It Matters." She can be
reached at reports@wsj.com.



ever did," says Roger Michel, a longtime collector of vintage watches and executive director of the Institute for Digital Archaeology, which recently mounted an exhibit on time and timekeeping at the University of Oxford's History of Science Museum in the U.K. "Even relatively modest forms of provenance can add significantly to the value of a watch."

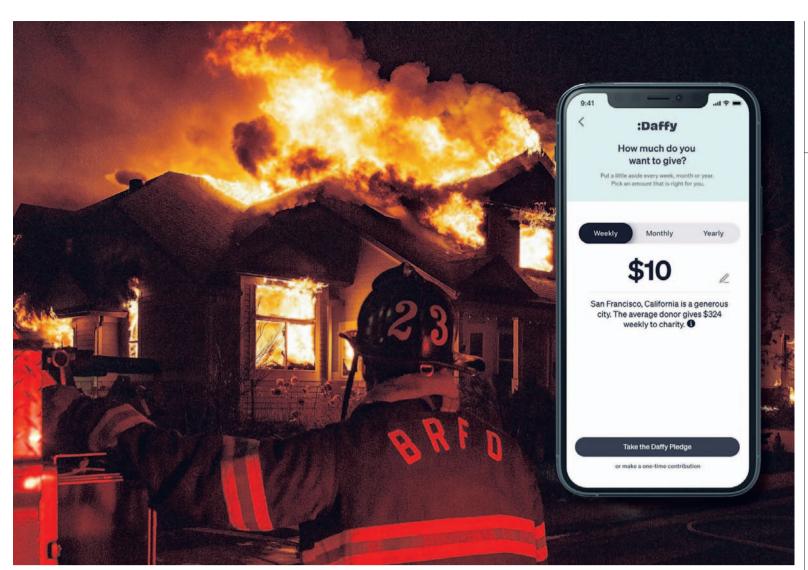
Part of the appeal is psychologi-

altruistic or academic exercise. Highlighting provenance pays. Part of it is that when watch collectors lift their shirt cuffs to show off their latest acquisition, or post images or videos about it on Instagram or TikTok (yes, that is a thing), they want more to say about it than just its reference number. But it also is true that when an object takes on the buzzy aura of an accomplished person or

Clockwise: A 1968
Omega Speedmaster
worn by author
Ralph Ellison; a Rolex
Air-Kings given to WinnDixie truck drivers for
spotless driving records.

billion in 2019, according to McKinsey—driven by blockbuster sales such as the Ellison watch, but also sales of watches with more esoteric provenance. For instance, a 1975 Breitling made for helicopter pilots and paratroop commanders in the Italian army went for \$18,900 last year. A U.S. Navy diver's watch from Tornek-Rayville in the 1960s brought \$126,000. In 2020, a 1969 Heuer Monaco worn

### JOURNAL REPORT | WEALTH MANAGEMENT



# New Apps Make It Easier to Donate Small Amounts

Financial-technology firms are targeting younger people who want to give over time

By Demetria Gallegos

inancial technology is increasingly making its way into the philanthropy sector, aiming to give people an easy way to engage in charitable giving, no matter their income.

Fintech firms have created apps that make it easier for people to set aside small amounts of money over time for donations. In many cases, these apps focus on microphilanthropy, allowing users, for instance, to round up the change from credit-card and bank transactions and later give what they have saved to specific charities. These apps often are aimed at people who feel they don't earn enough to make meaningful donations, especially younger adults who already tend to use fintech

apps for payments and banking and may want to get involved in philanthropy but don't know how.

Since the start of the pandemic, online giving to nonprofits has increased 42%, according to Blackbaud Institute, the research division of Blackbaud, a provider of technology services to nonprofits. Although the institute doesn't specifically track how much giving comes from donation apps, it says nearly 30% of all online gifts were made with a mobile device.

"We have seen growth in microphilanthropy, with gifts between 25 cents and \$10, though the bigger growth is with recurring monthly gifts of more than \$10," says Steve MacLaughlin, vice president of product management at Blackbaud and senior adviser to the Blackbaud Institute.

### Questionable impact

How much impact donation apps will actually have on charitable giving, however, remains to be seen. For many organizations, the amount of money raised through microgiving platforms may be negligible, says Rick Cohen, chief

communications officer of the National Council of Nonprofits. The platforms often extract fees, which diminish the gifts. And not all of the apps make it possible for nonprofits to know who is donating, and for those relationships to grow

"For a lot of microphilanthropy sites, 55% of the people give once and then they never give again," says Michael Nilsen, spokesman for the Association of Fundraising Professionals.

Roundup App, for one, says it is trying to change that. A spokeswoman for the Austin, Texasbased company, says the app has an 80% user retention rate.

As the name suggests, Roundup App, which can be downloaded free, rounds up each purchase made to the next whole dollar on a credit or debit card the user can link to the app. Users also can link a bank account, and the app will round up every transaction, including checks, debits and Venmo, Apple Pay or PayPal charges. Once a month, the app tallies the amount rounded up and sends it to the nonprofits chosen by users from an index available in the app. If users can't readily find the organization they're looking for, they can request it. Donors also can make one-time or monthly gifts of any amount. On average, a donor gives \$20 a month, the company says.

Nonprofits, meanwhile, can take ownership of a page on the platform for a \$15 monthly fee. They receive a dedicated link to use in fundraising and can download contact information of the donors who have chosen them. Nonprofits that don't claim a page are still eligible to receive grants, but the donations are subject to a 15% processing fee. In some cases, Roundup App will create commu-

The bigger growth in microphilanthropy 'is with recurring monthly gifts of more than \$10.'

nity giving projects in which fees are waived, as it did after Colorado's Marshall Fire in December. Three local nonprofits working to help victims who lost their homes received the donations.

### **Donor-advised funds**

A different microphilanthropy approach seeks to broaden access to donor-advised funds, a popular way for high-net-worth individuals to manage charitable giving. With a donor-advised fund, or DAF, people typically make a donation to the fund and claim a tax deduction for the year in which the money is committed—assuming they itemize deductions for that

Community giving projects set up by Roundup App include the Marshall Fire in Colorado; the Daffy app lets users make small contributions to a donor-advised fund.

year. They can keep money in the DAF growing tax-free and make charitable donations over time.

The problem is that many DAFs require a large minimum contribution. At Vanguard Charitable, for instance, it takes \$25,000 to open a DAF, with a minimum grant to charities of \$500.

With Daffy—an app whose name stands for the Donor Advised Fund For You—required contributions are much lower: \$100 for a one-time pledge, or a standing contribution of \$10 a week or \$25 a month. The minimum grant to charity is just \$20, says Adam Nash, chief executive of the Los Altos, Calif.-based nonprofit.

Most users pay a \$3 a month membership fee to Daffy, then use a credit or debit card through Apple Pay to make continuing contributions. Members also can donate up to \$25,000 using a stock account or cryptocurrency. For a \$20-a-month fee, individuals can make unlimited stock and cryptocurrency donations. The contributions made through the app are held in a fund, where they are invested in one of nine portfolios, chosen by the user.

When donors are ready to distribute the money to charity, they can select from among nonprofits registered with the Internal Revenue Service, and they can choose whether to share their personal information with the charities.

### **Targeted causes**

Some microgiving apps are targeting users interested in a specific cause. Gen E, short for Generation Environment and launched in April of 2021, currently features 25 nonprofits working to address climate change. Users can link a credit or debit card to donate the change from purchases, or they can choose to donate a percentage—from 1% to 20%—on top of every transaction they make using the cards. They can also make lump-sum gifts. Gen E also has an option that groups three selected

nonprofits, swapped out quarterly. Kristen Kammerer, Gen E's founder and chief executive, says users donate \$30 a month on average. The company retains a fee of 8% from the donations.

"The whole premise of microphilanthropy is you give a little," says Ms. Kammerer, "but cumulatively, our community will amount to a lot and make an impact."

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### One Way to Spend Less: Spread Out Your Paychecks

New apps and the rise of the gig economy mean workers can get paid more frequently. That has a downside for people trying to save.

By Lisa Ward

If we get paid more often, do we spend more?

Yes, in many cases, new research says. Workers who get paid daily, whether through their normal salary arrangement or by accessing their wages in advance through an app, often spend more money than workers who receive their salaries in the more traditional one- and two-week installiments.

The rise of new personal-finance technology and the gig seconomy have meant that workers increasingly can access wages more frequently. Some fintech apps such as DailyPay—whose customers include large corporations like Big Lots Inc.—make it possible to get paid daily, though such apps often charge fees for this service. Some gig-economy companies also give workers the option to be paid daily. Uber, for instance, gives its workers the option of being paid up to five times a day.

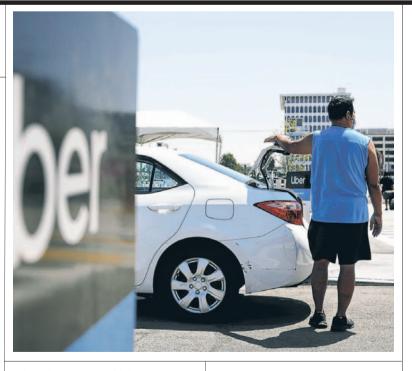
Advance access to one's salary and daily salary payments are often marketed to low-wage earners as a way to avoid late bill payments and bank-overdraft fees.

According to the new research, receiving daily paychecks appears to cause people to spend more money than those who are paid less frequently. "When people are paid more frequently they tend to spend more on the margins, maybe buying a latte when they otherwise wouldn't," says Wendy De La Rosa, an assistant professor at the University of Pennsylvania's Wharton School and a co-author of the study.

Prof. De La Rosa adds that study participants said that receiving daily paychecks made them feel wealthier and more certain about their ability to cover expenses.

On average, workers who were paid every weekday spent about \$18.56 more per month than workers getting paid once a week, and \$20.65 more than workers who were paid biweekly. Workers paid daily also had more expenditures.

While the researchers found a correlation between frequent paychecks and increased spending, they were unable to tease out causation from the data. So,



they did a series of laboratory experiments to better understand the relationship.

In one experiment, participants were either paid \$140 each weekday or \$1,400 biweekly. All participants started with \$875 in their checking accounts and were then asked to make 28 spending decisions, one for each day in the simulation. Throughout the experiment, participants could see the balance in their checking accounts.

Participants were asked to make decisions about covering basic expenses, such as: "Your heating bill is due. You owe \$95. Some gig-economy companies, such as Uber, give employees the option to be paid daily.

What do you do?" They also were asked to make discretionary spending decisions, including: "You had a rough couple of days. You can cook dinner at home or order some takeout for \$45 for the family. What do you do?" The authors found that participants who were paid daily spent more money than participants who were paid biweekly—\$2,919.58 compared with \$2,816.52.

After the experiment, the authors asked participants whether they felt like they had a lot of money during the experiment. People with the daily paychecks felt subjectively wealthier, even though they often had lower daily balances in their checking ac-

counts throughout the experiment.
The authors also found that
those paid daily said they felt
more certain that they would have
enough money to get through the
simulation.

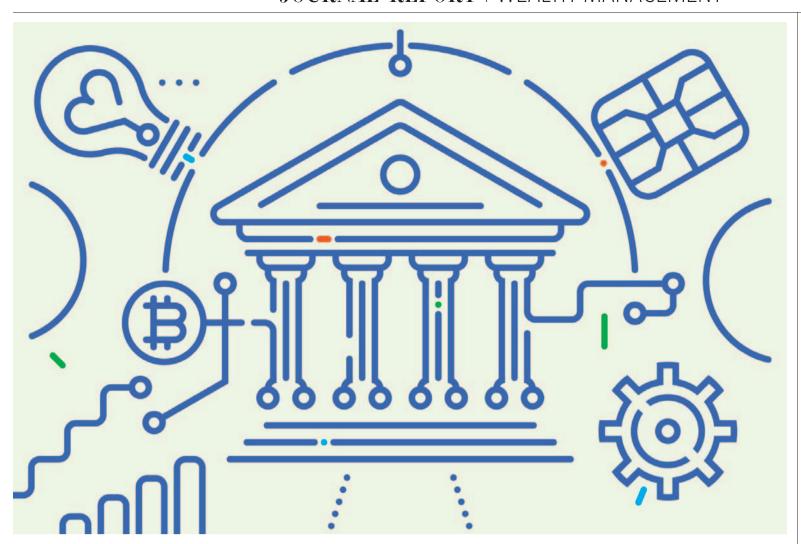
One of the key implications of the study is that workers need to be more aware of what it costs them to receive daily paychecks. Some workers pay fees to access their paychecks daily, which can further erode savings in combination with the observed tendency to also spend more. Daily-paycheck fees in some cases could surpass interest rates charged on payday loans, Prof. De La Rosa says.

Prof. De La Rosa plans to follow up on this paper by studying if workers paid daily can be induced to save a portion of their paycheck. The idea, she says, is that since more frequent paychecks cause people to feel subjectively wealthier, they might be more open to setting aside a higher percentage of their wages than they otherwise might.

"Changes in liquidity can really change people's psyche," she says.

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### JOURNAL REPORT | WEALTH MANAGEMENT



# Fintech Companies Are Stepping Up Their Offerings

They are taking advantage of their size and low costs. But can they stay a step ahead of mainstream banks for long?

intech companies

By Cheryl Winokur Munk

have established themselves as viable competitors in the financial-services business, but now they face a new challenge: Some mainstream banks have started to offer fintech-inspired services such as early paycheck access and no-fee overdrafts.

So how are fintechs that offer banking services staying relevant? How are they competing with banks that have a longstanding customer base and deeper pockets?

Fintechs, taking advantage of their technological prowess and lower costs, are offering more features that banks generally don't, such as analysis of customers' spending and saving patterns, credit-builder products and lending products designed specifically for consumers who banks don't typically target, like individuals with little or poor credit history. Fintechs also are placing bets on up-and-coming services such as helping consumers plan to reach their savings goals, cryptocurrency investing and crowdfunding.

"They're all racing each other to introduce additional products," says Alex Johnson, fintech research director at Cornerstone Advisors, a management and technology consulting firm, referring to the fintechs. "The question really is what things are on fintech companies' road maps that will continue to set them apart?"

### Competitive advantages

Fintechs that offer banking services have some marked advantages over banks, especially when it comes to attracting younger consumers, many of whom traditionally have been underserved by banks. Fintechs typically have more-versatile technology than banks, and they have low overhead, giving them the ability to offer more lowcost or no-fee services than banks generally can, says Moutusi Sau, an analyst with research and consulting company Gartner Inc.

Banks are trying to keep up. In one recent example, **Capital One** said late last year that it would eliminate all overdraft fees and nonsufficient-funds fees for its consumer banking customers, while continuing to provide free overdraft protection. And **Bank of America Corp.** said in January that it would eliminate nonsufficient-funds fees in February and pare back overdraft fees to \$10 from \$35 beginning in May.

Fintechs hope that by con-

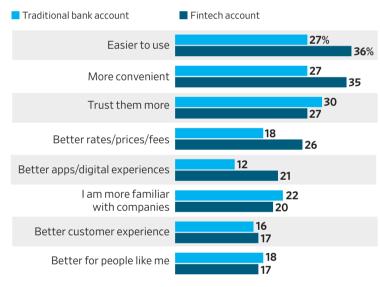
tinuing to add free or low-cost features, they will not only attract new customers they'll also become the primary provider of financial services for all their customers. The bet, says Mr. Johnson, is that, once hooked, customers won't switch back to a bank even if it offers a com-

offer a similar feature, there's usually a fee. Dave offers no-fee cash advances for funds that are delivered within three business days; customers can opt to pay a fee and receive their funds within eight hours.

Dave also recently added a feature that allows rent, cellphone bills and utilities that are paid through a checking account with the company to be automatically reported to the credit-reporting companies. Automatically reporting this information can help customers improve their credit scores, says

### What's Important

Motivations for consumers considering opening an account within 12 months.



Source: McKinsey Financial Insights Pulse Survey 2020

pelling new product or service.

Among those expanding its offerings is **Dave** Inc., a startup that charges a \$1-a-month membership fee, which last year upgraded its cash-advance product to allow advances up to \$250, up from the previous limit of \$100. While most banks

Jason Wilk, Dave's co-founder and chief executive. The company also is building a feature to allow users to crowdfund for their savings goals, he says.

Dee Choubey, co-founder and chief executive of digital financial platform **MoneyLion** Inc., says fintechs can continue to

compete effectively with banks by providing digital-based context and advice to consumers, taking all their linked accounts under advisement—something traditional banks don't generally do. MoneyLion, which charges a \$1-a-month administrative fee for mobile banking, offers other free or low-cost services.

While banks often recommend their own products and services, one of MoneyLion's goals is to help consumers find and access financial products more broadly. To this end, it recently signed a deal to buy Even Financial Inc., which digitally connects consumers with personalized financial-product recommendations from banks, insurers and fintechs.

### **Multiple fronts**

Other fintechs offer advantages over most banks on credit cards and interest-earning accounts. Chime, for example, offers a secured credit card-backed by the customer's collateral—that has no annual fee or interest charges, no credit check to apply and no minimum security deposit. And in May, the company expanded its overdraft protection to \$200 from \$100 on debit-card purchases and cash withdrawals, with no overdraft fees. "It isn't just one product or service" that Chime is relying on to remain competitive, says Aaron Plante, vice president of lending products and banking strategy. "It's

lots of these improvements." Last month, mobile-banking app Current began advertising a product that offers higher-thanaverage interest rates to customers. The product, which is similar to a savings account, allows customers to earn 4% annual percentage yield. The yield is variable, and the maximum a customer can earn depends on whether they have a basic or \$4.99-a-month premium account, up to a total of \$6,000 a year in interest. Current's users don't need to keep a minimum balance to start earning the 4% annual percentage yield and no other fees are involved, says Trevor Marshall, Current's chief technology officer. When asked how it can afford to pay yields so far above the average for this type of account, Current declined to comment other than to say it has a "treasury function."

While fintechs continue to roll out new products and services, some industry watchers say they have to be ever-mindful of competition from banks. "Banks still have huge advantages over most fintech companies," says Cornerstone's Mr. Johnson, including brand recognition, large existing customer bases and extensive financial resources.

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### Artwork Flippers Incur Dealers' Wrath

Dealers say flips hurt artists. Investors say let the market work.

By Daniel Grant

**Chicago gallery** owner Rhona Hoffman has three or four collectors she won't sell to again. "They broke the rule," says the contemporary art dealer.

That commandment to collectors: If you later decide to sell your artwork, consign it back to the gallery—do not put it up at auction. When buyers ignore this rule and auction off recently purchased pieces, it's called flipping.

From the perspective of dealers, flipping is a problem because when auction-sale prices are publicized, it is often to the detriment of the artist. Dealers tend to create narratives for their artists, and they believe that in the long run, keeping control of that narrative and pricing is better for the artist. The idea is to build demand at a susely tainable pace, rather than risk cre-



ating a bubble and then a bust.

"Flipping can harm an artist's career by creating enormous pressure," says Andrea Teschke, partner at the New York City gallery Petzel. "While not ideal, I don't think that one collector selling a work not long after buying it at the gallery poses a huge risk for the artist's career. It's more that it might kick off a chain reaction that could flood the market, either creating a bubble or drowning their primary price."

Ms. Teschke says she "includes a resale clause on our invoices, which is a reminder to come Painter Tom Christopher says flipping 'brings attention to you. Otherwise, you just have works sitting around your studio unsold.'

back to us if someone decides to part with a work."

Other dealers go further, requiring buyers to sign agreements restricting what they can do with their art purchases. Such agreements "are not heavily litigated, but they are enforceable," says New York City lawyer Judd Grossman. He adds that he, on behalf of some dealer clients, has

"threatened litigation" against

buyers looking to flip works. The

threat, he says, usually is enough.

Many artists think they are
better off when the free market
is allowed to set prices. They believe the dealers may be looking
out for the dealers' best interests—and not the artists'.

American painter Tom Christopher says buyers have flipped his works more than once, and to him the practice is "absolutely wonderful. It brings attention to you. Otherwise, you just have works sitting around your studio unsold. It's exactly what you want. It's capitalism."

Some observers see the rise in flipping as a generational change in attitudes among owners of fine art. Evan Beard, managing director of private banking at Bank of America, many of whose clients are collectors of contemporary art, says the newest generations of art buyers "are market-driven, have a trading mentality, see the artworks they own as part of an asset class and are very comfortable moving in and out of different commodities."

John R. Cahill, a New York City lawyer who represents art collectors, questions these explanations. Some of his clients, Mr. Cahill says, are hedge-fund managers on the lookout for undervalued assets. Others, he says, "are true art lovers who also truly need the funds a sale will raise." There are art collectors, too, he adds, who "believe, sometimes correctly, that a big price splash at auction or at a major gallery will help an artist's career."

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